

SafeHaventm



FDIC Insured Capital Preservation Product for the Retirement Market



IRI

<https://insuredretirementinvestments.com/>

SafeHaven: The best Capital Preservation Investment Option for Plan Participants

Overview

- The SafeHaven FDIC Insured CIT Funds for Retirement Plans is set to launch late fall of 2023
- SafeHaven is the only FDIC Insured Capital Preservation Product for Retirement Plans in the popular , easy to trade and access CIT form.
- SafeHaven is expressly designed to compete with Stable Value offerings that comprise an estimated \$400 billion of participant 401k balances
- Stable Value Funds are weak and getting weaker. SafeHaven proforma outperforms on rate by 300 basis points, but only SafeHaven is truly safe. SV Funds have failed , but no FDIC Depositor has ever lost a penny
- Plan participants have the same goals as other brokerage customers: **Safety First**. As participants age their asset allocation becomes remarkably more conservative and an FDIC Insured product is a great differentiator for any DC Plan Provider.

More about SafeHaven Product Features

Summary of Product Features

- SafeHaven invests participant cash balances in deposits of FDIC Insured Banks.
- SafeHaven is FDIC Insured up to 1.5 million *per plan participant*. ERISA allows FDIC Insurance pass thru
- SafeHaven is currently competitive with the highest yielding Stable Value Funds and outperforms many.
- Back Tested performance equivalent or superior for 1,3 , and 5 year periods including negative sloped yield curve cycles for both SV and MM funds
- Daily liquidity, Benefit responsive, short outs
- SafeHaven is available both as a Common Investment Trust with various “classes”, and as a Bank Trust thru a major Trust

Product Differentiation

- First Mover Advantage: Providing an FDIC Insured Cash alternative makes the Investment Advisor 401k product stand out . Few firms offering
- By adopting SafeHaven , an early adopting Investment Advisor will insulate participants from potential limitations of Stable Value Fund availability if there is a sudden major move back into cash from equities
- Money Market Funds will be unable to keep up with SafeHaven if interest rates rise and the yield curve provides a benefit for extended duration

An Investment Advisor has an opportunity to further differentiate from competitors by adopting innovative best in class product



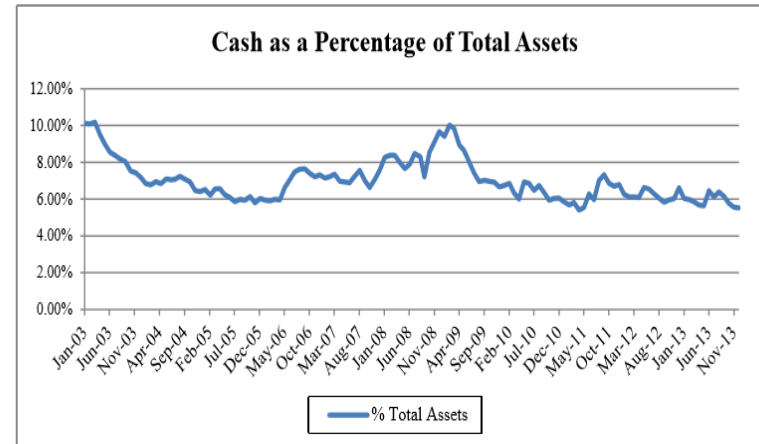
Perspective: There is nothing like FDIC Insurance

Context: SafeHaven FDIC Deposit Market

- SafeHaven is a close cousin of FDIC Insured Brokerage Cash products where hundreds of banks have taken an estimated \$1 trillion in deposits. SafeHaven is simply reformulated to comply with ERISA and operate on retirement platforms

Brokerage Cash Balances are back to all time high of 10%

- Brokerage cash balances increased 60% amidst market corrections during the financial crisis to 10% from avg of 6%



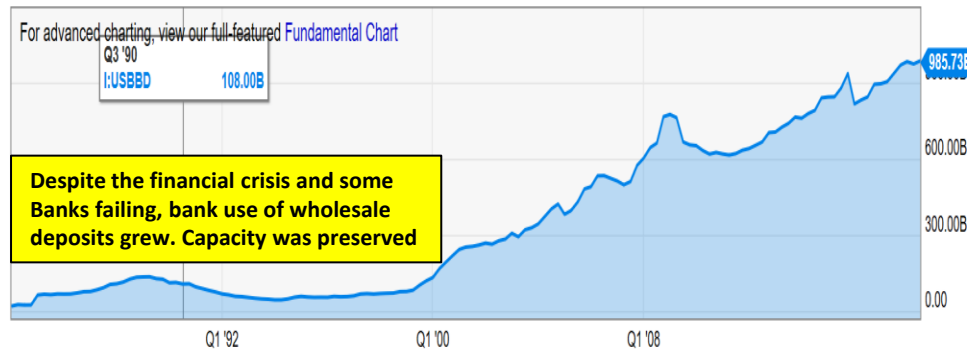
- During the last major market move several SV funds went under, wrap capacity shrunk when it needed to expand, leaving participants and their Advisors hi and dry

US Banks Brokered Deposits Chart

[View Full Chart](#)

5d 1m 3m 6m YTD 1y 5y 10y Max

[Export Data](#) [Save Image](#) [Print Image](#)



- *The SafeHaven team and associates have placed more than 50 billion of similar product and manage 50 plus billion today*





A Fiduciary's Perspective : SafeHaven vs Stable Value and Money Market Funds

Active versus Passive

- IRI reviews hundreds of banks quarterly with proprietary tools that predict quality and capital downgrades and allows a graceful non- intrusive exit from deteriorating credits.

Alpha versus Beta In a Cash Product

- SafeHaven has active relationships with over 100 banks taking more than 50 billion in deposits. Our approach identifies which banks are most likely to pay a premium for the types of deposits emanating from Retirement Plan cash balances. We gain a 15 to 25 basis point advantage compared to relevant swap rates

Cost Matters

- SafeHaven expenses are 15 to 35 basis points below Stable Value Funds before Distribution Expenses, due to comparative efficiencies of the deposit market compared to the depth and reliability of the wrap market used by Stable Value Funds

First, Do No Harm

- All SafeHaven deposits are FDIC Insured. Both principal and interest are fully protected. Even if our filters and methods fail to detect deteriorating conditions, the money is safe. Simply the safest principal preservation product available

Cash Products are an important but often ignored 401k asset class

- Retirement plans have 5 trillion in 401k balances investment balances 7% in Stable Value and 1% in Money Market Funds
- More than **350 billion** in 401k plan cash balances are invested in Stable Value
- An additional **100 billion** in Government Money Market Funds
- More than 50 billion are held inside less than 500 401k plans
- Such balances are disproportionately held by older more conservative participants particularly sensitive to principle preservation

Stable Value Use by Age Group: The older the participant the higher the allocation to Cash/ Stable Value

Age	20s	30s	40s	50s	60s	All
Allocation to Stable Value	3.7%	5.0%	7.0%	11.3%	19.1%	8.6%

Source: Employee Benefit Research Institute

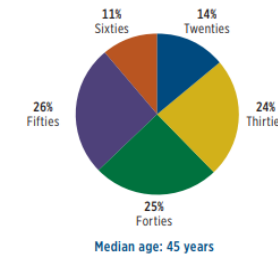
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FIGURE 5

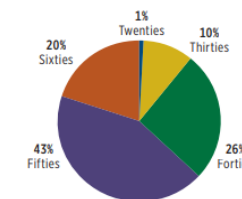
401(k) Participants Represent a Range of Ages

Percentage of active 401(k) plan participants and 401(k) plan assets by participant age, 2015

Active 401(k) plan participants



401(k) plan assets



Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

And...60% of all 401k balances Belong to participants in their 50's and 60's

Confidential – Not For Distribution



Current Net Yield Comparisons: *SafeHaven Proforma 250 + basis points better than VGRST III*

	Product	Net	Yield	Comparisons
	Vanguard RT III		SafeHaven	Fidelity Govt MF
	Stable Value		FDIC Insured	FDRXX
	11/1/2023		11/18/2023	11/20/2023
Gross Yield	2.90		5.60	5.29
Weighted Maturity(yrs)	2.41		0.10	0.18
Fund Expenses	0.29		0.37	0.27
Distribution expenses	0.00		0.00	0.00
Net Client Yield	2.61		5.23	5.02

Vanguard Retirement Savings Trust III

- Overview
- Performance
- Risk attributes
- Price history

Fund Overview

Price as of 11/20/2023	\$1.00
Change	\$0.00 0.00%
SEC Yield	2.61% J
Expense ratio as of 09/30/2023	0.29%
Inception date	09/05/2001
Ticker symbol	—
Newspaper abbr	—
Fund number	0340



Stable Value Fund Net Credit Rates are unchanged despite the surge in interest rates

Vanguard Retirement Savings Trust III

Overview Price & Performance Portfolio & Management Fees Distributions News & Reviews

Product summary

- Conservative savings option that falls between a money market fund and short-term bond fund.
- Invests largely in investment contracts backed by high-quality, shorter-term securities.
- Goal is to maintain the \$1 value of its shares, helping to preserve the money you invest.
- Income has historically been comparable to that of a short-term bond fund.
- Underlying investments can carry more risks than securities in a typical money market fund.

Fund facts

Asset class	Stable Value
Category	Stable Value
Expense ratio as of 09/30/2019	0.32%
Fund number	0340
Fund advisor	View advisor details

View prospectus and reports

Price and performance

Price as of 10/16/2019	\$1.00
Change	\$0.00 0.00%
SEC yield	2.41% J

Risk potential

How the potential for risk affects your investment

**VGRST III Comparison
Fall of 2019 to August of 2023:
No gain despite 500 bps rate increase
In Fed Funds Rate**

0340 | Retirement Savings Trust III

Overview Performance & Price

Yield & Distribution

Yield

SEC YIELD

2.42% J

30 day as of 06/02/2023

We believe this trend will continue until Late 2025 when short term rates are in the 2.5% range . At present SV Fund returns are Impacted by mark to market write-downs That are put into the crediting rate plan Participants are paid

Vanguard Retirement Savings Trust III

Overview Risk attributes Performance Price history

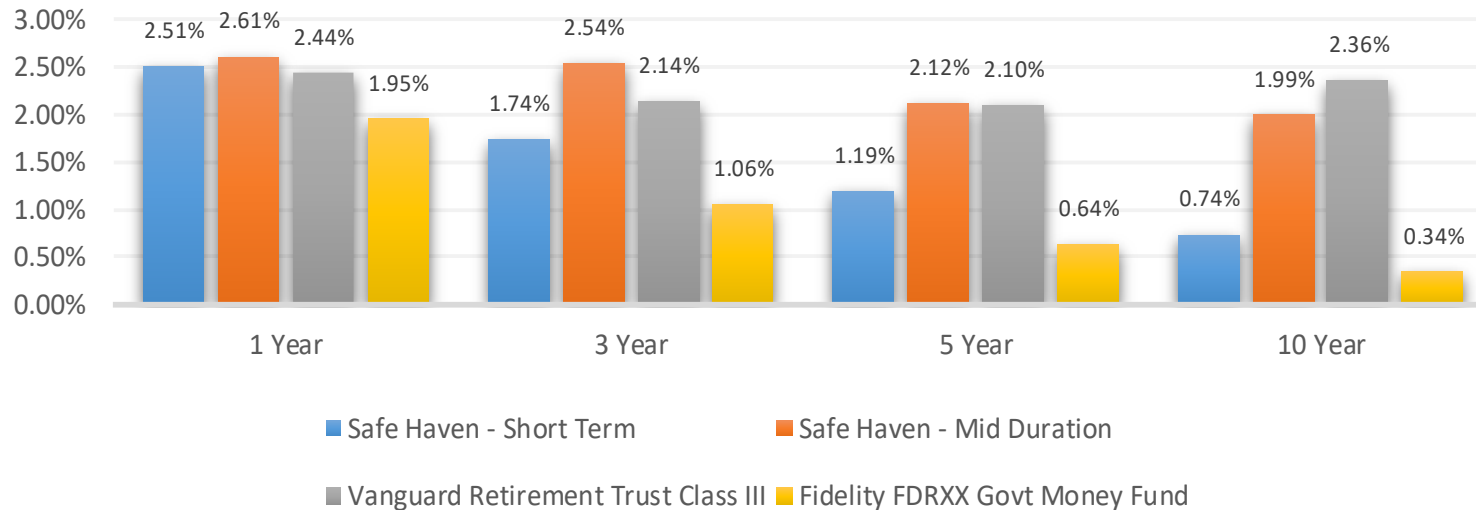
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Old but interesting: SafeHaven product structure kept up with SV Funds BEFORE rates went up

Back Tested Performance : *SafeHaven Mid Duration outperforms Vanguard RT III in 1,3 and 5- year periods*

	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
Safe Haven - Short Term	2.51%	1.74%	1.19%	0.74%
Safe Haven - Mid Duration	2.61%	2.54%	2.12%	1.99%
Vanguard Retirement Trust Class III	2.44%	2.14%	2.10%	2.36%
Fidelity FDRXX Govt Money Fund	1.95%	1.06%	0.64%	0.34%



SafeHaven Short Duration Product outperforms Fidelity FDRXX in all historical periods

SafeHaven performance over historical periods has been estimated by utilizing the 10-year history of Brokerage FDIC Insured Gross Bank Deposit yield from our affiliated taxable product with \$50bb AUM

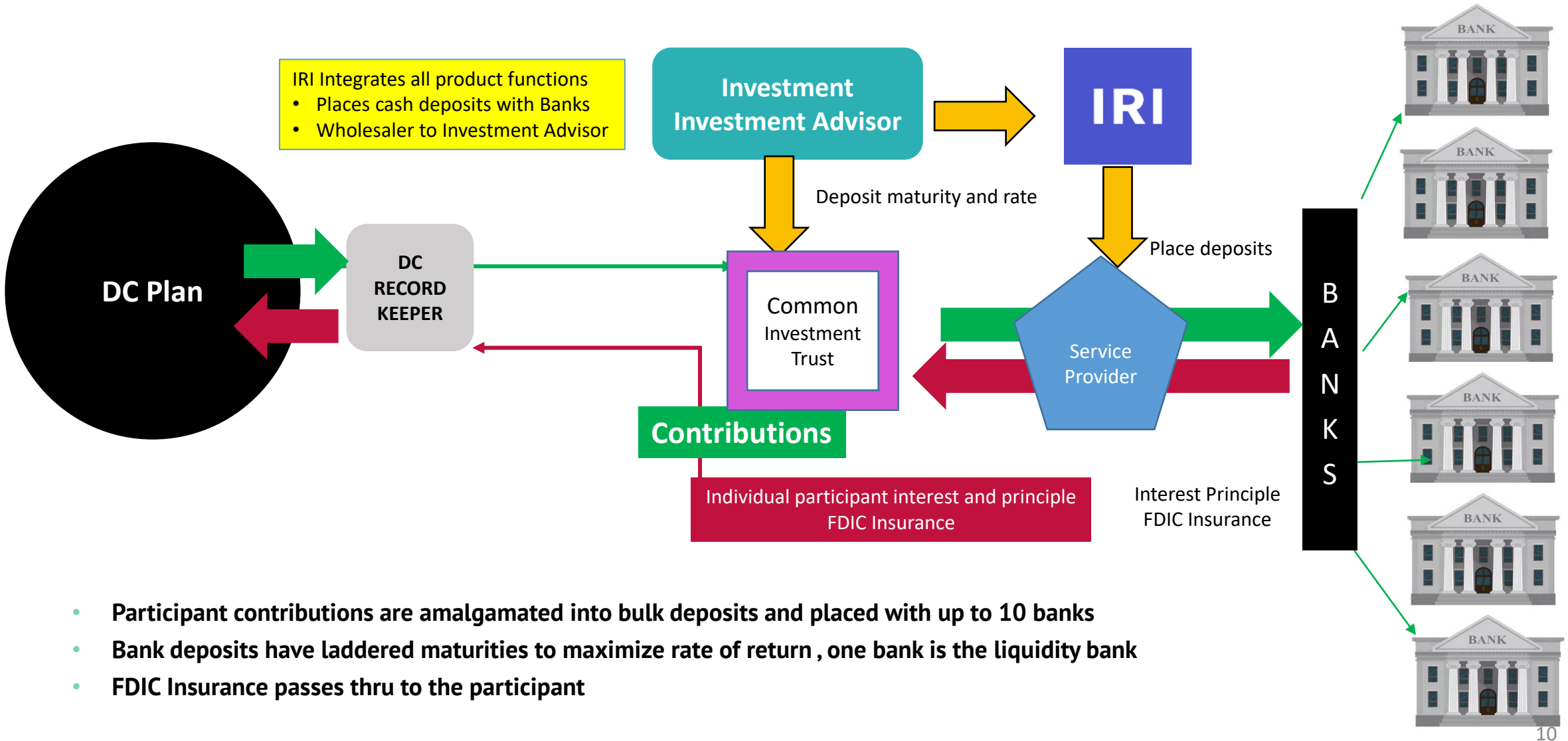
Duration adjustments are made to a 2.5-year duration and additional adjustments are made for premiums banks pay for core deposits compared to the brokered deposits used in the brokerage version of the product. See appendix

Note: the brokerage FDIC Insured product performed during the financial crisis despite some bank failures while Stable Value Funds were technically insolvent for long periods because of the then dubious value of their wrap guarantees.



Comparisons based on Vanguard Retirement Savings Trust Class III Stable value Fund
As of Sept 30th, 2019 , and based upon Fidelity Government Money Fund FDRXX as of 9-30- 2019

SafeHaven FDIC Insured Common Investment Trust Operating Model



- Participant contributions are amalgamated into bulk deposits and placed with up to 10 banks
- Bank deposits have laddered maturities to maximize rate of return, one bank is the liquidity bank
- FDIC Insurance passes thru to the participant