



A member of the MassMutual Financial Group

INVESTMENTS & OVERSIGHT



ABOUT THE INVESTMENT PROCESS

Companies across America look to First Mercantile for retirement plan solutions. A primary reason is the high importance we place on assisting you with your fiduciary responsibilities. As an investment-level fiduciary, First Mercantile holds fiduciary responsibility for the selection and monitoring of all Collective Investments Trusts (CITs) offered. So you can select the specific investments for your company's CIT platform with confidence, knowing you have an extra layer of fiduciary protection. Better yet, instead of monitoring the performance of every fund in your plan, you can simply monitor First Mercantile as your service provider.

The Role of the First Mercantile Advisor Review Committee

The role of the ARC is to provide a broad range of investment options to assist plan fiduciaries and the investment consultant in providing superior investment options across a broad spectrum of asset classes. The ARC oversees a stringent selection and monitoring process to ensure that each independent money manager merits inclusion on our platform. The ARC develops an investment policy statement for each money manager to serve as a guide in monitoring performance on an ongoing basis and to determine when and if replacement is necessary. The ARC then communicates and implements its decisions.



Investment Process

Because of the high value we place on our customers' trust, we choose not to manage investment portfolios. Instead, the ARC screens multiple databases, using sophisticated analytical software, and evaluates requests for proposal to find consistently successful money management firms.* We believe that our manager search, review, and monitoring process is truly a comprehensive process that offers retirement plan sponsors and participants a quality investment service.

Through our stringent search and review process, we are able to offer some of America's leading independent money managers across the investment spectrum. In fact, most of the money managers to First Mercantile are available only to the largest corporate plans or institutional investors.

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Investment Policy Statements

The ARC develops customized investment policy statements for each money manager. The investment policy statements are detailed documents addressing such areas as investment return expectations, risk tolerance, prohibited securities, diversification requirements, and control procedures. The ARC uses these statements to establish selection criteria and to serve as a guide as it conducts its due diligence during the manager selection process. More importantly, the investment policy statements communicate objectives and constraints to the money manager. They also provide guidance in monitoring each money manager on an ongoing basis. The ARC refers to these documents to ensure our money managers are staying true to course.

Due Diligence

All money managers are selected based on their historical performance statistics relevant to their peers; appropriate market benchmarks in both rising and falling markets; returns relative to risk; adherence to stated investment style; and ability to meet First Mercantile's highly tailored investment objectives. Potential return is enhanced and risk diversified for plan sponsors

and their participants by the broad array of investment choices resulting from this process. These investment options — ranging from stable value to aggressive growth — allow investors to create a portfolio that reflects their unique investment attitude.**

Rigorous Review

Once an independent money manager is chosen, the ARC continues to assess performance compared to industry benchmarks and peers, and in light of risks assumed. The ARC considers macroeconomic conditions, such as the state of capital markets, and examines the manager's adherence to its stated investment policy. Investors can be confident that the investment selections they make are closely monitored and routinely re-evaluated, because all money managers offered by First Mercantile operate independently and are under contract. They are not on staff at First Mercantile. This ensures objective examination of performance and replacement when necessary.

Each manager's performance is thoroughly reviewed on an ongoing basis by the ARC to determine if performance standards are being met and specific investment policies are being followed. Our objective

is ongoing excellence, with maximum investment flexibility and manageable risk.

A Valuable Resource

First Mercantile is not a substitute for the fiduciaries of each retirement plan or each money manager. Rather, we view our role as a valuable resource for those who protect the trust — and the assets — of conscientious companies providing retirement security for their employees. For more than 18 years, we have assisted plan fiduciaries with meeting their fiduciary responsibilities. In return, First Mercantile has been rewarded with the trust, goodwill and safekeeping of retirement assets for a growing number of companies nationwide.

**This information is obtained from sources believed to be reliable, but the accuracy of the information cannot be guaranteed.*

***There is no guarantee that any investment will achieve its stated objectives. Investments involves risk, including the possible loss of capital. Investments are not bank deposits and neither the FDIC nor any other agency insures against any such investments.*

www.firstmerc.com

57 Germantown Court • Cordova, TN 38018 • Fourth Floor • 800.753.3682