



Check the Ticker SBC

A Minnesota Specific Benefit Corporation

Fourth Annual Benefit Report

March 15, 2020



The Digital eLearning Retirement Solution

Check the Ticker SBC was incorporated on February 26, 2016 as a Specific Benefit Corporation with a Specific Public Benefit under Minnesota's Public Benefit Corporation Act (the "Act"). Pursuant to Section 304A.101 of the Act, Check the Ticker SBC Articles of Incorporation state its public benefit as follows:

An independent business entity—unaffiliated with any financial services firm, broker or fund manager—the Company provides objective, independently created and independently delivered educational resources to retirement investors. These technical education resources are designed to enable retirement investors

1. *To better evaluate fund managers against established criteria and*
2. *More effectively access fund managers through increased understanding of product fees and distribution costs.*

The net positive benefit that Check the Ticker provides is to enable corporate defined contribution plans to train their corporate staff and plan participants how to incorporate socially responsible investing to promote social change, based on SEC disclosures and to provide greater resources to retirement investors through elimination of redundant and costly distribution systems for investment product.

Pursuit of Specific Benefit

With regard to the period covered for this report, January 1, 2019 to December 31, 2019, Check the Ticker pursued the stated specific benefit in its Articles of Incorporation as follows:

1. The Ticker Checker practicum builds a community and ongoing engagement. It provides the subscriber ongoing understanding of "advice" analysis, financial news analysis, and the option to include Environmental, Social and Corporate Governance (ESG) considerations analysis at the Corporate defined contribution plan level, the participant level and IRA level.
2. Check the Ticker eLearning modules are offered to:
 - i) Small businesses, state governments and non-profits that seek to implement immediately direct employee retirement plans and employee education that engages the employee or independent contractor in direct plans, with a life-long learning alternative

to understand and manage the investment selection process and ESG investment selections.

- ii) Corporate 401(k) and University or school 403(b) plans that choose to implement immediately an independent education option to empower their employees to engage in their retirement future and invest in the time to understand the questions to determine what investment option is in their best interest. Check the Ticker provides an immediate alternative to corporations' concerns with conflicted in-house retirement education and potential fiduciary liability questions. Currently offered education, designed to sell more products for the financial services firms, breaches a fiduciary duty to provide employees bona-fide independent education.

Check the Ticker's mission is to ensure every retirement investor has access to the top performing mutual funds.

Check the Ticker eLearning modules eliminate the intermediary costs that add no value, through a curriculum that promotes socially responsible investing through

- Transparency
- Training on SEC disclosures
- Informed choice based on relevant data and holdings analysis that permits selection based on Environmental Social and Governance (ESG) concerns and SEC registered investment company/money manager written objectives
- A systematic framework for analyzing such data
- Online tools that employ APIs at costs that permit competitive pricing of visualization tools that foster actionable plans

Successes

1. In 2019 Check the Ticker created the first Investor Centered Retirement Publication Platform, that permits retail retirement investors top recommended retirement funds in three categories, including ESG (Environmental, Social and Governance) both passive and active. The publication platform includes ESG Integration Funds that retirement investors can access directly, eliminating intermediary costs and the ability to avoid a broker-dealer account that mandates mandatory arbitration.
2. In 2019 Check the Ticker introduced the first "Flip the Classroom" strategy to assist retirement investors in learning how to evaluate SEC Registered Investment Companies (Mutual Funds), Online tools, research and regulatory data, accessed through APIs, were

incorporated into the curriculum and delivered to employees as a source of ongoing transparency to evaluate retirement product options.

Check the Ticker has begun offering technical training on SEC disclosures, sustainability analysis, and holdings to assist corporate plans in their investment product selection with Environmental Social and Governance (ESG) parameters, while at the same time access to publicly available tools and training on how to eliminate redundant costs at the plan and participant level.

Check the Ticker provides regular updates on issues for retirement investor, ESG investing and accompanying education on Twitter @checkticker.

Challenges

The following are challenges in 2019 that prevented us from achieving all aspects of the specific benefit purpose.

1. Check the Ticker lacks the funding to counter the billions in Wall Street advertising. Particular challenges in 2019, were venture capital firms investing in firms that misleadingly portray they are operating in best interest of women through "empowerment". The reality is these firms are creating an ever greater dependency on a marketing scheme that prohibits women from making informed decisions as to what investment product is in their best interest.¹ Women are being pushed into "robo advisors" they caused them opportunity costs of over 18% in 2019. Studies have shown women are the most at risk of poverty in retirement. These VC-backed firms are increasing such risks through creating a dependency on intermediaries that are putting them in product that benefits the Wall Street firm, not the women investor, causing significant opportunity costs.

¹ As a 2015 Public Investors Bar Association - PIABA¹ study, "MAJOR INVESTOR LOSSES DUE TO CONFLICTED ADVICE: BROKERAGE INDUSTRY ADVERTISING CREATES THE ILLUSION OF A FIDUCIARY DUTY" demonstrated, advertising by financial services firms is false and misleading. Without sufficient advertising dollars, Check the Ticker is limited in reaching the number of corporate defined contribution providers and individual participants with the message: The US capital markets are based on SEC disclosures. Without this training, corporate defined contribution plans and IRA investors may pay more than necessary directly impacting the size of retirement savings and are subject to opportunity costs due to investment product that has very poor performance.

2. Financial services firms, their self-regulatory organization, financial services lobbying firms, and U.S. Universities write the only available curriculum for retirement investors which is designed to limit understanding of SEC disclosures to prohibit an informed choice by retirement investors as to what is in their best interest. This curriculum is the only curriculum offered in workplaces and secondary schools today. Check the Ticker is making inroads into certain corporations, but change is too slow to impact the millions of Americans that only have access to a curriculum that benefits financial services firms, not the retirement investor. Employers endorse Wall Street sales representatives as “trusted advisors” to their employees, subjecting them to poor information and conflicted investment selection training. Financial Engines is largest “education provider” and managed accounts providers in 401(k) plans. That are charging excessive fees and little to none investment selection education. From a recent suit concerning Fidelity and Financial Engines, now owned by Edelman.²

3. Many defined contribution plans permit revenue sharing (“pay to play”) that incentivize corporate defined contribution plans to use conflicted education provided by service providers, since they receive payments to do so. Such payment conflicts make it difficult for independent firms access in corporate defined contribution plans. The recent lawsuit against Fidelity, *“Fidelity Charged With ‘Secret’ Payment Scheme in Violation of ERISA”*³ underscores the difficulty that Check the Ticker faces in being included in workplaces, as an independent, non-conflicted retirement educator. Undisclosed payments to corporate entities, fees hidden from employees in their retirement plans, are all too prevalent, as the recent lawsuit against Fidelity highlights:

“A lawsuit contends that kickback payments Fidelity requires from investment funds bear no relationship to the cost or value of services provided and are a replacement for declining amounts of revenue sharing payments received by Fidelity as a result of the increasing use of passive mutual funds, institutional and R6 share classes of mutual funds and collective trusts.”

Financial ‘Enjoins’?

The plaintiffs also charge that Fidelity Investments Institutional Operations Co (FIIOC, the plan’s recordkeeper) “...also received additional indirect compensation from another Plan service provider – Financial Engines. Specifically that for the managed account services receives a fee based on the percentage of assets in the participant’s 401(k) account – and then “shares over 25% of that asset-based advice fee with FIIOC, even though FIIOC provides no investment advice.” The plaintiffs claims that FIIOC “actively conceals the nature of the payment it receives from Financial Engines,” referring to these payments as “misleadingly” called “Data Connectivity” charges. The plaintiffs note that this charge has been assessed against participant accounts “since at least 2009,” and that “the payments to FIIOC have grown exponentially since that time, ranging from \$825,759 in 2009 to over \$3.8 million by 2016—over 450% increase.” Citing a 2014 GAO study regarding data connectivity, the plaintiffs argue that in establishing this connection “a recordkeeper incurs a maximum one-time cost of roughly \$400,000,” and that “once this data connectivity feed is established, there is near zero cost to the recordkeeper to allow electronic data connectivity to the managed account provider on an ongoing basis.”

2

<https://www.napa-net.org/news-info/daily-news/schlichter-finds-new-angle-excessive-fee-suit>

³ <https://www.plansponsor.com/fidelity-charged-secret-payment-scheme-violation-erisa/> February 22, 2019

Looking Ahead

Check the Ticker eLearning digital retirement solution provides an immediate new alternative to the current costly and problematic retirement distribution channels. It is the first to provide employees and IRA investors the tools to analyze SEC filed Holdings for ESG purposes. That demand increased exponentially in 2019.

Check the Ticker eLearning in the workplace can reach millions of retirement investors that are empowered to understand their retirement investments, holding, and money manager objectives so they can engage and put their life savings to work for the future of our society, for our children, by permitting retirement investors to direct their savings to ESG investment alternatives.

1. The reversal of the Department of Labor fiduciary rule made independent training in the workplace and secondary schools ever more critical. Check the Ticker is meeting this need.
2. The Parkland, Florida school shooting in February 2018, raised a new consciousness of where retirement savings are invested. Thousands viewed Check the Ticker social media Twitter posts concerning disclosures about money managers holding gun stocks and sale of AR-15 rifles. Children have shown their actions make a difference.¹ These children know they have no choice but to act to protect their own lives and their future. In addition to their lobbying efforts, retirement investors are supporting their efforts and learning through Check the Ticker how to invest in a manner that protects our children's future and that of society overall. Retirement investors are learning the value of training in SEC disclosure holdings to they can support these children, whose lives were forever changed by that February shooting.

Saving our society, saving our children has new meaning for ESG retirement investors. The interest in Check the Ticker sustainability analysis grew significantly beginning in 2018.

What is the Societal Problem that our eLearning Digital Retirement Solution addresses?

The population of the United States is not prepared to participate in the management of their retirement savings. Hence, Americans are investing in inappropriate and poorly performing investments and are receiving poor and unnecessarily expensive investment advice. Cumulatively,

¹ https://www.washingtonpost.com/news/the-switch/wp/2018/03/08/the-parkland-survivors-are-children-remember-that-when-they-go-viral/?utm_term=.ffa40d48bd76

this reduces the populations' retirement savings – and subsequent spending by the retired population – increasing the burden on their children and on society as a whole.

Profusion of Model ETF Portfolios Offered by Intermediaries

Intermediaries are finding it easier to sell model ETF portfolios as they can charge a larger intermediary fee, than on a traditional mutual fund. These portfolios do not carry the same portfolio performance that a SEC registered investment company does, as filed at the SEC against specified benchmarks. Portfolio turnover and associated expenses are not disclosed, leaving retirement investors without a true measure of performance after all in costs.

Check the Ticker online learning provides the tools for retirement investors to compare model portfolios against mutual fund performance, however the risks remain for retirement investors without full disclosure of model portfolio all-in costs.

The February 2018 Parkland, Florida shooting demonstrated the cumulative force⁵ that retirement investors can make to promote social change through understanding the holdings in their retirement. Thousands of retirement investors viewed Check the Ticker twitter feed to learn how to analyze their holdings of gun stocks held in their retirement funds.

SEC Investment Company regulations are based on disclosures. If a corporate 401(k) plan or an individual participant is not trained in how to read, understand and evaluate SEC disclosures, neither the corporation nor the individual participant is capable of making an informed choice. If SEC is not mandating portfolio turnover costs associated with model ETF portfolios, retirement investors need the technical training to make an informed choice.

With intensive technical training and online tools, both corporate 401(k) providers and participants can for the first time evaluate what is in their best interest---from fees, performance, portfolio turnover, to holdings, when socially responsible investing is becoming more critical for retirement investors due to the size of the retirement market and the ability to move retirement

⁵ Retirement Assets Total \$27.2 Trillion in
Third Quarter 2017

Washington, DC, December 20, 2017 – Total US retirement assets were \$27.2 trillion as of September 30, 2017, up 2.3 percent from June 30, 2017. Retirement assets accounted for 35 percent of all household financial assets in the United States at the end of September 2017.

US Total Retirement Market

Trillions of dollars, end-of-period, selected periods

savings to effect social change. At the end of third quarter 2017, retirement assets totaled over \$27 trillion, of which over \$16 trillion were held in defined contribution plans and IRAs.⁶

Check the Ticker provides investor education, based on SEC disclosures, that is designed to train recipients on how to evaluate financial instruments in a flexible, efficient and cost effective manner. Check the Ticker provides employers with a new and better option to fulfill their education requirements when they offer a 401(k) and 403(b) savings plan. With no funding conflicts, Check the Ticker SBC addresses this pressing societal benefit.

Check the Ticker is the first independent educational research that promotes the technical education and training to corporate defined contribution plans on (1) Investment Policy Statements, (2) SEC disclosure analysis and SEC registered Investment Company holdings analysis to permit both corporate 401(k) plans and employee participants to exercise independent choices on holdings in the corporate 401(k) and participant choices.

Education in Workplace is currently provided by Financial Services Firms

All education in the workplace, often paid for by defined contribution plan participants, is provided by financial services firms, that also sell investment products, such as managed accounts.

Workplace “financial education” is provided by financial intermediaries, trained to sell products, which are labeled “advisors” and “investment experts” while often having no professional training in investment selection or may not hold a college degree.

Most large defined contribution plans believe it is too difficult to provide ESG investing alternatives⁷. Check the Ticker defies this statement and provides the tools and training to make such education on SEC disclosures and investments possible in every defined contribution plan today.

How Does Check the Ticker SBC Address These Societal Problems?

⁶ Investment Company Institute https://www.ici.org/research/stats/retirement/ret_17_q3

⁷ <https://www.nytimes.com/2018/03/02/your-money/why-its-so-hard-to-invest-with-a-social-conscience.html>

Check the Ticker SBC, Independent eLearning, provides a Cost-Effective Alternative to the Existing Distribution Model of Retirement Product and Conflicted Education Offerings in the Workplace

Check the Ticker provides, for the first time, an alternative to the retirement investor as to how they choose to spend their money:

1. Every retirement investor now has the option to understand how to select the best core retirement money manager, based on strict criteria and data, all derived from SEC filings and independent education.
2. Retirement investors can continue to pay a sales force to purchase a given product, but they now have the interactive tools to evaluate any recommendation, which is mandated with an ongoing "suitability standard", where "advice" does not extend beyond the time of investment product sales.
3. Corporate defined contribution plans (401(k) and 403 (b)), as Plan Sponsors, for the first time have the independent training to select money managers that meet their corporate Investment Policy Statement goals as to socially responsible investing and avoid fiduciary liability for excessive fee plans, service providers and poor performance.

1. Small businesses need the education and tools to understand SEP and SIMPLE direct plans. They now have an alternative to eliminate investment consultants, broker-dealers and costly 401(k) administration fees and annual 5500 costly filings.

2. Retirement investors need the tools to analyze any investment selection, either in their 401(k), 403(b) or HSA or offered by an intermediary for their IRA or SEP.

3. Retirement investors, with proper tools and training, have a new cost-effective alternative to existing distribution channels for retirement product. They may go direct.

Technology now provides, through Application Programming Interface (API's)⁸ access to regulatory data and simple online tools, the ability for retirement investors and corporate defined contribution providers, access to data to make an informed choice through cost-effective new online protocols that provide immediate transparency. Check the Ticker harnesses this technology, for the very first time, for the retirement investor, in or outside the workplace.

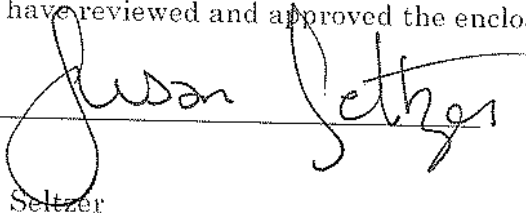
Employers have a responsibility to:

⁸ Wikipedia https://en.wikipedia.org/wiki/Application_programming_interface

- (1) Inform their employees on the drawbacks and conflicts of investment selection education provided by financial services firms and their representatives.
- (2) Provide bona-fide independent investment selection education so that employees have the tools, training, transparency and resources to make an informed choice in evaluation of any investment product or financial intermediary recommendation.
- (3) Provide tools and training for employees if they choose to invest in socially responsible investments that meet their goals and objectives.

Certifications by Board of Directors

The undersigned, being all the Directors of Check the Ticker SBC, hereby acknowledge and certify that I have reviewed and approved the enclosed Second Annual Specific Benefit Report.



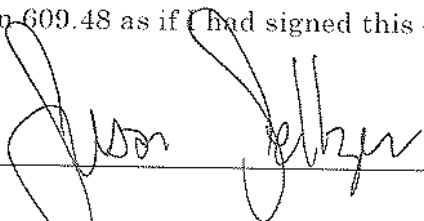
Susan Seltzer
Chief Executive Officer, President and Secretary

Submission

SUBMISSION:

I, the undersigned, certify that I am the President and Secretary of this public benefit corporation. Further certify that I have signed this document no more than 30 days before the document is delivered to the secretary of state for filing, and that this document is current when signed.

I further certify that I have completed all required fields, and that the information in this document is true and correct and in compliance with the applicable chapter of Minnesota Statutes. I understand that by signing this Document I am subject to the penalties of perjury as set forth in Section 609.48 as if I had signed this document under oath.



Susan Seltzer
Chief Executive Officer, President and Secretary

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Secretary of State