



# **Envestnet Retirement Solutions, LLC**

**35 East Wacker Drive,  
Suite 2400  
Chicago, IL 60601**

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**[www.envestnetrs.com](http://www.envestnetrs.com)**

This Brochure provides information about the qualifications and business practices of Envestnet Retirement Solutions, LLC ("ERS"). 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. Envestnet last filed an update to our Brochure on April 17, 2020. There were no material changes to this Brochure from the previous version.

In the past, Envestnet 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, Envestnet will provide a summary of any material changes to its Brochure within 120 days of the close of its fiscal year. Envestnet may also provide information about material changes to clients at other times during the year, if necessary.

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

Currently, our Brochure may be requested by contacting ERS Compliance at (866) 318-4015 or via [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 since 2013. ERS provides investment management and investment advisory services to retirement plan sponsors (“Plan Sponsors”) for use with the Plan Sponsors’ employer sponsor benefit plans (each a “Plan”) and in certain instances directly to Plan participants (“Plan Participants”). As of December 31, 2019, ERS had \$12.2 billion in discretionary assets under management (AUM) across over 5,600 Plans and had \$22.9 billion in non-discretionary assets under advisement (AUA) across over 7,030 Plans.

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

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

##### **Plan Sponsor 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 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 Envestnet Fiduciary Advantage™ Program. Within the Envestnet Fiduciary Advantage™ 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.

##### ***Envestnet Fiduciary Advantage™: 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 record keeper, custodian, and/or third-party administrator to facilitate investment changes.

##### ***Envestnet Fiduciary Advantage™ 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 record keeper, 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.

### ***Overlay Management Services with Third Party Strategists***

If elected, ERS provides an investment strategy (“Strategist Model”) of a non-affiliated third-party investment manager (“Third Party Strategist”), whereby the Third-Party Strategist, acting as an investment model provider, constructs an asset allocation and selects the underlying investments for each portfolio. The Plan Sponsor is responsible for selecting the Third Party Strategist that it wishes to make available to its Plan. Acting as the “investment manager” (as defined in Section 3(38) of ERISA), ERS performs overlay management of the Strategist Model by monitoring the investment strategy and, in certain cases, facilitating the routing of trade orders to the recordkeepers for execution, and periodically updating and rebalancing each Strategist Model pursuant to the direction of the Third-Party Strategist. ERS may, from time-to-time, replace existing Third Party Strategists and cannot guarantee the continued availability of Strategist Models.

### ***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 Services**

ERS provides participant services to Plan Participants in participant-directed benefit Plans including, but not limited to, 401(k), 403(b), 457, and 401(a) Plans. ERS delivers participant services through software integrated with the Plan’s recordkeeper.

Depending on the service selected by the Plan Sponsor and the service provider, ERS will provide either or both Envestnet Retirement Guidance and Envestnet Retirement Advice. Both services use a proprietary software system developed by ERS to make calculations for an overall retirement strategy, which may include specific investment advice. The ERS proprietary software allows participants to personalize their goals and

displays the relative importance of reaching such goals, such as retiring earlier, having more retirement income or saving less. In addition, it may include for calculation purposes, pension payments from other retirement Plans, other assets outside of the Plan that the Plan Participant may want to include in the analysis, adjustments to estimated Social Security benefits, future salary increases, or expected age of death. This information is used to calculate expected retirement age and income based on a savings rate and investment strategy.

Participant services may be delivered in the form of investment education as to an asset allocation recommendation only, which is referred to as “Envestnet Retirement Guidance”, or as investment advice, as to asset allocation and specific fund recommendations, which is referred to as “Envestnet Retirement Advice”. These services may also include continual review of both the asset allocation and specific fund recommendations, including rebalancing and reallocating assets as circumstances warrant. The availability of these services depends on what is provided or permitted by the Plan Sponsor and/or Plan service provider within the retirement Plan).

The investment strategy provided by ERS is limited by the asset classes and investments available in the Plan. ERS performs no due diligence, research, or monitoring on the funds or the fees available in the Plan.

### ***Envestnet Retirement Managed Accounts***

Envestnet Retirement Managed Accounts may be included within a plan as an individually managed account option, as permitted by the Plan, or ERS may provide a managed account that satisfies the requirements of qualified default investment alternative (“QDIA”). ERS will act as an investment manager (as defined in Section 3(38) of ERISA) with respect to the construction and allocation of the Envestnet Retirement Managed Accounts. ERS will construct portfolios based on the limited funds available to the Plan. ERS is not responsible for determining whether a Plan will or will not implement a default QDIA for participants.

Under the ERS Managed Accounts QDIA program, ERS may utilize specific participant data to determine the default portfolio most appropriate for each individual. Data that can be provided by the Plan recordkeeper, TPA or Plan Sponsor (e.g. age, salary, deferral/contribution rate, account balance, defined benefit Plan if any, etc.) will be combined with publicly available data such as standard mortality rates and estimated Social Security income. Such analysis begins with a statistically significant number of simulations using Envestnet PMC’s capital market assumptions. ERS then determines which portfolios have an acceptable probability of satisfying a pre-determined level of retirement income. It is likely that many of the possible combinations of retirement ages, retirement income and deferral rates will result in portfolios that have an acceptable probability of success, so each acceptable combination is ranked using a patented ERS scoring process (i.e. the lowest risk portfolio with an acceptable probability of satisfying the target retirement income level).

The software also allows participants to refine the calculation by adding more personalized goals such as modifying the anticipated retirement date, savings rate, or risk profile, or being satisfied with less retirement income. The participant can then assign the relative importance of each goal. In addition, the participant can include pension payments from other retirement plans and other outside assets, adjustments to estimated Social Security benefits, future salary increases, or expected age of death. Once updated, ERS will re-optimize and make a new determination as to which portfolio is most appropriate and direct a re-investment of the participant’s account as necessary. Importantly, so long as such refinements made by the participant are to the inputs only, and ERS acting as the 3(38) fiduciary to the participant is solely responsible for the managed account solution, the resulting portfolio can continue to be the participant’s QDIA.

### ***Envestnet Retirement Guidance***

Envestnet Retirement Guidance provides a retirement strategy (based upon personal data and information) and a recommended asset allocation for available assets classes within your Plan. Personal data may be obtained from a Plan recordkeeper or may be provided by the Plan Participant. It does not include recommendations for specific investments (mutual funds or other investment alternatives) to be invested

within each asset class. It is up to the individual participant to select and allocate the available funds in their Plan and to monitor the funds the participant has selected. ERS performs no due diligence, research, or monitoring on the funds (or other investment alternatives, if any) available in the Plan. Envestnet Retirement Guidance is intended to be education, not “investment advice”, for ERISA purposes as defined by the Department of Labor.

### ***Envestnet Retirement Advice***

Envestnet Retirement Advice provides a retirement strategy (based upon personal data and information input from the Plan Participant) and delivers a fund specific allocation. In Envestnet Retirement Advice, ERS provides non-discretionary investment advice and acts as a fiduciary under Section 3(21)(A)(ii) of ERISA. It is the participants’ sole and final decision as to whether to accept our recommendations or not. Envestnet Retirement Advice differs from Envestnet Retirement Guidance in that Envestnet Retirement Advice provides participants with specific investment recommendation. ERS does not take discretion on the ongoing management of the Plan Participant’s account.

### ***Limitations for Plan Participant Services***

The asset allocation strategy ERS provides under Envestnet Retirement Guidance is limited by the asset classes of the funds already selected by the Plan. The investment advice we deliver to you under Envestnet Retirement Advice similarly is limited to the fund investments that are available in the retirement Plan. It will be up to the Plan Sponsor to implement any recommendations provided to the Plan by ERS, and is responsible for monitoring the funds selected. The funds for the Plan were selected by a party other than ERS. ERS performs no due diligence, research, or monitoring on the funds or the fees available in the Plan. Please contact the employer (Plan Sponsor) and/or service provider (administrator) for information on the individual investments available in the Plan.

As described above, the recommendation provided by ERS may consist of investment education as an asset allocation recommendation only (Envestnet Retirement Guidance) or as investment advice in the form of recommendations of both asset allocation and specific funds (Envestnet Retirement Advice). This depends on what is provided or permitted by the Plan Sponsor and/or Plan service provider (within the specific retirement Plan).

### **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.

## **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.



***Envestnet Fiduciary Advantage™ and Custom Asset Allocation Services***

The fees for the Envestnet Fiduciary Advantage™ service are up to .25% of assets and can be negotiated by ERS and the Plan based on Plan size and institutional partner relationships. A minimum annual fee up to \$2,000 can be assessed, which are paid to ERS by the Plan Sponsor. Fees are generally charged in arrears, however, certain Plans or recordkeepers may request may request billing in advance.

***Overlay Management Services with Third Party Strategists***

The fees for Overlay Management Services with Third Party Strategists service are up to .25% of assets and can be negotiated by ERS and the client based on Plan size and other program factors. A minimum annual fee up to \$2,000 can be assessed. When utilizing Third-Party Strategist services additional fees paid to the strategists apply, which may be up to 1.00%. Third Party Strategist fees are set by the strategist and retained by the strategist.

***Envestnet Retirement Managed Accounts***

The fees for Envestnet Managed Accounts service are up to .60% of assets of either a participant's account or Plan assets receiving the advisory service, based on Plan Sponsor preferences. Fees are generally charged in arrears, however, certain Plans or recordkeepers may request may request billing in advance.

***Envestnet Retirement Guidance and Envestnet Retirement Advice***

The fees for Envestnet Retirement Guidance and Envestnet Retirement Advice are up to \$20 per participant per year. Fees can be negotiated by ERS and the client based on number of participants and institutional partner relationships.

Unless otherwise agreed to with the Plan (such as with Envestnet Retirement Guidance and Envestnet Retirement Advice), the fees for ERS' services (the "Program Fee") are billed in arrears on a monthly or quarterly basis based on the value of Plan assets. When Program Fees are paid from Plan assets 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 may be excluded from Envestnet Fiduciary Advantage™ services, the Program Fees shown above may 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.

***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 more or 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 Program Fee does 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 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.

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, Plan participants and certain institutional clients including Collective Investment Trusts.

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

### ***Envestnet Fiduciary Advantage™***

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 Envestnet Fiduciary Advantage™. 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>:



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.

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

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

- 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

### **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.

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.

### ***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:

Envestnet Asset Management, Inc. (“EAM”)  
35 E. Wacker Drive, Suite 2400  
Chicago, IL 60601  
Firm CRD #111694

QRG Capital Management, Inc. (“QRG”)  
35 E. Wacker Drive, Suite 2400  
Chicago, IL 60601  
Firm CRD #305277

FDX Advisors, Inc. (“FDX”)  
2399 Gateway Oaks Dr., Suite 200  
Sacramento, CA 95833  
Firm CRD #104601

Envestnet Portfolio Solutions, Inc. (“EPS”)  
35 E. Wacker Drive, Suite 2400  
Chicago, IL 60601  
Firm CRD #109662

ERS, EAM, FDX, QRG & EPS 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, which consists of the PMC Core Fixed Income Fund and the PMC Diversified Equity Fund (information available at [www.investpmc.com/solutions/portfolios](http://www.investpmc.com/solutions/portfolios)).

## Item 11 – 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 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’s 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. In addition, certain persons called “Access Persons” must pre-clear trades before directly or indirectly acquiring beneficial ownership in (i) Envestnet, Inc. (ii) an initial public offering (iii) a limited offering such as private placements, hedge funds, private equity funds and limited liability company interests, and (iv) 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 ERS recommends to Clients as part of its investment 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, or purchased or sold for Clients. Personal securities transactions by persons identified as Access Persons with Envestnet are subject to ERS's Code of Ethics. The Code of Ethics includes various reporting, disclosure and approval requirements, described in the summary below. Envestnet 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 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. 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's 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's 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.

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

The following are relationships that may introduce conflict. In order to mitigate the conflict, ERS does not permit employees to be compensated for the sales of any specific investment product or strategy. Employees are instead compensated with a base salary plus incentives that are based on overall department and ERS level goals, as well as an individual's contribution in achieving them.

Third- party products are subject to the same standards and research process as any other third party manager or product provider on the ERS platform.

Mr. John Yackel, Executive Managing Director, holds indirect interests in a consulting and advisor network firm, LibertyFi, LLC. LibertyFi LLC licenses Envestnet technology to provide mid- and back office services to independent Advisors utilizing LibertyFi's services.

Envestnet, Inc. has a financial interest and occupies board of director positions in Fiduciary Exchange LLC ("FIDx"). FIDx will facilitate a program that integrates insurance solutions into the wealth management process on the Platform.



Envestnet, Inc. has a financial interest and occupies board of director positions in Advisor Credit Exchange, LLC ("ACE"). ACE provides lending solutions to Advisors and their clients via the Envestnet Platform through Envestnet's affiliate, Envestnet Financial Technologies, Inc.

ERS's 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's parent company, Envestnet, Inc.

Envestnet 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. Envestnet 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, Envestnet may review Funds affiliated with BlackRock and Envestnet may also utilize Funds affiliated with BlackRock in its investment strategies. While Envestnet has dedicated certain resources to review BlackRock affiliated Funds and streamline the operational processes for the availability of BlackRock Funds and strategies on Envestnet's platform, these BlackRock affiliated Funds and strategies are subject to the same level of review that Envestnet applies to all Funds and strategies in the applicable category in order to mitigate the conflicts of interest. Envestnet may also collaborate with BlackRock to develop and offer co-branded investment strategies.

### ***Conferences***

Envestnet solicits sponsorship contributions from Fund and investment strategy managers, including but not limited to BlackRock, to defer the costs associated with Envestnet 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. Envestnet may receive contributions in excess of the costs associated with the event.

## **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 Envestnet Fiduciary Advantage™ 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/or Plan participant 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 if ERS is otherwise conflicted, 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

**January 27, 2021**

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”) 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’s 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’s services.	<p>ERS provides a technology platform to investment advisors, retirement plan professionals, and/or provides investment services for participants in retirement accounts. 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 ERS’s services, the programs are referenced in Item 4 (Advisory Business) of ERS’ Form ADV Part 2A Brochure (“the Brochure”).</p> <p>See also ERS’s Brochure, specifically Item 8 (Methods of Analysis, Investment Strategies and Risk of Loss), and Item 17 (Voting Client Securities).</p> <p>For a description on the services ERS receives from Third Party Strategist see Item 4 (Advisory Business) and Item 8 (Methods of Analysis, Investment Strategies and Risk of Loss) of the Brochure.</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, for the programs listed in Item 4 (Advisory Business).</p>
Direct compensation ERS will receive from your Account.	<p>ERS’s 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 also provides advisory services known as ERS Guidance and ERS Advice. Fees for ERS services are either; (i) paid directly by the Plan based on participants that have not opted out or (ii) paid directly by the participant as they opt in for the service. For ERS Guidance, fees for</p>

	<p>ERS services are either; (i) paid directly by the Plan; (ii) paid directly by the participant; or (iii) paid by the Plan recordkeeper.</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. As described in Item 4, ERS makes available third-party investment strategies, for which ERS charges advisory fees which includes fees paid to the Third Party Strategist for its services.</p> <p>See Item 5 (Fees and Compensation) in the Brochure for a description of ERS's 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>
Indirect compensation that ERS will receive from non-affiliates in connection with its services to your Account.	<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, record keepers, 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>Third Party Strategists do not receive any indirect compensation pursuant their arrangements with ERS. However, Third Party Strategists may receive potential forms of indirect compensation similar to those described above.</p> <p>In addition, many Third Party Strategists also manage or sub-advise mutual funds and other similar products that might be selected for your account by you or your advisor. Thus, such Third Party Strategists may receive compensation from ERS for sub-advisory services to ERS and also may receive compensation from such mutual funds for services to those funds.</p> <p>ERS is a subsidiary of Envestnet, Inc. ("Envestnet"). ERS leverages Envestnet's 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>
Compensation ERS will receive if you terminate ERS's management of your account.	<p>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>