



See how 401kActiveWatch fits into the narrative of the ever changing retirement plan environment.



401kActiveWatch
"Expertly Overseeing Risk"

401kActiveWatch's Role in the Retirement Industry.

A Letter From Our Director of Retirement Plans

Please take a moment to read this letter from our Director of Retirement Plans.

401kActiveWatch was developed using a consultative process. First, by identifying the people and businesses we wanted to serve. The 2nd step was conducting probing interviews through active listening without any presumed assumptions - in hopes to determine their issues and concerns. Next, we verified that we understood their beliefs. Lastly, we compiled the responses gathered to validate some of the most common shared concerns.

Based on those findings, our Team then embarked on building viable solutions for these shared concerns of Retirement Plan Sponsors, their current Advisors and most importantly the Plan Participants. Those solutions are expressed in this summary white paper for our Customers, our Partners and our Fiduciary Advisors to discuss and evaluate.

Part 1 of 2



Mike McClelland
Director of Retirement Plans

A Letter From Our Director of Retirement Plans

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There has been no greater “sea change” in how 401k and 403b plans, since ERISA, with arrival of the New DOL Fiduciary Rule (Conflict of Interest Rule). This regulation goes into effect April, 2017. This rule puts brokers and their Broker Dealers now in the same fiduciary boat as Plan Sponsors and us. We encourage all Plan Sponsors and our partners to learn more about this new law. We expect our Fiduciary Advisors to know it!

We understand future customer concerns along with new regulations will change. This is why 401kActiveWatch is ever changing to meet these needs today and tomorrow for Plan Sponsors, Advisors and especially Plan Participants.

We appreciate your fielding your questions, your consideration and hope to serve you.

Part 2 of 2



Mike McClelland
Director of Retirement Plans

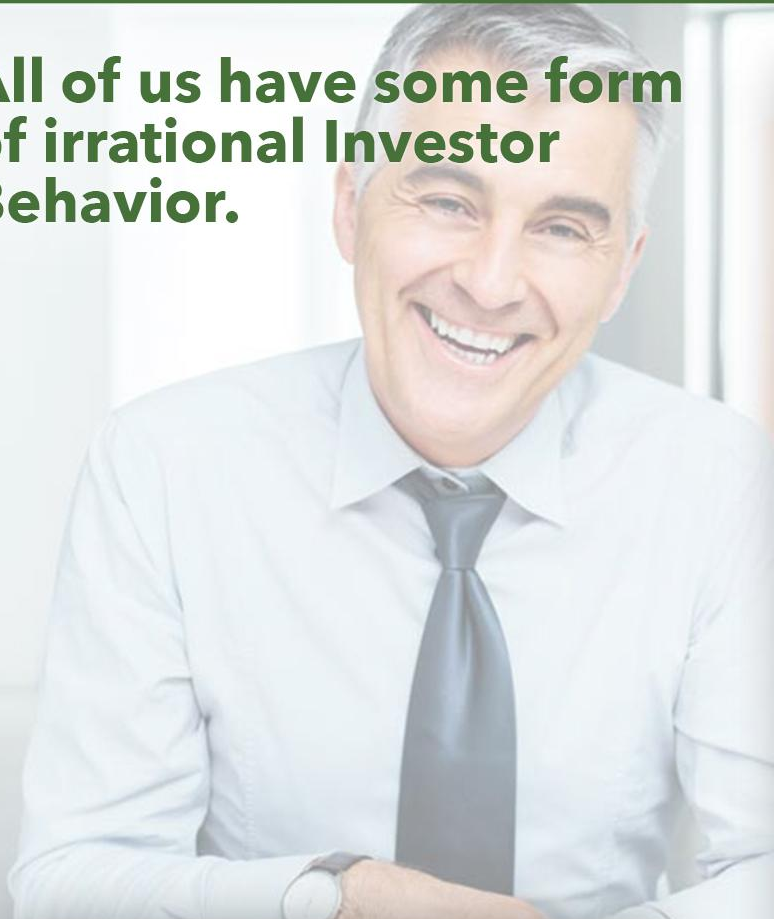
Our Shared Primary Duty as Plan Fiduciaries.

As is it should be for any Plan Fiduciary, our primary duty is to act in the best interest of the plan participants, and their beneficiaries. In fact, the DOL just recently created a new rule that will dramatically shift the entire investment advice industry. The new rule demands that all plan consultants are to be treated as fiduciaries to ERISA plans and even IRAs. Additionally, we have a responsibility to not let participants self-destruct their retirement nest eggs by either being too risky or too safe.

This creates a unique opportunity to work with Plan Sponsors to help them with their fiduciary duties. As a Plan Sponsor they are the Named Fiduciary, which makes them the captain of this "fiduciary vessel".

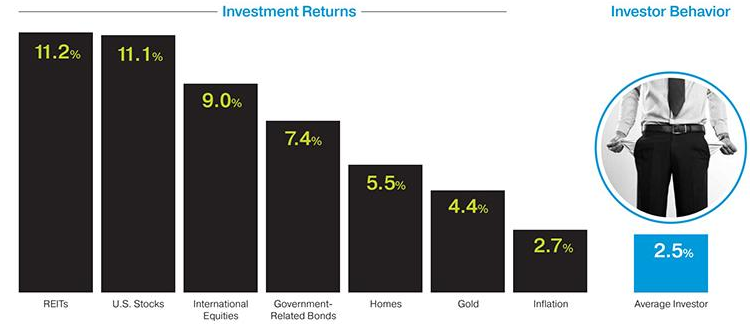
(See our "USS Fiduciary" article on our website)

All of us have some form of irrational Investor Behavior.



What Has the Greatest Impact on Investment Results?

30-Year Annualized Returns % (1985-2014)

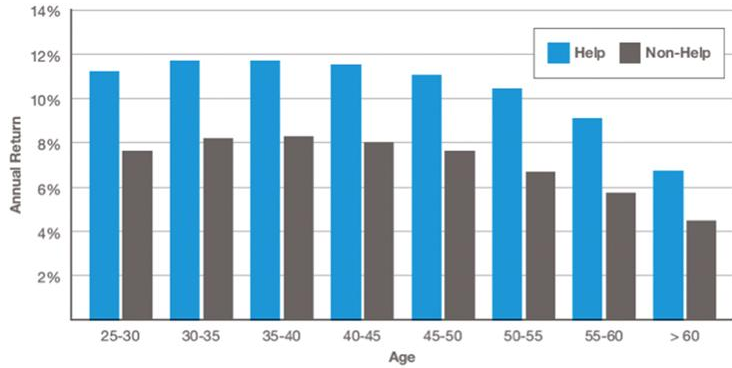


OppenheimerFunds
The Right Way
to Invest

Source: Bloomberg, 12/31/14. Average asset allocation investor return is based on an analysis by DALBAR, Inc., which utilizes the net of aggregate mutual fund sales, redemptions and exchanges each month as a measure of investor behavior. Indices shown are as follows: REITs are represented by the FTSE NAREIT Equity REIT Index, U.S. Stocks are represented by the S&P 500 Index, International Equities are represented by the MSCI EAFE Index, Government-Related Bonds are represented by the Barclays U.S. Aggregate Bond Index, Homes are represented by U.S. existing home sales median price, Gold is represented by the U.S. dollar spot price of one troy ounce, Inflation is represented by the Consumer Price Index. Indices are unmanaged and cannot be purchased directly by investors. Index performance is shown for illustrative purposes only and does not predict or depict the performance of any investment. Index definitions can be found on page 13. Past performance does not guarantee future results.

According to many studies, including the DALBAR Investor Irrational Behavior, participants need and are better off with having a professional money manager - especially those near retirement. They want someone to tell them how and where to invest their contributions, and/or the employer match. Due to their emotions, they want someone to tell them when to be in and out of the market.

What do participants fear and need?



Participants want someone who they can talk to individually about their investments. They feel the weight and seriousness of their investment decisions. Just like any important decision, they want to talk to someone, like a professional, about it. Participants don't want to lose their retirement nest egg. For most of us, our 401(k) account is our largest asset. Stewarding this asset is of utmost importance to a successful retirement, and they know it. Site LPL and Morningstar worksite solutions is a convenient way to provide participants with investment strategies to help them reach their retirement goals.

Passive vs. Active Investment Management

Passive Investment Management

Active Investment Management



401kActiveWatch
"Expertly Overseeing Risk"

Strategic vs. Tactical Asset Allocation

Strategic Asset Allocation

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Tactical Asset Allocation

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Model Portfolio Theory

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Diversification may work fine in a Bull Market...



...but not in a severe Bear Market



The Myth of Diversification

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The underlying issues of traditional Target Date Funds

What happened to TDFs in 2008?

In 2008 there were huge TDF failures. Since all the asset classes went down, diversification actually had no effect. The average "2010 TDF" lost over 23% in the severe Bear Market of 2008.

So the question is: "when will the next recession be?" Perhaps sooner rather than later...?

The benefits of our Momentum Models make it an appropriate and tactical QDIA.