



## **Envestnet Retirement Solutions, LLC**

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## **March 28, 2024**

This Brochure provides information about the qualifications and business practices of Envestnet Retirement Solutions, LLC ("ERS"). Also, doing business as Envestnet Workplace Solutions. If you have any questions about the contents of this Brochure, please contact us at toll free at (866) 318-4015. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") 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).

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.



## **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. ERS last filed an update to our Brochure on January 24, 2024. There were no material changes to this Brochure from the previous version.

In the past, ERS has offered or delivered a brochure, with information about its qualifications and business practices, to clients on at least an annual basis. Pursuant to SEC rules, if there are material changes to the Brochure, ERS will provide a summary of any material changes to its Brochure within 120 days of the close of its fiscal year. ERS may also provide information about material changes to clients at other times during the year, if necessary.

ERS will provide you with a new Brochure, at any time, without charge.

Currently, our Brochure may be requested by contacting ERS at 866-318-4015. Our Brochure is also available on our website (<https://www.envestnet.com/forms-adv-crs>) free of charge.



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#### **Item 4 – Advisory Business**

ERS is an investment management firm registered as an investment adviser with the SEC since 2013. ERS provides investment management and investment advisory services to retirement plan sponsors (“Plan Sponsors”) for use with the Plan Sponsors’ employer-sponsored benefit plans (each a “Plan”). As of December 31, 2023, ERS had \$14.3 billion in discretionary assets under management (“AUM”) across over 4,900 plans.

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

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

##### **Plan Sponsor Fiduciary Services**

ERS provides certain services to Plans, including 401(k), 403(b), 457, and 401(a) Plans, Profit Sharing Plans, VEBAs, Defined Benefit Pension Plans, Cash Balance Plans, and HSA Plans. When acting as a fiduciary, ERS acts in accordance with the Investment Advisers Act of 1940, as amended (“Advisers Act”) and for Plans subject to the Employee Retirement Income Security Act of 1974, as amended, (“ERISA”), ERS will act as either a 3(21) non-discretionary advisor or a 3(38) investment manager. In providing Plan Sponsor Services, ERS acts with the care, skill, prudence, and diligence that a prudent person, acting in the same capacity and with the same information, in a similar situation would utilize. For Plans not subject to ERISA, ERS will act to the standard of ERISA.

Plan Sponsors are able to select from a variety of services within the Program. Within the Program, ERS provides the responsible Plan fiduciary with an investment policy statement (“IPS”) template. The goal of the IPS is to define processes and metrics used to evaluate the menu of investments which allows for the construction of diversified portfolios. ERS will review a Plan’s current investment alternatives using quantitative and qualitative analysis on a quarterly basis in order to determine the appropriateness of a Plan’s investment options. ERS will provide a quarterly communication to the Plan Sponsor confirming that the Plan investment option review resulted in either (1) a recommendation to maintain the existing Plan investment options, or (2) a recommendation (when acting as a non-discretionary fiduciary) or a change instruction (when acting as a discretionary manager) to replace one or more of the Plan investment options with an alternative investment.

##### ***Discretionary Fiduciary Services***

In the “Discretionary Fiduciary Services” ERS acts as an “investment manager” (as defined in Section 3(38) of ERISA for Plans subject to ERISA) with respect to the performance of discretionary fiduciary services. In the Discretionary Fiduciary Services, ERS reviews the investment options available through a Plan and notifies the Plan’s recordkeeper of its 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 retains final decision-making authority with respect to removing and/or replacing investments in the core lineup, and communicates instructions to the appropriate third-party, including the Plan’s recordkeeper, custodian, and/or third-party administrator to facilitate investment changes.

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

In the “Non-Discretionary Fiduciary Services,” ERS acts as a fiduciary “investment adviser” as defined in Section 3(21) of ERISA. Unlike the Discretionary Fiduciary Services, in the Non-Discretionary Fiduciary Services, the Plan Sponsor has responsibility for the final decision-making authority with respect to removing and/or replacing Plan investments. ERS does not have any responsibility to communicate instructions to any third-party, including the Plan’s recordkeeper, custodian, and/or third-party administrator.



### ***Custom Asset Allocation Services***

Plan Sponsors can also elect for ERS to provide diversified asset allocated portfolios. If selected, ERS acts as an “investment manager” (as defined in Section 3(38) of ERISA for Plans subject to ERISA) with respect to the construction and performance of the portfolios. ERS constructs portfolios based on the funds available to the Plan on the recordkeeping or custodial system and is not responsible for advising on the funds available within the Plan unless ERS has been retained by the Plan Sponsor to provide Discretionary Fiduciary Services.

ERS retains final decision-making authority with respect to asset allocations of the portfolios and will make adjustments when necessary. The Plan Sponsor is relieved of any responsibility to communicate instructions to any third-party, including the Plan’s recordkeeper, custodian and/or third-party administrator.

### ***ERS RIA to RIA Fiduciary Services***

In providing the ERS RIA to RIA Fiduciary Services, ERS acts as a fiduciary and offers “investment advice” as defined in Section 3(21) of ERISA to other registered investment advisers (“RIAs”) through fund line-up recommendations. The RIA and/or Plan Sponsor has responsibility for the final decision-making authority with respect to removing and/or replacing Plan investments. ERS does not have any responsibility to communicate instructions to the Plan Sponsor or any third-party; ERS shall be limited to providing investment recommendations to the RIA.

### ***Limitations to Plan Sponsor Services***

ERS does not make recommendations for the use of any specific recordkeeper but will provide information regarding the recordkeepers that ERS has established relationships. ERS is limited to the investment options available through the Plan recordkeeper’s platform and does not have the authority, expectation, or obligation to select any investment options that are not available through the Plan recordkeeper’s platform. The Plan Sponsor is solely responsible for determining the selection of the recordkeeper and for the share classes available to the Plan. 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, to ensure contributions are timely received by the Plan, or to monitor overall fees of the Plan or exercise any other action with respect to the management, administration, or any other aspect of the Plan.

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

### ***Plan Participant Fiduciary Services***

ERS offers plan participants services in conjunction with recordkeeping services offered to Plans from Empower Annuity Insurance Company of America (“Empower”). If selected by the Plan Sponsor, a plan participant may receive advisory services from ERS through a one-time, non-discretionary recommendation (“Online Advice”) or through actively managed, personalized investment portfolios (the “Managed Account Service”).

#### ***Online Advice***

Online Advice is a one-time, non-discretionary recommendation of a personalized investment portfolio. The recommended investment portfolio is based on information drawn from the plan participant’s account profile. ERS’s non-discretionary recommendation is confined to an allocated portfolio composed of collective investment trusts that are sub-advised by ERS (“ERS CITs”). ERS does



not charge a fee in connection with the Online Advice.

***Managed Account Service***

A Plan Sponsor may also select to have ERS provide the Managed Accounts Service to plan participants. Through the service, ERS provides an actively managed, personalized investment portfolio composed of ERS CITs that reflects a participant's retirement timeframe, life stages and overall financial picture. ERS does not provide advice for, recommend allocations of, or manage assets held outside a participant's account. Under the Managed Account Service, ERS has discretionary authority over allocating your assets among the ERS CITs without your prior approval of each transaction. ERS's Managed Account Services are confined to an allocated investment portfolio composed of ERS CITs. ERS does not provide advice for, or recommend allocations of, self-directed brokerage accounts, employer-directed monies, or any other investment options, even if they are available for investment in the plan. Upon commencing the Managed Account Service, a participant's balances in any of these investments may be liquidated, subject to the participant's Plan restrictions. ERS has retained Empower Advisory Group, LLC ("EAG"), a registered investment adviser and wholly owned subsidiary of Empower Annuity Insurance Company of America to act as a subadvisor for the Managed Account Service.

Plan Sponsors currently only make the ERS Managed Account Service available as an opt-out feature, meaning that a participant is automatically enrolled in the Managed Account Service at the age established by the Plan Sponsor unless the participant affirmatively opt-outs of the Managed Account Service. A participant may also elect to opt-in prior to the designated age. The Managed Account Service is geared toward participants who wish to have an investment professional select and manage their retirement accounts for them. Please refer to Item 5 below for information about fees charged for the Managed Account Service.

**Sub-Advisory Investment Management Services**

***Collective Investment Trusts***

ERS provides sub-advisory investment management services (including but not limited to asset allocation, and capital market assumptions) to certain Collective Investment Trusts ("CITs"). These CITs are sponsored by unaffiliated trust companies and are exempt from registration under the Investment Company Act of 1940, as amended. ERS has been hired by the trust companies to select the underlying constituents within the CITs, and for ongoing management. ERS does not directly offer CITs; these products are available to the Plans through the unaffiliated trust companies. For information regarding a CIT that utilizes ERS as a subadvisor please consult the offering documents and/or disclosure documents for the CIT in question. Access to CITs is limited to certain qualified individuals and organizations. ERS does not receive a fee for its sub-advisory management services to CITs.

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## Item 5 – Fees and Compensation

ERS' fee for investment advisory services varies by the nature of the services being provided. Fees are typically a percentage of assets under management or advisement. The standard fee schedules for the Programs are as follows, but lower fees may be separately negotiated by the Plan Sponsor based on a variety of factors, including but not limited to asset size, additional support or reporting requirements, additional complexity, or unique restrictions. Fees for ERS' services are typically paid to ERS by the Plan. However, the Plan may, in turn, allocate some of these fees to Plan Participants. Please refer to the Plan Sponsor for additional details.

Certain fees are not included in the Program Fee shown below; the most significant of which is the fee charged by the Plan's Advisor and Recordkeeper, which are not determined or negotiated by ERS. Please contact your Plan Sponsor with questions related to the overall fees in your plan(s).

### ***Plan Sponsor Fiduciary Services:***

*Discretionary Fiduciary Services*  
*Non-Discretionary Fiduciary Services*  
*Custom Asset Allocation Services*  
*ERS RIA to RIA Fiduciary Services*

### **Plan Participant Fiduciary Services:**

*Managed Account Service*

<b>Program/Portfolio</b>	<b>Fees</b>
Plan Sponsor Fiduciary Services	0.03% - 0.15%*
Managed Account Service	0.50%**

\* Fees charged as a percentage of Plan assets. A minimum annual fee up to \$2,000 can be assessed, which are paid to ERS by the Plan Sponsor.

\*\* Fees charged as a percentage of account assets. Plan Sponsor determines whether this service is offered to Plan Participants. Plan Participants who receive this service will pay a supplemental advisory asset-based fee separate from the advisory fees charged to their employer sponsored Plan. For its sub-advisory services, ERS pays Empower Advisory Group a fee from ERS's Managed Account Service fee of up to 0.40% of account assets.

### ***Termination***

The terms and conditions for each advisory service contain termination provisions for the client and ERS. The client is responsible for paying investment advisory fees for services provided up to and including the effective date of termination. ERS will refund any unearned, prepaid fees, if applicable.

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

The cost of investment advisory services provided may be less than the cost of purchasing similar services separately. The total asset amount in a Plan typically is the main factor impacting the relative cost of an advisory program for a particular Plan.

The default fee calculation method of the fee is to bill in arrears on a quarterly basis based on the value of Plan assets. However, the calculation and remittance methodology of the fee may vary based upon the recordkeeper utilized by the Plan Sponsor. In the event of conflicting methodology, the billing methodology of the recordkeeper utilized by Plan Sponsor shall prevail. ERS will perform a good faith fair market value of the Plan assets based on the applicable recordkeeper.

The ERS fees do not cover the 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 mutual funds exchange traded funds and other pooled investment vehicles, such as fund operating expenses, management fees,



redemption fees, administrative fees 12b-1 fees and other fees and expenses or regulatory fees; (iv) brokerage commissions or other charges imposed by broker-dealers or entities other than the custodian if and when trades are executed or 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 fees and charges associated with securities transactions, such as ticket charges. Further information regarding charges and fees assessed by mutual funds and exchange traded funds may be found in the appropriate prospectus or offering document.

In connection with mutual fund redemption fees (referenced above), some mutual funds assess redemption fees to investors upon the short-term sale of its funds. A Plan may incur such redemption fees if the portfolio manager of an investment strategy determines it is in the Plan's 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. Depending on the particular mutual fund, this may include sales made 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 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.

ERS provides a model management system as part of the web-based platform including unitization of portfolios for certain custodians with which ERS has entered into a contract. ERS charges a fee to these custodians for these non-fiduciary technology services. In some instances, ERS may act as a fiduciary investment manager to some Plans for which it also provides unitization services for portfolios. When ERS acts as either a 3(21) non-discretionary advisor or a 3(38) investment manager as outlined above, it will charge fees for the fiduciary services provided to the Plan in addition to any non-fiduciary technology fees described above. Plan sponsors contract separately for the fiduciary services described within this Brochure.

ERS may compensate certain recordkeepers, custodians, and/or third-party administrators ("Plan Providers") for providing secure access to their information systems, Plan and participant data, and for providing communication materials directly to Plan Sponsors and participants. The amount of the reimbursement is generally a percentage of the revenue received by ERS in connection with the services provided to clients of the Plan Providers. The compensation paid to these Plan Providers is for administrative and technology services only and is not to be construed as an endorsement or solicitation by the Plan Provider of ERS or any specific advisory services.

## **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 sponsors and certain institutional clients including Collective Investment Trusts.





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

ERS uses its proprietary ERS SCORE™ Methodology (“ERS SCORE™”) investment monitoring process to evaluate Plan designated investment alternatives. The ERS SCORE is used to evaluate all Plan designated investment alternatives (mutual funds, ETFs, CITs, etc.) in each category approved for the Program. The ERS SCORE™ Methodology is continually vetted and refined, incorporating both quantitative and qualitative factors and placing a premium on managers with the following characteristics<sup>1</sup>:

S	Style	<ul style="list-style-type: none"> <li>• R-Squared – 3-Yr</li> <li>• Batting Average</li> </ul>	10%
C	Cost	<ul style="list-style-type: none"> <li>• Management Expense</li> </ul>	10%
O	Organization	<ul style="list-style-type: none"> <li>• Manager Tenure</li> <li>• AUM Drop</li> </ul>	10%
R	Risk	<ul style="list-style-type: none"> <li>• Standard Deviation 3-Yr</li> <li>• Beta</li> <li>• Tracking Error 3-Yr</li> <li>• Max Draw Down</li> </ul>	35%
E	Execution	<ul style="list-style-type: none"> <li>• Return 3-Yr</li> <li>• Return 5-Yr</li> <li>• Upside vs. Downside</li> <li>• Sharpe Ratio 3-Yr</li> </ul>	35%

The selection of the underlying criteria within each of the five primary categories and the weighting of the criteria 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.

### ***Capital Market Assumptions and Asset Allocation***

ERS creates efficiently allocated Asset Class Portfolios (“ACP”) that provide the basic framework for the Custom Asset Allocation Services and ERS Managed Account programs when ERS acts as investment manager to these programs. These portfolios are created using proprietary capital market assumptions (“CMA”) to estimate expected returns, standard deviations, and correlations that represent the long-term risk/return forecasts for the asset classes used within the ACP.

The expected returns, standard deviations, and correlations created from the capital markets assumptions process are used to create portfolios at various risk levels using a mean/variance optimization (“MVO”) approach. Rather than simple mean-variance optimization, a resampled version of MVO is used. Constraints based on the relative market capitalization of various asset classes are used in the optimization process to ensure that the constructed portfolios are optimal, given our capital markets assumptions, without straying far from the market portfolio.

ERS’ approach to estimating CMAs and constructing asset allocation models is based on the following general assumptions:

<sup>1</sup> ERS SCORE™ Methodology characteristic weightings are subject to change.



- The global capital markets are largely efficient in the long run, where the efficiency of the markets is measured by the Capital Asset Pricing Model ("CAPM");
- While the global capital markets are efficient in the long run, shorter-term inefficiencies may exist in the capital markets; and
- Risk premiums are time-varying.

The six-step ERS process is run annually using statistically advanced techniques to combine information coming from theory, data, forecasts by recognized economic analysts, and ERS' own views into overall estimates of the capital market assumptions.

Step 1	Estimating Standard Deviations and Correlations
Step 2	Russell 3000 (or equivalent) Expected Return Forecasting
Step 3	Reverse optimization
Step 4	Fixed Income Views
Step 5	Black-Litterman Process
Step 6	Expected Return Forecasting for Alternative Asset Classes

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

Investing involves risk, including the possible loss of principal. It is important to understand that certain types of investment strategies may expose an investor to additional inherent risks. Investments in foreign securities are subject to currency risk, and political risk which may be accentuated in emerging market economies. Investments in small or mid-capitalization companies may experience greater market volatility, and potential for business failure, than those of large-capitalization companies. Real Estate investing entails the risks of the real estate business generally, including sensitivity to economic and business cycles, changing demographic patterns and government actions. Investments in bond funds are subject to interest rate, inflation, and credit risks. Generally, the value of bond funds rises when prevailing interest rates fall and falls when interest rates rise. High Yield bond investments invest in lower-rated debt securities and may be subject to greater market fluctuations and risk of loss of income and principal, due to the increased risk of default.

Although diversification is not a guarantee against loss, it can help manage risk. Diversification does not assure a profit or prevent a loss.

All data included used in our analysis, including, but not limited to charts/graphs, Plan level data and investment data is dependent upon the quality and accuracy of information supplied by the Plan, service providers, investment firms, reporting companies and other sources. The risk of inaccurate data may lead to inaccurate analysis performed by ERS.

### ***Cybersecurity Risk***

The proliferation of business technologies, while empowering, has also made ERS and its affiliates susceptible to operational, information security, and related risks. Cyber risks arise from deliberate attacks or incidental events originating from external or internal sources. Cyberattacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating client or firm level assets or sensitive information; corrupting data, equipment, or systems; and causing operational disruption. Cyberattacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Beside hackers, customers trying to gain unauthorized access to databases through legitimate service solutions also pose a threat. Unauthorized access to IT systems or databases could result in the theft, publication, deletion or modification of confidential company or client information. Cyber incidents can disrupt business operations, potentially resulting in financial losses, interfering with the ability to calculate asset prices, impeding trading and transactions, damaging equipment



and systems, and violating applicable privacy and other laws; resulting in private litigation, regulatory fines, penalties, reputational damage, reimbursement or other compensation and compliance costs. An actual or perceived data security breach of our security may also require notification under applicable data privacy regulations.

ERS, and its customers through which ERS' solutions are made available to end users collect, use, transmit and store confidential financial information such as bank account numbers, social security numbers, non-public personally identifiable information, and portfolio holdings. The measures ERS takes to provide security for collection, use, storage, processing, and transmission of confidential end user information may not be totally effective in protecting against data security breaches by third parties.

ERS uses commercially available security technologies, including hardware and software data encryption techniques and multi-layer security measures, to protect transactions and information. ERS also encrypts certain data fields that typically include sensitive, confidential information, though other unencrypted data fields may include similar information that could be accessible in the event of a security breach. ERS uses security and business controls to limit access and use of confidential end user information. The technologies and practices of our customers and third-party suppliers may not meet all the requirements ERS includes in our contracts; ERS may also not have the ability to effectively monitor the implementation of these security measures. In a number of cases, our customers build and host their own web applications accessing our solutions through our APIs. In such cases, additional risks associated with security and preventive controls reside in the customer's or any third-party supplier's system. Thus, any inadequacies of our customers' and third-party suppliers' security technologies and practices may only become apparent after a security breach has occurred.

ERS security procedures and technologies are regularly audited by independent security auditors engaged by us, and many of our prospective and current customers conduct their own audits or review the results of such independent security audits as part of their evaluation of our solutions. ERS is also periodically audited by regulatory agencies to which our operations or our customers are subject.

ERS maintains multiple redundancies, back up our databases and safeguard technologies and proprietary information consistent with industry best practices. ERS also maintains a comprehensive business continuity plan and companywide risk assessment program that is consistent with industry best practices and that complies with applicable regulatory requirements.

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

### **Technology Services**

#### ***ERS Practice Advantage Platform***

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.



### ***ERS Compliance Advantage***

ERS provides support and data loading services for Plan Sponsors and service providers that administer recordkeeping services. Through these data aggregation services, ERS coordinates the communication and processing of the data files attributed to Plan Sponsors with the recordkeeping service provider. Plan Sponsors and other users of the ERS Compliance Advantage program are responsible for oversight and accuracy of the data.

### ***401kPlans.com***

401kPlans.com is a digital marketplace that matches advisors and plan sponsors with various recordkeeper providers. The platform compares fees between the current cost of the plan and potential new providers.

### ***408(b)(2) Reporting Service***

ERS provides a retirement plan analytic platform to support ERISA clients with their Department of Labor mandated section 408(b)(2) regulatory and fiduciary fee disclosure requirements. As a technology solution, ERS is not responsible for the accuracy or completeness of ERISA client 408(b) disclosures.

### ***Benchmarking Services***

ERS has developed Fee Analysis and Benchmarking Reports based on plan information available to ERS. Fee Analysis and Benchmarking Reports provide an independent retirement plan cost comparison and are designed to provide financial services professionals with real-time cost information.

### ***Other Affiliations***

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, each a Registered Investment Advisor, unless otherwise noted:

Investnet Asset Management, Inc. ("EAM")  
*Firm CRD# 322162*

Investnet Portfolio Solutions, Inc. ("EPS")  
*Firm CRD# 109662*

Investnet Embedded Advisory, Inc. ("EEA")  
*Firm CRD# 322162*

FDX Advisors, Inc. ("FDX")  
*Firm CRD# 104601*

QRG Capital Management, Inc. ("QRG")  
*Firm CRD# 305277*

Investnet Securities Inc. ("ESI")  
*Firm CRD# 325803*  
*\*Registered Broker Dealer*

### **Principal Office Address (except ESI):**

1 N. Wacker Drive, Suite 1925  
Chicago, IL 60606

### **Mailing Address (for all):**

1000 Chesterbrook Boulevard, Suite 250  
Berwyn, PA 19312

All the above affiliates are wholly-owned subsidiaries of Investnet, Inc. (NYSE: ENV), whose principal business address is 1000 Chesterbrook Boulevard, Suite 250, Berwyn, Pennsylvania 19312.

FIDx Markets LLC\*  
*Firm CRD# 322769*  
1000 Chesterbrook Boulevard, Suite 135  
Berwyn, PA 19312

Ategenos Capital LLC\*  
*Firm CRD# 326708*  
801 Cassatt Road, Suite 211  
Berwyn, PA 19312

*\*Investnet, Inc. holds a controlling interest in both FIDx Markets and Ategenos Capital.*



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

EAM also serves as the investment adviser to the following proprietary ETFs: ActivePassive™ Core Bond ETF, ActivePassive™ Intermediate Municipal Bond ETF, ActivePassive™ International Equity ETF, and ActivePassive™ U.S. Equity ETF (collectively, the “ActivePassive™ ETFs”). Additional information available at [www.activepassive.com](http://www.activepassive.com).

### **Item 11 – Code of Ethics**

ERS personnel covered by the Envestnet Code of Ethics (“Covered Persons”) must, at a minimum, comply with all applicable legal requirements, including applicable federal and other securities laws. Covered Persons may be held personally liable for any improper or illegal acts committed during the course of their employment, and ignorance of laws and regulations is not a defense. Covered Persons must comply with the requirements of U.S. Securities and Exchange Commission (“SEC”) Rule 204A-1 under the Investment Advisers Act of 1940, as amended, which imposes certain code of ethics obligations on investment advisers registered with the SEC.

ERS’ code of ethics subjects Covered Persons to standards of business conduct and imposes a requirement to acknowledge written receipt of the code and amendments thereto, and to report violations of the code. Covered Persons are also required to pre-clear trades before directly or indirectly acquiring beneficial ownership in a limited number of securities, namely in (i) Envestnet, Inc. and (ii) a limited offering such as private placements, hedge funds, private equity funds and limited liability company interests. In addition, certain persons called “Access Persons” must pre-clear trades of additional securities before directly or indirectly acquiring beneficial ownership in: (i) an initial public offering, (ii) any exchange traded equity or fixed income security (excluding securities issued by the U.S. Federal Government or other foreign federal issuance), and (iii) any other securities placed on a restriction list by the Legal Department. When a pre-clearance request is submitted by an Access Person, a determination will be made as to the appropriateness of the transaction. If the trade appears unlikely to affect the market for the security, is clearly unrelated to the business of the Firm, and poses no conflict of interest with client trades, Compliance or authorized designee may grant approval. Access Persons also are required to provide periodic reports regarding their personal securities activities, including initial and annual holdings reports and quarterly transactions reports. They are also required to provide confirmations (or have their brokers promptly submit duplicate confirmations) of all personal securities transactions to the Compliance Department and are required to obtain written approval before they may invest in a limited offering (such as a private placement) or an initial public offering.

ERS employees or related persons may have accounts with investment managers that are available to Clients as part of its programs. In addition, ERS employees or related persons may personally 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 Clients. Personal securities transactions by persons identified as Access Persons with ERS are subject to ERS’ Code of Ethics. The Code of Ethics includes various reporting, disclosure, and approval requirements, described in the 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 at ERS.

In accordance with SEC rules governing investment advisors, ERS requires prompt reports of all securities transactions by Access Persons identified in the Code of Ethics as “Reportable Securities” transactions. ERS



further requires that all brokerage account relationships of such individuals 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. Employees classified under the Code of Ethics as Covered Persons are required to disclose all brokerage account relationships when the employee, or a related person living in the same household, retains ownership of all shares of securities issued by Investnet, Inc. Transactions in certain securities such as U.S. government securities, bankers acceptances, bank certificates of deposit, and commercial paper and shares of unaffiliated mutual funds are excluded from the reporting requirements.

The responsibilities of ERS' Chief Compliance & Ethics Officer (or designee) 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' senior management. Covered transactions of the Chief Compliance & Ethics Officer are reviewed 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 Chief Compliance & Ethics Officer 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' Code of Ethics can be obtained by contacting ERS at (312) 827-2800.

### ***Conflicts of Interest***

The following are relationships that may introduce conflict:

ERS' financial professionals receive a salary and a discretionary bonus based on their individual performance and the success of the firm. ERS' financial professionals are also compensated based on the revenue we receive from investments issued, managed, or sponsored by us or an affiliate. This is a conflict of interest because our financial professionals have a financial incentive to recommend our own proprietary products or strategies over those that are offered by unaffiliated asset managers on the platform.

Given the interrelationships among ERS and its affiliates, there may be other or different conflicts of interest that arise in the future that are not included in this section.

Investnet, Inc. has a controlling interest and occupies board of director positions in Fiduciary Exchange LLC ("FIDx"). FIDx facilitates a program that integrates insurance solutions into the wealth management process on the Investnet Platform. FIDx Markets LLC ("FIDx Markets"), a FINRA member broker-dealer and wholly owned subsidiary of FIDx, offers an outsourced insurance desk service for those advisers requiring a licensed and registered sales team for assistance with their clients' annuity transactions. Advisers enter into direct agreements with FIDx Markets, separate from the agreements in place with Investnet. Although a related entity, Investnet does not engage in the distribution, revenue, or annuity sales processes of FIDx Markets.

Investnet Inc. has a controlling interest in Ategenos Capital LLC ("Ategenos"). Ategenos offers registered investment advisory services specializing in providing multi-asset class investment solutions and concierge-level advisor service. Ategenos acts as a Model Provider on the Investnet Platform.

Investnet, Inc. has a financial interest and occupies board of director positions in Advisor Credit Exchange, LLC ("ACE"). ACE provides lending solutions to Advisers and their clients via the Investnet Platform through Investnet's affiliate, Investnet Financial Technologies, Inc. Neither ACE nor Investnet offers any loan products or makes any lending decisions. The funding and administration of all loans is undertaken by separate and unaffiliated financial institutions.





ERS' parent company, Envestnet, Inc. is an investor in four service providers, Fiduciary Exchange, LLC, Advisor Credit Exchange, LLC, Trucendent LLC, and HealthPilot Technologies, LLC. (the "Exchanges"). Mr. Thoms Sipp, EVP, Envestnet Business Lines, is an investor in private funds invested in the Exchanges, and therefore ERS and Mr. Sipp have a financial incentive to promote the use of the Exchanges to Advisors using the ERS platform.

ERS' parent company, Envestnet, Inc., has a minority investment (less than 5%) in Dynasty Financial Partners, LLC. Dynasty and Envestnet's affiliates jointly offer financial advisors using the Envestnet wealth platforms an enhanced set of tools and services to help build and grow their businesses.

#### ***BlackRock, Inc.***

Through a holding company subsidiary, BlackRock, Inc. ("BlackRock") owns a non-controlling interest in ERS' parent company, Envestnet, Inc. Funds managed by BlackRock also invest in ERS' publicly traded parent company, Envestnet, Inc. (NYSE: ENV).

ERS and its affiliates are engaged with BlackRock in several strategic initiatives to better integrate their respective financial wellness technologies and jointly offer these services to Advisors. Advisors using Envestnet's technology platform are not required to use any BlackRock software, applications, or products, and are not restricted from licensing and integrating other software and applications. ERS and BlackRock may, from time to time, participate in joint marketing and financial professional educational events.

As part of its due diligence reports for Advisors, ERS reviews Funds affiliated with BlackRock and ERS also utilizes Funds affiliated with BlackRock in its investment strategies. While ERS has dedicated certain resources to review BlackRock affiliated Funds and streamline the operational processes for the availability of BlackRock Funds and strategies on ERS's Platform, these BlackRock affiliated Funds and strategies are subject to the same level of review that ERS applies to all Funds and strategies in the applicable category in order to mitigate the conflicts of interest. ERS may also collaborate with BlackRock to develop and offer co-branded investment strategies.

#### **Other Funds and Investment Strategies**

In addition to BlackRock, from time to time, third-party Funds, such as Funds affiliated with the Vanguard Group, Inc. ("Vanguard") and JP Morgan Chase & Co. ("JPMC"), become beneficial owners of 5% or more of ERS' publicly traded parent company, Envestnet, Inc. (NYSE: ENV) through the aggregation of holdings of their affiliated funds for whom they act as investment advisor or investment manager. In addition, Sub-Managers, Model Providers, or Funds may also determine to invest assets in ERS' publicly traded parent company, Envestnet, Inc. (NYSE: ENV) through their respective strategies. These Funds and strategies are subject to the same level of review that ERS applies to all Funds and strategies in the applicable category in order to mitigate the conflicts of interest. ERS does not make recommendations or exercise discretion as a fiduciary in selecting an investment in ERS' publicly traded parent company, Envestnet, Inc. (NYSE: ENV).

#### ***Conferences***

ERS solicits sponsorship contributions from Fund and investment strategy managers, including but not limited to BlackRock Vanguard or JPMC, to defer the costs associated with ERS conferences and events. Depending on sponsor-level, contributors will be provided 'main-stage' sessions on technology and investments, and highlighted break-out sessions for Advisor and Institutional guests of the event. ERS may receive contributions in excess of the costs associated with the event.

ERS participates in advisors' and broker-dealers' sponsorship programs and conferences and pays annual commitment fees for participation in such programs.



## **Item 12 – Brokerage Practices**

ERS' use of any particular broker/recordkeeper/custodian is directed by the Plan Sponsor under ERISA 3(16). ERS does not require (nor recommend) the use of any particular recordkeeper or broker/custodian, other than including only those that ERS is operationally linked to. Directing ERS to use a particular broker-dealer ("Directed Broker-Dealer") to execute transactions may result in higher transaction costs for clients.

Among other things, a directed brokerage arrangement often results in: (1) ERS being unable to select other broker-dealers on the basis of price or any other attribute; (2) clients foregoing any benefits from savings on execution costs that ERS could obtain for its clients by negotiating commissions on certain transactions; (3) clients being unable to participate in volume discount or receive other benefits that could be obtained through other broker-dealers; (4) ERS being unable to aggregate orders for client accounts with orders for the same securities for other accounts managed by ERS; and (5) ERS not beginning to place client's securities transactions for client accounts with any Directed Broker-Dealers until all non-directed brokerage orders are completed. Clients may pay higher commissions and be subject to additional account maintenance and transaction fees that clients would not pay if clients selected a broker-dealer that ERS recommended. ERS may not achieve executions of the nature, quality, speed, or price that it might otherwise if clients did not have a directed brokerage arrangement.

As a result of the foregoing, a directed brokerage arrangement may result in less favorable net prices on securities trades than would be the case if ERS were able to shop around and select broker-dealers to execute trades.

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

For Plans where ERS is providing discretionary services (as described in Item 4), the recordkeeper or custodian selected by the Plan Sponsor is responsible for the execution of 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 any errors it makes 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 that ERS makes 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 Program services.

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

ERS does not engage paid solicitors for Client referrals.





#### **Item 15 – Custody**

ERS does not custody assets of client accounts. ERS does not have authority to possess or take actual custody of Clients' funds or securities and does not have legal custody of client funds or securities for purposes of the Advisers Act. Plan Sponsors and Plan participants should receive at least quarterly statements from the recordkeeper or custodian that holds and maintains their investment assets. ERS urges you to carefully review such statements.

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

As further described in Item 4 above, ERS provides discretionary investment management services and exercises limited discretion over Plan or Plan participant 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 person acting in a capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims. If ERS is presented with a Plan that includes an Envestnet proprietary product, or would otherwise result in a prohibited transition, ERS will decline from providing services related to that specific product.

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

As a matter of firm policy, ERS does not vote proxies on behalf of clients. Therefore, although our firm provides investment advisory services relative to Plan investment assets, Plan Sponsors and participants 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**

In certain circumstances, Registered Investment Advisers are required to provide you with financial information or disclosures about their 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.



## COVERED SERVICE PROVIDER DISCLOSURE REPORT FOR ERISA PLANS

**March 28, 2024**

This report is being provided to you because our records indicate that you are the appropriate contact for the ERISA plan sponsor of a “covered plan” (within the meaning of Department of Labor Rule 408(b)(2)(c)) (the “Plan”), which is the client of an account managed by Envestnet Retirement Solutions, LLC, (“ERS”). Also, doing business as Envestnet Workplace Solutions. If you are not the appropriate contact, please let us know by calling 866-318-4015 or by email at [support@envestnetrs.com](mailto:support@envestnetrs.com).

The following table contains information and references to additional information about ERS’ services and compensation as required by Rule 408(b)(2). It also includes information about the services and compensation of Third-Party Strategists, which act as sub-advisers to ERS and, therefore, are “sub-contractors” to ERS for purposes of the Rule.

Information	Where to Find It
Description of ERS’ services.	<p>ERS provides a technology platform to investment advisors and retirement plan professionals. In performing advisory services under the ERS programs, ERS is acting as a fiduciary to the plan level’s portfolios or managed participant accounts under both the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) and the Investment Advisers Act of 1940, as amended (“the Advisers Act”).</p> <p>The Firm acts in a fiduciary capacity as defined in Section 3(21) or Section 3(38) of ERISA, and as a Registered Investment Adviser (“RIA”) under the Advisers Act. For a fuller description of the services provided by ERS, the programs are referenced in Item 4 (Advisory Business) of ERS’ Form ADV Part 2A Brochure (“the Brochure”).</p> <p>See also Item 8 (Methods of Analysis, Investment Strategies and Risk of Loss) and Item 17 (Voting Client Securities).</p>
Statement concerning services ERS will provide as an ERISA fiduciary and RIA.	<p>ERS is acting as a “fiduciary” within the meaning of ERISA section 3(21) or within the meaning of ERISA 3(38) section, dependent upon the services utilized by the covered plan and plan participants, for the programs listed in Item 4 (Advisory Business).</p>
Direct compensation ERS will receive from your Account.	<p>ERS’ direct fees are determined based upon the nature of the services provided. The standard fee schedules for the Programs vary. Depending on the plan, lower fees may be separately negotiated, and/or a minimum fee may be implemented. Unless otherwise agreed to with the Plan, the fees for ERS services 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.</p> <p>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.</p> <p>See Item 5 (Fees and Compensation) in the Brochure for a description of ERS’ direct compensation. Additionally, you should consult your plan specific documents (as provided by your plan sponsor) for the exact fees applicable to your plan.</p>



<p>Indirect compensation that ERS will receive from non-affiliates in connection with its services to your Account.</p>	<p>ERS may be deemed to receive certain “indirect compensation” in connection with its business generally.</p> <p>ERS sponsors industry conferences meetings, and similar activities (“Conferences”) for which it solicits conference fees from mutual fund companies, recordkeepers, insurance and annuity companies and other investment product distributors, investment advisers, broker-dealers, and other vendors (collectively referred to as “Vendors”) to defer the costs associated with the Conferences. Depending upon Vendor participation, ERS may receive conference fees in excess of the costs associated with the event. ERS does not receive 12b-1 fees or distribution fees from investment companies.</p> <p>ERS is a subsidiary of Envestnet, Inc. (“Envestnet”). ERS leverages Envestnet’s subsidiaries’ capabilities and resources, along with its experience in investment research, portfolio construction and investment management, to meet the needs of its clients. As affiliated firms, Envestnet subsidiaries may be in receipt of compensation and fees from the same clients as ERS, but under different contracts for different advisory services.</p>
<p>Compensation ERS will receive if you terminate ERS’ management of your account.</p>	<p>ERS does not charge a fee in connection with terminating ERS advisory services. If the services associated with your plan are billed in arrears any outstanding fees associated with your account will be deducted from the account upon its termination.</p>