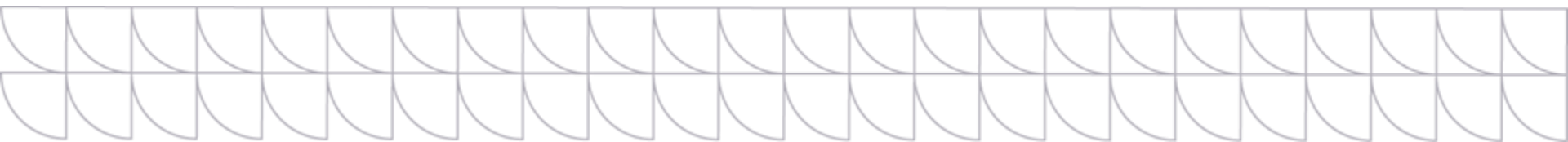




GREAT GRAY
TRUST COMPANY

Collective Investment Trusts 101





Firm Overview

Great Gray Trust Company, LLC

Great Gray is a forward-thinking retirement solution provider committed to expanding and evolving the retirement space. Our fiduciary heritage is the cornerstone for providing dynamic, value-driven solutions for clients and participants. Our knowledge, experience, technology, and infrastructure provide clients CIT solutions built for the present and the future.

The role of a trustee is to implement strong, consistent fiduciary practices to fulfill regulatory requirements through a sound operational framework.



A Top CIT Provider

Over \$188.4 billion in CIT assets Managed across 82 sub-advisors (as of June 30, 2024).

Across 37 platforms & most investment categories, including: target-date and hard-asset funds.



Pioneer in CIT Transparency

Great Gray's President & CEO, Rob Barnett, was the first to list 625+ searchable tickers through the NASDAQ Fund Network (NFN).



Value-Provider For All Stakeholders

CIT education and thought-leadership to benefit plan advisors, sponsors and participants.



A Legacy of Fiduciary Governance

Known for our comprehensive fiduciary guidance structured around banking laws and ERISA standards.



Technological Innovators

Developer of enabling technology, including boardingpass™, for streamlined onboarding.

¹ As of April 29, 2023, investment funds affiliated with Madison Dearborn Partners, LLC ("MDP"), a leading private equity firm based in Chicago, acquired the Wilmington Trust, N.A. ("WTNA") collective investment trust ("CIT") business ("CIT Business") through the creation and acquisition of Great Gray Trust Company, LLC, a new trust company ("Great Gray"). On that date, Great Gray succeeded WTNA as trustee to the CITs, and the CIT Business's senior management and staff joined, and continued the CIT Business operations under, Great Gray. Data prior to that date represents the predecessor WTNA CIT Business.

About Collective Investment Trusts (CITs)

What is a CIT?

A pooled, tax-exempt investment vehicle maintained by a trustee that is a bank or trust company. It combines assets into one investment portfolio to achieve a specific strategy.

What plan types are eligible?

Eligible plan types include: pension, 401(k), 401(a), 457(g) government, 403(b)(9) church. Plans not eligible: IRA, health and welfare plans, foundations, and endowments

How to verify eligibility?

A participation agreement needs to be signed by the Plan Fiduciary (e.g., plan sponsor or ERISA 3(38) investment manager) acknowledging the plan is an eligible retirement plan. Then, the plan's eligibility is cross-referenced against the plan's Form 5500 on the Department of Labor (DOL) website for eligibility.

What are the benefits of CITs?

Lower fee structures compared to mutual funds, similar investment strategies, and potentially greater asset growth over time due to cost savings.

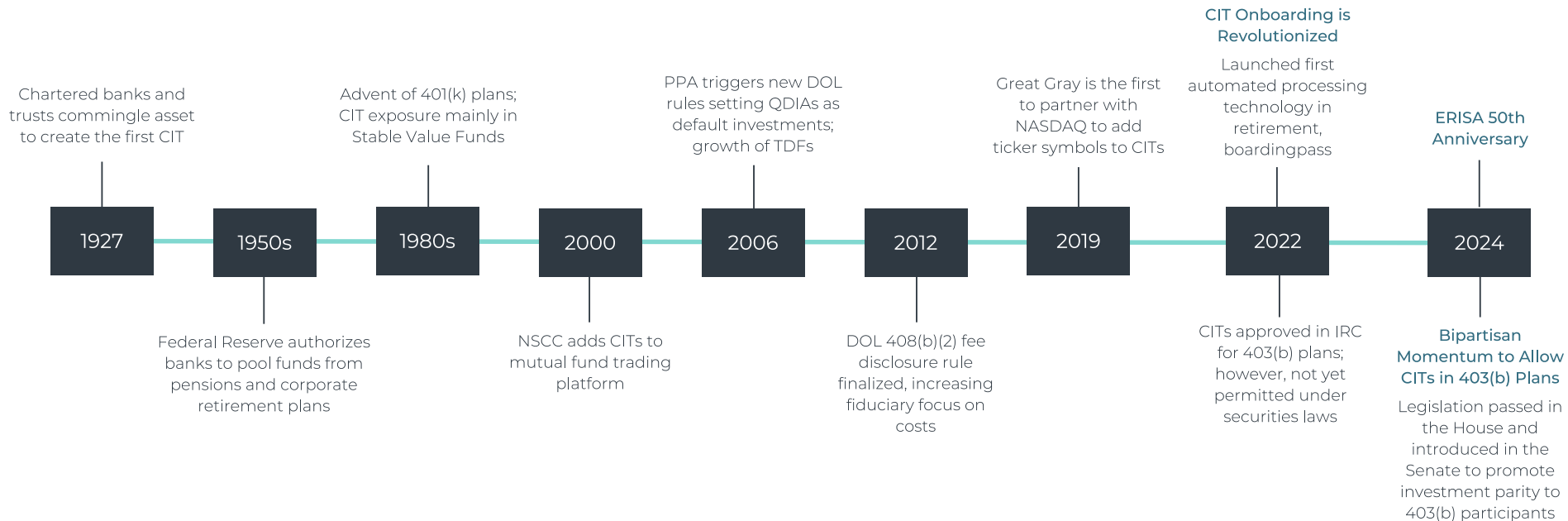
Are there cost advantages?

CITs often have lower fees and expenses, enhancing their appeal for retirement plans, when compared to traditional investment options like mutual funds. Additionally, CITs enjoy more favorable tax treatment, offering efficiency in investment growth.

Differences of CITs vs a Mutual Fund

	COLLECTIVE INVESTMENT TRUST	MUTUAL FUND
Principally Regulated By	OCC or state bank/trust regulator, DOL, IRS	SEC
Fees	Greater flexibility and generally lower fees relative to comparable mutual funds	Generally higher expense ratios with limited availability to customize fees (can only vary distribution and shareholder servicing fees among share classes)
Offering and Disclosure Documents	Declaration of Trust and Participation Agreement; fact sheets and other disclosures	Prospectus, Summary Prospectus, Statement of Additional Information
Trustee or Board of Directors	Trustee; ERISA Fiduciary for investment decisions	Board of Directors; Responsible for overseeing fund services in compliance with federal securities laws
Availability	Limited to tax-qualified corporate retirement plans and certain state and local government plans; they are not available to IRAs and cannot be sold directly to individual investors	General public

History of CITs

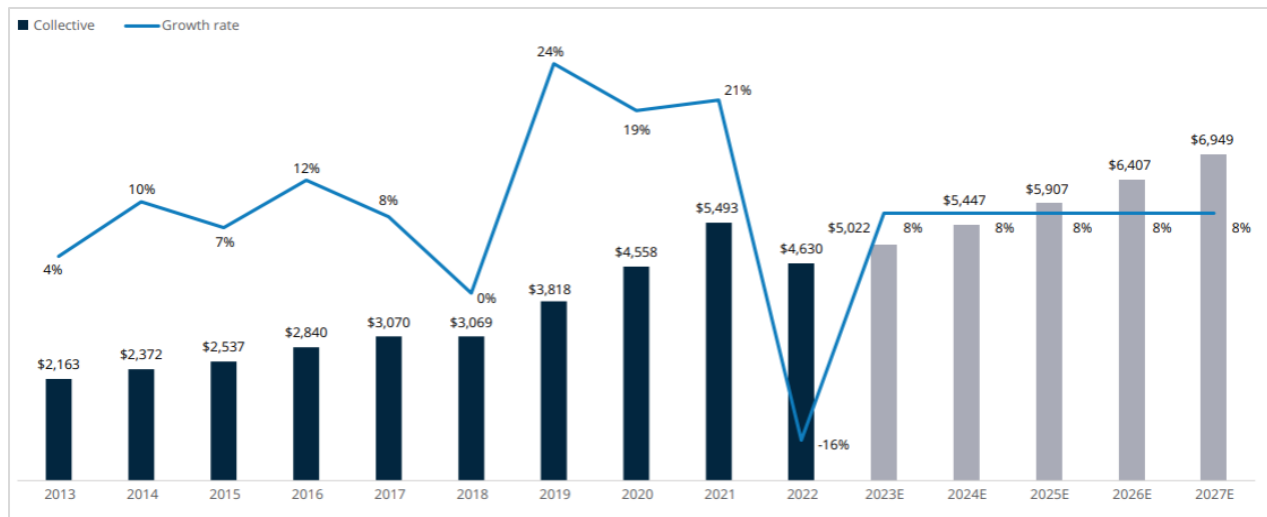


Key:

IRC – Internal Revenue Code OCC – Office of the Comptroller of the Currency NSCC – National Securities Clearing Corporation PPA – Pension Protection Act
 DOL – Department of Labor QDIA – Qualified Default Investment Alternative TDF – Target Date Fund
 ERISA – Employee Retirement Income Security Act of 1974

Total CIT Assets and Growth Rate

- Assets in TDFs totaled more than \$3.09 trillion (as of year-end 2022)¹
- CITs continue to garner the bulk of those assets, representing 44.6% of those flows, a 3% increase compared to 2021¹
- CITs surpassed mutual funds as top investment vehicle by DCIO assets as of year-end 2022, with total CIT assets amounting to \$4.63 trillion¹



Drivers of CIT Adoption

Great Gray believes the following factors are driving the demand:

- **Good governance and oversight:** three main regulatory influences within CIT governance are state and federal banking laws, federal securities laws, and the ERISA.
- **Fee flexibility and savings:** aggregating tax qualified assets to help drive down costs
- **Increased Transparency:** data reported to Morningstar; Nasdaq tickers

Source:

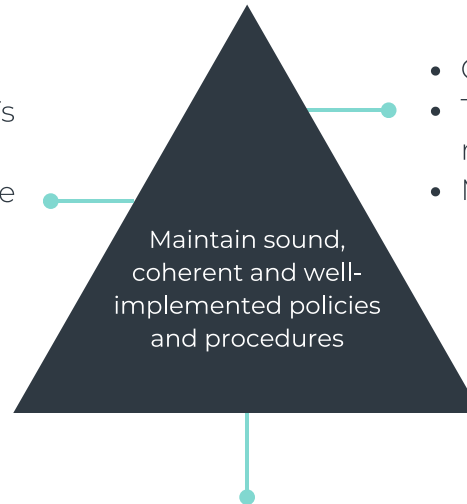
1: The Cerulli Report, "U.S. Defined Contribution Distribution 2023: Adapting to Fiduciary Trends in the Advisor-Sold Market" Page 83, Exhibit 4.01 & 5.01

3 Main Regulatory Influences

That Shape CIT Good Governance Considerations

State and Federal Banking Laws

- Ongoing monitoring and oversight of CITs and due diligence
- Internal Controls; audit program to ensure adhering to the declaration of trust and participation agreement
- Prudently delegate investment responsibilities and maintain risk management



Federal Securities Law

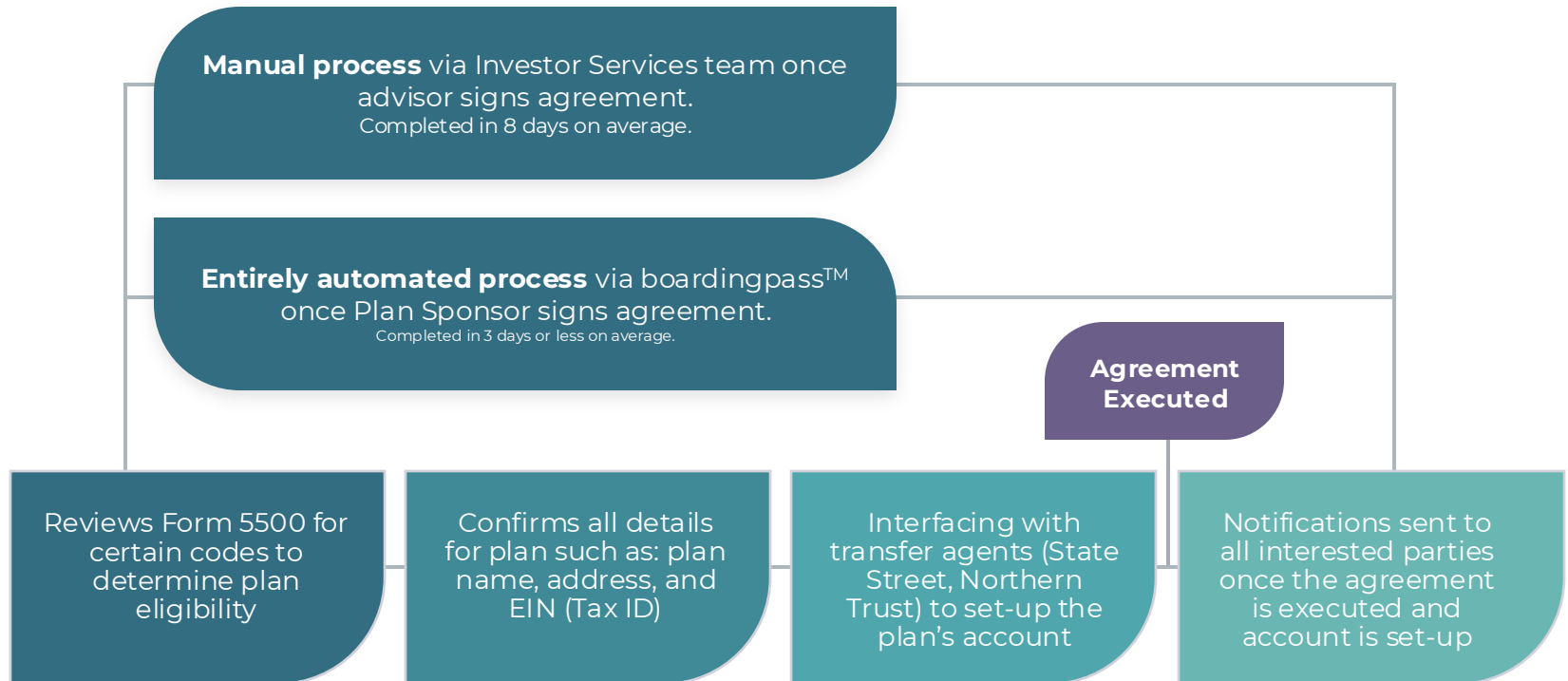
- CITs are exempt under federal securities law
- Trustee must maintain substantial investment responsibility
- Must maintain clear governance practices

Employee Retirement Income Security Act of 1974

- Decisions and oversight held to ERISA fiduciary standards
- **Duty of prudence:** trustee must manage the CIT's affairs in a "procedurally prudent" manner
- **Duty of loyalty:** trustee must act in the best interests of the plan investors and their participants
- **Duty to avoid prohibited transactions:** ERISA prohibits the fiduciary from acting contrary to the plan investors and their participants

Onboarding End-to-End Process

Whether manual, or automated, Great Gray follows the same steps for onboarding



All checks are completed against the Department of Labor (DOL) website

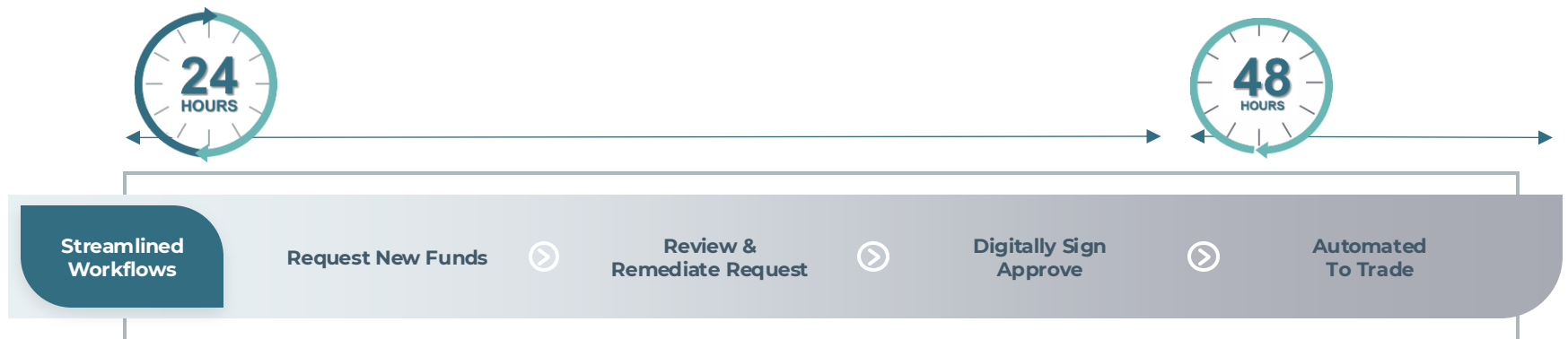
BoardingPass

A Time-Saving, Automated Onboarding Experience

- *With boardingpass, the entire process can take under 3 days to complete;*
- *Manually, this process it can take, on average, 7 – 10 days*

- Receipt of signed Participant Agreement to Great Gray
- Data entry in boardingpass = up to 24 hrs

Trading platform & Recordkeeper processes complete in window of 48 hrs or less



Central Access to Partner, Fund & Plan Information

Platform Availability Grid

Great Gray currently maintains trading agreements with 37 platforms that access more than 200 recordkeepers. The trading agreements cover both trust and group annuity platforms.

Trading Platforms		
ADP Broker Dealer, Inc.	Merrill Lynch, Pierce, Fenner & Smith Incorporated	Standard Insurance Company
Alight Solutions LLC (Hewitt)	Mid Atlantic Capital Corp.	State Street Bank & Trust Company
American United Life Insurance Company (One America)	MSCS Financial Services, LLC (Matrix)	T. Rowe Price Retirement Plan Services, Inc.
Ascensus, Inc.	National Financial Services, LLC	Teachers Insurance and Annuity Association of America
Benefit Trust Company	Nationwide Retirement Solutions, Inc.	The Bank of New York Mellon
Boston Financial Data Services, Inc.	Nationwide Trust Company	The Lincoln National Life Insurance Company & Lincoln Life & Annuity Company of New York
Charles Schwab Trust Bank	Northeast Retirement Services LLC	The Northern Trust Company
Comerica Bank & Trust, NA	PNC Bank, National Association	The Vanguard Group, Inc.
Community Bank, N.A.	Principal Life Insurance Company	US Bank
Fidelity Investments Institutional Operations Company, Inc.	Qualified Benefit Consultants, Inc.	Valic Retirement Services Company
GWFS Equities, Inc. (Empower)	Reliance Trust Company	Voya Institutional Plan Services, LLC
John Hancock Trust Company LLC	SEI Private Trust Company	Voya Retirement Insurance and Annuity Company
Lincoln Retirement Services Company, LLC (BFDS-Agent)		

As of June 30, 2024; third-party trademarks and brands are the property of their respective owners.

Educational Materials For Plan Advisors

[CIT 101: What is a Collective Investment Trust \(CIT\)?](#) - Learn about CITs, why they are growing in popularity, and reasons they should be considered in your retirement plans.

[Collective Investment Trust \(CIT\) 101: The Role of a Trustee in a Successful CIT Strategy](#) - Read more on the crucial role a trustee plays in a successful CIT and the main things to consider when choosing a CIT.



Collective Investment Trusts: An Important Piece in the Retirement-Planning Puzzle
Benefits for advisors, consultants, and plan sponsors

Introduction: CITs 101
The collective investment trust (CIT) is no longer the retirement industry's best kept secret.

From 2011 to 2021, total assets in CITs grew by approximately 260%.

Year	Total CIT assets (\$Bn)
2011	100
2012	150
2013	200
2014	250
2015	300
2016	350
2017	400
2018	450
2019	500
2020	550
2021	600

Explore the history, growth, governance and potential benefits of CITs




CIT Governance Checklist for Plan Advisors and Plan Sponsors

Why is CIT Governance Important?

CIT Governance Checklist

- Process for monitoring and overseeing the CITs fund and sub-fund(s)
 - Are there any policies and procedures for fund selection?
- Committee Structure
 - Is there an established committee structure for implementing policies and procedures?
 - Are three sub-committees charged with specific areas of responsibility?
- Frequency of Committee Reviews
 - Does the committee meet on a regular basis?
 - Are they maintaining meeting minutes to document their decision-making process?
- Committee Expertise
 - Who makes the committee and what level of expertise do they have?
- Committee Access to Experts
 - Does the committee have access to experts and if so, who are they?
 - Are they engaging third parties to assess access to relevant information?

Key governance requirements to consider



DEBUNKING COMMON MISCONCEPTIONS ABOUT CITs

Collective Investment Trusts (CITs) have officially outpaced mutual funds as the most popular target date vehicle. As of June 2024, CITs captured 50.5% of target-date assets, equating to a difference of \$1.1 trillion in assets over mutual funds. CITs are gaining market share because general awareness is increasing, myths are being dispelled and knowledge of the potential benefits is proliferating.

MISCONCEPTION: CITs are only for big plans.

REALITY: Due to aggregation and distribution constraints that have resulted in lower bid-ask spreads, lower transaction costs, and more frequent distributions, CITs are more suitable than mutual funds for plan sponsors. Increasingly, more plan sponsors are turning to CITs, regardless of plan size.

MISCONCEPTION: It's justifiable to pay more for a mutual fund.

REALITY: While not always the case, CITs typically have lower management fees when compared to similar mutual funds because they are not subject to the cost associated with redemptions. However, it is important to compare the total costs to the client. CIT management fees can be higher than mutual funds, but the overall cost to the client may be lower, as CIT management fees are typically paid from the plan's assets, while mutual fund management fees are typically paid from the fund's assets.

Discover the reality behind the top four common CIT misconceptions.



GREAT GRAY TRUST COMPANY

PRIMER

Investment Vehicles for Retirement Plan Sponsors

Great Gray Trust Company, LLC - Trustee
For use by Client Investors and Authorized Agents Only
©2024 Great Gray Trust Company, LLC. All rights reserved.
See Important Disclosure Information on Page 5.

Explore the key differences between 3 different retirement investment vehicles

Contact our Sales team for these materials - or - visit our Insights page to learn more: greatgray.com/insights

Collective Fund Disclosures

Great Gray Trust Company, LLC serves as the Trustee for its bank collective investment funds (“Funds”) and maintains ultimate fiduciary authority over the management of, and investments made in, the Funds. The Funds are not mutual funds as they and their units are exempt from registration under the Investment Company Act of 1940 and the Securities Act of 1933, respectively.

Investments in the Funds are not bank deposits or obligations of and are not insured or guaranteed by Great Gray Trust Company, LLC, any bank, the FDIC, the Federal Reserve, or any other governmental agency. The Funds are commingled investment vehicles, and as such, the values of the underlying investments will rise and fall according to market activity; it is possible to lose money by investing in the Funds.

Participation in Collective Investment Trust Funds is limited primarily to qualified retirement plans and certain state or local government plans and is not available to IRAs, health and welfare plans and, in certain cases, Keogh (H.R. 10) plans. Collective Investment Trust Funds may be suitable investments for plan fiduciaries seeking to construct a well-diversified retirement savings program. Investors should consider the investment objectives, risks, charges, and expenses of any pooled investment fund carefully before investing. The Additional Fund Information and Principal Risk Definitions (PRD) contains this and other information about a Collective Investment Trust Fund and is available at www.greatgray.com/principalriskdefinitions or ask for a free copy by contacting Great Gray Trust Company, LLC at (866) 427-6885.

Great Gray and Great Gray Trust Company are service marks used in connection with various fiduciary and non-fiduciary services offered by Great Gray Trust Company, LLC.