



Advisory Service Overview

Wisconsin Deferred Compensation Program

As of 9/7/2023

More than just asset allocation

A custom retirement savings strategy that provides:



There is no guarantee provided by any party that participation in any of the advisory services will result in a profit.

EAG and Morningstar Investment Management LLC

Relationships and responsibilities



Empower Advisory Group, LLC responsibilities

Named fiduciary

- ERISA 3(38) & 3(21) fiduciary for participant advice

Independent Financial Expert oversight

- Methodology
- System enhancements
- Due diligence

Operational support

- Implementation
- Transactional oversight
- Fee management
- Reporting

Participant experience

- Participant user interface
- Education center
- Integration online experience
- Campaign coordination
- Communications consolidation

Morningstar Investment Management responsibilities

- Independent financial expert
- Research and thought leadership

Empower Advisory Services offered by Empower Advisory Group, LLC, a registered investment adviser.

FOR PLAN SPONSOR OR FINANCIAL PROFESSIONAL USE ONLY.

RO3016687-0723



Morningstar Investment Methodologies

Investment Methodology Overview for Wisconsin Deferred Compensation Program

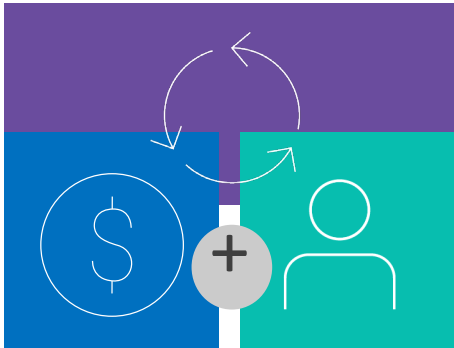
Five Key Investment Components

A holistic, Total Wealth approach permeates throughout the integrated, methodologies that collectively form the heart of managed accounts and lead to participant success.

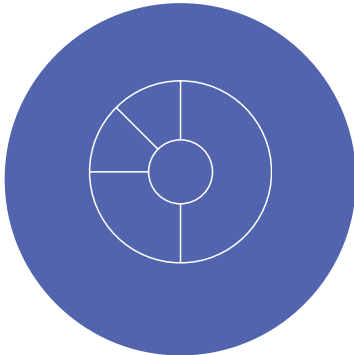
Capital Markets



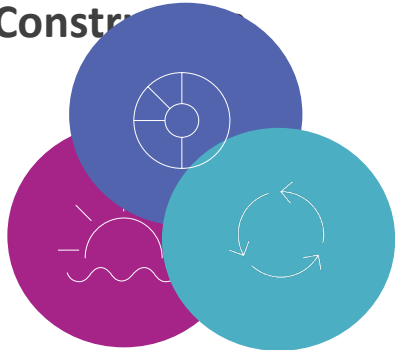
Total Wealth



Asset Allocation



Portfolio Construction



Guaranteed Income

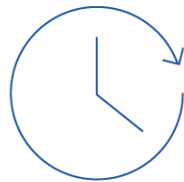


Capital Markets



Projections

Power our wealth forecasting and simulation engines



Portfolio Management

Provide an unbiased view of asset classes and investments to ensure portfolios are diversified for the long-term and reflect the latest financial markets data

Capital Markets Assumptions | Broad Investment Universe

200

Stock Groupings

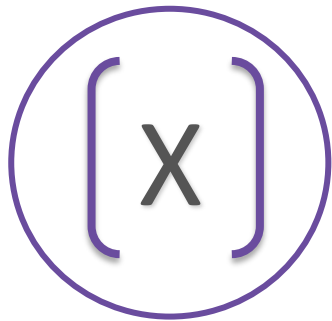
- Country
- Quality
- Sector
- Region

150

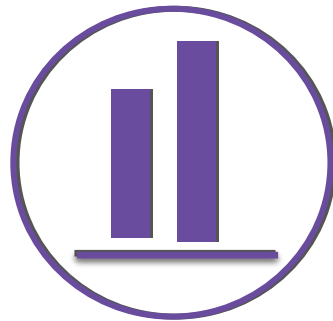
Bond Groupings

- Country
- Credit
- Rate
- Region

Evaluate According to Conviction



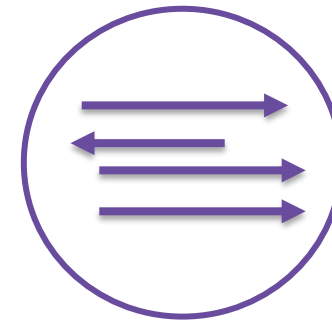
Absolute Valuation



Relative Valuation



Income



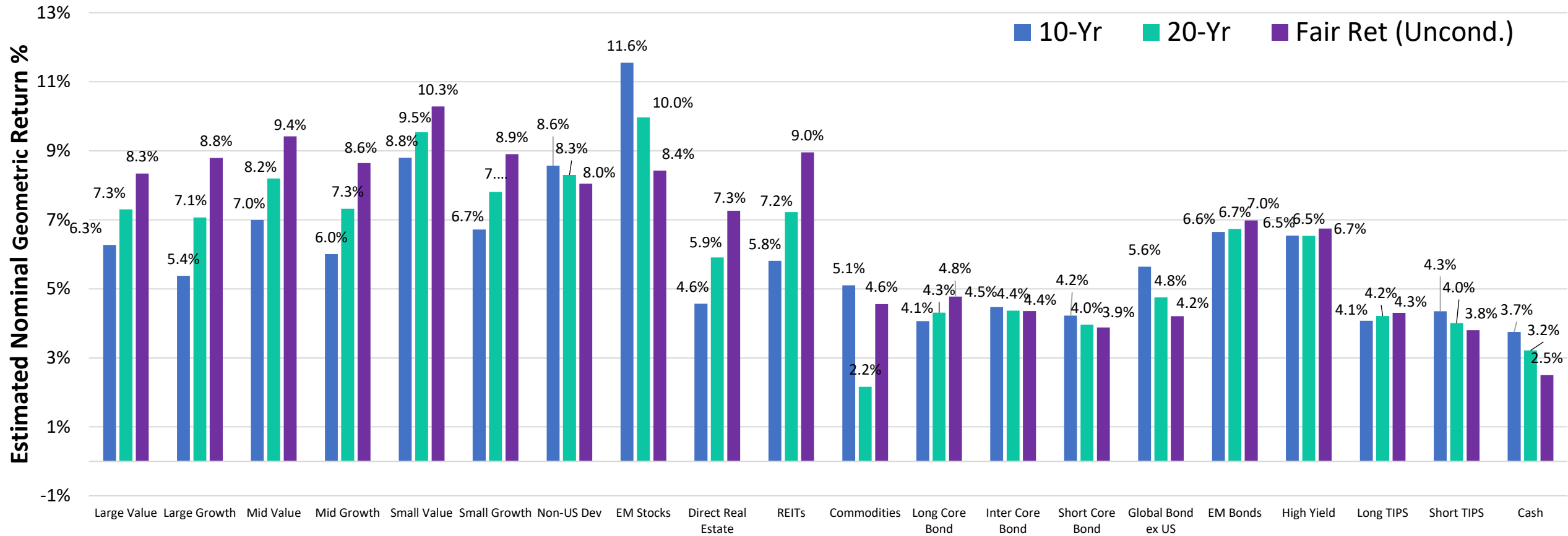
Contrarian Indicators



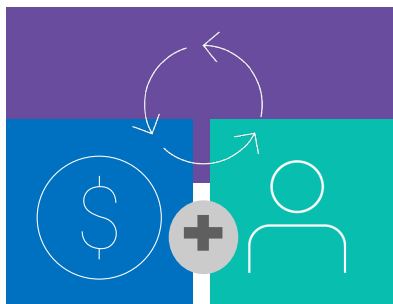
Fundamental Risk

Capital Markets Assumptions | 2023 Expected Returns

The capital markets assumptions (CMAs) are updated on an annual basis, and they inform our asset allocation and form the basis for the various simulations and forecasts run in Retirement Manager.

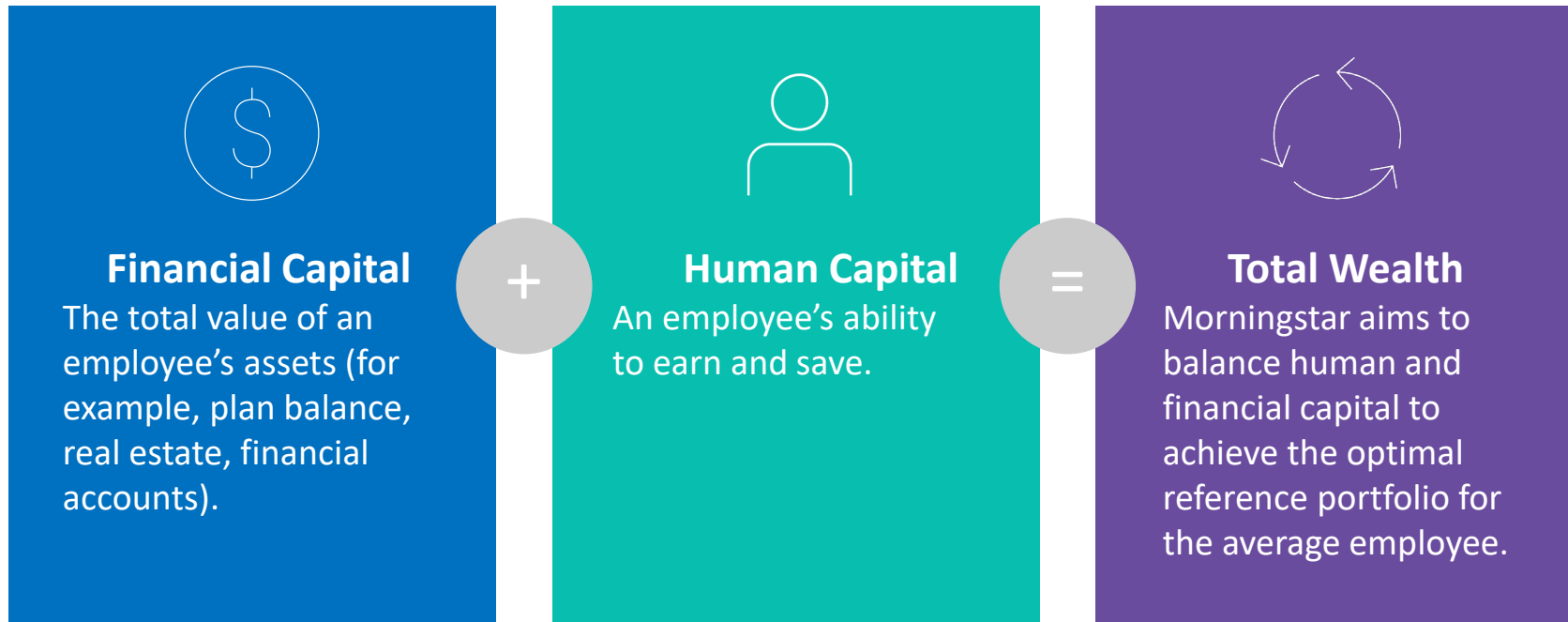


Investment Methodology | Total Wealth



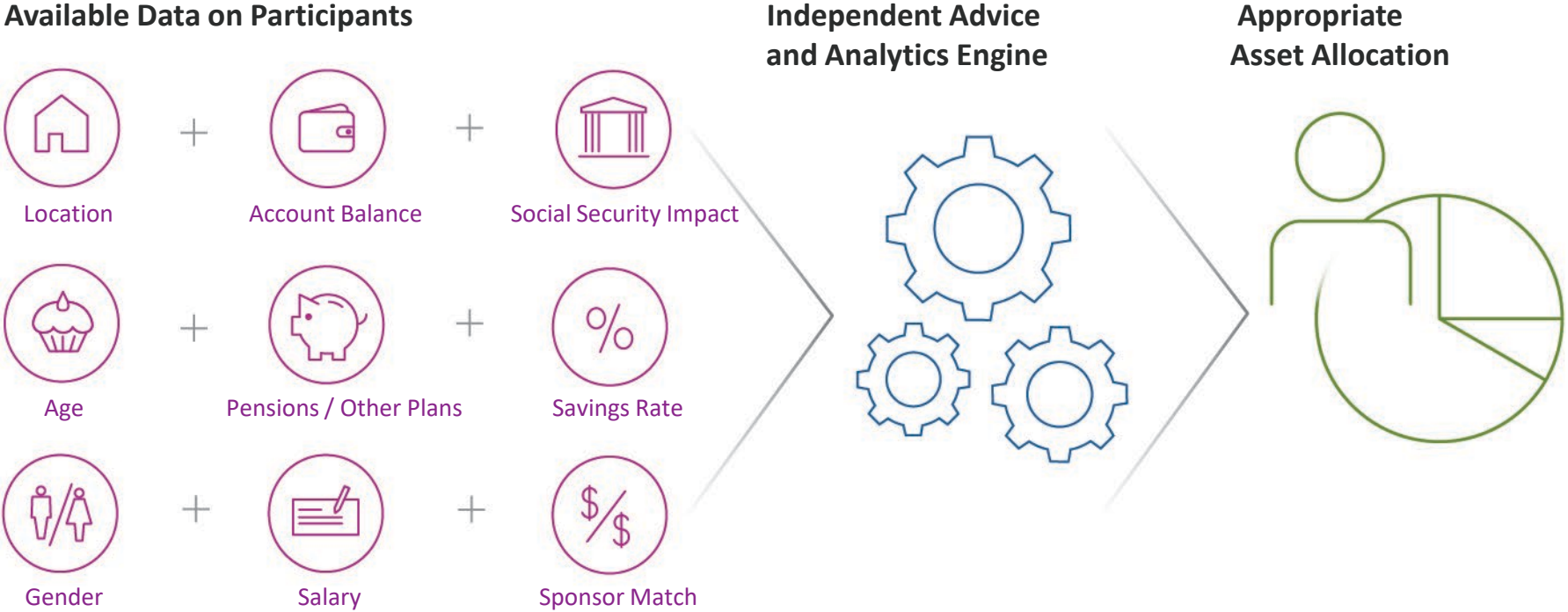
Total Wealth | Evolving Components of Total Economic Worth

Total Wealth recognized that a participant's Human Capital is a critical component of Total Economic Worth.

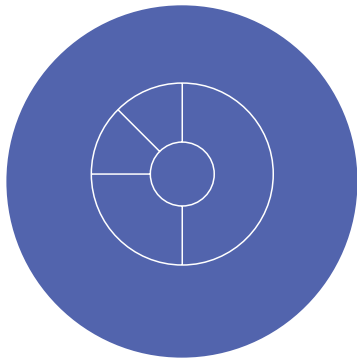


Total Wealth: Individualized Recommendation

Each quarter, information from the recordkeeping system is updated and combined with any information that the participant has provided. As the participant’s balance, age, salary, etc. evolve, the advice evolves with the participant’s evolving circumstances.

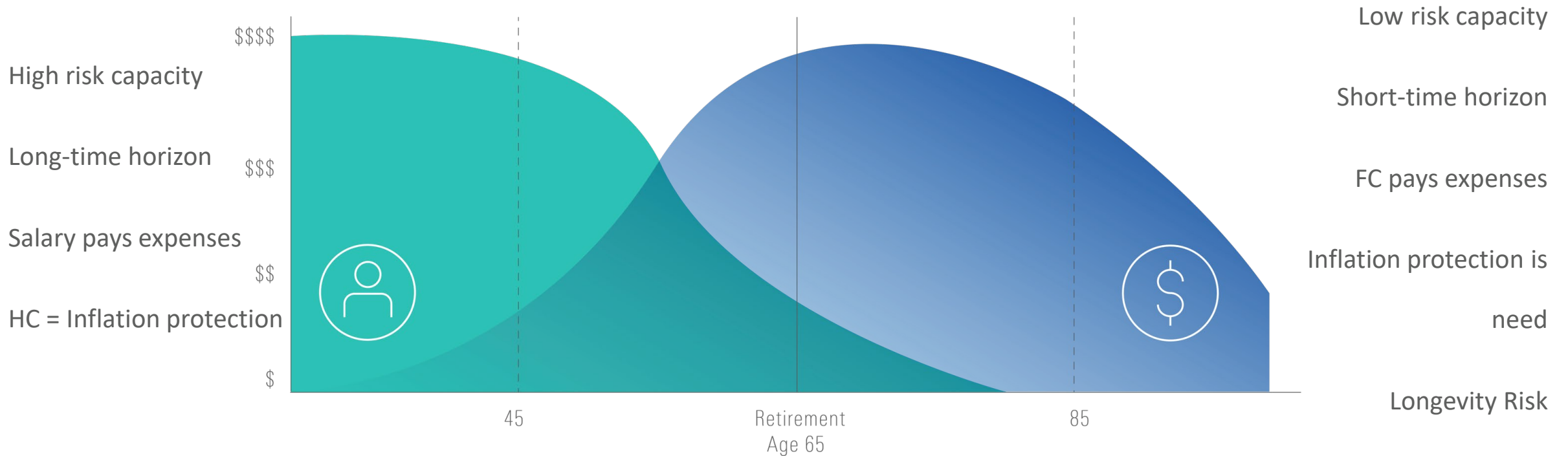


Detailed Asset Allocations



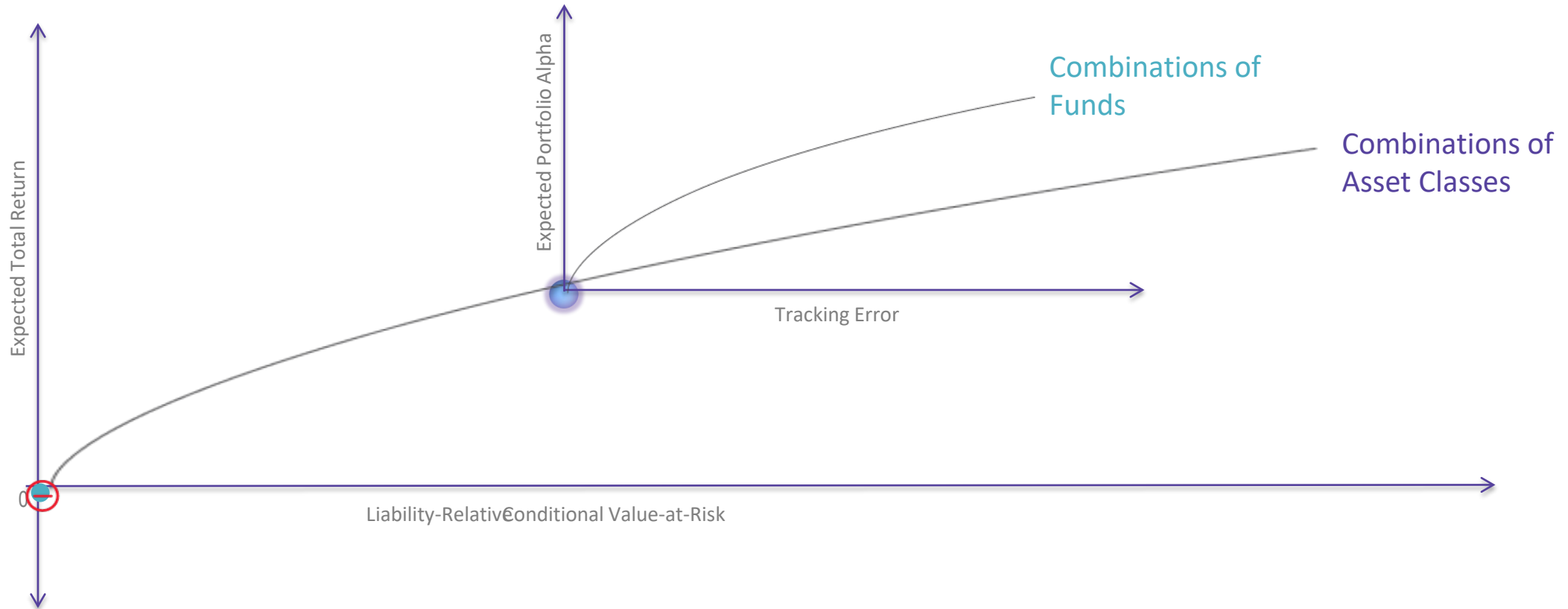
Detailed Asset Allocation | Evolving Circumstances and Risks

In addition to evolving **Human Capital** and **Financial Capital** and a **Retirement Income Liability**, the circumstances and risks faced by participants evolve.

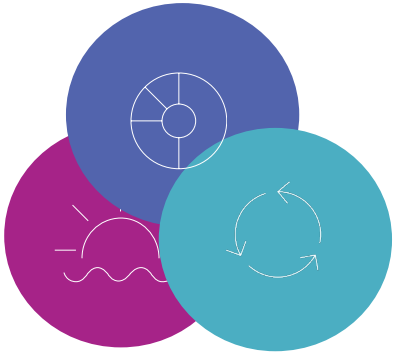


Total Wealth + Detailed Asset Allocation → Portfolio Construction

The detailed asset allocation is the target. We use another type of optimization – an alpha-tracking optimization – to construction the portfolio using what we think are the best available funds.



Portfolio Construction



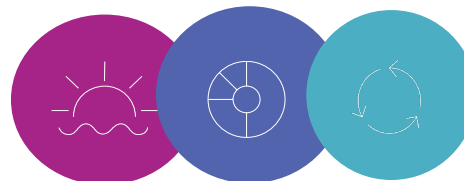
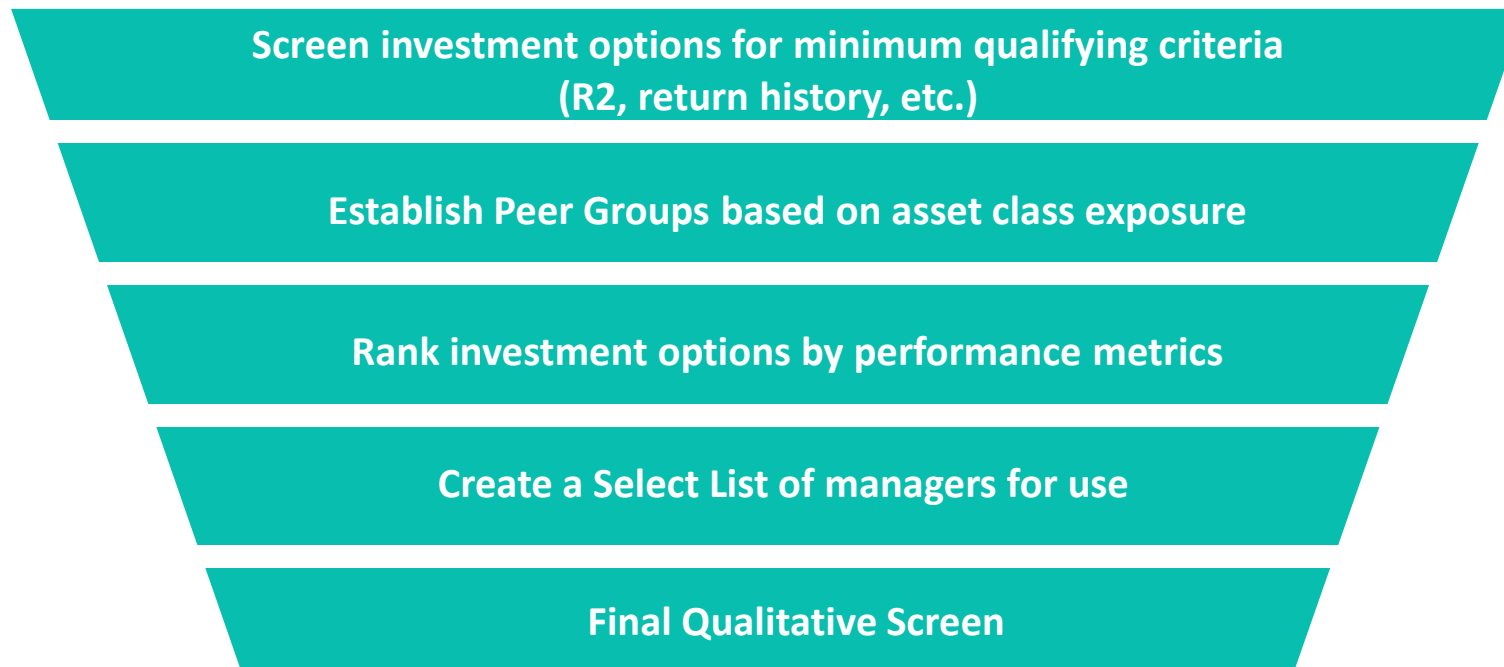
Portfolio Construction | Asset Class Target Allocations

Building block asset allocation targets lead to fund specific portfolios that enable us to create a custom, individualized blend that a) create the desired risk level portfolio with b) the desired, age-specific asset allocation characteristics.

↓ Asset Classes Portfolios →	Accumulation			Decumulation		
	A1	A2	A3	D1	D2	D3
Large Cap Growth Stocks	2	7	12	1	8	15
Large Cap Value Stocks	2	10	17	2	11	22
Mid Cap Growth Stocks	1	3	6	1	4	8
Mid Cap Value Stocks	1	5	9	1	6	12
Small Cap Growth Stocks	0	2	4	0	1	4
Small Cap Value Stocks	0	2	5	0	1	4
International Stocks	2	13	26	1	11	20
Emerging Markets	1	5	12	0	3	6
REITs	0	2	4	3	3	4
Commodities	1	1	2	1	2	2
High Yield Bonds	7	5	0	7	4	0
Tips	10	5	0	24	12	1
Foreign Bonds	7	5	0	5	3	0
Bonds	59	33	3	43	28	2
Cash Equivalents	7	2	0	11	3	0
TOTAL	100	100	100	100	100	100
Equity	10%	50%	97%	10%	50%	97%
Fixed Income	90%	50%	3%	90%	50%	3%

Portfolio Construction | Analyzing the Plan Line Up

Investment options in plan lineups are analyzed, filtered, assigned to “APC Peer Groups”, and eventually passed into the portfolio construction optimization process for a potential allocation.



Fund Level Portfolio Construction | Fund Style Analysis

Beta exposures determined via returns-based style analysis, holdings analysis, or analyst override

↓ Funds	Large Cap Growth Stocks	Large Cap Value Stocks	Mid Cap Growth Stocks	Mid Cap Value Stocks	Small Cap Growth Stocks	Small Cap Value Stocks	International Stocks	Bonds	Cash Equivalents	Alpha	TE	R ²
Used Funds												
Fidelity Contrafund Commingled FI 3	84.65	0	0.11	4.76	0	0	4.24	0	6.24	-1.21	2.69	98.09
JPMorgan US Value R6	0	97.44	0	0	0	0	0	0	2.56	1.27	2.03	98.79
Vanguard Institutional 500 Index Trust	49.37	47.2	0	0	0	0	1.23	0	2.2	0.3	1.19	99.59
T. Rowe Price Instl Mid-Cap Equity Gr	2.48	3.56	61.1	22.58	0	0	7.2	3.08	0	-0.17	2.96	97.93
BlackRock Mid Cap Equity Index - Coll F	0	0	19.02	51.44	6.65	22.89	0	0	0	1.14	2.56	98.71
DFA US Micro Cap I	0	4.28	0	0.24	11.58	82.54	0	0	1.36	3.73	2.85	98.58
BlackRock Russell 2000 Index Fund M	0	0	0	0	50.66	48.98	0.36	0	0	0.39	0.41	99.97
American Funds Europacific Growth R6	0.81	0.6	0.18	0.08	0	0.03	92.43	0.34	5.53	-0.01	4.69	94.03
BlackRock EAFE Equity Index F	0	0	0	0	0	0	99.57	0.43	0	0.79	2.89	97.65
Vanguard Wellington™ Admiral™	18.42	39.77	0	0	0	0	2.57	39.24	0	0.4	1.91	97.66
Vanguard Long-Term Investment-Grade Adm	0.69	0	16.63	0	0	0	0	82.68	0	0.74	7.14	81.84
BlackRock US Debt Index M	0.15	0	0	0	0	0.01	0	99.83	0.01	0.02	0.13	99.95
Dodge & Cox Income X	0	0	0	5.39	1.79	0	1.99	82.72	8.11	0.51	1.16	96.27
FDIC Bank Option	0	0	0	0	0	0	0	0	100	0	0.5	0
Stable Value Fund	0	0	0	0	0	0	0	100	0	0	0.5	0

Portfolio Construction | Fund Portfolios

Optimizer determines best fund combination and allocation based on the fund style analysis, fund alphas, fund tracking errors, and other business rule constraints

	Accumulation			Decumulation		
	Cons	Mod	Agg	Cons	Mod	Agg
Fidelity Contrafund Commingled FI 3	0	0	3	0	0	3
JPMorgan US Value R6	3	0	4	0	3	7
Vanguard Institutional 500 Index Trust	0	9	25	4	11	31
T. Rowe Price Instl Mid-Cap Equity Gr	0	3	5	0	4	7
BlackRock Mid Cap Equity Index - Coll F	3	6	12	0	11	16
DFA US Micro Cap I	0	5	3	0	0	0
BlackRock Russell 2000 Index Fund M	0	0	7	0	0	5
American Funds Europacific Growth R6	0	3	3	0	3	3
BlackRock EAFE Equity Index F	4	14	35	3	11	25
Vanguard Wellington™ Admiral™	3	18	0	3	13	0
Vanguard Long-Term Investment-Grade Adm	0	0	0	3	0	0
BlackRock US Debt Index M	48	18	3	45	17	3
Dodge & Cox Income X	6	8	0	6	8	0
FDIC Bank Option	5	0	0	9	3	0
Stable Value Fund	28	16	0	27	16	0

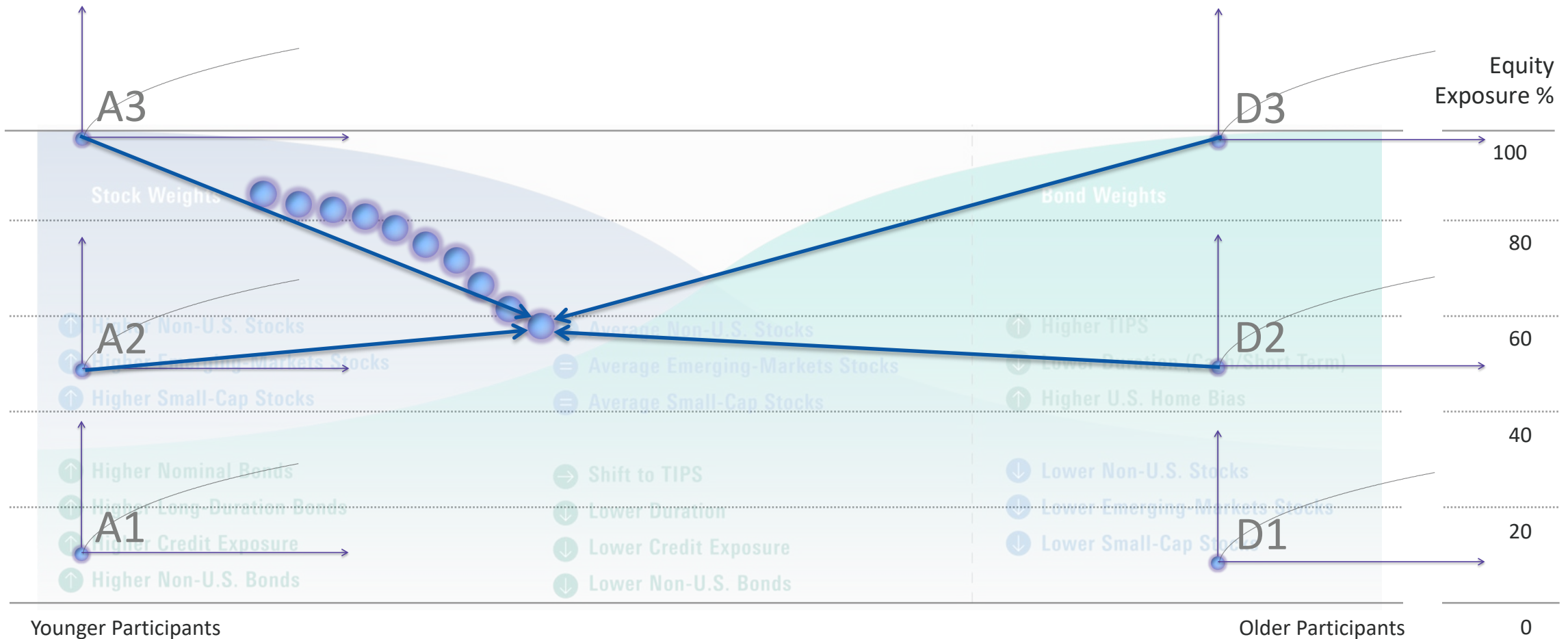
Unused Funds	Reason
Calvert US Large Cap Core Rspnb Idx R6	Fund not included in the Select list. Other fund(s) from the same peer group have been chosen to fulfill Select list requirements

19 The information, data, analyses, and opinions presented do not constitute investment advice, are provided solely for informational purposes and therefore are not an offer to buy or sell a security. References to specific securities or other investment options should not be considered an offer (as defined by the Securities and Exchange Act) to purchase or sell that specific investment.



Total Wealth + Detailed Asset Allocation → Portfolio Construction

Notice that one can **blend** either a) **detailed asset allocations** or b) **fund specific portfolios** to achieve i) the desired **equity level** and ii) the desired, **age-appropriate detailed asset allocation characteristics**.



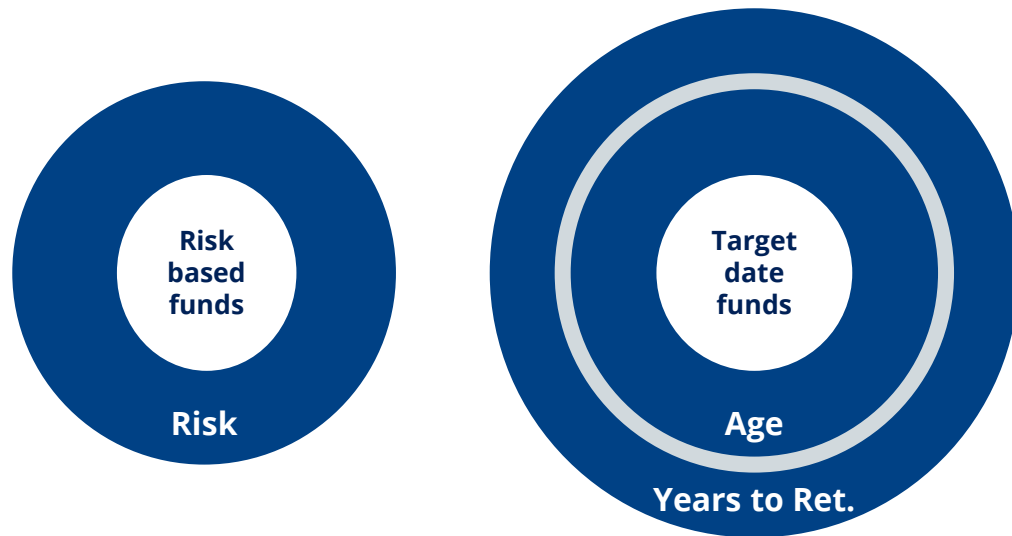


Executing Advice with Participants



How is this different than a RBF or TDF?

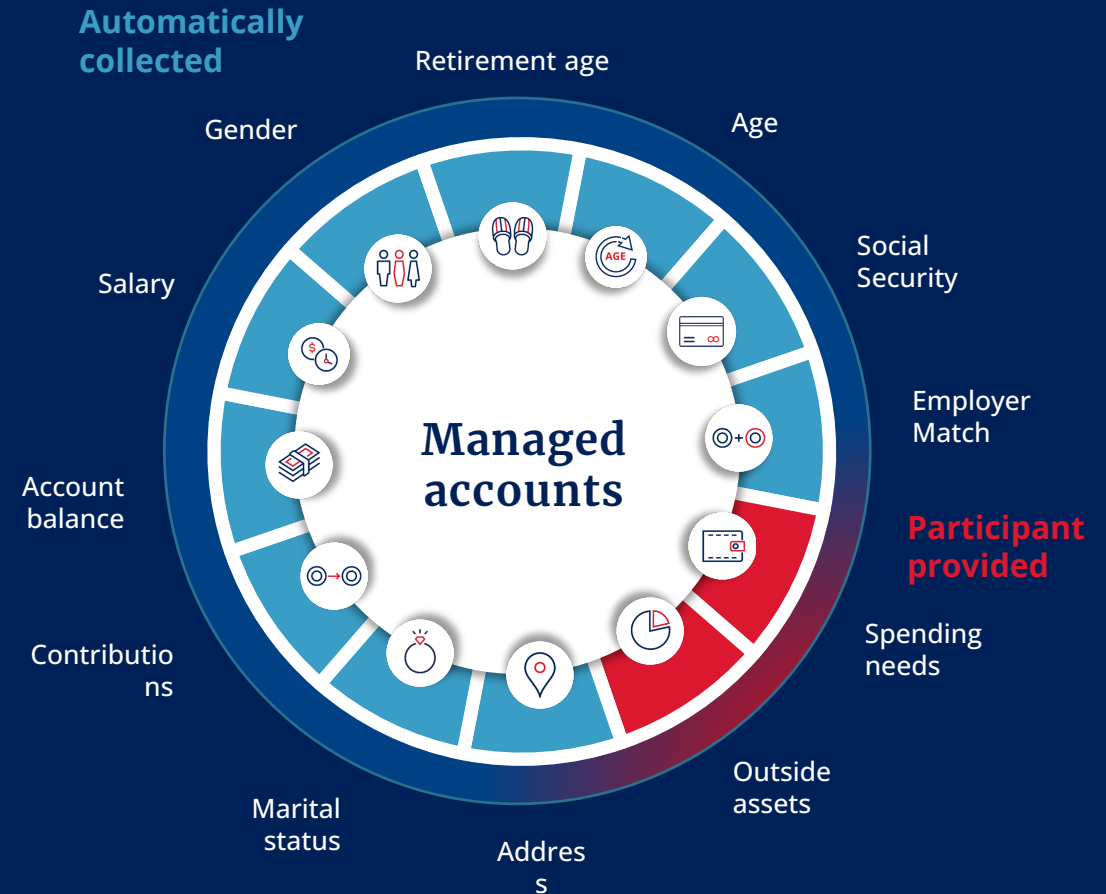
Retirement savings strategy customized to each employee



FOR ILLUSTRATIVE PURPOSES ONLY.

Online Advice and My Total Retirement are part of the Empower Advisory Services suite of services offered by Empower Advisory Group, LLC, a registered investment adviser. Past performance is not indicative of future returns. You may lose money.

FOR PLAN SPONSOR OR FINANCIAL PROFESSIONAL USE ONLY.



Personalized advice from an Empower RPA



Set the agenda for the meeting

Introduce Retirement Plan Advisor (RPA) as an ongoing resource

Listens with empathy, addresses questions, and follows a structured process to help drive action



Account review and goal setting

Build personal financial profile (e.g., Social Security, pension amount, outside accounts, and other income)

Discusses desired retirement goals (e.g., age and lifestyle)



Retirement assessment

Perform diagnostic assessment to assess goal tracking to help answer the question of "Am I on track?"

Uses our technology to run simulations



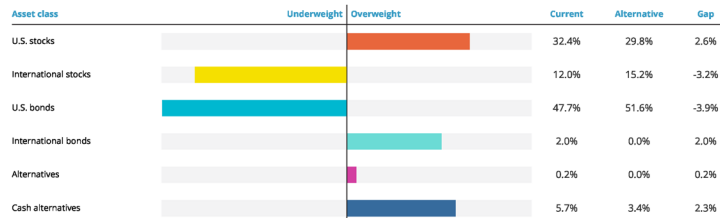
Review analysis and next steps

Deliver advice to help with savings strategies, investment diversification, and spend down

Provides a written plan and has the ability to implement changes

AAG PCAP 401K TEST PLAN

Current vs. alternative allocation



Asset allocation	Risk profile	Equity/bond allocation	Historical return	Historical risk
Current	Moderate Conservative	45%/55%	6.6%	7.8%
Alternative	Moderate Conservative	45%/55%	6.7%	7.9%

FOR ILLUSTRATIVE PURPOSES ONLY

The Retirement Readiness Review is provided by an Empower representative registered with Empower Advisory Group, LLC and may provide investment counseling and/or recommendations at no additional cost to participants. There is no guarantee provided by any party that use of the review will result in a profit.

Empower does *Managed Accounts* differently...

We **ONLY** want members to be a part of the service that:

- intend to enroll in the service (MA Enrollment Flow),
- understand the cost and intent of the service (Transparency),
- and receive ongoing value for the service (Ongoing Engagement).

MA Enrollment Flow

Here to help create a personalized retirement strategy that fits your life

My Total Retirement can help you reach the future you imagine. You focus on the now and we'll help with the later. Sign up to receive personalized saving and investing advice, management and monitoring.

Get started



My Total Retirement offers retirement planning that gives you:



A personalized strategy

We develop a strategy that includes customized savings, investment and income-planning advice for less than what you may pay elsewhere.



A comprehensive plan

Based on the information you provide us, we review all of your finances to provide you with a comprehensive plan designed to meet your unique needs and goals.



A dedicated team

You have ongoing access to investment advisor representatives who can help you navigate market uncertainty or changes in your life or career.



Simplicity

Your strategy will be professionally monitored and managed to help make sure it continues to align with your evolving goals.

Get started



Do you want to keep managing your investments on your own?

If you want some help managing your investments, take advantage of our Online Advice service that offers personalized saving and investing suggestions at no charge.

Get some advice



Need help?

We have investment professionals and programs available to help you build a customized retirement income plan.

Get in touch
844-302-2448

My Total Retirement

We need some information to calculate the chance that your portfolio will support your spending goals throughout retirement. First, let's establish the timeline for your plan.

First name Birth year Retirement age

Marital status Tax filing status



Next

Current savings

\$25,482

Yearly savings

\$6,733

In plan contributions

\$ 1,733

Employer contributions

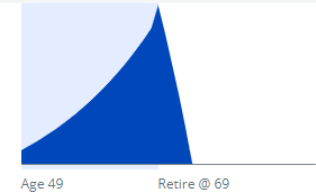
\$ 0

Outside contributions

\$ 5,000

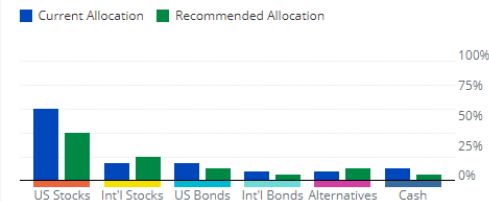
Taylor base salary

\$ 54,500



How much will you need to cover monthly expenses in retirement?

\$ 5,000



reason, without penalty.

ASSETS UNDER MANAGEMENT	ANNUAL RATE
Up to \$100,000	0.55%
Next \$150,000	0.45%
Next \$150,000	0.35%
Over \$400,000	0.25%



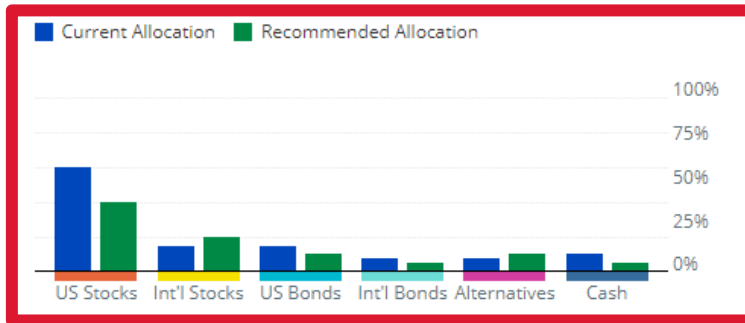
After enrollment, any company stock you hold in your account will be sold and the proceeds will be transferred according to the personalized investment strategy created for you. As a program member, you will be unable to purchase or sell additional company stock within your plan including directing any future contributions toward company stock.

Transparency

Empower Advisory Services

Enrollment into My Total Retirement may cause an allocation change or rebalance to take place on your account.

Below are the applicable fees, which will be deducted directly from your retirement account. Fees are charged in the frequency and manner detailed in the [Advisory Services Agreement](#). You can cancel your enrollment anytime, for any reason, without penalty.



ASSETS UNDER MANAGEMENT	ANNUAL RATE
Up to \$100,000	0.45%
Next \$150,000	0.35%
Next \$150,000	0.25%
Greater than \$400,000	0.15%



After enrollment, any company stock you hold in your account will be sold and the proceeds will be transferred according to the personalized investment strategy created for you. As a program member, you will be unable to purchase or sell additional company stock within your plan including directing any future contributions toward company stock.

Advisory services materials including the terms of service, regulatory documents and ongoing communications are available in English only. If you need translation assistance, please work with a qualified translator to ensure you fully understand your obligations upon enrollment.

By clicking the "Agree" button, you confirm you have reviewed and agree to the [Advisory Services Agreement](#), and you acknowledge that you have received the [ADV Disclosure Brochure](#) and the [Privacy Policy](#).

Back

Agree

Ongoing Engagement – Welcome to your professionally managed account

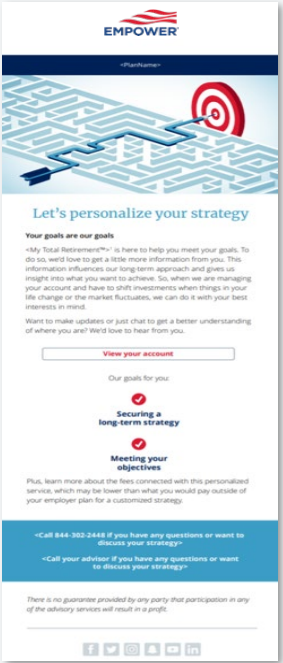
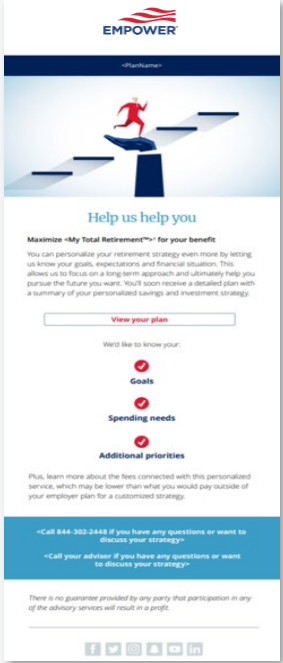
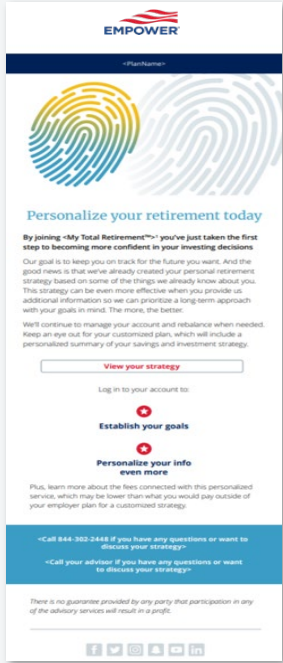
Number of touches: 3 emails, 1 post-login action, 1 welcome kit, outbound call

Touch 1

Touch 2

Touch 3

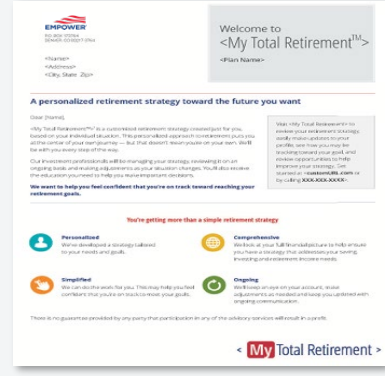
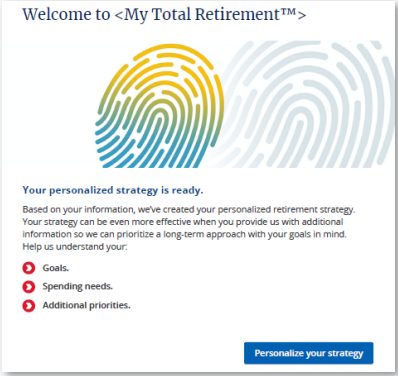
Objective	Welcome to newly enrolled members into the managed account service and encourage them to personalize their profile
Channel	<ul style="list-style-type: none"> Email Outbound call Post-login action (PLA) Welcome kit
Audience	Newly enrolled in My Total Retirement or Advisor Managed Account
Timing	Triggered — 1 day after enrollment



Post-login action (PLA)

Welcome kit

Outbound call



There is no guarantee provided by any party that participation in any of the advisory services will result in a profit.

Online Advice and My Total Retirement™ are part of the Empower Advisory Services suite of services offered by Empower Advisory Group, LLC, a registered investment adviser.

FOR FINANCIAL PROFESSIONAL AND PLAN SPONSOR USE ONLY.

FOR ILLUSTRATIVE PURPOSES ONLY

Some features may not be available and are subject to change without notice.

Ongoing Engagement – Engage with your professionally managed account

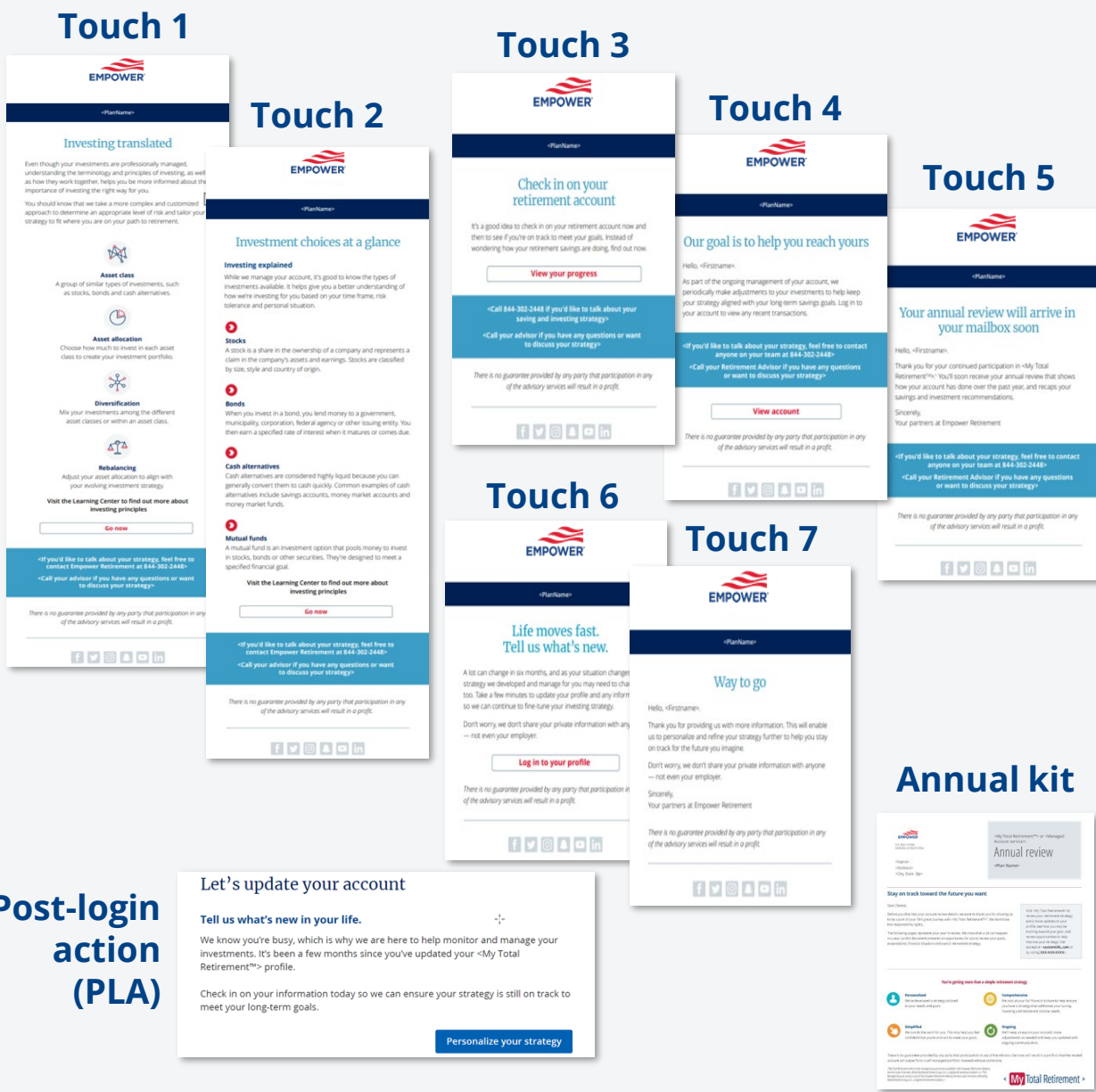
Number of touches: 7 emails, 1 post-login action, 1 annual kit

Objective	Provide ongoing engagement with members in advisory services
Channel	<ul style="list-style-type: none"> Email Post-login action (PLA) Annual kit
Audience	Enrolled in My Total Retirement or Advisor Managed Account
Timing	Ongoing — 4 emails sent once per year AND Triggered — 3 emails based on activity

There is no guarantee provided by any party that participation in any of the advisory services will result in a profit.

Online Advice and My Total Retirement™ are part of the Empower Advisory Services suite of services offered by Empower Advisory Group, LLC, a registered investment adviser.

FOR FINANCIAL PROFESSIONAL AND PLAN SPONSOR USE ONLY.



Post-login action (PLA)

FOR ILLUSTRATIVE PURPOSES ONLY

Some features may not be available and are subject to change without notice.

Data shows that savers benefit when advice is offered

2x

more likely to use
tax-optimized
savings strategies¹

10%

higher savings rate¹

16%

more engaged¹

9x

more likely to maintain
their long-term strategy
during periods of
volatility²

There is no guarantee provided by any party that participation in any of the advisory services will result in a profit.

¹ As of June 1, 2020. Empower recordkeeping data. Advisory Services participants average 10% higher savings rates than target date fund savers and have 16% higher web utilization.

² As of March 27, 2020. Empower recordkeeping data.



Thank you

Disclosures

©2023 Morningstar Investment Management LLC. All Rights Reserved. The Morningstar name and logo are registered marks of Morningstar, Inc. Morningstar Investment Management LLC is a registered investment adviser and subsidiary of Morningstar, Inc. The information contained in this document is the proprietary material of Morningstar Investment Management. Reproduction, transcription, or other use, by any means, in whole or in part, without the prior written consent of Morningstar Investment Management, is prohibited. Opinions expressed are as of the current date; such opinions are subject to change without notice. Morningstar Investment Management shall not be responsible for any trading decisions, damages, or other losses resulting from, or related to, the information, data, analyses or opinions or their use. This commentary is for informational purposes only. The information, data, analyses, and opinions presented herein do not constitute investment advice, are provided solely for informational purposes and therefore are not an offer to buy or sell a security. Please note that references to specific securities or other investment options within this piece should not be considered an offer (as defined by the Securities and Exchange Act) to purchase or sell that specific investment. Past performance does not guarantee future results.

This document relies on or contains certain forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results to differ materially and/or substantially from any future results, performance or achievements expressed or implied by those projected in the forward-looking statements for any reason.

Morningstar Investment Management does not guarantee that any product/service shown herein will be made available by its expected date or at all. Project/service plans and specifications may change, sometimes significantly, and there may be delays or omissions from that shown herein. Morningstar Investment Management shall not be liable for the accuracy, completeness, or timeliness of any information provided. We undertake no responsibility to update or correct any of the information provided.

The information contained in this document is a working draft and is subject to change, sometimes significantly, before a final version is produced.