



Envestnet Retirement Solutions, LLC  
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[www.envestnet.com](http://www.envestnet.com)

July 31, 2014

This Brochure provides information about the qualifications and business practices of ERS, Inc. ("ERS"). If you have any questions about the contents of this Brochure, please contact us at 312-827-7957. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about ERS also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



## **Item 2 – Material Changes**

This Item discusses only specific material changes that are made to this Brochure and provides clients with a summary of such changes.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting ERS Compliance at (312) 827-7957 or [support@investnetrs.com](mailto:support@investnetrs.com).



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#### **Item 4 – Advisory Business**

ERS is an investment management firm registered as an investment adviser with the SEC in 2013; ERS provides investment management and investment advisory services to retirement plan sponsors (“Plan Sponsors”) for use with the Plan Sponsors’ plans (each a “Plan”). As of March 31, 2014, ERS had \$140,000,000 in discretionary assets.

ERS is a subsidiary of its parent company Envestnet, Inc. (NYSE:ENV), a publicly held company.

#### ***The Programs***

Plan Sponsors, as the primary fiduciary for each Plan, engage ERS to provide services for the respective program (collectively, the “Programs”) as described below.

In the Programs ERS provides the responsible plan fiduciary (“RPF”) (or an authorized delegate thereof) an investment policy statement template according to which ERS shall provide advisory services (the “IPS”). ERS advises according to the IPS and ERS is not responsible for confirming whether the RPF has adopted the IPS.

The IPS will set forth the minimum number of general investment options and asset class categories offered to Plan participants. The goal of the IPS is to provide a menu of investments to allow for the creation of diversified portfolios designed to provide for long-term appreciation and capital preservation. This is achieved through a mix of equity and fixed income exposures. Changes in ERS’s due diligence methodology shall be stated in the Quarterly Monitoring Report. ERS shall make a copy of the most recent IPS methodology available upon the Plan Sponsor’s request.

Plan Sponsor is responsible for determining the proper share class to utilize in the Plan. Mutual Funds may offer more than one “class” of shares. Each class represents the same interest in the mutual fund’s portfolio; however, the plan advisor may be compensated differently depending on what classes of shares are chosen. ERS does not make recommendations on and shall have no responsibility for; the class of shares utilized. ERS shall utilize, in its fund recommendations, the share classes in the Program that have been provided by the Plan Sponsor.

In performing the Fund-Line-Up Services (described below), ERS is limited to the investment options available through the Plan recordkeeper’s platform and does not have responsibility for selecting the investment options included in the Plan recordkeeper’s platform. The plan sponsor is responsible for the selection of the recordkeeper and platform, not ERS.

In performance of advisory services under the Programs, ERS is acting as a fiduciary to the Plan under both the Employee Retirement Income Security Act of 1974, as amended, (“ERISA”) and the Investment Advisers Act of 1940 (“Advisers Act”). Therefore, ERS acts with the care, skill, prudence, and diligence that a prudent man, with the same capacity and the same information, in a similar situation would act. ERS does not act as, nor has ERS agreed to assume the duties of, a trustee or the “Plan Administrator,” as defined by ERISA. ERS has no discretion to interpret the Plan documents, to determine eligibility or participation under the Plan to provide participant disclosures or communications, or to take any other action with respect to the management, administration or any other aspect of the Plan.

ERS does not provide any advisory services related to the following types of assets: employer securities; real estate (except for real estate funds and publicly traded REITs); stock brokerage accounts or mutual fund windows; participant loans; non-publicly traded partnership interests; other non-publicly traded securities (other than collective trusts and similar vehicles); or other hard-to-value securities or assets.



### ***Discretionary Fiduciary Services: 3(38) Program and Managed Accounts***

In the 3(38) and Managed Account Programs, ERS acts as an “investment manager” (as defined in Section 3(38) of ERISA) with respect to the performance of the discretionary fiduciary services. Depending on the services requested by Plan Sponsor, ERS may provide discretionary “Fund Line-Up Services,” and/or discretionary “Asset Allocation Services.” ERS’s Managed Accounts Program is the combination of discretionary Fund Line-Up Services and Asset Allocation Services.

#### **Fund Line-Up Services (discretionary)**

ERS reviews the investment options available through a Plan and notifies the Plan’s recordkeeper as to ERS’s instructions to add, remove and/or replace specific “core” investment options offered to Plan participants; according to the criteria set forth in the IPS.

ERS will retain final decision-making authority with respect to removing and/or replacing investments in the core lineup. The RPF will not have responsibility to communicate instructions to any third-party, including the Plan’s recordkeeper, custodian and/or third-party administrator.

#### **Asset Allocation Model Service (discretionary)**

Based on ERS’ capital market assumptions, ERS will construct and maintain on a discretionary basis diversified asset allocated portfolios to be populated with the funds. On a quarterly basis ERS shall review asset allocations and adjust the allocations as necessary.

### ***Non-Discretionary Fiduciary Services: 3(21) Program***

ERS will act as a fiduciary “investment adviser” as defined in §3(21) of ERISA. However, Plan Sponsor will retain final decision-making authority with respect to removing and/or replacing Plan investments. ERS will not have any further responsibility to communicate instructions to any third-party, including the Plan’s record keeper, custodian, and/or third-party administrator.

#### **Fund Line-Up Services (non-discretionary)**

ERS will cross-reference a Plan’s investment option information with investment analytics criteria and the IPS as necessary, in no case less than quarterly, in order to determine the appropriateness of a Plan’s investment options. ERS will provide a quarterly electronic communication to the Plan Sponsor that confirms the Plan investment option review resulted in either (1) a recommendation to maintain the existing Plan investment options, or (2) a recommendation to replace one or more of the Plan investment options with an alternative investment.

#### **Asset Allocation Model Service (non-discretionary)**

Based on ERS’s capital market assumptions, ERS will construct diversified asset allocated portfolios to be populated with the funds. On a quarterly basis ERS shall review asset allocations and recommend adjustments as necessary.

### ***Non-Fiduciary Services***

ERS provides a web-based, customizable reporting and management platform to advisors of ERISA plans. This platform includes current AUM reporting, asset allocation, investment policy statements, scorecard and quarterly investment monitoring reports.



## Item 5 – Fees and Compensation

ERS's fee is determined based upon the nature of the services being provided. The standard fee schedules for ERS's 3(21) and 3(38) Programs are as follows, but lower fees may be separately negotiated. A minimum fee may be implemented:

### FEE SCHEDULE

<b>3(21) Program Fund Line-Up Services (non-discretionary)</b>	<b>Annual Fee Paid Quarterly</b>
Up to \$50,000,000	6 basis points on plan assets
\$50,000,000 - \$100,000,000	3 basis points on plan assets
\$100,000,000 - \$250,000,000	1 basis points on plan assets
Over 250,000,000	Negotiated on a case-by-case basis

<b>3(21) Program (non-discretionary) Fund Line-Up Services with Asset Allocation Model Service</b>	<b>Annual Fee Paid Quarterly</b>
Up to \$50,000,000	10 basis points on plan assets
\$50,000,000 - \$100,000,000	6 basis points on plan assets
\$100,000,000 - \$250,000,000	3 basis points on plan assets
Over 250,000,000	Negotiated on a case-by-case basis

<b>3(38) Program Fund Line-Up Services (discretionary)</b>	<b>Annual Fee Paid Quarterly</b>
Up to \$50,000,000	8 basis points on plan assets
\$50,000,000 - \$100,000,000	4 basis points on plan assets
\$100,000,000 - \$250,000,000	2 basis points on plan assets
Over 250,000,000	Negotiated on a case-by-case basis

<b>3(38) Program (discretionary) Fund Line-Up Services with Asset Allocation Model Service</b>	<b>Annual Fee Paid Quarterly</b>
Up to \$50,000,000	12 basis points on plan assets
\$50,000,000 - \$100,000,000	8 basis points on plan assets
\$100,000,000 - \$250,000,000	4 basis points on plan assets
Over 250,000,000	Negotiated on a case-by-case basis

The fees for ERS services (the "Program Fee") are billed in arrears on a quarterly basis based on the value of Plan assets (including interest paid or accrued) on the last business day of the prior calendar quarter. ERS will perform a good faith fair market value of the Plan assets based on the applicable recordkeeper. The Plan Sponsor is responsible for authorizing the Plan recordkeeper to debit and remit the payment of fees to ERS. In certain limited instances, ERS may arrange to directly invoice the Plan.

While certain assets (as described in Item 4) may be excluded from the fiduciary services, the Program Fees shown above will be applied to the full value of all assets in the applicable Plan, as the Plan Sponsor receives ancillary administrative benefits such as reporting and analytics on all Plan assets.

The fee schedule listed above is a blended rate. Assets in each tier will be billed at the rate shown, resulting in an overall blended rate for multi-tier assets.

### **Termination**

The terms and conditions for each Program contain termination provisions. An agreement may be canceled by either party at any time, for any reason, upon receipt of 30 days prior written notice. In the event that ERS



is billing in advance, ERS will make a prorated refund of any pre-paid monthly/quarterly program fee, based upon the number of days remaining in the month/quarter after the termination date. ERS does not charge a liquidation fee if securities are to be delivered in-kind, otherwise certain commissions and/or fees may be charged by the broker-dealer liquidating security positions.

#### ***Other Issues Relating to Fees***

The cost of investment advisory services provided through the Programs may be more or less than the cost of purchasing similar services separately. The total asset amount in a Plan is the main factor impacting the relative cost of the Program to a particular Plan.

The Program Fee does not cover certain charges associated with securities transactions, including: (i) dealer markups, markdowns or spreads charged on transactions in over-the-counter securities; (ii) costs relating to trading in certain foreign securities; (iii) the internal charges and fees that may be imposed by any Funds, (such as fund operating expenses, management fees, redemption fees, 12b-1 fees and other fees and expenses. Further information regarding charges and fees assessed by Funds may be found in the appropriate prospectus or offering document) or other regulatory fees; (iv) brokerage commissions or other charges imposed by broker-dealers or entities other than the custodian if and when trades are cleared by another broker-dealer; (v) the charge to carry tax lot information on transferred mutual funds or other investment vehicles, postage and handling charges, returned check charges, transfer taxes; stock exchange fees or other fees mandated by law, and (vi) any brokerage commissions or other charges.

Plan Sponsor is responsible for determining the proper share class to utilize in the Plan. Mutual Funds may offer more than one "class" of shares. Each class represents the same interest in the mutual fund's portfolio; however, the plan advisor may be compensated differently depending on what classes of shares are chosen. ERS does not make recommendations on and shall have no responsibility for the class of shares utilized. ERS shall utilize, in its fund recommendations, the share classes in the Program that have been provided by the Plan Sponsor.

In addition to the redemption fees described above, a Plan may incur redemption fees, when the portfolio manager to an investment strategy determines that it is in the Plan's overall interest, in conjunction with the stated goals of the investment strategy, to divest from certain mutual funds prior to the expiration of the minimum holding period of the funds. Some mutual funds also assess redemption fees to investors upon the short-term sale of its funds. Depending on the particular mutual fund, this may include sales for rebalancing purposes. Please see the prospectus for the specific mutual fund for detailed information regarding such fees.

For smaller Plans, a minimum fee may apply to the Program Fee or fees charged by the custodian. Minimum fees are expressed in annual amounts, but are determined and assessed based on the Plan asset value at the end of each quarter. For example, if a Plan has a \$100 minimum annual Program Fee, it will be assessed a minimum of \$25 every quarter. Therefore, if a Plan has large asset inflows or outflows during the year that cross the minimum asset value threshold, it is possible for a Plan to be assessed a minimum fee for a particular quarter even if at the end of the year a look back over the Plan's average balance for the entire year would have placed it above the minimum asset value threshold.

#### **Item 6 – Performance-Based Fees and Side-By-Side Management**

ERS does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

#### **Item 7 – Types of Clients**

ERS provides investment management and investment advisory services to Plans. As described in Item 5, ERS may charge a minimum fee.

## Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

ERS uses its proprietary, “S.C.O.R.E.” Model, investment selection process. The proprietary SCORE Model is used to evaluate all plan designated investment alternatives (Funds, ETFs, Index Funds, CITs, etc.) in each category approved for ERS Plan Fiduciary Solutions. The S.C.O.R.E. Model’s results are continually vetted and refined, incorporating both quantitative and qualitative factors and placing a premium on managers with the following characteristics:



The weighting of the underlying criteria within each of the five primary categories listed above will be determined by ERS and may be adjusted from time to time at the discretion of ERS without amending or restating the IPS.

### ***Risk of Loss***

Investing in securities involves risk of loss (including loss of principal) that each client should be prepared to bear. Typical investment risks include market risk typified by a drop in a security's price due to company specific events (such as an earnings disappointment or a downgrade in the rating of a bond) or general market activity (such as occurs in a "bear" market when stock values fall in general). Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Fixed-income strategies are subject to interest rate risk and the inherent credit risk related to the underlying credit worthiness of the various issuers and the volatility of the bond market.

Certain types of investment strategies have particular types of risk. Strategies that invest in international securities involve special additional risks, including currency risk, political risk, and risk associated with varying accounting standards. Investing in emerging markets may accentuate these risks. Strategies that invest in small capitalized companies involve risks, including relatively low trading volumes, a greater degree





of change in earnings, and greater short-term volatility. Smaller companies typically have a higher risk of failure, and are not as well established as larger blue-chip companies. Growth strategies can perform differently from the market as a whole and from other types of stocks and can be more volatile than other types of stocks. High-yield bond strategies invest in lower-rated debt securities (commonly referred to as junk bonds) and involve additional risks because of the lower credit quality of the securities in the portfolio. Clients should be aware of the possible higher level of volatility and increased risk of default. Concentrated, non-diversified or sector strategies invest more of their assets in a few holdings involve additional risks, including share price fluctuations, because of the increased concentration of investments. The lack of industry diversification subjects the client to increased industry-specific risks. Finally, municipal investment strategies can be affected by adverse tax, legislative or political changes and the financial condition of the issuers of municipal securities.

*Risks for all forms of analysis.* ERS's securities analysis methods rely on the assumption that the companies whose securities purchased and sold, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While ERS is alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

#### **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of ERS or the integrity of ERS's management. ERS has no legal or disciplinary action that must be disclosed in response to this Item.

#### **Item 10 – Other Financial Industry Activities and Affiliations**

ERS also provides other products and services to Plan Sponsors and other financial professionals in the role as a third-party service provider to assist them with administering their business needs.

ERS is under common control with the following entities that are engaged in the securities or investment advisory business. Certain directors and members of executive management of ERS also serve as directors and/or executive management of these entities:

Investnet Asset Management, Inc. ("EAM"), Registered Investment Adviser  
35 E. Wacker Drive, Suite 2400, Chicago, IL 60601  
Firm CRD #111694

Portfolio Brokerage Services, Inc. ("PBS"), Registered Broker/Dealer  
1801 California St., 23<sup>rd</sup> Floor, Denver, Colorado 80202  
Firm CRD #18554

Portfolio Management Consultants, Inc. ("PMC"), Registered Investment Adviser  
1801 California St., 23<sup>rd</sup> Floor, Denver, Colorado 80202  
Firm CRD #107747

Investnet Portfolio Solutions, Inc. ("EPS"), Registered Investment Adviser  
75 State Street, 6th Floor Boston, MA 02109  
Firm CRD #109662

Portfolio Management Consultants, Inc. and PBS are wholly-owned subsidiaries of PMC International, Inc. ("PMCI") whose principal business address is 1801 California St., 23<sup>rd</sup> Floor, Denver, CO 80202.



EAM, EPS, ERS and PMCI are wholly-owned subsidiaries of Envestnet, Inc., whose principal business address is 35 E. Wacker Drive, Suite 2400, Chicago, IL 60601.

EAM serves as the investment advisor to a mutual fund family: The PMC Funds, consisting of the PMC Core Fixed Income Fund and the PMC Diversified Equity Fund (information available at [www.investpmc.com](http://www.investpmc.com)).

EAM also serves as the advisor to a series of Collective investment Trust portfolios:

- PMC Pathway Aggressive Growth Fund (A Reliance Trust Company Collective Fund)
- PMC Pathway Moderate Balanced Fund (A Reliance Trust Company Collective Fund)
- PMC Pathway Retirement Income Fund (A Reliance Trust Company Collective Fund)
- PMC Pathway Target Date 2015 Fund (A Reliance Trust Company Collective Fund)
- PMC Pathway Target Date 2020 Fund (A Reliance Trust Company Collective Fund)
- PMC Pathway Target Date 2025 Fund (A Reliance Trust Company Collective Fund)
- PMC Pathway Target Date 2030 Fund (A Reliance Trust Company Collective Fund)
- PMC Pathway Target Date 2035 Fund (A Reliance Trust Company Collective Fund)
- PMC Pathway Target Date 2040 Fund (A Reliance Trust Company Collective Fund)
- PMC Pathway Target Date 2045 Fund (A Reliance Trust Company Collective Fund)
- PMC Pathway Target Date 2050 Fund (A Reliance Trust Company Collective Fund)

Judson Bergman is a director of ERS and CEO of Envestnet, Inc. Mr. Bergman serves as a Trustee for the RS Guardian Funds. Mr. Bergman is not involved in the investment decision process or otherwise in a position to influence any fund recommendation that ERS may provide.

Claiborne "Chip" Morton serves as a Senior Consultant to ERS. Mr. Morton is also registered as an independent representative of Raymond James Financial Services, Inc. Mr. Morton maintains advisory relationships with the Plan Sponsors he serviced prior to working with ERS, but is not actively pursuing opportunities with new Plan Sponsors.

Mari Ivan serves as a SVP, Director of Operations consultant to ERS. Ms. Ivan is a registered representative of Calton & Associates, Inc. but does not manage a book of business under the registration.

Brandon Thomas is a member of the ERS Investment Policy Committee and maintains securities licenses held by Envestnet's affiliated broker-dealer, Portfolio Brokerage Services, Inc. (PBS), however he does not transact business through, or receive any compensation from PBS.

The following members of the ERS Investment Policy Committee are engaged in investment-related outside business activities and receive additional compensation from the outside investment-related business:

Robert Bernstein (Senior Managing Partner, Envestnet Retirement Solutions) is engaged in, and receives compensation for, the following activities; (i) board member to RS Advisory, a business strategy consulting and financial product development, (ii) outside director to Whitebox Advisors, a multi-strategy hedge fund Whitebox Advisors LLC which manages and advises private investment funds, and to a limited extent, separately managed accounts for institutional clients and also sponsors and serves as investment adviser to a mutual fund Whitebox Long Short Equity Fund and Whitebox Tactical Opportunities Fund and (iii) board member to Fay Financial, LLC. Fay Financial which provides mortgage loan management services, including mortgage loan acquisition, liquidation, and restructuring services.

Ryan Clark started and remains registered with Fiduciary Associates, LLC (d/b/a Arcis Wealth Management) which provides financial advisory services to employer sponsored retirement plans including but not limited to the following plan types; 401k, 403(b), 457, defined benefit, money purchase plans, employee stock ownership plans (ESOP), 409A Nonqualified Deferred Compensation Plans. Fiduciary Associates provides services similar to ERS, but is not actively pursuing opportunities within the retirement plan space.



#### **Item 11 – Code of Ethics**

ERS employees or related persons may have accounts with investment managers that ERS recommends to clients as part of its investment programs. This means that ERS employees or related persons may buy or sell securities that clients also own in their accounts. Investment decisions for ERS personnel may not be made at the same time or in the same manner as those made for clients.

ERS or a related person of ERS may purchase or sell securities that are recommended to, or purchased, or sold for clients. Personal securities transactions by persons associated with ERS are subject to ERS's Code of Ethics. The Code of Ethics includes various reporting, disclosure and approval requirements, described in summary below. ERS designed these requirements to prevent or mitigate actual or potential conflicts of interest with clients. The Code of Ethics applies not only to transactions by the individual, but also to transactions for accounts in which such person or the person's spouse, minor children or other dependents residing in the same household have an interest. Compliance with the Code of Ethics is a condition of employment.

In accordance with Securities and Exchange Commission rules relating to recordkeeping by investment advisors, ERS requires prompt reports of all securities transactions identified in the Code of Ethics as "Reportable Securities" transactions. ERS further requires that all brokerage account relationships be disclosed, that ERS receive duplicate confirmations of transactions and custodial account statements, and annual certifications of compliance with the Code of Ethics from all access persons. Transactions in U.S. government securities, bankers acceptances, bank certificates of deposit, commercial paper, high quality short-term instruments, including repurchase agreements, index-based futures/options, options/futures on treasury notes and bills or currency options/futures, shares of open-end mutual funds and commodities are excluded from the reporting requirements.

The responsibilities of ERS's Compliance & Ethics department include overseeing the regular monitoring and verification of compliance of covered persons with the requirements of the Code of Ethics, and reporting material violations to ERS's senior management. Covered transactions of the Compliance & Ethics department will be approved by another officer (or designee) of ERS. In addition to reporting and recordkeeping requirements, the Code of Ethics imposes various substantive and procedural restrictions on Reportable Securities transactions. The Compliance & Ethics department may recommend to management the imposition of more severe sanctions, including suspension of personal investing privileges, or termination of employment, in the case of certain types of violations.

A copy of ERS's Code of Ethics can be obtained by contacting ERS:

Investnet Retirement Solutions  
35 E. Wacker Drive, Suite 2400  
Chicago, Illinois 60601  
(312) 827-7957  
[support@investnetrs.com](mailto:support@investnetrs.com)

#### **Item 12 – Brokerage Practices**

ERS's use of any particular broker/recordkeeper/custodian is directed by the Plan Sponsor under ERSIA 3(16). ERS does not require the use of any particular broker/custodian, provided ERS is operationally linked with the entity. The plan sponsor is responsible for the selection of the recordkeeper and platform, not ERS.

ERS does not have any soft-dollar arrangements and does not receive any soft-dollar benefits.



For Plans where ERS is providing 3(38) discretionary services (as described in Item 4), ERS directs the recordkeeper or custodian performing the trades, as applicable, for all Plan assets in the aggregate.

### ***Errors***

Although ERS takes reasonable steps to avoid errors, occasionally errors do occur. ERS seeks to identify errors and works with the Plan Sponsor and/or clearing custodian to correct the error affecting any account as quickly as possible, in order to put the Plan assets in the position they would have been in had the error not occurred. All losses resulting from an error will be reimbursed to the Plan immediately after corrections are made, while any market gains that result from the correction of such error will inure to the benefit of the Plan unless the error is identified prior to settlement and is moved to the error account of the custodian or ERS.

### **Item 13 – Review of Accounts**

Please see Item 4 above for a description of the review of accounts for the Non-Discretionary Fiduciary Services: 3(21) Program and the Discretionary 3(38) Program.

### **Item 14 – Client Referrals and Other Compensation**

ERS may compensate Claiborne “Chip” Morton – ERS Senior Consultant for referring potential clients to our firm.

ERS may also compensate subsidiaries of Envestnet, Inc. that are registered investment advisers for referring potential clients to ERS.

ERS is scheduled to restructure as Envestnet Retirement Solutions, LLC by the end of 2013. Upon formation, the following people are scheduled to be appointed on the Board of Members and will have a minority ownership interest in Envestnet Retirement Solutions, L.L.C. In addition, they may be acting as ongoing consultants to ERS and may receive compensation for the promotion of ERS. Because of their pending status, ERS classifies these individuals as “affiliated”:

Kent Fitzpatrick  
Robert Ward

### **Item 15 – Custody**

ERS does not have actual or constructive custody of client accounts.

### **Item 16 – Investment Discretion**

As further described in Item 4 above, under ERS’s 3(38) Program, ERS exercises limited discretion over Plan assets. In performing discretionary management services, ERS is acting as the Investment Manager (as that term is defined in Section 3(38) of ERISA) and as a fiduciary to the Plan and shall act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims.



#### **Item 17 – Voting Client Securities**

As a matter of firm policy, ERS does not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to Plan investment assets, Plan Sponsors maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the investment assets. Plan Sponsors are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We do not offer any consulting assistance regarding proxy issues to clients.

#### **Item 18 – Financial Information**

Registered investment advisors are required in this Item to provide you with certain financial information or disclosures about ERS's financial condition. ERS has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients, and has not been the subject of a bankruptcy proceeding.