COMPUTER MODEL CERTIFICATION

NextCapital Advisers, Inc.

Digital Advisory Solution

February 27, 2020

Contents

Opinion Letter

Mr. John Belcaster
General Counsel & Chief Compliance Officer
NextCapital Advisers, Inc.
104 S Michigan Ave, Ste. 1400
Chicago, IL 60603

February 27, 2020

Dear Mr. Belcaster:

We have evaluated the Digital Advisory Solution computer model developed by NextCapital Software, Inc. and offered by NextCapital Advisers, Inc. (hereinafter referred to as "Computer Model," "Master Model" or "Model") to determine if it meets the requirements to be used as a Certified Computer Model as defined by the Employee Retirement Income Security Act of 1974, as amended ["ERISA"] Section 408(g) and Internal Revenue Code ["IRC"] Section 4975(f)(8)(C)(iii).

Based on evaluations that include all material modifications made to the Computer Model as of February 27, 2020, it is our opinion that:

- ERISA plan fiduciaries who meet all other ERISA requirements and use the Computer Model, will qualify for the fiduciary relief granted under ERISA Section 408(g), and;

- NextCapital Advisers, Inc., using the Computer Model to provide investment advice to ERISA participants is in compliance with ERISA Section 408(g) and IRC Section 4975(d)(17).

- NextCapital Advisers, Inc.'s Computer Model provides investment recommendations in a manner that is consistent with the Model Asset Allocation Portfolios described in DOL Advisory Opinion 2001-09A ("SunAmerica"). The Computer Model would therefore enable NextCapital Advisers, Inc. to serve as an independent financial expert (IFE) as described in SunAmerica, subject to other conditions concerning independence, contractual arrangements, approval by plan fiduciaries, and ongoing disclosure requirements.

Detailed findings from our evaluations are available from DALBAR and may be obtained from its website.

Our opinion regarding this computer model is based on the default configuration setup referred to as the "Master Model." Information used to form this opinion was provided by NextCapital Advisers, Inc. and confirmed through public sources where feasible. Any material change in this information or the configuration setup could reverse our opinion.

Very truly yours,

DALBAR, Inc.

Investment Model Provider Fact Sheet: NextCapital Advisers, Inc.[*]

Company History: Founded in 2015.	**Number of support staff:** 30	**Affiliated Firms:** NextCapital Software, Inc. NextCapital Group, Inc.
Background Check Clear	**Total Assets under Management:** $2.03 Billion	**Primary Business of Firm:** Portfolio and planning services
Primary Compensation Sources: Advisory Fees	**Clients Served:** 19,868	**Broker/Dealer Name:** None
Geographic Coverage Nationwide	**Liability Insurance:** Technology E&O: $5M Investment Advisor E&O: $5M ERISA: $1M	**RIA Name:** NextCapital Advisers, Inc.
Previously Certified: Initial Certification	**Material Changes since Last Certification:** • N/A (no previous Certification)	
Web Sites **www.nextcapital.com**		

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* Data as of December, 2019

Computer Model Fact Sheet

Investment Model Characteristics

Inputs	Age ✓	Time Horizon ✓	Risk Tolerance ✓
	Current Investments ✓	Other Assets ✓	Sources of Income ✓
		Investment Preferences/Investor Restrictions ✓	
Outputs	Explanation of Asset Classes ✓	Allocation by Asset Class ✓	Allocation by Investment ✓
	Risk Category Selected ✓	Allocation Graphic ✓	Method of Acceptance ✓
Defaults	Retirement age, salary growth, income replacement goal, target cash sweep.		
Implementation	User has the option of rebalancing to execute recommendation.		

Baseline Glide Path

Years to Retirement	Equity (%)	Bonds and Cash (%)
35	89.3	10.7
30	87.9	12.1
25	85.4	14.6
20	81.1	18.9
15	74.3	25.7
10	65.0	35.0
5	54.7	45.3
At Retirement	45.8	54.2
-5	39.5	60.5
-10	36.1	63.9
-15	34.5	65.5
-20	33.0	67.0

Fee Structure

Usual fees charged for services:

Fees are based on a percentage of assets under management and range from 0.05%-0.75%.

Contractual arrangements that could result in direct or indirect compensation to manager or affiliates on the basis of investment decisions if clients take actions on the basis of advice given:

NextCapital 's affiliate, NextCapital Software, may also receive a fee separate from and in addition to the advisory fee already received by NextCapital for NextCapital Software's provision of software and technology services. However, this compensation is unaffected by the investment decisions made by NextCapital.

Sources of compensation:

	Source	Percentage
1	Asset-Based Fee	100%

Other factors or suggestions from others that could improperly influence investment decisions or the advice given to clients:

None.

Investment Model Provider Disclosures

The following important disclosures follow:

- DALBAR Certification
- Scope of Evaluation
- Acceptance of Fiduciary Responsibility
- Adviser Affiliations
- Additional Disclosures

DALBAR has evaluated the **Digital Advisory Solution** developed by **NextCapital Software, Inc.**, and offered by **NextCapital Advisers, Inc.** to determine compliance with United States Department of Labor and DALBAR standards for Fiduciary Advisers as defined by the Employee Retirement Income Security Act of 1974, as amended [ERISA] Section 408(g) and Internal Revenue Code [IRC] Section 4975(d)(17) and associated regulations.

The following evaluations were performed:

Due Diligence Requirements	
Objective process to assess:	
• Adviser qualifications	✔
• Quality of services offered	✔
• Reasonableness of fees charged for the service	✔
• Avoidance of self-dealing	✔
• Avoidance of conflicts of interest	✔
• Avoidance of other improper influence	✔
Process that takes into account:	
• Use of generally accepted investment theories	✔
• Experience and qualifications of the adviser	✔
• Adviser's registration in accordance with applicable federal and/or state securities law	✔
• Willingness of manager to assume fiduciary status and responsibility under ERISA	✔

Adviser Affiliations

NextCapital Advisers, Inc. has disclosed that it is affiliated with the following firms:

- ➤ NextCapital Group, Inc.
- ➤ NextCapital Software, Inc.

Additional Disclosures

None.

Investment Model Certification Results

DALBAR has evaluated the Digital Advisory Solution computer model, developed by **NextCapital Software, Inc.**, and offered by **NextCapital Advisers, Inc.** to determine if it will meet the requirements to be used as a Certified Computer Model as defined by the Employee Retirement Income Security Act of 1974, as amended ["ERISA"] Section 408(g) and Internal Revenue Code ["IRC"] Section 4975(f)(8)(C)(iii).

The methodologies used for the evaluation are presented in the following sections. The methodologies applied were consistent with each specific requirement of the regulations. There were no limitations or restrictions imposed on DALBAR in the selection or application of the methodologies used.

DALBAR has a 30-year history recognized by industry and government as an independent third-party expert in the business of providing evaluations, ratings and performance due diligence. DALBAR certifications are recognized as marks of excellence in adviser services, communications, electronic and telephone services. DALBAR is the only ratings firm with an SEC no-action letter exempting its evaluations from the testimonial rule. Given its history, reputation and our extensive involvement in fiduciary adviser training, we believe that DALBAR meets or exceeds the expertise and proficiency required to conduct certifications required by 29 CFR 2550.408g-1(b)(4)(iii)and IRC Section 4975(f)(8)(C)(iii)(III).

Based on the results of the evaluation it has been determined that the NextCapital computer model meets the requirements, including specifically the requirements of 29 CFR 2550.408g-1(b)(4)(i).

Specific Findings

COMPLIANCE TEST	METHOD OF EVALUATION	RESULT	COMMENT
Is investment theory recognized as being generally accepted?	METH TEST	✓	The model starts with a baseline glide path generated from consensus allocations of a universe of target date funds. The glide path is then adjusted based on the following factors: (i) participant age, (ii) participant life expectancy, (iii) participant salary, education and salary risk, (iv) participant's financial status, (v) participant's state of residence, and (vi) participant's other income sources. Investment selection recommendations are constructed from the plan's investment lineup by optimizing the asset class exposure, regularized fund diversification, and applying a fee emphasis component. The Model also provides contribution rate and retirement age recommendations designed to optimize the investor's overall success in funding retirement income.
Cost	COMP	✓	The fee charged for the model is within industry norms.
Other specific requirements and best practices:			
Takes fees and expenses into account	METH	✓	The Model's fee emphasis component ensures decreasing weights to funds with higher fees.
Requests and utilizes participant/investor information about age, time horizons, risk tolerance, current investments, other assets, sources of income and investment preferences	METH TEST	✓	The Model Test demonstrated that the information requested from plan participants meets industry best practices. This includes inputs of age, time horizons, risk tolerance, current investments, sources of income, investment preferences, and other assets.

COMPLIANCE TEST	METHOD OF EVALUATION	RESULT	COMMENT
Utilize objective criteria to select and allocate designated plan investments.	METH TEST	✓	Screening and selection methodologies define a structured and objective approach that applies the generally accepted investment variables of risk, asset allocation, time horizon and expected returns based on historical patterns.
Does not:			
Favor investments that compensate investment model provider or affiliates.	METH TEST APP	✓	Tests demonstrated that the Master Model does not favor investment vehicles that compensate, or result in greater compensation to NextCapital Advisers, its affiliates (collectively, "NextCapital"), or NextCapital's commercial partners and their affiliates (collectively, "NextCapital Partners") who may be issuers of such investment vehicles.
Favor investments that result in greater compensation to investment model provider or affiliates.	METH TEST APP	✓	
Base investment selection on criteria that cannot be expected to persist.	METH	✓	Funds are screened and selected on asset class exposure to meet the recommended asset allocation.
Does:			
Consider all designated investments except those noted below	METH TEST	✓	All designated plan investments are considered by the computer model in the investment selection process (except those noted below).
Exclude employer securities	METH WS	✓	These categories of investments are excluded from the plan's designated investments during the investment selection process.
Excludes investments that vary asset mix	METH WS	✓	These categories of investments are excluded from the plan's designated investments during the investment selection process.
Exclude retirement income annuities	METH WS	✓	These categories of investments are excluded from the plan's designated investments during the investment selection process.
Provide participant with a list of exclusions.	WS	✓	Investments within the plan not considered by the model are disclosed to the participant.

Explanation of Methods Used

Method	Description of Process
Evaluation of Methodology Documentation	All methodology documentation is evaluated to determine the investment approach used by the computer model.
Model Test	The standard DALBAR test of investor profiles was used. An allocation was established by answering all questions in a likely manner of that hypothetical investor. These hypothetical investors are (1) new to the workforce, (2) at the investment threshold, (3) a highly compensated employee (4) a pre-retiree and (5) a retiree.
Comparison to Comparable Models	The cost and functionality of computer models that are known to be used for investment selection and asset allocation are compared to the computer model being evaluated.
Written Statement	Additional written statements were requested and provided by the fiduciary adviser.
Interview	Fiduciary adviser was interviewed to clarify questions raised during the evaluation process.
Evaluate notifications/disclosures	Notifications and disclosures were reviewed to ensure compliance with regulations. Notifications must contain all required content, in a manner that is calculated to be understood.
Review of Associate Policies and Procedures	For certification of the computer model under an in-person, associate-led interaction, policies and procedures were examined to ensure the associate's inclusion in the process does not affect the design and operation of the computer model.

Previous Certifications

Previous Certification Date	Changes to Model
N/A	N/A

Material Changes since Last Certification

Current Certification Date	Changes to Model
February 27, 2020	N/A (initial Certification)