

ICMA-RC's INVESTMENT DUE DILIGENCE PROGRAM

August 2017

DUE DILIGENCE PROGRAM OVERVIEW

ICMA-RC's investment due diligence program* is designed to meet the needs of plan fiduciaries and participants invested in the VantageTrust (VT) and VantageTrust II (VT II) Funds. ICMA-RC believes the program is among the most comprehensive in the industry, and it is continually enhanced to ensure it continues to meet or exceed industry standards.

ICMA-RC's due diligence program is managed by an in-house team of investment professionals who oversee all funds managed by ICMA-RC. Following is a summary of the due diligence program and processes employed therein.

ICMA-RC-Managed Funds

Certain VT and VT II Funds invest in VantageTrust III (VT III) Funds. All of the VT, VT II, and VT III Funds (collectively, Funds) are collective investment trust funds (CITs) established and maintained by VantageTrust Company, LLC (VTC), a New-Hampshire non-depository trust company and a wholly-owned subsidiary of ICMA-RC.

The VT III Vantagepoint Funds: Each VT Vantagepoint Fund and VT II Vantagepoint Fund made available to plan sponsors and their participants invests substantially all of its assets in a corresponding VT III Vantagepoint Fund that shares the same investment objective. With the exception of the VT III Vantagepoint Short Duration Bond Fund, which utilizes a team of dedicated in-house portfolio managers, and the VT III Vantagepoint Model Portfolio Funds and VT III Vantagepoint Milestone Funds, which invest in other VT III Vantagepoint Funds, professional third-party investment management organizations (subadvisers) are hired to manage specific segments within each VT III Vantagepoint Fund. Each subadviser is bound by a set of guidelines specific to their respective VT III Vantagepoint Fund segment. In addition to specifying the investment objectives, the guidelines set limits on the types and amounts of securities each subadviser is allowed to purchase. These limits are designed to decrease the portfolio's risk, while still affording each subadviser the ability to add value in their respective area of expertise. Riskier strategies are specifically addressed in each subadviser's guidelines and are closely monitored by ICMA-RC's Investment Division.

Subadviser portfolios are analyzed regularly. Risk, return, and diversification measures are assessed for each subadviser, as well as its effects on the overall fund. ICMA-RC uses analytical software to evaluate each portfolio then conducts qualitative research to:

- Confirm fund objectives and guidelines are met;
- Measure portfolio risk, return, and diversification; and
- Make appropriate adjustments to maintain the overall investment objectives of the respective VT III Vantagepoint Fund.

* ICMA-RC's due diligence program is conducted by a team with the majority of associates having 10 or more years of investment experience and their CFA designation and/or Master's degree. This team resides in ICMA-RC's Investment Division.. Additionally, credit-related due diligence is conducted by the Credit Research team within ICMA-RC's Risk Management Department.

The VantageTrust and VantageTrust II Funds: ICMA-RC also manages the assets of the VT PLUS Fund, the VT Retirement IncomeAdvantage Fund, the VT II Model Portfolio Funds, the VT II General Account Trust Fund, and the VantageTrust Trust Series Funds.

The VT PLUS Fund is a pooled stable value fund that seeks to offer a competitive level of income consistent with providing capital preservation and meeting liquidity needs. ICMA-RC conducts due diligence to evaluate the stable value investment contracts and funds in which the VT PLUS Fund invests and the creditworthiness of the underlying stable value investment contract issuers and wrap providers.

- The VT Retirement IncomeAdvantage Fund is a fund that invests in a separate account arrangement under a group variable annuity contract issued by a third-party insurance company, which includes a guaranteed lifetime income feature that seeks to protect retirement income against market downturns. ICMA-RC conducts due diligence on the contract issuer and investments held in the separate account that underlies the annuity contract.
- The VT II Model Portfolio Funds are three target risk funds that invest substantially all of their assets in a variety of underlying VT III Vantagepoint Funds in proportions that are designed to match a certain level of risk, which includes conservative, moderate, and aggressive options. Currently, the VT II Model Portfolio Funds are only made available to EIP clients. ICMA-RC monitors the performance and underlying fund allocations of the VT II Model Portfolio Funds on an ongoing basis.
- The VT II General Account Trust Fund is designed to invest substantially all of its assets in insurance company group annuity contracts that guarantee principal and accumulated interest, provide a minimum guaranteed crediting rate, and allow daily liquidity at book value for participant withdrawals. ICMA-RC conducts due diligence on the insurance company contract issuers.
- The VantageTrust Trust Series is a collection of more than 15 CITs, each of which invests substantially all of its assets in a single third-party mutual fund. ICMA-RC conducts due diligence in the selection and monitoring of the third-party mutual funds, but does not have control over the investment objectives and guidelines of the third-party mutual funds. Quantitative and qualitative analyses are conducted to determine each mutual fund's adherence to stated objectives and prospectus parameters, and to identify the specific types of risk incurred by the mutual fund. If a Trust Series Fund fails to meet ICMA-RC's expectations, it may be removed from the Trust Series lineup.

ICMA-RC's due diligence program is designed to add a level of portfolio analysis and risk management to the Funds that is in addition to any analysis conducted by the underlying subadvisers and fund managers.

DUE DILIGENCE PROCESS HIGHLIGHTS

(Note: the following references to "subadviser/s" pertain to subadvisers to the VT III Vantagepoint Funds and the VT PLUS Fund, and references to "underlying fund/s" pertain to the underlying funds in which the Funds may invest.)

SELECTION ACTIVITIES:

ICMA-RC conducts rigorous analysis in the evaluation of a subadviser or underlying fund to ensure highly-capable firms that meet ICMA-RC's diversification, risk, and return requirements are selected.

The subadviser/underlying fund selection process generally includes:

- Identifying the subadviser/underlying fund style;
- Completing an initial screen of subadvisers/underlying funds, focusing on experience, firm history, product and personnel, and minimum performance (return and risk) requirements;
- Interviewing subadvisers to identify the strongest candidates;
- Completing on-site subadviser due diligence visits to confirm and validate capabilities;
- Preparing consideration recommendations for senior management and directors; and,
- Negotiating fees and completing documents, including, but not limited to, investment guidelines and/or contracts.

MONITORING ACTIVITIES:

Once a subadviser/underlying fund is retained, all aspects of the portfolio and management team are continuously reviewed. Investment strategies are routinely evaluated to assure they remain intact. Specific aspects of the monitoring activities generally include:

- Evaluating performance from both a return and risk perspective relative to a market benchmark and peer universe over multiple periods;
- Reviewing organizational and personnel depth and consistency;
- Evaluating subadviser/underlying fund portfolios and securities to ensure the Funds adhere to their stated investment process and style; and,
- Identifying subadvisers/underlying funds that require a termination review due to changes in performance, organizational structure, personnel, or investment process that could lead to unsatisfactory performance results longer term.

Quantitative measures generally include the evaluation of current, historical, absolute, and relative statistics to determine:

- Rates of return
- Risk-adjusted returns and measures
- Sector allocations
- Performance attribution
- Sector selection
- Risk and style factors
- Security selection
- Fundamental characteristics
- Benchmark returns and characteristics

Qualitative analysis generally includes the evaluation of:

- Subadviser's or underlying fund's philosophy, investment process, implementation, and effectiveness;
- Firm's stability, business management, and succession planning;
- Portfolio manager and/or management team tenure and experience;
- Portfolio manager and research analyst compensation and incentives, priorities, resources;
- Internal communications, trading practices, investment decision making, risk controls, compliance; and,
- Form ADV filings and other legal disclosure documents, fee negotiations, breakpoints, etc.

TERMINATION ACTIVITIES:

While ICMA-RC expects subadvisers/underlying funds to continue to provide favorable results, changes in the investment environment or within a firm may require that corrective actions be taken. Performance shortfalls may occur for a variety of reasons. In order to avoid untimely subadviser/underlying fund termination decisions due to poor performance during challenging market periods, an understanding of the investment climate and market cycle are critical to the evaluation process. Evaluation of a subadviser/underlying fund for termination is considered as important as the initial selection decision.

When subadviser/underlying fund issues or concerns arise, they are evaluated to determine:

- What is the source of the problem?
- Is the source systemic, the result of short-term market conditions, or a single error in judgment?
- Is the source something that was unexpected given the subadviser's or underlying fund's discipline?
- What is the probability this issue will reoccur?

Termination of a subadviser/underlying fund may occur at any time, regardless of past performance, for a variety of reasons, including but not limited to:

- There is a change in key personnel or investment philosophy;
- The investment characteristics are not consistent with the stated philosophy;
- There is inconsistency between the stated and actual investment process;
- Assets managed are deemed inappropriate for the organization or style;
- Performance expectations for the subadviser have changed;
- A subadviser is no longer deemed appropriate for the Fund's objectives, regardless of whether the objectives have been revised; and/or,
- The investment firm does not act in the best interest of shareholders.

ICMA-RC's evaluations are comprehensive and forward-looking in an effort to determine the impact on future performance.

ADDITIONAL DUE DILIGENCE ACTIVITIES CONDUCTED FOR VT PLUS FUND, VT RETIREMENT INCOMEADVANTAGE FUND, AND VT II GENERAL ACCOUNT TRUST FUND:

In its due diligence program for the VT PLUS Fund, ICMA-RC conducts the due diligence processes listed above in addition to the following due diligence activities:

- Credit research on insurance contract issuers, e.g., GIC and wrap issuers;
- Selection and monitoring of insurance contract issuers;
- Negotiation and monitoring of GIC and wrap contract terms.

In its due diligence program for the VT Retirement Income Advantage Fund, ICMA-RC conducts the activities described above for the funds held in the separate account underlying the annuity contract. In addition, ICMA-RC also monitors the appropriateness and adequacy of the annuity issuer, including creditworthiness, in a manner similar to the credit research activities ICMA-RC conducts with respect to the VT PLUS Fund.

In its due diligence program for the VT II General Account Trust Fund, ICMA-RC monitors the appropriateness and adequacy of the annuity issuers, including creditworthiness, in a manner similar to the credit research activities ICMA-RC conducts with respect to the VT PLUS Fund.

DISCLOSURES

Please read carefully the Funds' offering and disclosure documents for a complete summary of all fees, expenses, financial highlights, investment objectives and strategies, and risks. Investing involves risk, including possible loss of the amount invested. Investors should carefully consider the information contained in the Funds' offering and disclosure documents before investing.

ICMA-RC provides investment advisory and management services to VTC with respect to the Funds discussed herein. Please refer to ICMA-RC's Form ADV, available at www.adviserinfo.sec.gov, for additional information about ICMA-RC's advisory and management services.