Howard Capital Management, Inc.

HCM 401(k) Optimizer®

DALBAR Certified:
Computer Model

May , 2013

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Adviser Fact Sheet: Howard Capital Management, Inc.

CREDENTIALS

This Adviser	Adviser's Team	Affiliations
Experience as Adviser: 14 Years	**Number of Advisers on Team:** 2 portfolio managers	**Affiliated Firm:** None
Background Check Clear	**Number of Support Staff:** 6	**Number of Advisers in Firm: 0**
Client Rating of Trust Not Tested	**Primary Source of Team Revenue: Fee-based asset management**	**Primary Business of Firm: Fee-based asset management**
Client Rating of Financial Performance: Not Tested	**Total Assets Managed/ Supervised by Team:** $220 million	**Broker/Dealer Name:** None
Client Rating of Advice Quality: Not Tested	**Retail Clients Served: Number: 1,100 Assets: $220 million**	**RIA Name: Howard Capital Management, Inc.**
Client Rating of Adviser Service Quality: Not Tested	**Institutional Clients: Number: 0 Assets: $ 0**	**Provider Affiliations:** None
Primary Compensation Sources: Subscription Fees	**Date Previous Audit Performed: No Previous Audit**	**Other Affiliations:** None
Liability Insurance: • $2 Million - Errors and Omissions	**Web Site** www.hcm401koptimizer.com	**Geographic Coverage**
	E-Mail/Phone Vance@howardcm.com 770-642-4902	
	Surety Bond: None	Nationwide

Computer Model Fact Sheet: HCM 401(k) Optimizer®

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Computer Model Characteristics

Inputs	Age[1]	✓	Time Horizon	✓	Risk Tolerance	✓
	Current Investments[1]	✓	Other Assets[1]	✓	Sources of Income[2]	✓
	Investment Preferences[3]	✓				
Outputs	Explanation of Asset Classes	✗	Allocation by Asset Class	✓	Allocation by Investment	✓
	Model Used	✗	Allocation Graphic	✓	Method of Acceptance	✓
Defaults	Account balance, outside savings, number of retirement plans in household all default to zero.					
Implementation	Model tells user how to implement.					

Investment Models

Risk Level	Allocation[4]			Objective
	Domestic Equity %	Int'l Equity %	Bond %	
Conservative	10	10	80-100	Current income with moderate long-term capital appreciation
Moderate	25-45	15	40-60	Current income with long-term appreciation
Aggressive	55-75	20-30	0-20	Long-term capital appreciation

Investment Policies

Methodology	Allocation process is conducted using Ibbotson Asset Allocation Tool. One of 3 pre-defined asset allocation model portfolios is selected based on participant's individual risk tolerance. Risk tolerance is determined by an "Investment Personality Profile." HCM 401(k) Optimizer uses Morningstar analysis for selection and monitoring of investments.
Vehicles	Mutual Funds and ETFs

[1] Modifies Investment Personality Profile (IPP) questionnaire score.

[2] Via IPP questionnaire, in which participants are asked if they expect their current earnings to increase, decrease or keep pace with inflation.

[3] Via Investment Personality Profile, in which participants are asked about their feelings toward choosing investments.

[4] If the S&P 500 drops below a proprietary moving average, a new allocation is generated to suggest that a participant move some of his/her equity funds to lower risk choices for capital preservation.

Restrictions	None.
Oversight	Nightly process in which the three pre-defined model portfolios specific to each firm's plan line-up are reviewed for accuracy. Also, each night the process ensures that each employee has an up-to-date Investment Personality Profile (IPP) and invested in the appropriate model portfolio for his/her risk tolerance.

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Services Rendered by Adviser

Investment Management Services		ERISA Related Activities	
Define the client's investment-related goals and objectives	✗	Conduct a fiduciary assessment	✗
Prepare and maintain the client's Investment Policy Statement ("IPS")	✗	Oversee plan administration activities	✗
Identify asset classes appropriate for client's portfolios	✗	Support for DOL and IRS audits	✗
Conduct due diligence for investment options	✗	Design rules for assigning participants to QDIAs	✗
Choose investments and create portfolios according to the terms of the IPS	✓	Construct QDIA investment alternatives	✗
Develop and maintain model portfolios	✓	Place participants in appropriate investments	✗
Control and account for investment expenses	✗	Assist participants in selecting investments	✓
Monitor investment options and prepare periodic investment reports	✗	Periodically report fiduciary decisions made to plan sponsor and Named Fiduciary	✗
Other:	✗	Periodically report investment decisions made to plan sponsor and Named Fiduciary	✗
		Select, hire and monitor other service providers	✗
		Review plan's success in meeting participants needs and retirement goals and make recommendations for changes	✗

Adviser Fee Structure

Usual fees charged for these services?

The cost of the computer model subscription is $395 per year or $110 per quarter.

Contractual arrangements that could result in direct or indirect compensation to adviser or to the firm that the adviser represents if clients take actions on the basis of the advice?

None.

Primary Sources of compensation

Subscription Fees.

Other factors or suggestions from others that could improperly influence the advice given to clients?

None.

Fiduciary Adviser Disclosures

The following important disclosures follow:

- DALBAR Certification
- Acceptance of Fiduciary Responsibility
- Adviser Affiliations
- Plan Provider Affiliation
- Statement of Participants' Rights
- Privacy Policy

DALBAR CERTIFIED

DALBAR has evaluated the **HCM 401(k) Optimizer**® to determine compliance with United States Department of Labor guidelines 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	DALBAR
DoL Minimum Selection 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:	
• Experience and qualifications of the investment adviser	✓
• Adviser's registration in accordance with applicable federal and/or state securities law	✓
• Willingness of adviser to assume fiduciary status and responsibility under ERISA	✓
• Use of generally accepted investment theories	✓
Additional DALBAR Standards	
Background Check	✓
Record of investment results for clients	Not Tested
Client trust and opinion of adviser	Not Tested
Alignment of contract terms with services offered	Not Tested
Compliance with SEC No-Action Letter permitting advertising of DALBAR Rating	Not Tested

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Acceptance of Fiduciary Responsibility

Howard Capital Management, Inc. understands and agrees to act as a fiduciary and accept the personal responsibility for the advice provided to IRAs, plan and employees ("Investors") that elect to use its services. As a fiduciary, it will act in the best interest of these Investors and their beneficiaries.

The advice Howard Capital Management, Inc. provides as a fiduciary will be based on its best judgment of what a prudent person would do under the same circumstances. As a fiduciary it is not responsible for the financial results that are achieved or not achieved, provided that it can document the prudent process used to arrive at advice given.

As a fiduciary, Howard Capital Management, Inc.'s advice will be consistent with the principles of diversification so as to minimize the risk of large losses, unless under the circumstances it is shown to be imprudent to diversify.

The advice Howard Capital Management, Inc. provides as a fiduciary will be in accordance with the documents or other instruments governing the plan and consistent with ERISA and IRC.

Adviser Affiliations

Howard Capital Management, Inc. has disclosed affiliations with the following parties:

None.

Plan Provider Affiliation

None.

Statement of Participants' Rights

The recipient of advice from Howard Capital Management, Inc. provided through the HCM 401(k) Optimizer® may separately arrange for the provision of advice by another adviser that could have no material affiliation with and receive no fees or other compensation in connection with this plan.

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Privacy Policy

Howard Capital Management, Inc. is required to maintain all personal information about any client in the strictest confidence.

Information about any employee of a client of Howard Capital Management, Inc. is disclosed only for the purposes of conducting due diligence and audits required by the Pension Protection Act of 2006.

Additional Disclosures

None.

Computer Model Certification Results

DALBAR has evaluated the HCM 401(k) Optimizer® computer model offered by Howard Capital Management, Inc. 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(d)(17).

The methodologies used for the evaluation are presented in detail 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 ERISA Section 408(g)(5) and IRC Section 4975(d)(17).

Based on the results of the evaluation it has been determined that the computer model meets the requirements except as noted.

The results of the evaluation consist of:
- Specific Findings
- Footnotes
- Other Observations
- Explanation of Methods Used

Specific Findings

Compliance Test	Method of Evaluation	Result	Foot-notes
Is investment theory recognized as being generally accepted?	Evaluate Methodology Documentation and Model Test	OK	1
Performance record:			
Performance record of model provided (1, 3, 5, and 10 year and since inception)	Examine Cumulative Performance	Exception	2
Test of capital preservation	Examine year-by-year performance	Exception	3
Test up-market performance	Examine year-by-year performance	OK	4

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Cost	Compare to Comparable Models	OK	5
Other specific ERISA §408(g) and IRC §4975(d)(17) Requirements:			
Takes fees and expenses into account	Model Test	OK	6
Requests and utilizes participant information about age, time horizons, risk tolerance, current investments, other assets, sources of income and investment preferences	Model Test	Exception	7
Utilize objective criteria to select and allocate designated plan investments.	Evaluate Methodology Documentation and Model Test	OK	1
Does not:			
Favor investments that compensate model provider or affiliates.	Review Application and Interview	OK	6
Favor investments that result in greater compensation to model provider or affiliates.	Review Application and Interview	OK	6
Base investment selection on criteria that cannot be expected to persist.	Evaluate Methodology Documentation	OK	8
Does:			
Consider all designated investments except those noted below	Written Statement	OK	9
Exclude employer securities	Written Statement	OK	10
Excludes investments that vary asset mix	Written Statement	OK	11
Exclude retirement income annuities	Written Statement	OK	12
Provide participant with a list of exclusions.	Written Statement	OK	13

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Footnotes

1. Allocation process is conducted using Ibbotson Asset Allocation Tool. One of 3 pre-defined model portfolios is selected based on participant's individual risk tolerance. Risk tolerance is determined by an "Investment Personality Profile." Investment selection and monitoring is performed by Morningstar.

2. Model portfolio underperformed an appropriately blended benchmark, applicable to the corresponding model portfolio on a 3 year annualized basis (-2.72%). Model portfolio outperformed the blended benchmark on a 5 year annualized basis (+6.90%). The blended benchmark is a proportionate combination of the S&P 500 and Barclay's Aggregate Bond Index.

3. Computer advice model failed to preserve capital during the volatile market of 2011, significantly underperforming an appropriately blended benchmark, applicable to the corresponding model portfolio.

4. Computer advice model compared favorably during the market up-turns of 2009 and 2012.

5. The fee for using the computer model is $395 per year or $110 per quarter. These fees are within reasonable proximity of industry norms.

6. Fees for the product are not based on any action taken by users of the tool, or by any recommendation to specific investments or models.

7. Under regulations, the computer model is required to permit investors to enter certain information and use this information if entered. The Model Test demonstrated that the information requested meets the requirements specified by the regulation. HCM 401(k) Optimizer® utilizes inputs about age, time horizon, risk tolerance, current assets and investment preferences. However, contrary to the regulations, age, time horizon, risk tolerance and investment preferences must be provided in order for the model to operate. In our opinion, these shortcomings are not sufficiently great to deny certification but should be addressed in future versions.

8. Passive investments are favored for funds selection, thus minimizing concern as to whether the selection criteria will persist.

9. All designated investments are considered by the fiduciary adviser in the selection for the computer model.

10. The model does not include employer securities in its advice recommendation

11. The model does not include investment that vary their asset mix.

12. The model does not include retirement annuity securities in its advice recommendation.

13. The participant is provided with a list of plan investment options that are excluded from the tool.

Other Observations

✓ **None**

Explanation of Methods Used

Evaluation	Description of Process
Compare 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 for certification. The expenses associated with the recommended asset allocations were also compared to industry norms.
Evaluate Methodology Documentation	All methodology documentation is evaluated to determine the investment approach used in the computer model being evaluated for certification.
Interview	Fiduciary adviser was interviewed to clarify certain issues raised during the evaluation process.
Model Test	The standard DALBAR test of participant profiles were used. An allocation was established by answering the 8 questions in a likely manner of an average participant This average participant allocation was compared to five real-life scenarios. These scenarios are (1) a participant new to the workforce, (2) a participant at the investment threshold, (3) a highly compensated employee (4) a pre-retiree and (5) a retiree.
Review Application	Information submitted on the application for certification is examined.
Written Statement	Additional written statements were requested and provided by the fiduciary adviser.