What’s the best approach to asset management: active or passive? Although neither strategy is “best”, an appropriate blend of active and passive solutions can help to deliver the best of both worlds.

Our goal: To optimize benefits, and limit challenges

Envestnet | PMC’s ActivePassive Portfolios provide what we view as an ideal combination of active and passive investment strategies: pairing actively managed mutual funds with low-cost, tax-efficient index funds.

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Passive Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-depth analysis by experienced investment professionals</td>
<td>Generally, low management fees</td>
</tr>
<tr>
<td>Upside potential—seeks to achieve returns in excess of the index</td>
<td>Ability to capture similar performance to the index</td>
</tr>
<tr>
<td>Downside protection—seeks to act defensively during market downturns and periods of uncertainty</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Passive Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher fees and operating expenses</td>
<td>No ability to generate alpha over index returns</td>
</tr>
<tr>
<td>Poor security selection or sector allocation decisions may impair returns</td>
<td>Limited downside protection</td>
</tr>
</tbody>
</table>

Blending two opposing, yet complementary, investment styles

Sample Portfolio Allocations

These charts represent sample allocations for the ActivePassive Diversified Equity, Balanced, and Conservative Income Portfolios.
ActivePassive Portfolios
The next generation of portfolio construction

Professionally managed portfolios across the risk spectrum
The ActivePassive Portfolios are designed for various investor risk profiles, ranging from aggressive to conservative.

Key Features
- Disciplined manager selection
- Sophisticated active vs. passive research
- Tax-sensitive portfolio options
- Regular monitoring and rebalancing

ActivePassive Portfolio Series

<table>
<thead>
<tr>
<th>Diversified Equity</th>
<th>Diversified Equity w/ Income</th>
<th>Balanced Equity</th>
<th>Balanced</th>
<th>Diversified Income</th>
<th>Income</th>
<th>Conservative Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>98</td>
<td>83</td>
<td>72</td>
<td>59</td>
<td>46</td>
<td>30</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>2</td>
<td>17</td>
<td>28</td>
<td>41</td>
<td>54</td>
<td>70</td>
</tr>
</tbody>
</table>

*Tax-sensitive portfolio options available

Disciplined Manager Selection

Active Component
When selecting active investments, PMC assesses:

Performance: Returns are evaluated on a rolling basis
Risk-Adjusted Performance: Returns achieved must reflect the appropriate level of risk
Consistent Style: Managers must adhere to their stated investment objectives
Quality: Managers’ firm, staff, and investment processes must meet PMC standards

Passive Component
When selecting passive investments, PMC assesses:

- Expenses
- Liquidity and fund size
- Tax efficiency
- Tracking error (how closely the index matches the performance of the underlying benchmark)

Neither Envestnet, Envestnet | PMC™ nor its representatives render tax, accounting or legal advice. Any tax statements contained herein are not intended or written to be used, and cannot be used, for the purpose of avoiding U.S. federal, state, or local tax penalties. Taxpayers should always seek advice based on their own particular circumstances from an independent tax advisor.

For more information, go to envestnetpmc.com

©2015 Envestnet, Inc. All rights reserved.