

### UNIVERSITY OF HAWAII BOARD OF REGENTS

16 FEB -4 A11:29

February 4, 2016

PRESIDENT'S OFFICE

6 FEB -4 MO:1

RECEIVED

TO:

Jan Sullivan, Chair

Budget and Finance Committee

VIA:

David Lassner

President

FROM:

Kalbert K. Young

Vice President for Budget and Finance/Chief Financial Officer

SUBJECT:

UBS FY16 SECOND QUARTER INVESTMENT REPORT AS OF

**DECEMBER 31, 2015** 

Attached is a report on investment performance of the Legacy Endowment Fund provided by UBS for the second quarter of the current fiscal year ending December 31, 2015. The report highlights performance of the overall portfolio and the specific funds or investment products that comprise the Legacy Endowment Fund portfolio. This report is an information item for discussion at the Budget and Finance Committee meeting on February 11, 2016.

Mr. Paul Yamashita, UBS Account Vice President and Portfolio Manager, and other representatives from UBS will be presenting this item to the Budget and Finance Committee. They are also expecting to answer any questions the Regents may have on the report or on the portfolio in general.

#### Attachment

c: University Budget Office (w/o Attachment)
University Controller (w/o Attachment)

An Equal Opportunity/Affirmative Action Institution



**Branch office:** 

733 Bishop Street Suite 1600 Honolulu, HI 968134068 Financial Advisor:

The Kikawa Group 808 536-4511

# **UBS Client Review**

as of December 31, 2015

## **Prepared for**

University of Hawaii

## Accounts included in this review

Account	Name	Туре
X XX518	<ul> <li>University of Hawaii</li> </ul>	• Portfolio Management Program
Risk profile:	Moderate	
Return Objective:	Current Income and Capital Appreciation	

## What's inside

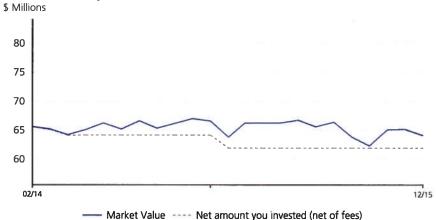
Performance review	2
ecurity performance	3
Additional information about your performance.	4
mportant information about this report	5



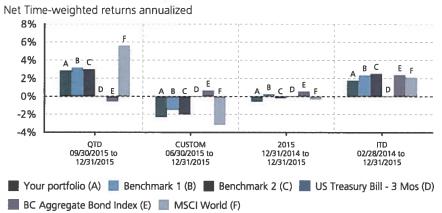
# Performance review

as of December 31, 2015

## **Sources of portfolio value**



## Portfolio and selected benchmark returns



#### Prepared for University of Hawaii

JX XX518 • University of Hawaii • Portfolio Management Program

Risk profile Moderate

## Portfolio value and investment returns

	Pe	12/31/2015 12/31/2015 12/31/2015 <b>62,267,148.08 65,556,976.74 66,569,760.49</b>									
	QTD	For period of	2015	ITD							
	09/30/2015 to	06/30/2015 to	12/31/2014 to	02/28/2014 to							
	12/31/2015	12/31/2015	12/31/2015	12/31/2015							
Opening value	62,267,148.08	65,556,976.74	66,569,760.49	65,577,366.93							
Net deposits/withdrawals	-31,359.59	-64,374.34	-2,270,386.11	-3,857,202.57							
Div./interest income	893,959,17	1,291,987.37	1,969,949.73	3,682,535,28							
Change in accr. interest	0,00	0.00	0.00	0,00							
Change in value	907,463.50	-2,747,378.60	-2,232,112,94	-1,365,488.48							
Closing value	64.037.211.16	64.037.211.16	64.037.211.16	64.037.211.16							

2.84

Net deposits and withdrawals include program and account fees.

Net Time-weighted ROR

## Time weighted rates of return (net of fees)

Performance	returns	(annualized	> 1	vear)
-------------	---------	-------------	-----	-------

-2.32

-0.58

QTD 09/30/2015 to	For period of 06/30/2015 to	2015 12/31/2014 to	ITD 02/28/2014 to 12/31/2015
12/2/1/2013	12/3/1/2013	12/3 //2013	12/3 1/2013
2.84	-2.32	-0.58	1.77
3.18	-1.52	0.26	2.37
2.99	-2.00	-0.17	2.53
0.01	0.02	0.03	0.03
-0.57	0.65	0.55	2.39
5.62	-3.18	-0.32	2,12
	09/30/2015 to 12/31/2015 2.84 3.18 2.99 0.01 -0.57	09/30/2015 to 12/31/2015         06/30/2015 to 12/31/2015           2.84         -2.32           3.18         -1.52           2.99         -2.00           0.01         0.02           -0.57         0.65	09/30/2015 to 12/31/2015         06/30/2015 to 12/31/2015         12/31/2014 to 12/31/2015           2.84         -2.32         -0.58           3.18         -1.52         0.26           2.99         -2.00         -0.17           0.01         0.02         0.03           -0.57         0.65         0.55



# Security performance as of December 31, 2015

Prepared for University of Hawaii JX XX518 • University of Hawaii • Portfolio Management Program

Risk profile Moderate

Return Objective: Current Income and Capital Appreciation

Gross time-weighted returns (annualized > 1 year)

		_	010331				
			QTD	For period of	For period of	ITD	
	Value on 12/31/2015	% of portfolio	09/30/2015 to 12/31/2015	06/30/2015 to 12/31/2015	12/31/2014 to 12/31/2015	Start date to 12/31/2015	Start date
BLACKROCK STRATEGIC INCOME**	6,069,962.29	9.48	-0.10	-1:07	-0.30	1.16	Mar 11, 2014
DEUTSCHE X-TRACKERS MSCIEAFE HEDGED EQUITY ETF	3,941,785,12	6.16	5,00	-4.32	4.20	2.53	Dec 23, 2014
JANUS FLEXIBLE BOND FUND**	3,342,268.00	5.22	-0.82	-0,35	0.11	0.55	Dec 23, 2014
OPPENHEIMER SR FLOATING RATE FD**	5,409,658.62	8.45	-2,67	-3,73	-1.82	-1.16	Mar 10, 2014
PARNASSUS ENDEAVOR FUND INVESTOR	3,944,471.71	6.16	6.45	-1.30	-3.55*	-3.55	Jun 24, 2015
PIMCO INCOME FUND CLASS P	998,979.73	1.56	-0.10*	-0.10*	-0.10*	-0.10	Dec 29, 2015
PRUDENTIAL GLOBAL TOTAL RETURN FUND INC**	3,235,429.24	5.05	-0.91	0,82	-3.00	-3.74	Sep 11, 2014
TOUCHSTONE ULTRA SHORT DURATION FIXED INCOME FUND CLASS Y	1,065,815.50	1.66	0,11	0.14	0.66	0.53	Jul 14, 2014
UBS BANK USA BUSINESS ACCOUNT	250,000.00	0.39	0,00	0.00	0.00	0.00	Dec 30, 2014
UBS SELECT PRIME CAPITAL FUND	4,542,883.85	7.09	0.00	0,00*	0.00*	0,00	Jul 06, 2015
VANGUARD FTSE DEVELOPED MKT ETF	3,803,237.28	5.94	4.10	-5,23	-0.36	-2.87	Mar 11, 2014
VANGUARD INDEX FDS S&P 500 ETF	15,337,793.43	23.95	6.89	-0.01	1.22	7.20	Mar 11, 2014
VANGUARD INDEX FUNDS VANGUARD MID CAP ETF	8,320,139.81	12.99	3,47	-4.33	-1.32	4.65	Mar 11, 2014
VANGUARD INDEX FUNDS VANGUARD SMALL CAP ETF	3,774,372.96	5.89	3,98	-7.59	-3.74	0.18	Mar 11, 2014
Total portfolio	\$64,037,211.16	100%	2.89%	-2.22%	-0.38%	1.96%	Feb 28, 2014

	QTD	For period of	For period of	ITD	
Benchmarks - Annualized time-weighted returns	09/30/2015 to 12/31/2015	06/30/2015 to 12/31/2015	12/31/2014 to 12/31/2015	Start date to 12/31/2015	
Benchmark 1	3,18	-1.52	0.26	2.37	
Benchmark 2	2.99	-2.00	-0.17	2.53	
US Treasury Bill - 3 Mos	0.01	0,02	0.03	0.03	
BC Aggregate Bond Index	-0.57	0.65	0.55	2.39	
MSCI World	5.62	-3.18	-0.32	2.12	

Past performance does not guarantee future results and current performance may be lower/higher than past data presented.

<sup>\*</sup>Performance is partially available for the selected time period and is based on the performance start date.

<sup>\*\*</sup>Please note, performance is inclusive of multiple securities.



# Additional information about your performance

as of December 31, 2015

## **Benchmark composition**

#### Consolidated

#### Benchmark 1

Start - 03/03/2014: 60% MSCI World; 40% BC Aggregate Bond Index 03/03/2014 - Current: 60% MSCI World; 40% BC Aggregate Bond Index

#### Benchmark 2

Start - Current: 10% US Treasury Bill - 3 Mos; 24% S&P 500; 12% Russell 2000; 12% Russell Mid Cap; 12% MSCI EAFE; 30% BC Aggregate Bond Index

Prepared for University of Hawaii

JX XX518 • University of Hawaii • Portfolio Management Program

Risk profile: Moderate

Return Objective Current Income and Capital Appreciation



## Disclosures applicable to accounts at UBS Financial Services Inc.

This section contains important disclosures regarding the information and valuations presented here. This report presents information since December 31, 2002. This report does not include complete account activity or performance of your accounts before this date. All information presented is subject to change at any time and is provided only as of the date indicated. The information in this report is for informational purposes only and should not be relied upon as the basis of an investment or liquidation decision. UBS FS accounts statements and official tax documents are the only official record of your accounts and are not replaced, amended or superseded by any of the information presented in these reports.

UBS FS offers a number of investment advisory programs to clients, acting in our capacity as an investment adviser, including fee-based financial planning, discretionary account management, non-discretionary investment advisory programs, and advice on the selection of investment managers and mutual funds offered through our investment advisory programs. When we act as your investment adviser, we will have a written agreement with you expressly acknowledging our investment advisory relationship with you and describing our obligations to you. At the beginning of our advisory relationship, we will give you our Form ADV brochure(s) for the program(s) you selected that provides detailed information about, among other things, the advisory services we provide, our fees, our personnel, our other business activities and financial industry affiliations and conflicts between our interests and your interests

Please review the report content carefully and contact your Financial Advisor with any questions.

The account listing may or may not include all of your accounts with UBS FS. The accounts included in this report are listed under the "Accounts included in this review" shown on the first page or listed at the top of each page.

Client Accounts: This report includes all assets in the accounts listed and may include eligible and ineligible assets in a fee-based program. Since ineligible assets are not considered fee-based program assets, the inclusion of such securities will distort the actual performance of your accounts and does not reflect the performance of your accounts in the fee-based program. As a result, the performance reflected in this report can vary substantially from the individual account performance reflected in the performance reports provided to you as part of those programs. For feebased programs, fees are charged on the market value of eligible assets in the accounts and assessed quarterly in advance, prorated according to the number of calendar days in the billing period. When shown on a report, the risk profile and return objectives describe your overall goals for these accounts. For each account you maintain, you choose one return objective and a primary risk profile. If you have questions regarding

these objectives or wish to change them, please contact your Financial Advisor to update your accounts records.

Performance: This report presents accounts activity and performance starting 12/31/02. For accounts opened prior to 12/31/02, this report does not include the complete account activity or performance of your accounts prior to that date. For consolidated reports, the Performance Start Date will be the earliest performance start date of any of the individual accounts selected for the consolidation time period. If an individual account's performance information is not available for a full reporting time period (month to date, guarter to date, year to date or performance to date), the individual's net of fee time weighted return will not be displayed. For consolidated accounts that include different account Performance Start Dates, the consolidated Additions/Withdrawals, Income Earned and Investment Appreciation/ Depreciation will include all activity that occurred during the consolidated reporting time period. Accounts that hold or held insurance products will be reported on from the month end date of when insurance and annuity activity could be obtained from

Past performance does not guarantee future results and current performance may be lower/higher than past data presented.

Time-weighted Returns (prior to 10/31/2010): The report displays a time weighted rate of return (TWR) that is calculated using the Modified Dietz Method. This calculation uses the beginning and ending portfolio values for the month and weighs each contribution/withdrawal based upon the day the cashflow occurred. Periods greater than one month are calculated by linking the monthly returns. The TWR gives equal weighting to every return regardless of amount of money invested, so it is an effective measure for returns on a fee based account. All periods shown which are greater than 12 months are annualized.

Time-weighted Returns (after 10/31/2010): The report displays a time weighted rate of return (TWR) that is calculated by dividing the portfolio's daily gain/loss by the previous day's closing market value. All cash flows are posted at end of day. The TWR gives equal weighting to every return regardless of amount of money invested, so it is an effective measure for returns on a fee based account. Periods greater than one day are calculated by linking the daily returns. All periods shown which are greater than 12 months are annualized.

Money-weighted returns: Money-weighted return (MWR) is a measure of the rate of return for an asset or portfolio of assets. It is calculated by finding the daily Internal Rate of Return (IRR) for the period and then compounding this return by the number of days in the period being measured. The MWR incorporates the size and timing of cash flows, so it is an effective measure returns on a portfolio.

**Annualized Performance:** All performance periods greater than one year are calculated (unless otherwise stated) on an annualized basis, which represents the return on an investment multiplied or divided to give a comparable one year return.

**Cumulative Performance:** A cumulative return is the aggregate amount that an investment has gained or lost over time, independent of the period of time involved.

Net of Fees and Gross of Fees Performance:

Performance is presented on a "net of fees" and "gross of fees" basis, where indicated. Net returns do not reflect Program and wrap fees prior to 10/31/10 for accounts that are billed separately via invoice through a separate account billing arrangement. Gross returns do not reflect the deduction of fees, commissions or other charges. The payment of actual fees and expenses will reduce a client's return. The compound effect of such fees and expenses should be considered when reviewing returns. For example, the net effect of the deduction of fees on annualized performance, including the compounded effect over time, is determined by the relative size of the fee and the account's investment performance.

Asset Class Performance: If you selected the Manager Roll-up option, even though the asset manager may invest in more than one asset class, the asset manager will be included in an asset class based upon the asset manager's investment style/category.

The Manager Roll-up option is not available in the Asset Allocation section of the report. All assets in the Asset Allocation are classified at the security level. Therefore, the values/percentages of asset classes presented within this report may not match if you selected the Manager Roll-up option.

Benchmark/Major Indices: The past performance of an index is not a guarantee of future results. Any benchmark is shown for informational purposes only and relates to historical performance of market indices and not the performance of actual investments. The benchmark is not managed and does not reflect the deduction of any fees and expenses, which will lower results. Indices are not actively managed and investers cannot directly invest in indices. The portfolio's investment strategy is not restricted to securities in the benchmark. Further, there is no guarantee that an investor's account will meet or exceed the stated benchmark. Index performance information has been obtained from third parties deemed to be reliable. We have not independently verified this information, nor do we make any representations or warranties to the accuracy or completeness of this information.

Custom Time Periods: If represented on this report, the performance start date and the performance end date have been selected by your Financial Advisor in order to provide performance and account activity information for your account for the specified period of time only. As a result only a portion of your account's activity and

performance information is presented in the performance report, and, therefore, presents a distorted representation of your account's activity and performance.

Net Deposits/Withdrawals: When shown on a report. this information represents the net value of all cash and securities contributions and withdrawals, program fees (including wrap fees) and other fees added to or subtracted from your accounts from the first day to the last day of the period. When fees are shown separately, net deposits / withdrawals does not include program fees (including wrap fees). When investment return is displayed net deposits / withdrawals does not include program fees (including wrap fees). For security contributions and withdrawals, securities are calculated using the end of day UBS FS price on the day securities are delivered in or out of the accounts. Wrap fees will be included in this calculation except when paid via an invoice or through a separate accounts billing arrangement. When shown on Client summary and/or Portfolio review report, program fees (including wrap fees) may not be included in net deposits/withdrawals.

**Dividends/Interest:** Dividend and interest earned, when shown on a report, does not reflect your account's tax status or reporting requirements. Use only official tax reporting documents (i.e. 1099) for tax reporting purposes. The classification of private investment distributions can only be determined by referring to the official year-end tax-reporting document provided by the issuer.

Change in Accrued Interest: When shown on a report, this information represents the difference between the accrued interest at the beginning of the period from the accrued interest at the end of the period.

Change in Value: Represents the change in value of the portfolio during the reporting period, excluding additions/withdrawals, dividend and interest income earned and accrued interest. Change in Value may include programs fees (including wrap fees) and other fees.

Fees: Fees represented in this report include program and wrap fees. Program and wrap fees prior to October 1, 2010 for accounts that are billed separately via invoice through a separate account billing arrangement are not included in this report. Commissions are not included in the fees calculation.

**Net of fees:** When indicated, the information is shown net of fees and commission charges to your accounts for the time period shown. For example, if your accounts are charged an asset based fee during the month the report is produced, net of fees performance information would reflect the deduction of those fees. Please see your program documents regarding fee schedules.

**Performance Start Date Changes:** The Performance Start Date for accounts marked with a "^" have changed.



## Disclosures applicable to accounts at UBS Financial Services Inc. (continued)

Performance figures of an account with a changed Performance Start Date may not include the entire history of the account. The new Performance Start Date will generate performance returns and activity information for a shorter period than is available at UBS FS. As a result, the overall performance of these accounts may generate better performance than the period of time that would be included if the report used the inception date of the account. UBS FS recommends reviewing performance reports that use the inception date of the account because reports with longer time frames are usually more helpful when evaluating investment programs and strategies. Performance reports may include accounts with inception dates that precede the new Performance Start Date and will show performance and activity information from the earliest available inception date

The change in Performance Start Date may be the result of a performance gap due to a zero-balance that prevents the calculation of continuous returns from the inception of the account. The Performance Start Date may also change if an account has failed one of our performance data integrity tests. In such instances, the account will be labeled as 'Review Required' and performance prior to that failure will be restricted. Finally, the Performance Start Date will change if you have explicitly requested a performance restart. Please contact your Financial Advisor for additional details regarding your new Performance Start Date.

Closed Account Performance: Accounts that have been closed may be included in the consolidated performance report. When closed accounts are included in the consolidated report, the performance report will only include information for the time period the account was active during the consolidated performance reporting time period.

**Portfolio:** For purposes of this report "portfolio" is defined as all of the accounts presented on the cover page or the header of this report and does not necessarily include all of the client's accounts held at UBS FS or elsewhere.

Pricing: All securities are priced using the closing price reported on the last business day preceding the date of this report. Every reasonable attempt has been made to accurately price securities, however, we make no warranty with respect to any security's price. Please refer to the back of the first page of your UBS FS accounts statement for important information regarding the pricing used for certain types of securities, the sources of pricing data and other qualifications concerning the pricing of securities. To determine the value of securities in your account, we generally rely on third party quotation services. If a price is unavailable or believed to be unreliable, we may determine the price in good faith and may use other sources such as the last recorded transaction. When securities are held at another custodian or if you hold illiquid or restricted securities for which there is no published price, we will generally rely on the value provided by the custodian or issuer of that

security.

Cash: Cash on deposit at UBS Bank USA is protected by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 in principal and accrued interest per depositor for each ownership type. Deposits made in an individual's own name, joint name, or individual retirement account are each held in a separate type of ownership. Such deposits are not guaranteed by UBS FS. More information is available upon request.

Equity Style: The Growth, Value and Core labels are determined by Standard and Poor's using a price-to-book ratio methodology. The Growth, Value and Core labels are based on how a company's price-to-book ratio compares to the median price-to-book ratio for its industry based on the company's assigned Industry Sector. If the company's ratio is greater than or equal to the industry median, it is classified as a growth stock. If the company's ratio is less than the industry median, it is classified as a value stock. If a security includes both growth and value attributes, it is classified as a core stock. If price-to-book is not available or the industry's median is not available, this item will be Unclassified.

Equity Capitalization: Market Capitalization is defined as the number of shares outstanding times the market value. Equity securities are classified as Large Cap if they have a capitalization of 8 billion or above. Securities with capitalization between 1.8 and 7.9 billion are classified as Mid Cap. Securities with capitalization below 1.79 billion are classified as Small Cap. Unclassified securities are those for which no capitalization is available or applicable.

Variable Annuity Asset Allocation: If the option to unbundle a variable annuity is selected and if a variable annuity's holdings data is available, variable annuities will be classified by the asset class, subclass, and style breakdown for their underlying holdings. Where a variable annuity contains equity holdings from multiple equity sectors, this report will proportionately allocate the underlying holdings of the variable annuity to those sectors measured as a percentage of the total variable annuity's asset value as of the date shown.

This information is supplied by Morningstar, Inc. on a weekly basis to UBS FS based on data supplied by the variable annuity which may not be current. Portfolio holdings of variable annuities change on a regular (often daily) basis. Accordingly, any analysis that includes variable annuities may not accurately reflect the current composition of these variable annuities. If a variable annuity's underlying holding data is not available, it will remain classified as an annuity. All data is as of the date indicated in the report.

Account changes: At UBS, we are committed to helping you work toward your financial goals. So that we may continue providing you with financial advice that is consistent with your investment objectives, please

consider the following two questions:

1) Have there been any changes to your financial situation or investment objectives?

2) Would you like to implement or modify any restrictions regarding the management of your account? If the answer to either question is "yes," it is important that you contact your Financial Advisor as soon as possible to discuss these changes. For MAC advisory accounts, please contact your investment manager directly if you would like to impose or change any investment restrictions on your account.

**ADV disclosure:** A complimentary copy of our current Form ADV Disclosure Brochure that describes the advisory program and related fees is available through your Financial Advisor. Please contact your Financial Advisor if you have any questions.

Important information for former Piper Jaffray and McDonald Investments clients: As an accommodation to former Piper Jaffray and McDonald Investments clients, these reports include performance history for their Piper Jaffray accounts prior to August 12, 2006 and McDonald Investments accounts prior to February 9, 2007, the date the respective accounts were converted to UBS FS. UBS FS has not independently verified this information nor do we make any representations or warranties as to the accuracy or completeness of that information and will not be liable to you if any such information is unavailable, delayed or inaccurate.

For insurance, annuities, and 529 Plans, UBS FS relies on information obtained from third party services it believes to be reliable. UBS FS does not independently verify or guarantee the accuracy or validity of any information provided by third parties. Information for insurance, annuities, and 529 Plans that has been provided by a third party service may not reflect the quantity and market value as of the previous business day. When available, an "as of" date is included in the description.

Investors outside the U.S. are subject to securities and tax regulations within their applicable jurisdiction that are not addressed in this report. Nothing in this report shall be construed to be a solicitation to buy or offer to sell any security, product or service to any non-U.S. investor, nor shall any such security, product or service be solicited, offered or sold in any jurisdiction where such activity would be contrary to the securities laws or other local laws and regulations or would subject UBS to any registration requirement within such jurisdiction.

UBS FS All Rights Reserved Member SIPC

### University of Hawaii Endowment Fund Review of Investment Policy Compliance December 31, 2015

#### **TOTAL PORTFOLIO**

#### Asset Allocation - Section RP 8.207 III.C.1.a.(3).(c)

A balanced portfolio will be maintained with a minimum of 30% and a maximum of 70% in either the equity or fixed income investments and a maximum of 40% in cash and equivalents.

		Minimum	Maximum	Current	
Equities		30%	70%	61%	In Compliance
Fixed Inc	ome	30%	70%	39%	In Compliance
F	loating Rate Securities	0%	20%	8%	In Compliance
٨	Aunicipal Bonds	0%	10%	0%	In Compliance
H	ligh Yield Bonds	0%	20%	0%	In Compliance
Cash		0%	40%	7%	In Compliance

#### **INDIVIDUAL MANAGERS**

### Specific Performance Test - Section RP 8.207 III.D.3.f

Equity/Balanced Managers: Annualized return no lower than 30% below the return of the Policy Index on a 3 year basis, gross of fees or ranking no lower than the 65th percentile of a universe of peers.

Туре	Fund Name	Morningstar Benchmark Index	BM 3 year return	Fund 3 year return
ETF	Vanguard S&P 500 Index	S&P 500	15.13	15.06 In Compliance
MF	Parnassus Endeavor Fund	S&P 500	15.13	17.07 In Compliance
ETF	Vanguard Mid Cap Index	Russell MidCap	14.18	14.86 In Compliance
ETF	Vanguard Small Cap Index	Russell 2000	11.65	12.57 In Compliance
ETF	Vanguard FTSE Developed Mkts	MSCI ACWI ex US	1.94	4.50 In Compliance
ETF	Deutsche X-Trackers MSCI	MSCI ACWI ex US	1.94	10.82 In Compliance

Fixed Income Managers: Annualized return no lower than 10% below the return of the Policy Index on a 3 year basis, gross of fees or ranking no lower than the 65th percentile of a universe of peers.

Type	Fund Name	Morningstar Benchmark Index	BM 3 year	Fund 3 year
			return	return
MF	BlackRock Strategic Income	Barclays US Universal Index	1.51	2.27 In Compliance
MF	PIMCO Income Fund	3 Month USD LIBOR	0.27	4.76 In Compliance
MF	Prudential Global Total Return	Barclays Global Aggregate	-1.74	-0.31 In Compliance
MF	Janus Flexible Bond	Barclays US Aggregate	1.44	1.64 In Compliance
MF	Oppenheimer Sr. Floating	Credit Suisse Leveraged Loan	2.57	1.82 In Compliance
MF	Touchstone Ultra Short	BofAML 3 Month US T Bill	0.03	0.75 In Compliance

#### Prohibited Investments/Transactions - Section RP 8.207 III.C.1.a.(3).(e).(5)

None per Investment Policy Statement or prospectus.

#### Qualitative Criteria - Section RP 8.207 III.D.3

Changes in ownership Changes in investment management team Any pending litigation

Unaware or not notified of any changes in ownership. Unaware or not notified of any changes in ownership. Unaware or not notified of any pending litigation.

## Managers on Probation - Section 8.207 III.D.3

Manager under probation
Last Probation Period within 6 years
Initial Date of Probation
Mone as of 12/31/2015
None as of 12/31/2015

#### Diversification Section - Section RP 8.207 III.C.1.a.(3).(e).(3)

Individual Bond positions other than US Government no greater than 5% of Total Fixed Income Portfolio.

Individual equities should comprise no more than 5% of the total market value of the stock portfolio. In addition, investments in any one stock are not to exceed 5% of the corporation's outstanding common stock. Stocks limited to 15% of total equities in any one industry.

Fossil Free Divestment - Section RP 8.207 III.C.1.a.(3).(e).(6)
Goal of reaching <1% exposure to the energy sector.

March 2015 exposure
June 2015 exposure

Not Applicable: The total portfolio does not use separtely managed portfolios. Only mutual funds and exchange traded funds are currently used. The guidelines established by the mutual fund's prospectus or the pooled fund's guidelines will take precedence, and may not fully comply with the policies established for the Endowment Fund.

5% September 2015 exposure 4% December 2015 exposure

3% 3%

### University of Hawaii Endowment Fund Allocation as of 12/31/2015

Class/Sector	Description	Symbol	Market Value \$ a/o 12/31/2015	Current Allocation %	% in Energy	Weighted Energy Position	Net Expense Ratio	Weighted Net Expense Ratio
<u>CASH</u>	Cash		\$4,792,884	7%	0.00%	0%	0.000%	0.00%
FIXED INCOME Short Term Bond Floating Rate Intermediate Term Bond Flexible Fixed Flexible Fixed Flexible Fixed	Touchstone Ultra Short Duration Oppenheimer Senior Floating Rate Janus Flexible Bond BlackRock Strategic Income Opps Prudential Global Total Return Pimco Income Fund	TSYYX OOSYX JFLEX BSIIX PZTRX PONPX	\$1,063,512 \$5,383,448 \$3,333,453 \$6,057,029 \$3,225,154 \$998,298	8% 5% 9% 5%	0.00% 0.00% 0.00% 0.00% 0.00%	0% 0% 0% 0% 0%	0.440% 0.720% 0.570% 0.600% 0.800% 0.550%	0.01% 0.06% 0.03% 0.06% 0.04% 0.01%
EQUITIES Large Cap Blend Large Cap Growth Mid Cap Blend Small Cap Blend Developed Markets Developed Markets	Vanguard S&P 500 ETF Parnassus Endeavor Fund Vanguard Mid Cap ETF Vanguard Small Cap ETF Vanguard FTSE Developed Markets ETF Deustche X-Trackers MSCI EAFE Hedgec	VOO PARWX VO VB VEA DBEF	\$15,337,793 \$3,944,472 \$8,320,140 \$3,774,373 \$3,803,237 \$3,941,785	6% 13% 6% 6%	6.50% 0.00% 4.90% 3.30% 4.70% 4.70%	2% 0% 1% 0% 0% 0%	0.050% 0.950% 0.090% 0.090% 0.090% 0.350%	0.01% 0.06% 0.01% 0.01% 0.01% 0.02%
			Fixed Income/ Cash Equities			UI	BS Annual Fee	0.20%

## Approximately 3% of the entire portfolio is invested in Energy stocks as of 12/31/15.

This is a personal service of your broker and some of the data may be incorrect. This statement is being provided for informational purposes only. It should not be relied upon for tax, trading, income, net worth, or any other purposes. Please rely on your regular monthly UBS statement(s), the official record of your account. Please consult your personal tax advisor on all tax matters.

BlackR Opps In				gic	Inc	ome	<b>Br</b> 604-09-2	onze	Anaiyst (	nating"	* Overall  ***  270 US  Bond		1000			rd Index s US Agg R USD	Category BofAML LIBOR 3 /	USD US OE No	star Cat ontraditional
Performance 01	-			7.				田			F	<b>III</b>			H			Investment Style	
Quarterly Returns	1st Otr	2nd Qtr	3rd Qtr	4th Qtr	Total %	_	_	_	71	92	91	47	81	57	60	77	_	Fixed-Income Bond %	
2014	1.67	1.65	-0.10	0.62	3.89						-						100k		
2015	1.57	-0.78	-0.97	-0.10	-0.30												BDk 6Dk	Growth of \$10,000	
2016	_	_	_	_	-0.60												40k	<ul> <li>BlackRock Strat</li> </ul>	egic Income
Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept		100.000			ed in Ferri							4UK	Opps Insti 14,092	
Load-adj Mthly	-1.74	1.79	2.83	_	4.30												20k	— Category Avera	oe.
Std 12-31-2015	-0.30	_	3.14	_	4.42												201	11,497	90
Total Return	-1.74	1.79	2.83	_	4.30			, comme				, ,					10k	Standard Index	
+/- Std Index	-1.58	-0.36	-0.67						'								, , ,	13,874	
+/- Cat Index	-2.00	1.53	2.52																
									or and a		4-111111111						4k		
% Rank Cat	42	8	13	_							-							Performance Quartile	1
No. in Cat	485	270	161	_		2005	2000	1-1	2000	nece	2010	ones.	0040	20040				(with n category)	
					7.55	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	01-16	History	
7 day Viald		Sı	bsidized	Unsi	bsidized	-	_	7000	7.96	9.36	9.96	9.51	10.10	10.16	10.11	9.77	9.69	NAV/Price	
7-day Yield			0.50		1.00	-	_		-	25 23	13.38	-0.73	9.92	3.28	3,89	-0 30	-0.60	Total Return %	
30-day SEC Yield			2.56		1.92	_	-	1-	-	19.30	6.84	-8 57	5.70	5.30	-2.08	-0.85	-1.98	+/- Standard Index	
Performance Discle								_	_	24.23	13.05	-1.00	9.41	2 99	3.66	-0 53	-0.66	+/- Category Index	
The Overall Morning						_	_	_	_	29	1	50	25	19	16	32	_	% Rank Cat	
derived from a weig (if applicable) Morni			: inree-, fi	ve-, and	u-year	_	_	-		63	67	116	198	240	348	485	558	No of Funds in Cat	
The performance da	-		ts past pe	rformanc	e and	-													
does not guarantee						-	Parameter St.	rsis 12-3							Tests.				
principal value of an						Asset All	ocation ?	6 11 30-20		Net %	Long %	Short %		e Chg		Holdings	noke A 2EA Tot	tal Fixed Income.	% N Asse
shares, when sold or	r redeeme	ed, may be	worth m	ore or les	s than	Cash				28 86	39 27	10.41	11-2				nover Ratio	al rixed income	ASSE
their original cost.						US Stoc				0.21	0.21	0.00	-M-					amily TBA 2.5%	-9 4
Current performance quoted herein. For pa						Non-US	Stocks			0.14	0.18	0.03					urv Note 1%	,	6.6
month-end, please c				ie most ri	есени	Bonds Other/N	ot Clofd		1	67.38 3.41	104.70 3.71	37.32 0.29					ury Note 2.2		5.0
www.blackrock.com		. ,,,,,,	71011				ut Giaiu		11								ury Note 0.8		4.7
Fees and Expe	nses		muqu		Dit.	Total			11	00.00	148 06	48.06	. ⊕				ury Note 0.0		4.4
Sales Charges			-		-	Equity St	/le	Porti	olio Stat	istics		Rel Rel							
Front-End Load	9/_				NA	Value Blen	d Growth	D/C (	Ratio TTI	ul	Avg In:	dex Cat	_				Mort Assc 3		3.0
Deferred Load 9					NA		1 1	v ·	Ratio TTI		1.9		**				Mort Assc 3		2.6
Describe Load 7	-				1100		11,		Ratio TTI		1.6		<b>⊕</b>				ury Note 1.6		2.2
Fund Expenses						$\vdash$		Gen	Avg Mkt		7196						overnment 0	Jt) 2yr #356	1.5
Management Fee	s %				0.46			L \$mil	-				$\Theta$	31	36 mil	US Treas	ury Note		1.1
12b1 Expense %					NA								$\Theta$	33	28 mil	FNMA 3	%		1.0
Gross Expense	Ratio %				0.80	Fixed-Inc	ome Styl			60			<b>(4)</b>	33	33 mil	US Treas	ury Bond 3%	5	1.0
Risk and Return	Profile		TA SEE			11d Mon	_	A	Eff Matu Eff Durai			5.17 1.34	_	21	37 mil	US Treas	ury Bond 2.8	75%	0.9
most one notern		2	Yr	5 Yr	10 Yr		1		Wtd Cou			3.03	_	2	75 mil	FHLMC 0	.14%		0.9
		270 fur			of funds				Wtd Pric			102.28	_	20	00 mil	Italy(Rep	Of) 2%		0.7
Morningstar Ratin	10 <sup>11M</sup>	5	*	4★	_		-	3	*****	-		102.20	_			71			
Morningstar Risk		-A		-Avg	_		1	i					Sec	or Weigi	ntings			Stocks %	Rel Std Inde
Morningstar Retu	rn		-	-Avg	_	Credit Qu	ality Res	akdown 1	12.31.201	5		Bend %		Cyclica	ai			46.7	-
					107	AAA	out bro		12-31-201	•		50.10	æ	Basic N	Aaterials	5		1.6	-
0		_	Yr	5 Yr	10 Yr	AA						3.89	<b>A</b>		ner Cycli			11.5	-
Standard Deviatio	n			2.47	_	A						7.88		Financi	al Servio	es		18.4	_
Mean				2.83	-	BBB						14.07		Real Es				15.3	_
Sharpe Ratio		0.	83	1.12	_	BB						14.07		Sensiti				53.3	
MPT Statistics		Ceand	rd Ind	Dart	Fit Index	В						0.00				Services		16.1	-
MPI Statistics Alpha		atanga	rd Index	îzsa	i i iiidex	Below B						3.89		Energy	-nvariVI	- GOLAICE:	•	4.8	
Beta			0.33		_	NR NR						5.79		Industri	ale			96	_
R-Squared			21.68		_	. 411						3.73		Techno				22.8	_
			21:00		2 200	Regional	Exposure	)		Stock %	Re	l Std Index							
12-Month Yield	-				2 30%	America	s			49.2		_	1	Defens				0.0	_
Potential Cap Gair	ns Exp				4 26%	Greater				29.4		_			ier Defe	nsive		0.0	_
						Greater	100			21.4		_	_	Healtho				0.0	-
										- (6			<b>?</b>	Utilities	3			0.0	_
Operations																			
Family:	RI	ackRock				Base Cui	rrencv		US	D.			Ince	nt:			N2-A	15-2008	
100		ultiple				Ticker:			BS				Тур				MF	.0 2000	
Manager	141					Minimun	n Initial	Purhas						s. Il Assets	,.			222 62 mil	
-	E 1	h Ygarr						LUILIIDS	в. <i>ъ</i> Ш				10[2	n ASSEL	).		adu.	777 D7 IDH	
Manager Tenure Objective		5 Years come				Purchase			A								,	LLL OL IIII	

©2016 Momingstar All Rights Reserved. The information, data, analyses and opinions contained herein (1) include the confidential and proprietary information of Momingstar, (2) may include, or be derived from, account information provided by your financial advisor which cannot be verified by Momingstar, (3) may not be copied or redistributed, (4) do not constitute investment advice offered by Momingstar, (3) are provided solely for informational proposes and therefore are not an offer to buy or sell a security, and (6) are not warranted to be correct, complete or accurate, Except as otherwise required by Jaw, Momingstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, this information, data, analyses or opinions or their use. This report is supplemental sales literature. If applicable it must be preceded or accompanied by a prospecture, or equivalent, and disclosure statement.



Janus I	Flex	ible	e Bo	nd	I (U	SD)	Mornin Neutra 01-07-2	al	Analyst I	Rating <sup>TT</sup>	***** 931 US Bond			-	Barclay	rd Index s US Agg R USD	Category Barclays Bond TR	US Agg	Morning: US OE Int Term Bon	termediate-
Performance 01	-31-2016	19.3	NA INC	III.	ELES)													Investm	ent Style	
Quarterly Returns	1st Otr	2nd Otr	3rd Qtr	4th Qtr	Total %	91	94	91	98	95	96	94	93	94	96	94		Fixed-In		
2014	1.92	2.16	-0.27	1.05	4.93		amma2								-	Amainn	100	Bond %		
2015	1.75	-1.26	0.47	-0.82	0.11											į	80k	Growth	of \$10,000	
2016			_	_	1.08												60k		nus Flexible 6	3ond I
Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept												40k		731	
Load-adi Mthly	-0.71	2.14	3.99		5.37												201		tegory Avera 151	ge
Std 12-31-2015	0.11	_	3.88	_	5.27					110001		-	-				20k		indard Index	
Total Return	-0.71	2.14	3.99	5.72	5.37	Assertation of	-	-	~								1Dk	16,	149	
+/- Std Index	-0.55	0.00	0.48	1.06													101			
+/- Cat Index	-0.55	0.00	0.48	1.06	*****							2,1100-00)				ļ	4k			
% Rank Cat	35	21	17	5			目		目										ance Quartile	1
No. in Cat	1024	931	817	585		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	01-16	(within ca		
		Sı	ubsid zed	Unsi	ubs dized					10 39	10.41	10.54	10.82	10.37	10.56	10 30	10.39	NAV/Pri		11 15, 50
7-day Yield			_		_	1.79	4.12	6.87	5 64	12.61	7.60	6.66	8.05	-0.05	4.93	0.11	1.08	Total Re		
30-day SEC Yield	ł		2.71		2.53	-0 64	-0.22	-0 10	0.40	6 68		-1.18	3.83	1.98	-1.04	-0.44	-0.29		dard Index	
Performance Disci	losure					-0 64	-0.22	-0.10	0.40	6 68		-1.18	3.83	1.98	-1.04	-0.44	-0.29		gory Index	
The Overall Momin						_			_	_	45	38	32	13	65	43	_	% Rank		
derived from a weig			three-, fi	ve-, and	10-year	_		_	_	_	1164	1195	1165	1079	1038	1042	1089		ands in Cat	
(if applicable) Morr The performance da			ts past pe	rformanc	e and	Daniel, P		nin en e	1 7045											
does not guarantee						Asset All	io Analy		-	Net %	Long %	Short %	Shar	e Cha	Share	Holdings				% Ne
principal value of a shares, when sold (						Cash	ocauon 7	10 UJ JU ZI	013	2.39	2.39	0.00	SINCE	3		2 Total Sto	cks , 432 Total	Fixed Income	e	Asse
their original cost.	Di redeeme	u, may be	, worth m	016 01 163	is than	US Stoc	ks			0.27	0.27	0.00				124% Turn				
Current performance	e may be i	lower or h	igher thai	n return d	ata	Non-US	Stocks			0.00	0.00	0.00					ury Note 1.			2.2
quated herein. For p						Bonds			!	94.68	94.68	0.00					ury Note 1.			2.0
month-end, please		35- <i>2687</i> a	r visit ww	w.janus (	com.	Other/N	ot Clsfd			2.66	2.66	0.00					ury Note 19			2.0
Fees and Expe	enses					Total			1	00.00	100.00	0.00					ury Note 19			1,9
Sales Charges						Equity St	vle	Porti	alio Stati	istics	Port	Re Rel	*				ury Bond 39			1.84
Front-End Load					NA		d Growth					lex Cat					ury Note 1.3			1.65
Deferred Load	%				NA				Ratio TTI Ratio TTI		_		$\Theta$				ury Bond 39			1,4
Fund Expenses							+	1/0	Ratio TTI		_						ury Note 0.0			1.4
Management Fee	es %				0.40			Gen	Avg Mkt		_	- 0-	$\Theta$				ury Note 0.8			1,3
12b1 Expense %					NA			\$mil					袋	1	19 mil	US Treas	ury Note 2.2	25%		1.30
Gross Expense					0.57									1	12 mil	US Treas	ury Note 1.6	325%		1.24
Risk and Return			W 100	1000		Fixed-Inc			Eff Matu	rity		9.63		11	06 mil	US Treas	ury Bond 3	125%		1,11
		3	Yr	5 Yr	10 Yr	Ltd Mos	d Eat	Α.	Eff Durat			5.65					ury Note 1.5			1.0
		931 fu			85 funds		· · · · · · · · ·		Wtd Cou			3.54					ury Bond 3.0			1.0
Morningstar Rati	ng lu	4	*	4★	5☆		1	₹ Avg	Wtd Pric	9		102,10	425		78 mil	Fidelity N	lati Info Svc	s 5%		0.80
Morningstar Risk		-A	vg	-Avg	-Avg			<u> </u>					Seci	or Weigl	stinns			Stocks	N.	Rel Std Inde
Morningstar Retu	TLU	+A	vg -	-Avg	High									Cyclica	-			100		110, 010 11100
		3	1Yr	5 Yr	10 Yr	Credit Qu	ality Bre	akdown	12-31-201	5		Bond %		Basic N		s			1.0	20
Standard Deviati	on	2	70	2.65	3.30	AAA						29 69	Φ.	Consun					1.0	_
Mean		2.	14	3,99	5.72	AA						23.23		Financi				100		
Sharpe Ratio				1.47	1.34	A						4.36		Real Es					.0	
						BBB BB						29.75 10.59	-	Sensiti						
MPT Statistics		Standa	rd Index	Best	Fit Index	В						0.77				1 Services			1. <b>0</b> 1.0	-
Alpha			0.24		_									Energy	muduul	1 DELAICES	,		1.0	-
Beta B. Squared			0.88			Below B NR						0.00	_	Industr	ale				1.0	577
R-Squared			94.15										=	Techno					.0	_
12-Month Yield	ina E				2.63%	Regional		•	;	Stock %	Re	Std Index		Defens						
Potential Cap Ga	ніг ЕХР				-1.25%	America				100.0		_	_	Consun		news			0.0	_
						Greater	*			0.0		_		Healtho		HISTAR			1.0	-
						Greater	Asia			0.0		_		Utilities					1.0	_
Operations																			-	
Family:	,la	nus				Base Cu	rrency		US	SD			Pur	hase Co	nstrain	ts	_			
Manager		ultiple				Ticker				LEX			Ince		erati <b>a</b> lli	co.	n7.	06-2009		
Tenure		8 Years				Minimur	n Initial	Purchas		mil			Тур	•			MF	50-5000		
I BIIUI B																				
Objective	M	ultisecto	or Bond			Min Aut	o Investi	ment Pla	n: \$1	mil			Tnta	Asset:	ς.		901	093 06 mil		

©2016 Morningstar. All Rights Reserved. The information, data, analyses and opinions contained herein [1] include the confidential and proprietary information of Morningstar, [2] may include, or be derived from, account information provided by your financial advisor which cannot be verified by Morningstar, [3] may not be copied or redistributed, [4] do not constitute investment advice offered by Morningstar, [3] are provided solely for informational purposes and therefore are not an offer to buy or sell a security, and [6] are not warranted to be correct, complete or accurate Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, this information, data, analyses or opinions or their use. This report is supplemental sales literature if applicable it must be preceded or accompanied by a prospective, or equivalent, and disclosure statement.



#### **Oppenheimer Senior** Morningstar Analyst Rating™ Overall Morningstar Rating™ Standard Index Category Index Morningstar Cat Neutral \*\*\*\* Barclays US Agg S&P/LSTA US OE Bank Loan Floating Rate Y (USD) 04-24-2015 208 US OF Bank Loan Bond TR USD Leveraged Loan TR Performance 01-31-2016 Investment Style Fixed-Income Quarterly Returns 1st Otr 2nd Otr 3rd Qtr 4th Qtr 86 67 89 89 Bond % 2014 1.05 1.11 -0.55 -0.80 0.79 80k 2015 1.61 -1.09 -2.67 Growth of \$10,000 0.36 -1.83604 2016 -1.39 Oppenheimer Senior Floating 4Nk Rate Y Trailing Returns 3 Yr 5 Yr 10 Yr Incept 15,454 Load-adj Mthly -3.21 1.00 2.73 3.81 3.88 Category Average Std 12-31-2015 -1.833.34 4 02 4.06 14.078 Standard Index Total Return -3.211.00 2.73 3.81 3.88 16,149 +/- Std Index -3.05 -1.15 -0.77 -0.85 +/- Cat Index -1.55-0.46 -D 14 -0.36 % Rank Cat 67 37 31 Performance Quartile (within category) No. in Cat 251 208 136 56 2005 2006 2007 2009 2018 2011 2012 01-16 2008 2013 2014 2015 Subsidized Unsubsidized 9.55 9.51 8.95 5.76 7.77 8 28 8.04 8.28 8.41 8.09 7.58 7.44 NAV/Price 7-day Yield 5 68 7.39 1.62 -29 34 43 B2 13 48 2.62 8 75 6.70 -1.39 0.79 -1.83 Total Return % 30-day SEC Yield 6 49 6.49 3.25 3.06 -5.35 -34.58 37.89 6.94 -5.22 4 54 8.73 -5,18 -2.38 -2.76 +/- Standard Index Performance Disclosure 0 62 0.65 -D.46 -0.24 -7.80 3.35 1.10 -0.91 1.41 -0.81 -0.74 -1.14 +/- Category Index The Overall Morningstar Rating is based on risk-adjusted returns, 12 26 40 36 11 59 17 39 63 % Rank Cat derived from a weighted average of the three-, five-, and 10-year 105 127 134 140 149 203 219 245 253 No of Funds in Cat 263 (if applicable) Morningstar metrics. The performance data quoted represents past performance and Portfolio Analysis 12-31-2015 Top Holdings 11-30-2015 does not guarantee future results. The investment return and Asset Allocation % 11-30-2015 Holdings % Net principal value of an investment will fluctuate, thus an investor's Net % Long % Short % 2 Intal Stocks 446 Intal Fixed-Income Amount Assets Cash 0.50 0.50 0.00 shares, when sold or redeemed, may be worth more or less than 39% Turnover Ratio **US Stocks** 0.82 0.82 0.00 their original cost. T/L Clear Channel TI D-Ext 11 282 mil 1.46 Non-US Stocks Current performance may be lower or higher than return data 0.00 0.00 0.00 167 mil T/L Western Express TI 2I 1.09 quoted herein. For performance data current to the most recent Bonds 94.49 94.49 0.00 month-end, please call 800-225-5677 or visit Other/Not Clsfd 154 mil. T/L Czr (Cerp 1st Lien) 1.04 4 19 4 19 0.00 www.oppenheimerfunds.com 122 mil T/L Lts Buyer T/L 1st Lien 0.86 Total 100.00 100.00 0.00 Fees and Expenses **(** 140 mil T/L Avaya Inc Ti B7 1I 0.76 Equity Style Sales Charges Portfolio Statistics Re Media General Inc Class A 7 mil 0.75 Avg Index Cat Front-End Load % NA P/E Ratio TTM 111 mil. T/L Neiman Marcus TI 1I 0.74 Deferred Load % NA P/C Ratio TTM 12.2 T/L Freescale TI 84 11 0.72 P/B Ratio TTM 1.5 T/L Tof Power TI B 1I 101 mil 0.71 Fund Expenses Geo Avg Mkt Cap 953 109 mil. T/L Laureate Education Inc TI B 11 0.67 Management Fees % 0.59 94 mil T/L Amaya Gaming TI 11 12h1 Expense % NΔ 0.65 Fixed-Income Style Gross Expense Ratio % 0.83 90 mil T/L Protection One TI 1I 0.64 Avo Eff Maturity 98 mil T/L Federal Mogul TI C 11 0.63 **Risk and Return Profile** Avg Eff Duration N 15 89 mil T/L National Financial TLB 11 0.62 Avg Wtd Coupon 3 Yr 5 Yr 10 Yr 5.36 56 funds 95 mil T/L Navistar Inc TI B 1I 208 funds 0.62 Ava Wtd Price funds Morningstar Rating™ 4\* 4\* 5\* Sector Weightings Stocks % Rel Std Index Morningstar Risk Avg Avq Avq **%** Cyclical 100.0 Morningstar Return High +Avg +Avg Credit Quality Breakdown 12-31-2015 Bond % Basic Materials n.n AAA 0.00 10 Yr 3 Yr 5 Yr Consumer Cyclical 100.0 AA 0.00 Standard Deviation 2.39 3.25 7.48 Financial Services 0.0 Α 0.00 Mean 1.00 2.73 3.81 Real Estate 0.0 BBB 0.29 Sharpe Ratio 0.40 0.83 0.38 BB ✓ Sensitive 27.86 Communication Services В 62.95 MPT Statistics 0.0 Standard Index Rest Fit Index Alpha 0.89 Below B 5.83 Energy 0.0 Beta 0.04 Industrials 3.08 0.0 R-Squared 0.21 Technology 0.0 Regional Exposure Stock % Rel Std Index 12-Month Yield 5.05% Defensive 0.0 100.0 Potential Cap Gains Exp -20.52% Consumer Defensive 0.0 Greater Europe 0.0 + Healthcare 0.0 Greater Asia 0.0 Utilities Operations Family: OppenheimerFunds Base Currency: USD 11-28-2005 Incept: Manager: Multiple Ticker: 00SYX MF Type: 16.4 Years Minimum Initial Purchase: Tenure \$0 Total Assets: \$12,125.12 mil **Objective** Corporate Bond - General Purchase Constraints:

©2016 Morningstar All Rights Reserved. The information, data, analyzes and opinions contained herein [1] include the confidential and proprietary information of Morningstar, [2] may include, or be derived from, account information provided by your financial advisor which cannot be verified by Morningstar, [3] may not be copied or redistributed, (4) do not constitute investment advice offered by Morningstar (5) are provided solely for informational purposes and therefore are not an offer to buy or set all a security, and (6) are not verranted to be correct, complete or accurate, Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, this information, data, analyses or opinions or their use. This report is supplemental sales literature. If applicable it must be preceded or accompanied by a prospectus, or equivalent, and disclosure statement.



% Net

# Parnassus Endeavor Fund (USD)

Overall Morningstar Rating™ Standard Index
★★★★★ S&P 500 TR USD
1519 US OF Large Growth

S&P 500 TR USD Russell 1000
Growth TR USD

Morningstar Cat US OE Large Growth

Performance 01-	31-2016				
Quarterly Returns	1st Qtr	2nd Otr	3rd Qtr	4th Qtr	Total %
2014	2.76	5,96	1.37	7.37	18,50
2015	2 94	1.62	-7.29	6.44	3.23
2016	_	_	_	_	-7.41
Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	-1.79	12.13	11.15	10,34	10.32
Std 12-31-2015	3.23	_	14.01	11,61	11.21
Total Return	-1,79	12.13	11.15	10,34	10.32
+/- Std Index	-1.12	0.83	0.24	3.86	_
+/- Cat Index	-3.11	-0.89	-0.53	2.61	_
% Rank Cat	50	28	21	1	
No. in Cat	1652	1519	1305	918	

	0.1.11	
	Subs dized	Unsubsidized
7-day Yield	-	_
30-day SEC Yield	_	_

#### Performance Disclosure

The Overall Momingstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate, thus an investor's shares, when sold or redeemed, may be worth more or less than their original cost.

Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-999-3505 or visit

## www pamassus com. Fees and Expenses

Sales	Charges

Front-End Load %	NA
Deferred Load %	NA
Fund Expenses	
Management Fees %	0.77

NA

1.02

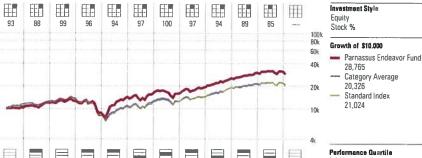
#### Management Fees % 12b1 Expense % Gross Expense Ratio %

Risk and Return Profile			
	3 Yr	5 Yr	10 Yr
er Diller en Die Tie		1305 funds	918 funds
Morningstar Rating <sup>™</sup>	4*	4*	5★
Morningstar Risk	Low	Avg	+Avg
Morningstar Return	+Avg	+Avg	High
18000	3 Yr	5 Yr	10 Yr
Standard Deviation	11.03	13.14	17.58
Mean	12.13	11.15	10.34
Sharpe Ratio	1.09	0.87	0.58

MPT Statistics	Standard Index	Best Fit
Alpha	1.24	
Beta	0.96	
R-Squared	90.17	
12-Month Yield		

Potential Cap Gains Exp	-1,3

		***	**		
		1,519 (	JS OE La	rge Gro	wth
EFF.	I FEB	EFF.	FF	F	FEE



П								Ħ			B
2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	01-16
15.49	17.05	-					-	-	-		
		17,60	12.22	19,45	20.81	19.64	22.17	26.99	29.95	28.07	25.99
_	14.86	5.62	-29.93	62.16	12.93	-1.61	22.02	31.15	18.50	3.23	-7.41
-	-0.93	0.13	7.07	35.70	-2.13	-3.72	6.01	-1.23	4.82	1.85	-2.44
_	5.79	-6.19	8.51	24.95	-3.78	-4.25	6.76	-2.33	5.45	-2.43	-1.82
-	5	85	2	3	72	46	5	73	2	54	_
_	1642	1748	1809	1796	1718	1683	1681	1712	1710	1681	1746

Share Chg

Share Holdings

4k		
	Performance Quartile (within category)	
11-16	History	
5,99	NAV/Price	
7.41	Total Return %	
2.44	+/- Standard Index	
1.82	+/- Category Index	
_	% Rank Cat	
746	No of Funds in Cat	

Asset Allocation %	Net %	Long %	Short %
Cash	15.49	15.49	0.00
US Stocks	81.62	81.62	0.00
Non-US Stocks	2.89	2.89	0.00
Bonds	0.00	0.00	0.00
Other/Not Clsfd	0.00	0.00	0.00
Total	100.00	100.00	0.00

Equity Style	Portfolio Statistics	Port	Rel	Rel
Value Blend Growth		Avg	Index	Cat
	P/E Ratio TTM	17.5	0.92	0.75
28	P/C Ratio TTM	11.6	1.01	0.73
l E	P/B Ratio TTM	3.4	1.27	0.79
Small	Geo Avg Mkt Cap \$mil	29105	0.39	0.36

Ltd	Mod	Ext	Avg Eff Maturity	
(42	7760	Ę,i.	Avg Eff Duration Avg Wtd Coupon	
	_		Avg Wtd Price	
			Ī	

Credit Quality Breakdown — AAA AA A		Bond %
888 B		
Below B NR		_
Regional Exposure	Stock %	Re Std Index
Americas Greater Europe	97.0 3.0	0 98 6 42

0	since 11-2015	Amount	28 Total Stocks , 0 Total Fixed-Income, 40% Turnover Ratio	Assets
0		4 mit	Applied Materials Inc	5.59
0		1 mil	SanDisk Corp	5,55
0		2 mil	Whole Foods Market Inc	5.14
0	<b>(+)</b>	3 mil	Ciena Corp	4 84
_	$\oplus$	950,000	American Express Co	4.83
el et		475,000 2 mil	International Business Machines Co Intel Corp	4.78 4.68
3		800,000	Deere & Co	4.46
9	<b>⊕</b>	675,000	Cummins Inc	4.34
6	=	925,000	Autodesk Inc	4.12
-0		1 mil	Qualcomm Inc	4.02
		650,000	Citrix Systems Inc	3 59
_		210,000	W W Grainger Inc	3,11
_	$\oplus$	1 mil	Charles Schwab Corp	2.89
_		700,000	Wells Fargo & Co	2.78

Sec	ctor Weightings	Stocks %	Rel Std Index
Դ	Cyclical	14.2	0.45
Ä.	Basic Materials	0.0	0.00
æ	Consumer Cyclical	0.0	0.00
rý.	Financial Services	14.2	0.93
命	Real Estate	0.0	0.00
w	Sensitive	71.4	1.78
끃	Communication Services	0.4	0.11
ð	Energy	0.0	0.00
Ф	Industrials	19.4	1.79
	Technology	51.6	2.78
-	Defensive	14.4	0.50
=	Consumer Defensive	6.8	0.68
+	Healthcare	7.6	0 49
<b>?</b>	Utilities	0.0	0.00

#### Operations

Base Currency:

Family: Pa Manager: Je Tenure: 10 Objective: G

Parnassus Jerome Dodson 10 8 Years Growth USD Ticker: PARWX
Minimum Initial Purchase: \$2,000
Min Auto Investment Plan: \$2,000
Minimum IRA Purchase: \$500
Purchase Constraints: —

Greater Asia

Incept: Type: Total Assets

0.00

04-29-2005 MF \$1,289 63 mil

©2016 Morningstar All Rights Reserved. The information, data, analyses and opinions contained herein [1] include the confidential and proprietary information of Morningstar [2] may include, or be derived from, account information provided by your financial advisor which cannot be verified by Morningstar [3] may not be copied or redistributed, [4] do not constitute investment advice offered by Morningstar [5] are provided solely for informational purposes and therefore are not an office to buy or sell a security, and [6] are not wornancial to be correct, complete or accurate. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, this information, data, analyses or opinions or their use. This report is supplemental sales literature. If applicable it must be preceded or accompanied by a prospecture, or equivalent, and disclosure statement.



PIMCO	Inc	om	e P	(US	D)		Morni G Si 06-03	lver	Analyst	Rating <sup>TI</sup>	***** 225 US					rd Index s US Agg R USD	Barcla	ory Index ys US sal TR USD	Morning: US OE M Bond	
Performance 01						$\blacksquare$												Investm Fixed-In	ent Style	
Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Otr		-	-	49	87	91	84	93	87	86	70	65	-	Bond %		
2014 2015	3.06 1.90	3.25 0.99	0.74 -0.87	-0.10 0.51	7.09 2.53				arrenne.	10000		Timber.		1				Dok Dk Growth	of \$10,000	
2016	1.30	0.33	-0.07	0.51	0.29					+				+			6	Dk	VICO Income	р
							anna.		-	-	den in				in the state of		4		,218	ı
Trailing Returns Load-adj Mthly	1 Yr 2.79	3 Yr 4.21	5 Yr 7.96	10 Yr	9.38														tegory Avera	ge
Std 12-31-2015	2.79	4.21	8.33	_	9.45				1	i i			_	ستحت			2		,278 andard Index	
Total Return	2.79	4.21	7.96	_	9.38			_								1	Ī.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	14	,887	
					3.30				_								1	Dk 13		
+/- Std Index +/- Cat Index	2.95 3.15	2.07 2.16	4.45	_	_															
				_			((((())))		-		n and their				†		4			
% Rank Cat	1	1	1	_				目			-								ance Quartile	
No. in Cat	302	225	168	_			-	-	-	0.3	-		-	2010	2044	BOAT		(within c		
						2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	01-16	History		
7-day Yield		S	ubsid zed	Unsi	ubs d zed	-	_	-	8.91	9.84	11.04	10.85	12.36	12.26	12.33	11.73	11.71	NAV/Pri		
30-day SEC Yield	1		_			_	-	-	-5 68	19.09	20.35	6.28	22.07	4.72	7.09	2.53	0.29	Total Re		
						_	_	_	-10.92	13.16	13.81	-1.57	17.85	6.75	1,13	1.98	-1.08		dard Index	
Performance Disci The Overall Momin		no is base	ed on risk-	adiusted	returns		_		-8.05	10.48	13.18	-1.13	16.54	6.07	1.53	2.10	-0.81		gory Index	
derived from a weig	_	-				_		_	-	83	1	7	1	19	7	3		% Rank		
(if applicable) Morr						_	_	_		242	268	250	283	308	276	304	326	No of F	unds in Cat	
The performance de						Portfol	io Anah	/sis 09-3	0-2015	1333	FRA	RATE				-		7 3 5 7 10	CONTRACTOR OF THE PARTY OF THE	11 DE 31
does not guarantee principal value of a						Asset Al	location '	%	-	Net %	Long %	Short %	Sha	re Chg	Share	Ho dings				% Ne
shares, when sold o						Cash			-	17,39	57.77	75.16	sinc 06-2		Amount			otal Fixed Inco	me,	Asset
their original cost						US Stoc				0.00	0.00	0.00	,		50 mil	Cdx Hv2	A Ev Ico			12.7
Current performanc						Non-US	Stocks			0.00	0.00	0.00	_			,	. ,	/17/15-10v	Cma	12.7
quoted herein. For p month-end, please				he most r	ecent	Bonds Other/h	lat Clafd		1	10.36	120.62	10.26						/17/15-10y ( /16/15-30y (		8.39 -5.5
https://www.pimco		7-4020 0	N VISIL				lot Clsfd		- 1	7.03	7.03	0.00						/18/14-10y i		5.4
Fees and Exp			-37			Total			1	00.00	185.42	85.42						/15/13-10y		4.9
Sales Charges			-		-	Equity St	yla	Port	folio Stat	istics		Rel Re							OIIIG	
Front-End Load	%				NA	Value Ble	nd Growth	P/F	Ratio TTI	M	Avg In	dex Car	_				sury Note	2.125%		3.70
Deferred Load					NA		-		Ratio TI				•			US Treat	,	/17/14-10y	Cma	2.49 1.74
								₹ P/B	Ratio TTI	M	_		-					/17/14-10y (		-1.73
Fund Expenses							$\Box$		Avg Mkt	t Cap	_							/16/15-5y C		-1.3
Management Fee	es %				0.55			i Smil											IIIC	
12b1 Expense %					NA	Fixed-Inc	ome Stv	in .									Tesouro N			1.27
Gross Expense	Ratio %				0.55	Ltd Mc			Eff Matu	urity		5.39	· ①				n Mtg Ln	tr 2009-1		0.99
Risk and Return	Profile								Eff Dura			3.00	· •			US Treas	,	,		0.89
			3 Yr	5 Yr	10 Yr		+	_ Avg	Wtd Cou			_					af Fin 6.99	o /11/13-10y	r	0.73
Morningstar Rati	no <sup>1M</sup>	225 fu	nas iba	funds !	99 funds	$\perp$	$\overline{}$	_	Wtd Pric	e				4	ua inii	IIS AUU •	1.23000 12	/ 11/13-10y	Citie	0.73
Morningstar Risk	-		lvg	Avg	-			1					Sec	tor Weig	htings			Stocks	%	Rel Std Inde
Morningstar Retu			_	High	_	Credit Qu	alita Dan	-1-4				Bond %	·	Cyclic	al			100	0.0	_
			_			AAA	Hallity Dru	akeown	_			DONG 76	A.	Basic N	<b>Naterial</b>	S		0	0.0	_
B. 1 1B 14			Yr S	5 Yr	10 Yr	AA							Æ	Consur	ner Cycl	ical		0	0.0	
Standard Deviati	on		.50	3.85	_	A						_	. 5	Financi	al Servi	ces		100	0.0	_
Mean Sharp Batio				7.96	_	BBB							fà.	Real Es	state			0	0.0	_
Sharpe Ratio		1.	.18	2.00	_	BB							w	Sensit	ive			0	0.0	_
MPT Statistics		Standa	ard Index	Best	Fit Index	В						_	8	Commo	unication	Service	S		).0	_
Alpha			2.78		_	Below 8						_	_	Energy					0.0	_
Beta			0.64		_	NR							•	Industr	ials				0.0	_
R-Squared			29.56			Barious	Eunoan			Stack W	n.	Cad Inde		Techno	logy			0	1.0	_
12-Month Yield						Regional			i	Stock %	ne	l Std Index		Defens	ive			6	0.0	_
Potential Cap Ga	ins Exp				-4.26%	America				100.0		_			ner Defe	ensive			1.0	_
						Greater				0.0		_		Health					1.0	_
						Greater	Maid			0.0		_	Ō	Utilitie	S				1.0	_
Desertions																				
Operations Family:	p.	mco				Base Cu	rronev.		US	sn.			loca	nt.				4.20 2000		
Manager:		ultiple				Ticker:	irency.			งบ )NPX			Ince					4-30-2008 NF		
Tenure:		9 Years				Minimu	m Initial	Purchas		mil				e. al Asset	e.			or 52,103.70 m	it	
Objective		ultisect	nr Rond			Purchas			A A				101	ui maadt	٥.		٥	oz, 103.70 III		
	141		50/10			. 2101103			_											

©2016 Morningstar: All Rights Reserved. The information, data, analyses and opinions contained herein [1] include the confidential and proprietary information of Morningstar, [2] may include, or be derived from, account information provided by your financial activor which cannot be verified by Morningstar, [3] may not be copied or redistributed, [4] do not constitute investment advice offered by Morningstar, [3] are provided solely for an informational purposes and therefore are not an offer to buy or sell a new not verarianted to be correct, complete or accurate. Except as otherwise required by law, Morningstar shall not be responsible for any tading decisions, damages or other losses resulting from, or related to, this information, data, analyses or opinions or their use. This report is supplemental sales literature. If applicable it must be preceded or accompanied by a prospecture, or equivalent, and disclosure statement.



#### Page 6 of 13 Overall Morningstar Rating™ Standard Index **Prudential Global Total** Category Index Morningstar Cat \*\*\*\* Barclays US Agg Citi WGBI NonUSD US OF World Bond Return Z (USD) 323 US OF World Bond Bond TR USD USD Performance 01-31-2016 Investment Style Fixed-Income 1st Qtr 2nd Qtr 4th Otr Total % 93 96 95 2014 3.78 4.31 -3.01 -0.66 4.29 80k 2015 Grawth of \$10,000 -1.18 -2.64 1.75 -0.91 -2.99 60k 2016 0.98 Prudential Global Total 4nk Return Z Trailing Returns 3 Yr 5 Yr 10 Yr Incept 16,057 Load-adj Mthly -2.20 -0.09 3.32 5.57 5.07 Category Average Std 12-31-2015 -2.99 3.25 5.58 5.04 13.702 Standard Index Total Return -2.20 -0.09 3.32 5.57 5.07 16,149 +/- Std Index -2.04 -2.23 -0.18 0.91 +/- Cat Index 0.89 3.39 4.43 2.60 % Rank Cat 24 27 17 9 Performance Quartile 242 141 No. in Cat 363 323 2005 2006 2007 01-16 2008 2009 2010 2011 2012 2013 2014 2015 History Subsidized Unsubsidized 6.53 6.85 6.66 6.72 6.23 6.73 6.66 7.25 6.79 6.78 6.34 6.38 NAV/Price 7-day Yield -7.62 5.84 8 28 -3 R9 21.03 10.07 4.58 -2 99 13.22 -2.06 4 29 0.98 Total Return % 30-day SEC Yield 2.72 2.54 10 05 1.51 1.31 -9.13 15.10 3.53 -3.27 9.01 -0.04 -1.67 -3.54 -0.39 +/- Standard Index Performance Disclosure 1.58 -1.10 -3.18 -14.00 16.64 4.86 -0.60 11.72 2.50 6.97 2.55 -0.01 +/- Category Index The Overall Morningstar Rating is based on risk-adjusted returns. 73 41 48 70 10 14 28 10 38 22 32 % Rank Cat derived from a weighted average of the three- five- and 10 year 170 197 218 234 269 270 297 315 365 385 367 390 No of Funds in Cat (if applicable) Morningstar metrics The performance data quoted represents past performance and Portfolio Analysis 11-30-2015 does not guarantee future results. The investment return and Asset Allocation % Holdings: % Net principal value of an investment will fluctuate, thus an investor's Net % Long % Short % Amount | II Total Stocks | 844 Total Fixed Income Since Assets Cash 3.38 8.32 4.93 shares, when sold or redeemed, may be worth more or less than 95% Tumover Ratio US Stocks 0.00 0.00 0.00 their original cost Payb Ois .310 1/27/16 170 mil -34.95 Non-US Stocks 0.00 Current performance may be lower or higher than return data 0.00 0.00 170 mil Recv Ois 310 1/27/16 34.95 quoted herein. For performance data current to the most recent Bonds 93.33 260.06 166.73 month-end, please call 800-225-1852 or visit 1,128 5 Year US Treasury Note Future Mar 27.53 Other/Not Clsfd 3.29 4.93 1.64 妆 www.prudentialfunds.com Recv Usd 1.55561 12/31/21 129 mil 26.57 Total 100.00 273.30 173.30 Fees and Expenses 129 mil Payb Usd 1.55561 12/31/21 -26.33 **Equity Style** Portfolio Statistics Rel Re Sales Charnes 818 10 Year US Treasury Note Future Ma 21.27 Index Cat **(** Front-End Load % NA P/E Ratio TTM 153 2 Year US Treasury Note Future Mar 6.84 Deferred Load % NA P/C Ratio TTM Recv Usd 1.7409 5/31/2022 6.51 P/B Ratio TTM 32 mil Payb Usd 1,7409 5/31/2022 -6.50 Fund Expenses Geo Avg Mkt Cap Recv Cswap 11/10/16 25 mil 5.10 Management Fees % 0.60 20 mil Payb Cswap 11/10/16 -4 36 12b1 Expense % NΔ 20 Fixed-Income Style Gross Expense Ratio % 0.96 20 mil Payb Ifs Swap 67 12/8/15 -4.14 Avg Eff Maturity 20 mil Recv Ifs Swap 67 12/8/15 4.11 Risk and Return Profile Avg Eff Duration 8 23 30 Year US Treasury Bond Future Ma 98 -3 1N Avg Wtd Coupon 3 Yr 5 Yr 10 Yr 2.57 323 funds 242 funds 141 funds 14 mil Payb Usd 2 23662 5/31/22 -2.96 Ava Wtd Price Morningstar Rating™ 3\* 4\* 4\* Sector Weightings Stocks % Re Std Index Morningstar Risk High +Avg High **℃** Cyclical Morningstar Return Avg +Avg +Avg Credit Quality Breakdown 12-31-2015 Rond % Basic Materials AAA 10.86 10 Yr 3 Yr 5 Yr æ Consumer Cyclical AA 13.96 Standard Deviation 6.26 6.78 8.56 Financial Services Α 15.64 Mean -0.09 3.32 5.57 ♠ Real Estate BBB 27.39 Sharpe Ratio 0.01 0.51 0.54 BB w Sensitive 16.04 В 5.77 Communication Services MPT Statistics Standard Index Best Fit Index Alpha -3.011.09 Energy Beta 1.45 Industrials 9.24 R-Squared 46.85 Technology Regional Exposure Stock % Rel Std Index 12-Month Yield 3 78% Defensive Potential Cap Gains Exp -2.93% Consumer Defensive Greater Europe Healthcare Greater Asia Utilities Operations Family: Prudential Investments Base Currency USD Purchase Constraints Manager Multiple Ticker PZTRX 03-17-1997 Incept:

©2016 Morningstar All Rights Reserved. The information, data, analyses and opinions contained herein [1] include the confidential and proprietary information of Morningstar, [2] may include, or be derived from, account information provided by your financial advisor which cannot be verified by Morningstar, [3] may not be copied or expected to the constitute investment advice offered by Morningstar, [6] are provided solely for informational purposes and therefore are not an offer to buy or sell as executive, and [6] are not warranted to be correct, complete or accurate. Except as otherwise required by law, Morningstar shall not be responsible for an trading decisions, damages or other losses resulting from, or related to, this information, data, analyses or opinions or their use. This report is supplemental sales literature. If applicable it must be preceded or accompanie by a prospectur, or equivalent, and disclosure statement.

Minimum Initial Purchase

Min Auto Investment Plan

13 4 Years

Worldwide Bond

Tenure

Objective



MF

\$320.88 mil

SD

Type

**Total Assets** 

#### Overall Morningstar Rating™ Standard Index **Touchstone Ultra Short Dur** Category Index Morningstar Cat Barclays US Agg Barclays Govt/Corp US OE Ultrashort Bond \*\*\*\* F/I Y (USD) 121 US OE Ultrashort Bond Bond TR USD 1 Yr Duration TR USD Performance 01-31-2016 Investment Style Fixed-Income 1st Qtr 2nd Qtr 4th Qtr Quarterly Returns 3rd Qtr Total % 92 82 73 85 85 75 78 Bond % 2014 0.40 0.28 0.14 0.02 0.85 100k BOk 2015 Growth of \$10,000 0.25 0.26 0.03 0.11 0.65 2016 0.24 Touchstone Ultra Short Dur 40k Trailing Returns 3 Yr 5 Yr 10 Yr 1 Yr Incept 12,721 Load-adi Mthly 0.78 0.78 1.00 Category Average 20k Std 12-31-2015 0.65 0.95 11.402 Standard Index Total Return 0.78 0.78 1.15 2.12 1.00 16,149 +/- Std Index 0.94 -1.36 -2.36 -254 +/- Cat Index 0.37 0.36 0.65 0.18 4k % Rank Cat 6 21 21 5 Performance Quartile No. in Cat 144 121 78 59 01-16 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 Subsidized Unsubsidized 9.44 9.37 9.29 9.30 NAV/Price 9.54 7-day Yield 293 5.31 4 69 3.34 1 73 1 50 0.54 1 93 0.77 0.85 0.65 0.24 Total Return % 30-day SEC Yield 1.25 1.16 0.50 0 98 -2 28 -4.70 -2 59 -481 -6.35 -2.28 2.79 -5.12 0.10 -1.13 +/- Standard Index Performance Disclosure 0.42 0.71 1.69 -1.25 -3.35 0.52 0.80 0.42 1.35 0.50 0.31 -0.02 +/- Category Index The Overall Morningstar Rating is based on risk-adjusted returns, 22 12 12 % Rank Cat derived from a weighted average of the three-, five-, and 10-year 137 147 148 155 No of Funds in Cat (if applicable) Morningstar metrics The performance data quoted represents past performance and Portfolio Analysis 12-31-2015 does not guarantee future results. The investment return and Share Chg Share Holdings % Net Asset Allocation % 09:30:2015 Net % Long % Short % principal value of an investment will fluctuate, thus an investor's since O Total Stocks , 322 Total Fixed-Income. Assets shares, when sold or redeemed, may be worth more or less than Cash 31.65 31.65 0.00 09-2015 132% Turnover Ratio US Stocks their original cost 0.00 0.00 0.00 Dun & Bradstreet Corp Del New 3 25% 7 mil 1.27 Current performance may be lower or higher than return data Non-US Stocks 0.00 0.00 0.00 Santander Drive Auto 2013-1 1.76% 1.22 救 quoted herein. For performance data current to the most recent Bonds 68.35 68.35 0.00 month-end, please call 800-543-0407 or visit 6 mil Santander Drive Auto 2013-2 1 95% 1.18 Other/Not Clsfd 0.00 0.00 0.00 档 www.touchstoneinvestments.com **(** 6 mil Hyundai Auto Recv Tr 2012-A 2.61% 1.11 Total 100.00 100.00 0.00 Fees and Expenses 6 mil Bluevirgo Tr 2015-1 3% 1.07 拉 **Equity Style Portfolio Statistics** Rel Sales Charges GNMA FRN 6 mil 1.07 Cat Θ Front-End Load % NA P/E Ratio TTM Ge Equip Small Tckt 2014-1 0.95% 6 mil 1.07 4 Deferred Load % NA P/C Ratio TTM 5 mil Cd 2006-Cd3 Mta Tr CMO 5.648% 袋 1.00 P/B Ratio TTM ĕ 5 mil Great Amer Lease Rec 2015-1 2.816% 0.98 \* Fund Expenses Geo Avg Mkt Cap ř Amer Cr Accept Recv Tr 2015-3 1.95% 0.96 拉 Management Fees % 0.25 Americredit Auto Rec 2012-1 4,72% 0.96 12b1 Expense % NΑ 5 mil Fixed-Income Style Comm Mtg Tr 2012-9w57 CMO 2.3646% Gross Expense Ratio % 0.48 \*\*\* 0.95 Avg Eff Maturity 5 mil Overseas Private Inv 0.95 **Risk and Return Profile** Avg Eff Duration 0.70 5 mil Springleaf Mtg Ln Tr 2013-1 CMO 0.95 3 Yr 5 Yr 10 Yr Avg Wtd Coupon 2.56 Hyatt Hotel Port Tr 2015-Hyt CMO 121 funds ř 0.94 78 funds 59 funds Avg Wtd Price 99 94 Morningstar Rating 4\* 44 44 Sector Weightings Stocks % Rel Std Index Morningstar Risk -Avg -Avg -Avg **℃** Cyclical Morningstar Return +Avg +Avg +Avg Credit Quality Breakdown 12-31-2015 Bond % Basic Materials 47.73 AAA 3 Yr 5 Yr 10 Yr æ Consumer Cyclical AA 14.10 Standard Deviation 0.29 0.33 1.06 Financial Services Α 18.14 Mean 0.78 1.15 2.12 ♠ Real Estate 13.97 BBB Sharpe Ratio 2.49 3.32 0.96 BB 0.06 w Sensitive Communication Services В 0.00 MPT Statistics Standard Index Best Fit Index Alpha 0.60 Below B 0.23 Energy Beta 0.06 Industrials NR 5.77 R-Squared 37.72 Technology Rel Std Index Regional Exposure Stock % 12-Month Yield 1.53% Defensive Americas Potential Cap Gains Exp -5.19% Consumer Defensive Greater Europe • Healthcare Greater Asia Utilities Operations Family: Touchstone Ticker: TSYYX incent 04-16-2012 Multiple Minimum Initial Purchase: \$2,500 Manager Type: MF Tenure 7.3 Years Min Auto Investment Plan: Total Assets \$524.91 mil \$100 Objective: Government Bond - General Minimum IRA Purchase: \$1,000 USD Base Currency: Purchase Constraints: Α

©2016 Morningstar All Rights Reserved The information, data, analyses and opinions contained herein (1) include the confidential and proprietary information of Morningstar, (2) may include, or be derived from, account information provided by your linancial advisor which cannot be verified by Morningstar (3) may not be copied or redistributed, (4) do not constitute investment advice offered by Morningstar, (5) are provided solely for informational proposes and therefore are not an office to buy or sell a security, and (6) are not verametal to be correct, compress and therefore are not an office to buy or sell a security, and (6) are not verametal to be correct, compress and therefore a contract Except as otherwise required by law. Morningstar, (12) may include, or be derived by the information of the properties of the properties



Release date 01-31-2016

## Standardized and Tax Adjusted Returns Disclosure Statement

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end please visit http://advisor.morningstar.com/familyinfo.asp

An investment in a money-market vehicle is not insured or guaranteed by the FDIC or any other government agency. The current yield quotation reflects the current earnings of the money market more closely than the total return quotation. Although money markets seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in them.

Standardized Returns assume reinvestment of dividends and capital gains. They depict performance without adjusting for the effects of taxation, but are adjusted to reflect sales charges and ongoing fund expenses.

If adjusted for taxation, the performance quoted would be significantly reduced. For variable annuities, additional expenses will be taken into account, including M&E risk charges, fund-level expenses such as management fees and operating fees, contract-level administration fees, and charges such as surrender, contract, and sales charges.

After-tax returns are calculated using the highest individual federal marginal income tax rates, and do not reflect the impact of state and local taxes. Actual after-tax returns depend on the investor's tax situation and may differ from those shown. The after-tax returns shown are not relevant to investors who hold their fund shares through tax-deferred arrangements such as 401(k) plans or an IRA. After-tax returns exclude the effects of either the alternative minimum tax or phase-out of certain tax credits. Any taxes due are as of the time the distributions are made, and the taxable amount and tax character of each distribution are as specified by the fund on the dividend declaration date. Due to foreign tax credits or realized capital losses, after-tax returns may be greater than before-tax returns. After-tax returns for exchange-traded funds are based on net asset value.

Annualized returns 12-31-2015			101 H 1 3							
Standardized Returns (%)	7-day Yield Subsidized	7-day Yield Unsubsidized	1Yr	5Yr	10Yr	Since Inception	Inception Date	Max Front Load %	Max Back Load %	Gross Exp Ratio 9
BlackRock Strategic Income Opps Instl	_	_	-0,30	3.14	_	4.42	02-05-2008	NA	NA	0.80
Janus Flexible Bond I		·	0.11	3.88	_	5.27	07-06-2009	NA	NA	0.57
Oppenheimer Senior Floating Rate Y	77777	_	-1.83	3.34	4.02	4.06	11-28-2005	NA	NA	0.83
Parnassus Endeavor Fund	-	-	3.23	14.01	11.61	11.21	04-29-2005	NA	NA	1.02
PIMCO Income P	7777	<del>-</del>	2.53	8.33		9.45	04-30-2008	NA	NA	0.5
Prudential Global Total Return Z	-	_	-2.99	3.25	5.58	5.04	03-17-1997	NA	NA	0.98
Touchstone Ultra Short Dur F/I Y	-	-	0.65	_		0.95	04-16-2012	NA	NA	0.48
Barclays Govt/Corp 1 Yr Duration TR USD			0.34	0.46	1,94	_	_			
Barclays US Agg Bond TR USD			0.55	3.25	4.51	2	_			
Barclays US Universal TR USD			0.43	3.46	4.67					
BofAML USD LIBOR 3 Mon CM			0.23	0.31	1.72	_	_			
Citi WGBI NonUSD USD			-5.54	-1.30	3.05	-	-			
MSCI EAFE NR USD			-0.81	3.60	3.03	-	_			
Russell 1000 Growth TR USD			5.67	13.53	8.53	_	_			
S&P 500 TR USD			1.38	12.57	7.31	_	-			
S&P/LSTA Leveraged Loan TR			-0.69	3.41	4.31	_	_			
USTREAS T-Bill Auction Ave 3 Mon			0.05	0.06	1.18					

Return after Tax (%)	On Distribution	n				On Distributio	n and Sales of Shares		
	1Yr	5Yr	10Yr	Since Inception	Inception Date	1Yr	5Yr	10Yr	Since Inception
BlackRock Strategic Income Opps Instl	-1.64	1.74	_	2.65	02-05-2008	-0.16	1.84	_	2.70
Janus Flexible Bond I	-1.02	2.40	_	3.58	07-06-2009	0.07	2.46	_	3.50
Oppenheimer Senior Floating Rate Y	-3.80	1.29	1.65	1.69	11-28-2005	-1.00	1.73	2.13	2.16
Parnassus Endeavor Fund	0.93	12.36	10.48	10.15	04-29-2005	3.76	11.19	9.54	9.23
PIMCO Income P	-0.72	5.48	_	6.63	04-30-2008	1.45	5.25	_	6.23
Prudential Global Total Return Z	-4.53	1.55	3.40	2.60	03-17-1997	-1.68	1.81	3.50	2.85
Touchstone Ultra Short Dur F/I Y	-0.01	_	_	0.23	04-16-2012	0.37	_	_	0.42

©2016 Morningstar: All Rights Reserved. The Information, data, analyses and opinions contained herein [1] include the confidential and proprietary information of Morningstar; [2] may include, or be derived from, account information provided by your linancial advisor which cannot be verified by Morningstar; [3] may not be copied or redistributed, [4] do not constitute investment advice offered by Morningstar; [3] are provided solely for informational purposes and therefore are not an offer to buy or sell as esecurity, and [6] are not vertainted to be correct, compared as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, this information, data, analyses or opinions or their use. This report is supplemental sales literature. If applicable it must be preceded or accompanied by a prospecture, or equivalent, and discisiours statement.



# Mutual Fund Detail Report Disclosure Statement

The Mutual Fund Detail Report is to be used as supplemental sales literature, and therefore must be preceded or accompanied by the fund's current prospectus and a disclosure statement. Please read the prospectus carefully. In all cases, this disclosure statement should accompany the Mutual Fund Detail Report. Morningstar is not itself a FINRA-member firm. Portfolio information is based on the most recent information available to Morningstar.

#### **Pre-inception Returns**

The analysis in this report may be based, in part, on adjusted historical returns for periods prior to the fund's actual inception. These calculated returns reflect the historical performance of the oldest share class of the fund, adjusted to reflect the fees and expenses of this share class. These fees and expenses are referenced in the report's Performance section.

When pre-inception data are presented in the report, the header at the top of the report will indicate this. In addition, the pre-inception data included in the report will appear in italics.

While the inclusion of pre-inception data provides valuable insight into the probable long-term behavior of newer share classes of a fund, investors should be aware that an adjusted historical return can only provide an approximation of that behavior. For example, the fee structures of a retail share class will vary from that of an institutional share class, as retail shares tend to have higher operating expenses and sales charges. These adjusted historical returns are not actual returns. Calculation methodologies utilized by Morningstar may differ from those applied by other entities, including the fund itself.

### Performance

The performance data given represents past performance and should not be considered indicative of future results. Principal value and investment return will fluctuate, so that an investor's shares, when redeemed, may be worth more or less than the original investment. Fund portfolio statistics change over time. The fund is not FDIC-insured, may lose value and is not guaranteed by a bank or other financial institution.

Total Return and Quarterly Return reflects performance without adjusting for sales charges or the effects of taxation, but is adjusted to reflect all actual ongoing fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

Standardized Return is reflected as of the quarter-end. It depicts performance without adjusting for the effects of taxation, but is adjusted for sales charges and all ongoing fund expenses, and assumes reinvestment of dividends and capital gains. If adjusted for the effects of taxation, the performance quoted would be reduced. The sales charge used in the calculation was obtained from the fund's most recent prospectus and/or shareholder report available to Morningstar. Standardized Returns never include pre-inception history.

Load-Adjusted Monthly Return is calculated applying the same methodology as Standardized Returns, except that it represents return through month-end. As with Standardized Returns, it reflects the impact of sales charges and ongoing fund expenses, but not taxation. If adjusted for the effects of taxation, the performance quoted would be significantly reduced.

Morningstar % Rank within Morningstar Category does not account for a fund's

sales charge (if applicable). Rankings will not be provided for periods less than one year.

#### **Growth of 10,000**

This graph compares the growth of an investment of 10,000 (in the base currency of the fund) with that of an index and with that of the average for all funds in its Morningstar category. The total returns are not adjusted to reflect sales charges or the effects of taxation, but are adjusted to reflect actual ongoing fund expenses, and assume reinvestment of dividends and capital gains. If adjusted, sales charges would reduce the performance quoted. The index is an unmanaged portfolio of specified securities and cannot be invested in directly. The index and the category average do not reflect any initial or ongoing expenses. A fund's portfolio may differ significantly from the securities in the index. The index is chosen by Morningstar.

If pre-inception data is included in the analysis, it will be graphed.

#### Risk and Return

The Morningstar Rating is calculated for funds with at least a three-year history. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. The Overall Morningstar Rating for a mutual fund is derived from a weighted average of the performance figures associated with its three-, five-and 10-year (if applicable) Morningstar Rating metrics.

Please note that some Morningstar proprietary calculations, including the Morningstar Rating, may be calculated based on adjusted historical returns (preinception returns). If the extended performance rating is in effect, the "stars" are represented as unshaded stars. For each mutual fund with at least a three-year history, Morningstar calculates a Morningstar Rating based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's adjusted monthly performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. This investment's independent Morningstar Rating metric is then compared against the open-end mutual fund universe's actual performance breakpoints to determine its extended performance rating. The Overall Morningstar Rating for a mutual fund is derived from a weighted average of the actual performance figures associated with its three-, five- and 10-year (if applicable) Morningstar Rating metrics

Morningstar Return rates a mutual fund's performance relative to other funds in its Morningstar Category. It is an assessment of a fund's excess return over a risk-free rate (the return of the 90-day Treasury Bill), after adjusting for all applicable loads and sales charges, in comparison with the mutual funds in its Morningstar Category. In each Morningstar Category, the top 10% of funds earn a High Morningstar Return (HIGH), the next 22.5% Above Average (+AVG), the middle 35% Average (AVG), the next 22.5% Below Average (-AVG), and the bottom 10% Low (LOW). Morningstar Return is measured for up to three time periods (three-, five-, and 10 years). These separate measures are then weighted and averaged to produce an overall measure for the mutual fund. Funds with less than three years of performance history are not rated.

Morningstar Risk evaluates a mutual fund's downside volatility relative to that of other funds in its Morningstar Category. It is an assessment of the variations in a fund's monthly returns, with an emphasis on downside variations, in comparison with the mutual funds in its Morningstar Category. In each Morningstar Category, the 10% of funds with the lowest measured risk are

©2016 Morningstar. All Rights Reserved. The information, data, analyses and opinions contained herein (1) include the confidential and proprietary information of Morningstar. (2) may include, or be derived from, account information provided by your financial advisor which cannot be verified by Morningstar. (3) may not be copied or redistributed, (4) do not constitute investment advice offered by Morningstar. (5) are provided solely for informational purposes and therefore are not an offer to buy or sell a security, and (ii) are not warranted to be correct, complete or accurate Except as otherwise required by law. Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, this information, data, analyses or opinions or their use. This report is supplemental sales literature. If applicable it must be preceded or accompanied by a prospecture, or equivalent, and disclosure statement.



Release date 01-31-2016 Page 10 of 13

described as Low Risk (LOW), the next 22.5% Below Average (-AVG), the middle 35% Average (AVG), the next 22.5% Above Average (+AVG), and the top 10% High (HIGH). Morningstar Risk is measured for up to three time periods (three-five-, and 10 years). These separate measures are then weighted and averaged to produce an overall measure for the mutual fund. Funds with less than three years of performance history are not rated.

If pre-inception data is included in the analysis, it will be graphed.

#### Morningstar Analyst Rating

The Morningstar Analyst Rating is not a credit or risk rating. It is a subjective evaluation performed by the mutual fund analysts of Morningstar, Inc. Morningstar evaluates funds based on five key pillars, which are process, performance, people, parent, and price. Morningstar's analysts use this five pillar evaluation to identify funds they believe are more likely to outperform over the long term on a risk-adjusted basis. Analysts consider quantitative and qualitative factors in their research, and the weighting of each pillar may vary. The Analyst Rating ultimately reflects the analyst's overall assessment and is overseen by Morningstar's Analyst Rating Committee. The approach serves not as a formula but as a framework to ensure consistency across Morningstar's global coverage universe.

The Analyst Rating scale ranges from Gold to Negative, with Gold being the highest rating and Negative being the lowest rating. A fund with a Gold rating distinguishes itself across the five pillars and has garnered the analysts' highest level of conviction. A fund with a Silver rating has notable advantages across several, but perhaps not all, of the five pillars-strengths that give the analysts a high level of conviction. A Bronze-rated fund has advantages that outweigh the disadvantages across the five pillars, with sufficient level of analyst conviction to warrant a positive rating. A fund with a Neutral rating isn't seriously flawed across the five pillars, not does it distinguish itself very positively. A Negative rated fund is flawed in at least one if not more pillars and is considered an inferior offering to its peers. Analyst Ratings are reevaluated at least every 14 months.

For more detailed information about Morningstar's Analyst Rating, including its methodology, please go to http://corporate.morningstar.com/us/documents/MethodologyDocuments/AnalystRatingforFundsMethodology.pdf.

The Morningstar Analyst Rating should not be used as the sole basis in evaluating a mutual fund. Morningstar Analyst Ratings are based on Morningstar's current expectations about future events; therefore, in no way does Morningstar represent ratings as a guarantee nor should they be viewed by an investor as such. Morningstar Analyst Ratings involve unknown risks and uncertainties which may cause Morningstar's expectations not to occur or to differ significantly from what we expected.

#### **Risk Measures**

The risk measures below are calculated for funds with at least a three- year history.

Standard deviation is a statistical measure of the volatility of the fund's returns.

Mean represents the annualized geometric return for the period shown.

The Sharpe ratio uses standard deviation and excess return to determine reward per unit of risk,

Alpha measures the difference between a fund's actual returns and its expected performance, given its level of risk (as measured by beta). Alpha is often seen as a measure of the value added or subtracted by a portfolio manager.

Beta is a measure of a fund's sensitivity to market movements. A portfolio with a beta greater than 1 is more volatile than the market, and a portfolio with a beta less than 1 is less volatile than the market.

R-squared reflects the percentage of a fund's movements that is explained by movements in its benchmark index, showing the degree of correlation between the fund and the benchmark. This figure is also helpful in assessing how likely it is that alpha and beta are statistically significant.

Best fit index: Alpha, beta, and R-squared statistics are presented for a broad market index and a "Best fit" index. The Best-Fit index identified in this report was determined by Morningstar by calculating R-squared for the fund against approximately 100 indexes tracked by Morningstar. The index representing the highest R-squared is identified as the best-fit index. The best-fit index may not be the fund's benchmark, nor does it necessarily contain the types of securities that may be held by the fund.

Risk measures calculated using pre-inception data, if included in the analysis, will be presented in italics.

#### **Asset Allocation**

The weighting of the portfolio in various asset classes, including "Other" is shown in the table. "Other" includes security types that are not neatly classified in the other asset classes, such as convertible bonds and preferred stocks.

In the table, allocation to the classes is shown for long positions, short positions, and net (long positions net of short) positions. These statistics summarize what the managers are buying and how they are positioning the portfolio. When short positions are captured in these portfolio statistics, investors get a more robust description of the funds' exposure and risk.

Most managed product portfolios hold fairly conventional securities, such as long positions in stocks and bonds. Other portfolios use other investment strategies or securities, such as short positions or derivatives, to reduce transaction costs, enhance returns, or reduce risk. Some of these securities and strategies behave like conventional securities, while others have unique return and risk characteristics.

Most portfolios take long positions in securities. Long positions involve buying the security outright and then selling it later, with the hope that the security price rises over time. In contrast, short positions are taken to benefit from anticipated price declines. In this type of transaction, the investor borrows the security from another investor, sells it and receives cash, and then is obligated to buy it back at some point in the future. If the price falls after the short sale, the investor will have sold high and can now buy low to close the short position and lock in a profit. However, if the price of the security increases after the short sale, the investor will experience losses by buying it at a higher price than the sale price.

The strategy of selling securities short is prevalent in specialized portfolios, such as long-short, market-neutral, bear-market, and hedge funds. Most conventional portfolios do not typically short securities, although they may reserve the right to do so under special circumstances. Funds may also short derivatives, and this is sometimes more efficient than shorting individual securities. Short positions produce negative exposure to the security that is being shorted. This means that when the security rises in value, the short position will fall in value and vice versa. Morningstar's portfolio statistics will capture this negative exposure. For example, if a fund has many short stock positions, the percent of assets in stocks in the asset allocation breakdown may be negative. Funds must provide their broker with cash collateral for the short position, so funds that short often have a large cash position, sometimes even exceeding 100% cash.

©2016 Morningstar All Rights Reserved. The information, data, analyses and opinions contained herein [1] include the confidential and proprietary information of Morningstar, [2] may include, or be derived from, account information provided by your financial advisor which cannot be verified by Morningstar, [3] may not be copied or redistributed, [4] do not constitute investment advice offered by Morningstar, [5] are provided solely for informational purposes and therefore are not an office to buy or sell a security, and [6] are not worranted to be correct, complete or accurate. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, this information, data, analyses or epinions or their use. This report is supplemental sales literature. If applicable it must be preceded or accompanied by a prospectua, or equivalent, and disclosure statement.



Note that all other portfolio statistics presented in this report are based on the long holdings of the fund only.

#### Style Analysis

The Morningstar Style Box reveals a fund's investment style as of the date noted on this report.

For equity funds the vertical axis shows the market capitalization of the stocks owned and the horizontal axis shows investment style (value, blend, or growth).

For fixed-income funds, the vertical axis shows the credit quality of the bonds owned and the horizontal axis shows interest rate sensitivity as measured by a bond's effective duration.

Morningstar seeks credit rating information from fund companies on a periodic basis (e.g., quarterly). In compiling credit rating information Morningstar accepts credit ratings reported by fund companies that have been issued by all Nationally Recognized Statistical Rating Organizations (NRSROs). For a list of all NRSROs, please visit

http://www.sec.gov/divisions/marketreg/ratingagency.htm. Additionally, Morningstar accepts foreign credit ratings from widely recognized or registered rating agencies. If two rating organizations/agencies have rated a security, fund companies are to report the lower rating; if three or more organizations/agencies have rated a security, fund companies are to report the median rating, and in cases where there are more than two organization/agency ratings and a median rating does not exist, fund companies are to use the lower of the two middle ratings. PLEASE NOTE: Morningstar, Inc. is not itself an NRSRO nor does it issue a credit rating on the fund. An NRSRO or rating agency

ratings can change from time-to-time.

For credit quality, Morningstar combines the credit rating information provided by the fund companies with an average default rate calculation to come up with a weighted-average credit quality. The weighted-average credit quality is currently a letter that roughly corresponds to the scale used by a leading NRSRO. Bond funds are assigned a style box placement of "low", "medium", or "high" based on their average credit quality. Funds with a low credit quality are those whose weighted-average credit quality is determined to be less than "BBB-"; medium are those less than "AA-", but greater or equal to "BBB-"; and high are those with a weighted-average credit quality of "AA-" or higher. When classifying a bond portfolio, Morningstar first maps the NRSRO credit ratings of the underlying holdings to their respective default rates (as determined by Morningstar's analysis of actual historical default rates). Morningstar then averages these default rates to determine the average default rate for the entire bond fund. Finally, Morningstar maps this average default rate to its corresponding credit rating along a convex curve.

For interest-rate sensitivity, Morningstar obtains from fund companies the average effective duration. Generally, Morningstar classifies a fixed-income fund's interest-rate sensitivity based on the effective duration of the Morningstar Core Bond Index (MCBI), which is currently three years. The classification of Limited will be assigned to those funds whose average effective duration is between 25% to 75% of MCBI's average effective duration; funds whose average effective duration is between 75% to 125% of the MCBI will be classified as Moderate; and those that are at 125% or greater of the average effective duration of the MCBI will be classified as Extensive.

For municipal bond funds, Morningstar also obtains from fund companies the average effective duration. In these cases static breakpoints are utilized. These breakpoints are as follows: (i) Limited: 4.5 years or less; (ii) Moderate: more than 4.5 years but less than 7 years; and (iii) Extensive: more than 7 years. In addition, for non-US taxable and non-US domiciled fixed income funds static duration breakpoints are used: (i) Limited: less than or equal to 3.5 years; (ii)

Moderate: greater than 3.5 and less than equal to 6 years; (iii) Extensive: greater than 6 years.

#### **Equity Portfolio Statistics**

The referenced data elements below are a weighted average of the long equity holdings in the portfolio.

The Price/Earnings ratio is a weighted average of the price/earnings ratios of the stocks in the underlying fund's portfolio. The P/E ratio of a stock is calculated by dividing the current price of the stock by its trailing 12-months' earnings per share. In computing the average, Morningstar weights each portfolio holding by the percentage of equity assets it represents.

The Price/Cash Flow ratio is a weighted average of the price/cash-flow ratios of the stocks in a fund's portfolio. Price/cash-flow shows the ability of a business to generate cash and acts as a gauge of liquidity and solvency.

The Price/Book ratio is a weighted average of the price/book ratios of all the stocks in the underlying fund's portfolio. The P/B ratio of a company is calculated by dividing the market price of its stock by the company's per-share book value. Stocks with negative book values are excluded from this calculation.

The geometric average market capitalization of a fund's equity portfolio offers a measure of the size of the companies in which the mutual fund invests.

#### **Fixed-Income Portfolio Statistics**

The referenced data elements below are a weighted average of the long fixed income holdings in the portfolio.

Duration is a time measure of a bond's interest rate sensitivity. Average effective duration is a weighted average of the duration of the underlying fixed income securities within the portfolio.

Average effective maturity is a weighted average of all the maturities of the bonds in a portfolio, computed by weighting each maturity date by the market value of the security.

Average weighted coupon is generated from the fund's portfolio by weighting the coupon of each bond by its relative size in the portfolio. Coupons are fixed percentages paid out on a fixed-income security on an annual basis.

Average weighted price is generated from the fund's portfolio by weighting the price of each bond by its relative size in the portfolio. This number reveals if the fund favors bonds selling at prices above or below face value (premium or discount securities, respectively). A higher number indicates a bias toward premiums. This statistic is expressed as a percentage of par (face) value.

Credit quality breakdowns are shown for corporate-bond holdings and depict the quality of bonds in the underlying portfolio. The report shows the percentage of fixed-income securities that fall within each credit quality rating as assigned by an NRSRO. Bonds not rated by an NRSRO are included in the not rated (NR) category.

Turnover Ratio is a decent proxy for how frequently a manager trades his or her portfolio. The inverse of a fund's turnover ratio is the average holding period for a security in the fund. As turnover increases, a fund's brokerage costs typically rise as well.

#### Operations

Purchase constraints denote if a mutual fund has any of the following qualities: Qualified Access (A), Institutional (T), Closed to New Investments, (C) or Closed

©2016 Morningstar All Riights Reserved The information, data, analyses and opinions contained herein [1] include the confidential and proprietary information of Morningstar, [2] may include, or be derived from, account information provided by your financial advisor which cannot be verified by Morningstar, [3] may not be copied or endestrobled. [4] of not constitute investment advice offered by Morningstar, [5] are provided solely for informational purposes and therefore are not an offered to bey or sell as execute, and [6] are not warranted to be correct, complete or accurate. Except as otherwise required by law, Morningstar shall not be responsible for an utading decisions, damages or other losses resulting from, or related to, this information, data, analyses or opinions or their use. This report is supplemental sales literature. If applicable it must be preceded or accompanies by a prospecture, or equivalent, and disciouser statement.



to All Investments (L). Because these qualities can all act as restrictions and/or requirements for investment, they are grouped together.

Potential capital gains exposure is the percentage of a mutual fund's total assets that represents capital appreciation.

#### Fees and Expenses

Prospectus Gross Expense Ratio reflects the annual percentage of a fund's assets paid out in expenses. Expenses include management, 12B-1, transfer agent and all other asset-based fees associated with the fund's daily operations and distribution, with the exception of brokerage commissions. It does not reflect expenses that have been reimbursed by the investment advisor, reductions from brokerage service arrangements or other expense offset arrangements.

Prospectus Net Expense Ratio reflects actual expenses paid by the fund as well as any voluntary waivers, reductions from brokerage service arrangements and any other expense offset arrangements.

## **Investment Risks**

International/Emerging Market Equities: Investing in international securities involves special additional risks. These risks include, but are not limited to, currency risk, political risk, and risk associated with varying accounting standards. Investing in emerging markets may accentuate these risks.

Sector Strategies: Portfolios that invest exclusively in one sector or industry involve additional risks. The lack of industry diversification subjects the investor to increased industry-specific risks.

Non-Diversified Strategies: Portfolios that invest a significant percentage of assets in a single issuer involve additional risks, including share price fluctuations, because of the increased concentration of investments.

Small Cap Equities: Portfolios that invest in stocks of small companies involve additional risks. Smaller companies typically have a higher risk of failure, and are not as well established as larger blue-chip companies. Historically, smaller-company stocks have experienced a greater degree of market volatility than the overall market average.

Mid Cap Equities: Portfolios that invest in companies with market capitalization below \$10 billion involve additional risks. The securities of these companies may be more volatile and less liquid than the securities of larger companies.

High-Yield Bonds: Portfolios that invest in lower-rated debt securities (commonly referred to as junk bonds) involve additional risks because of the lower credit quality of the securities in the portfolio. The investor should be aware of the possible higher level of volatility, and increased risk of default.

Tax-Free Municipal Bonds: The investor should note that the income from taxfree municipal bond funds may be subject to state and local taxation and the Alternative Minimum Tax.

Bonds: Bonds are subject to interest rate risk. As the prevailing level of bond interest rates rise, the value of bonds already held in a portfolio declines. Portfolios that hold bonds are subject to declines and increases in value due to general changes in interest rates.

HOLDRs: The investor should note that these are narrow industry-focused products that, if the industry is hit by hard times, will lack diversification and

possible loss of investment would be likely. These securities can trade at a discount to market price, ownership is of a fractional share interest, the underlying investments may not be representative of the particular industry, the HOLDR might be delisted from the AMEX if the number of underlying companies drops below nine, and the investor may experience trading halts.

Hedge Funds: The investor should note that hedge fund investing involves specialized risks that are dependent upon the type of strategies undertaken by the manager. This can include distressed or event-driven strategies, long/short strategies, using arbitrage (exploiting price inefficiencies), international investing, and use of leverage, options and/or derivatives. Although the goal of hedge fund managers may be to reduce volatility and produce positive absolute return under a variety of market conditions, hedge funds may involve a high degree of risk and are suitable only for investors of substantial financial means who could bear the entire loss of their investment.

Bank Loan/Senior Debt: Bank loans and senior loans are impacted by the risks associated with fixed income in general, including interest rate risk and default risk. They are often non-investment grade; therefore, the risk of default is high. These securities are also relatively illiquid. Managed products that invest in bank loans/senior debt are often highly leveraged, producing a high risk of return volatility.

Exchange Traded Notes (ETNs): ETNs are unsecured debt obligations. Any repayment of notes is subject to the issuer's ability to repay its obligations. ETNs do not typically pay interest.

Leveraged ETFs: Leveraged investments are designed to meet multiples of the return performance of the index they track and seek to meet their fund objectives on a daily basis (or other time period stated within the prospectus objective). The leverage/gearing ratio is the amount of excess return that a leveraged investment is designed to achieve in comparison to its index performance (i.e. 200%, 300%, -200%, or -300% or 2X, 3X, -2X, -3X). Compounding has the ability to affect the performance of the fund to be either greater or less than the index performance multiplied by the multiple stated within the funds objective over a stated time period.

Short Positions: When a short position moves in an unfavorable way, the losses are theoretically unlimited. The broker may demand more collateral and a manager might have to close out a short position at an inopportune time to limit further losses

Long-Short: Due to the strategies used by long-short funds, which may include but are not limited to leverage, short selling, short-term trading, and investing in derivatives, these funds may have greater risk, volatility, and expenses than those focusing on traditional investment strategies.

Liquidity Risk: Closed-end fund, ETF, and HOLDR trading may be halted due to market conditions, impacting an investor's ability to sell a fund.

Market Price Risk: The market price of ETFs, HOLDRs, and closed-end funds traded on the secondary market is subject to the forces of supply and demand and thus independent of the NAV. This can result in the market price trading at a premium or discount to the NAV, which will affect an investor's value.

Market Risk: The market prices of ETFs and HOLDRs can fluctuate as a result of several factors, such as security-specific factors or general investor sentiment. Therefore, investors should be aware of the prospect of market fluctuations and the impact it may have on the market price.

Target-Date Funds: Target-date funds typically invest in other mutual funds and are designed for investors who are planning to retire during the target date year.

©2016 Morningstar All Rights Reserved The information, data, analyses and opinions contained herein (1) include the confidential and proprietary information of Morningstar, (2) may include, or be derived from, account information provided by your financial advisor which cannot be verified by Morningstar, (3) may not be copied or redistributed, (4) do not constitute investment advice offered by Morningstar, (5) are provided solely for informational purposes and therefore are not an offer to buy or set all escentry, and (5) are not worranted to be correct, compropose and therefore are not an offer to buy or set all escentry, and (5) are not worranted to be correct, compared as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, this information, data, analyses or opinions or their use. This report is supplemental sales literature. If applicable it must be preceded or accompanied by a prospectus, or equivalent, and disclosure statement.



The fund's target date is the approximate date when investors expect to begin withdrawing their money. A target-date fund's investment objective/strategy typically becomes more conservative over time, primarily by reducing its allocation to equity mutual funds and increasing its allocations in fixed-income mutual funds. An investor's principal value in a target-date fund is not guaranteed at any time, including at the fund's target date.

High double- and triple-digit returns: High double- and triple-digit returns were the result of extremely favorable market conditions, which may not continue to be the case. High returns for short time periods must not be a major factor when making investment decisions.

## **Benchmark Disclosure**

#### **Barclays Govt/Corp 1 Yr Duration TR USD**

Description unavailable.

#### **Barclays US Agg Bond TR USD**

This index is composed of the BarCap Government/Credit Index, the Mortgage-Backed Securities Index, and the Asset-Backed Securities Index. The returns we publish for the index are total returns, which includes the daily reinvestment of dividends. The constituents displayed for this index are from the following proxy: iShares Core US Aggregate Bond.

#### **Barclays US Universal TR USD**

BarCap U.S. Universal Bond Index: The U.S. Universal Index mirrors the increasingly popular "Core Plus" choice set used by many U.S.-dollar investors. It is the union of the U.S. Aggregate Index, the U.S. High Yield Corporate Index, the 144A Index, the Eurodollar Index, the Emerging Markets Index, the non-ERISA portion of the CMBS Index, and the CMBS High Yield Index. Municipal debt, private placements, and non-dollar- denominated issues are excluded from the Universal Index.

#### **BofAML USD LIBOR 3 Mon CM**

The BofA Merrill Lynch USD LIBOR 3 Month Constant Maturity Index represents the London intrabank offered rate (LIBOR) with a constant 3-month average maturity. LIBOR is a composite of the rates of interest at which banks borrow from one another in the London market.

#### Citi WGBI NonUSD USD

A market-capitalization weighted index consisting of the government bond markets of the following countries: Australia, Australia, Belgium, Canada, Denmark, Finland, France, Germany, Italy, Japan, Netherlands, Spain, Sweden, Switzerland, and United Kingdom. Country eligibility is determined based upon market capitalization and investability criteria. The index includes all fixed-rate bonds with a remaining maturity of one year or longer and with amounts outstanding of at least the equivalent of US\$25 million. Government securities typically exclude floating or variable rate bonds.

#### **MSCI EAFE NR USD**

This Europe, Australasia, and Far East index is a market-capitalization-weighted index of 21 non-U.S., industrialized country indexes.

This disclosure applies to all MSCI indices: Certain information included herein is derived by Morningstar in part from MSCI's Index Constituents (the "Index Data"). However, MSCI has not reviewed any information contained herein and does not endorse or express any opinion such information or analysis. MSCI does not make any express or implied warranties, representations or guarantees concerning the Index Data or any information or data derived therefrom, and in

no event will MSCI have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) relating to any use of this information.

#### Russell 1000 Growth TR USD

Tracks the companies within the Russell 1000 with higher price-to-book ratios and higher forecasted growth values. The constituents displayed for this index are from the following proxy: iShares Russell 1000 Growth.

#### S&P 500 TR USD

A market capitalization-weighted index composed of the 500 most widely held stocks whose assets and/or revenues are based in the US; it's often used as a proxy for the stock market. TR (Total Return) indexes include daily reinvestment of dividends. The constituents displayed for this index are from the following proxy: iShares Core S&P 500.

#### **S&P/LSTA** Leveraged Loan TR

Description unavailable.

#### **USTREAS T-Bill Auction Ave 3 Mon**

Three-month T-bills are government-backed, short-term investments considered to be risk-free and as good as cash because the maturity is only three months. Morningstar collects yields on the T-bill on a weekly basis from the Wall Street Journal.

©2016 Morningstar All Rights Reserved. The information, data, analyses and opinions contained herein [1] include the confidential and proprietary information of Morningstar, [2] may include, or be derived from, account information provided by your financial advisor which cannot be verified by Morningstar, [3] are you to be copied or endestinguished, [4] on to constitute investment advice offered by Morningstar, [5] are provided solely for informational purposes and therefore are not an offered to buy or sell as ecurity, and [6] are not warrantied to be correct, complete or accurate. Except as otherwise required by law, Morningstar shall not be responsible for an trading decisions, damages or other losses resulting from, or related to, this information, data, analyses or opinions or their use. This report is supplemental sales literature. If applicable it must be preceded or accompanie by a prospectur, or equivalent, and discribiums statement.



Deutscl Eq (USI		(-tra	ack	ers	MS	CI E	AFE	Не	dge	7U	Overall N **** 681 Foreig	•		M	SCI AC' SA NR (	NI Ex	MSCI A USA NE	.CWI Ex Foreign I	<b>Istar Cat</b> Large Blend
Performance 01	-31-2016				-	H	用	HH	H	FIR	HH			1				investment Style	
Quarterly Returns	1st Otr	2nd Otr	3rd Qtr	4th Qtr	Total %	1-1-1-1	-	-	_	5.5.5.1	- 10100	100	100	99	99	100	100	Equity Stock %	
2014	-0,37	3.27	0.80	1.49	5.26				OH HILL	-							100	0k	
2015	10.48	-2.10	-9.00	6.18	4.50												80i 60i		
2016	_	_		_	-5.73					Control of							401	Deutsche X-tra	
Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept												401	EAFE Hedged E 13,423	=q
Std Mkt 12-31-15		_	_	_	7.87			i				2000					201	0	age
Std NAV 12-31-15	5 4,50	_	_	_	8.35											~~		10,411	_
Mkt Total Ret	-3 00	7,35	_		6.77		OHOUS.	en promo				~				and.	100	Standard Index 9,464	(
NAV Total Ret	-4.21	7.27	_	_	6 82							<b>1</b>						3,404	
+/- Std Index	7.74	9.44	,	_	_														
+/- Cat Index	7.74	9 44	_	_	_			-	_			-	_	_			4k	Performance Quartil	
% Rank Cat	12	1										Ħ						(within category)	0
No. in Cat	18	9	_	_		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	01-16	History	
INO. III Gat	10	3								110.000						-			
		Şu	bs dized	Unsu	ibsid zed	_		_	_	-		_	19,55	26.40	3.46	4.08	-4.01	Mkt Total Ret %	
30-day SEC Yield					-	_		_		-	-	_	18.15	25.90	5.26	4.50	-5.73	NAV Total Ret %	
Performance Disclo						_							1.32	10.61	9.13	10.17	1.07	+/- Standard Index	
The Overall Morning							-		_	-			1.32	10.61	9.13	10:17	1.07	+/- Category Index	
derived from a weigi			three-, fi	ve-, and i	10-year	_ =		-	_	_			30	17	10	8	- 20	% Rank Cat	
(if applicable) Morni The performance da			c naet no	rformane	e and	_ =	_		_	_	_	0.40	18	17	19	28	29	No of Funds in Cat	,
does not guarantee						_	_				() —	0.48	0.50	0.66	0.37	-0.10	_	Avg Prem/Discount %	b
principal value of an						Portfol	ic Analy	sis 12-3	11-2015	FARE		No. of the last of		= 17,5	78 17	7			SINGIF
shares, when sold o	r redeeme	ed, may be	worth m	ore or les	s than		ocation ?			Net %	Long %	Short %	Shar	e Chg	Share	Holdings			% 1
their original cost						Cash				0.01	0.01	0.00	eince		mount	926 Total \$ 12% Turno		Fixed-Income,	Ass
Current performance						US Stoc	ks			0.49	0.49	0.00			3 mil	Nestle S			1.
quoted herein. For pa month-end, please c						Non-US	Stocks			99.37	99.37	0.00				Novartis			1
etfs.com	.611 000 01	.5 5007 01	*1311 1777	**.050136	116	Bonds				0.00	0.00	0.00		75				Dividend Right Ce	1.
Fees and Expens		of Street,	-			Other/N	lot Clsfd			0.13	0.13	0.00	0	/3			Notor Corp	avideno riigiit ce	1.
Fund Expenses	303					Total			1	00 00	100 00	0.00	0	2		,	oldings PLC		1.3
Management Fee	s %				0.35	Equity St	vle	Porti	folio Stat	istics	Port I	Rel Rel							
Expense Ratio %					0.35	Value Bler					Avg Ind	lex Cat					rdisk A/S B		0.9
12b1 Expense %					NA				Ratio TTI Ratio TTI		15.1 1.1 8.5 1.1		_					nk of Australia	0.1
Risk and Return	Desfile		7000		6100			170	Ratio 111		8.5 1.1 1.6 1.1		0	00			merican To	Dacco PLC	0.1
nisk ditu naturii	LIUIIIO	3	Yr	5 Yr	10 Yr		+	Gen	Avg Mkt		32274 1.		$\Theta$	00		Bayer A0 Sanofi S.			0.
		681 fun			12 funds		ì	\$mil					$\Theta$						0
Morningstar Ratin	ng M	5	*	_	_								$\Theta$				r-Busch Inb		0
Momingstar Risk		A	vg	-	_		come Styl		Eff & Anto	elle.			$\Theta$				ithKline PL	С	0
Morningstar Retu	rn	Hiệ	gh	_	_	Ltd Mo	7		Eff Matu Eff Durat			_	$\Theta$			Total SA			0
		3	Y٢	5 Yr	10 Yr		į į		Wtd Cou			_	$\Theta$	2		BP PLC			0:
Standard Deviatio		11.6	64	_	_		3		Wtd Pric			_	$\Theta$		4 mil	Royal Du	tch Shell P	LC Class A	0
Standard Deviatio	on MKT	11.5		_				,					Sect	or Weigh	tinns			Stocks %	Rei Std Ind
Mean NAV		7.3		_	_		ٔ لــــــــــ							Cyclica	-			44.8	0.
Mean MKT		7.3		_	_	Credit Qu	ality Brea	akdown -				Bond %		Basic N				6.9	0.
Sharpe Ratio		0.0	66		_	AAA						_	=	Consum				12.5	1.1
MPT Statistics		Standar	d Index	Best	Fit Index	AA						_		Financia				21.9	0.
VAV					Section 1	A								Real Es				3.6	1.1
Alpha			8.80		_	BBB						_							
Beta			0.79		_	BB						_		Sensiti		0		27.7	0.
R-Squared			74.27			8						_			nication	Services	5	5.3	0.
2-Month Yield					_	Below B						_		Energy	ala			4.7	0.
Potential Cap Gair	ns Exp				_	NR						_	_	Industri				11.9	1,
everaged					No	Regional	Ехпранта			Stock %	Ral	Std Index		Technol				5.9	0.
.everage Type					_	America			,	0.4	*101	0.05		Defensi				27.5	1.
everage %					100.00	Greater				65.0		1.28		Consum		nsive		12.0	1,
-	is Bench	mark	MS	CI EAFE	100%	Greater				34.6		0.85	- 14	Healthc	аге			11.9	1.2
Primary Prospectu			He	edged N	RUSD	nicatel	usia			34.0		0.00		Utilities				36	1.0
rimary Prospectu																			
									DDEE				Pron	n/Discou	int	1.01			
Operations amily:		eutsche /	Asset Ma	anagem	ent	Ticker:			DBEF										
Operations amily: Manager	M	ultiple	Asset Ma	anageme	ent	Incept:			DBEF 06-09-20	011			Mkt	Price		26 0	7		
Operations Family: Manager Fenure:	M 4	ultiple 7 Years		anagem	ent	Incept: Expiration			06-09-20 —				Mkt Base	Price Curren	су	26 0 USD	7		
Operations amily: Manager	M 4 \$1	ultiple		anagem	ent	Incept:			06-09-20				Mkt Base Lega	Price	су	26 0 USD Oper	7	estment Company	

©2016 Morningstar: All Rights Reserved. The information, data, analyses and opinions contained herein [1] include the confidential and proprietary information of Morningstar, [2] may include, or be derived from, account information provided by your financial advisor which cannot be verified by Morningstar, [3] may not be copied or redistributed, [4] do not constitute investment advice offered by Morningstar, [5] are provided solely for informational purposes and therefore are not an offer to buy or sell a security, and [6] are not warranted to be correct, complete or accurate Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, this information, data, analyses or opinions or their use. This report is supplemental sales literature. If applicable it must be preceded or accompanied by a prospectus, or equivalent, and disclosure statement.



Vangua	rd !	500	FTF	(119	เกล						Overall I	Aorning:	star Rat	ing™ S	tandard	Index	Cate	gory	Index Morningstar	Cat
vangaa		300		,0,	,						**** 1,381 Lar	ge Blenc	j	S	&P 500	TR USD	Rus: USC		000 TR Large Blend	
Performance 01-	31-2016		AL DE											A					Investment Style	
Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %	100	100	100	99	100	100	100	100	99	100	100	100		Equity Stock %	
2014	1.80	5.22	1.12	4.91	13.63				-									100k 80k	Growth of \$10,000	
2015 2016	0.94	0.28	-6.46	7.03	1.35 -4.97		usomitis	SMININ.	rana.		denon		2000					60k	■ Vanguard 500 ETF	
								Callerine.					and the same				-	40k	18,991	
Trailing Returns Std Mkt 12-31-15	1 Yr 1.31	3 Yr	5 Yr 12.48	10 Yr	Incept 14.63								W						Category Average	
Std NAV 12-31-15		_	12.53		14.89				Summ	11 2444					-	~~~		20k	18,348 — Standard Index	
									L				_						19,026	
Mkt Total Ret NAV Total Ret	-0.81 -0.70	11.26 11.25	10.86 10.87	_	13.32 13.57													10k		
				_	13.37															
+/- Std Index +/- Cat Index	-0.04 1.11	-0.05 0.32	-0.04 0.19	_	_			tooner	2-2				Karrina (100)					4k		
	1,11	0.32	0.19		_							-							Performance Quartile (within category)	
% Rank Cat	_	_	_	_		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	01-16		History	
No. in Cat	_	_	_	_		2,003	2,000	2007	2000	2005	-			Common	-	-				
		S	ubsidized	Uns	ubsidized	_	_	_	_	_	-	1.89	16.00	32.39	13.55	1.31	-4.91		Mkt Total Ret %	
30-day SEC Yield			2.12		_							2.09	15.98	32.33	13.63	1.35	-4.97		NAV Total Ret %	
Performance Disclo		-								-		-0.02 0.59	-0.02 -0.44	-0.06 -0.78	-0.06 0.39	-0.03 0.44	-0.01		+/- Standard Index +/- Category Index	
The Overall Morning												35	34	56	19	23	0.41		% Rank Cat	
derived from a weigl (if applicable) Mornii			e three-, ti	ive-, and	10-year						_	41	45	53	54	64			No. of Funds in Cat	
The performance dat	_		its past pe	erformanc	e and	- 1					0 07	-0.01	-0.05	-0.03	-0.02	0.00			Avg Prem/Discount %	
does not guarantee l	future res	ults. The	investme	nt return i	and					1	00,	0.01	0.00	0.00	0.01	0.00			Arg transposedant 70	
principal value of an						Portfol	io Anah	rsis 12-3	11-2015											
shares, when sold or their original cost.	reaeem	ea, may o	e wortn m	ore or le	ss than		ocation <sup>1</sup>	% 11-30-2	015	Net %	Long %	Short 9	s nr	re Chg	Share Amount	Holdings 503 Total	Stocks 5	Total F	Exed Income.	% Net Assets
Current performance	may be	lower or I	higher thai	n return a	lata	Cash US Stoo	l. a			0.33	0.33	0.00	J 11-2			3% Turno		, , ,	The tradition	risabili
quoted herein. For pe	erforman	ce data ci	urrent to ti	he most r	ecent	Non-US	-			98.97 0.70	98.97 0.70	0.00				Apple In	ıc			3.27
month-end, please ca	all 800-6	62-7447 c	or visit ww	w.vangu	ard.com.	Bonds	Stucks			0.00	0.00	0.00	(ele)			Microso	,			2.47
Fees and Expens	201				Fagin.		lot Clsfd			0.00	0.00	0.00	ງ ⊕			Exxon N			ion	1.81
Fund Expenses						Total			1	00.00	100.00	0.00	⊕			General				1.64
Management Fee:	s %				0.03								_ <del>(+)</del>		34 mil	Johnsor	1 & Johr	ison		1.58
Expense Ratio %					0.05	Equity St		Part	folio Stat	istics		Rel Re dex Ca			5 mil	Amazon	com Ind	:		1.45
12b1 Expense %					NA	Value (Ho	nd Growth	b .	Ratio TT		19.0 1	.00 1.03	_			Wells Fa				1.41
Risk and Return	Profile								Ratio TTI			00 1.03	0			JPMorg			0	1.35
			3 Yr inds 1218	5 Yr funds 8	10 Yr 179 funds				Ratio TTI Avg Mkt			00 6.52	_ •			Faceboo				1.32
Morningstar Ratin	атм		1±10 4★	4 <b>★</b>				£ \$mil		Сар	13121	00 0.74	3 ⊕		21 mil	Berkshir	e Hatha	way I	nc Class B	1.28
Morningstar Risk	9		Avg	Avg	_								<b>⊕</b>		4 mil	Alphabe	et Inc Cla	ass A		1.26
Morningstar Retur	rn		-	+Avg	_	Fixed-In	come Styl		CHALL	i.			<b>(+)</b>						Capital Stock	1.26
			3 Yr	5 Yr	10 Yr	Int Ma		Arra	Eff Matu Eff Dura				•			Procter		le Co		1.20
Standard Deviatio	n NAV	10	.94 1	1.98	_		Ш.		Wtd Cou			_	·			AT&T In				1.18
Standard Deviatio	n MKT	10	.69 1	1.69	_				Wtd Pric			_	. ①	-	75 mil	Pfizer In	С			1.11
Mean NAV		11	.25 1	0.87	_			Low					Sec	tor Weigl	htings				Stocks % F	Rel Std Index
Mean MKT				0.86	_		-	7						Cyclica					31.3	1.00
Sharpe Ratio		1	.03	0.92	_		ality Bre	akdown	_			Bond %		2.0	 Naterials	6			2.6	1.00
MPT Statistics		Standa	ard Index	Best	Fit Index	AAA						_	- 🙈	Consum					11.2	1.00
NAV		- sur rut		pudi	12111	AA						_		Financia					15.2	1.00
Alpha			-0.04		_	Α						_		Real Es					2.2	1.00
Beta			1.00		-	888						_	-	Sensiti					40.1	1.00
R-Squared			100.00		-	88 8							- 9			Service	es		4.2	1.00
12-Month Yield					2.21%		,							Energy					6.5	1.00
Potential Cap Gair	ns Exp					Below E	1					_		Industri	ials				10.8	1.00
Leveraged					No									Techno					18.6	1.00
Leverage Type					_	Regional	Exposur	В		Stock %	Re	I Std Inde	-	Defens					28.6	1.00
Leverage %	_				100.00	America				99.3		1.00		Consum		nsive			10.0	1.00
Primary Prospectu	s Bench	ımark	S	&P 500 1	IH USD	Greater				0.5		1.00		Healtho					15.7	1.00
						Greater	Asia			0.3		1.00		Utilities					3.0	1.00
Operations																				-11
Family:	٧	anguard				Ticker:			V00				Prei	m/Disco	unt:	0.00	)			
Manager		lichael E				Incept:			09-07-2	010				Price:		177				
Tenure		4.2 Year				Expirati	on Date:						Bas	e Curren	icy:	USD	)			
Total Assets		40,105.9				Exchang	je:		NYSE A	RCA			-	al Struct					stment Company	
Shares Outstandin	ng: 2:	26.28 mi	il			NAV:			177.75				Bac	king Bar	ık;	Van	guard G	roup l	Inc	

©2016 Morningstar: All Rights Reserved. The information, data, analyses and opinions contained herein (1) include the confidential and proprietary information of Morningstar, (2) may include, or be derived from, account information provided by your financial advisor which cannot be verified by Morningstar, (3) may not be copied or redistributed, (4) do not constitute investment advice offered by Morningstar, (5) are provided solely for informational purposes and therefore are not an offer to buy or sell a security, and (6) are not warranted to be correct, complete or accurate Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, this information, data, analyses or opinions or their use. This report is supplemental sales literature. If applicable it must be preceded or accompanied by a prospectus, or equivalent, and disclosure statement.



#### **Vanguard FTSE Developed Markets ETF** Overall Morningstar Rating™ Standard Index Category Index Morningstar Cat MSCI ACWI Ex MSCI ACWI Ex Foreign Large Blend (USD) 681 Foreign Large Blend Performance 01-31-2016 Investment Style Equity Stock % Quarterly Returns 1st Otr 2nd Otr 3rd Otr 4th Otr Total % 98 98 98 99 97 98 99 98 0.43 4.25 -6.05 -4.14 -5.71 100k 2015 5.54 Growth of \$10,000 1.03 -9.94 3.92 -0.21 60k 2016 -5.74 Vanguard FTSE Developed 40k Markets ETF Trailing Returns 3 Yr 10 Yr Incept 9.409 Std Mkt 12-31-15 -0.38 -0.63 Category Average 20 Std NAV 12-31-15 -0.21 3.57 -0.55 10.104 Standard Index Mkt Total Bet -6.55 1.26 1.87 -1.28 8,771 **NAV Total Ret** -6.80 1.22 1,91 -1,23 +/- Std Index 5.14 3.39 2.46 +/- Cat Index 3.39 2,46 5.14 Performance Quartile (within category) % Rank Cat 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 01-16 History No. in Cat -40.65 27.49 8.35 12.30 18.56 21.83 -5 9A Mkt Total Ret % -n 38 -5.53 Subsid zed Unsubsidized -41.25 28.34 8.47 12.57 18.60 22.12 -5.71 -0.21 -5.74 NAV Total Ret % 30-day SEC Yield 4.28 13.11 -2.68 1.14 1.77 6.83 -1.84 5.45 1.06 +/- Standard Index Performance Disclosure 4.28 -13.11 -2.681.14 1.77 6.83 -1.84 5.45 1.06 +/- Category Index The Overall Morningstar Rating is based on risk-adjusted returns, 6 100 78 42 25 37 % Rank Cat derived from a weighted average of the three-, five-, and 10-year 19 20 15 13 17 19 (if applicable) Morningstar metrics. 18 28 No of Funds in Cat The performance data quoted represents past performance and 0.28 0.51 0.18 0.02 0.27 0.21 0.10 0.06 0.06 Avg Prem/Discount % does not guarantee future results. The investment return and principal value of an investment will fluctuate, thus an investor's Portfolio Analysis 12-31-2015 shares, when sold or redeemed, may be worth more or less than Share Chg Holdings 3,591 Total Stocks , 10 Total Fixed Income 4% Tumover Ratio Asset Allocation % 11-30-2015 Net % Short % Long % Cash 1,50 0.00 11-2015 1.50 Current performance may be lower or higher than return data US Stocks 0.54 0.54 0.00 Nestle SA 12 mil 1.69 quoted herein. For performance data current to the most recent 0 Non-US Stocks 96.94 96.94 0.00 3 mil Roche Holding AG Dividend Right Ce month-end, please call 800-662-7447 or visit www.vanguard.com $\ominus$ 1.40 0.00 Bonds 0.00 0.00 Novartis AG 1.34 $\Theta$ Fees and Expenses Other/Not Clsfd 1.02 1.02 0.00 10 mil Toyota Motor Corp 1.20 Fund Expenses **(** 100.00 0.00 Total 100.00 Management Fees % 0.05 Θ 76 mil HSBC Holdings PLC 1.12 **Equity Style** Portfolio Statistics Expense Ratio % 0.09 Rel Cat $\Theta$ 7 mil Novo Nordisk A/S B 0.78 Index 12b1 Expense % NA P/E Ratio TTM 14.9 1.04 0.94 $\Theta$ 7 mil Commonwealth Bank of Australia 0.76 P/C Ratio TTM Risk and Return Profile 8.0 1.00 0.84 Θ 0.75 P/B Ratio TTM Ē 1.6 1,00 2.71 7 mil British American Tobacco PLC 5 Yr 10 Yr $\Theta$ 0.75 6B1 funds 593 funds 342 funds Geo Avg Mkt Cap 26809 0.96 0.79 **(+)** 3 mil Anheuser-Busch Inhey SA 0.73 Morningstar Rating™ 4\* 4\* 19 mil GlaxoSmithKline PLC 0.72 Momingstar Risk +Avg Avg Fixed-Income Style $\Theta$ 4 mil Sanofi SA 0.70 +Avg Morningstar Return +Avg Avg Eff Maturity BP PLC 71 mil 0.69 $\Theta$ 3 Yr 5 Yr 10 Yr Avg Eff Duration Total SA **(** 8 mil 0.68 Standard Deviation NAV 12.58 15 13 Avg Wtd Coupon 15 mil Royal Dutch Shell PLC Class A 0.64 $\Theta$ Standard Deviation MKT 12.44 15.04 Avg Wtd Price Mean NAV 1.22 1.91 Sector Weightings Stocks % Rel Std Index Mean MKT 1.26 1.87 **%** Cyclical 44.6 0.98 Sharpe Ratio 0.15 Credit Quality Breakdown -Rond % Basic Materials 7.3 1.04 AAA Consumer Cyclical MPT Statistics æ 12.9 1.11 Standard Index ΔΔ NAV 5 Financial Services 20.9 0.89 Α Alpha 3 34 ı Real Estate 34 0.97 BRR Beta 0.97 Sensitive 28.8 0.94 R-Squared 95.71 BB = Communication Services 4.8 0.87 В 12-Month Yield Energy 4.7 0.80 Below B Potential Cap Gains Exp Industrials 12.1 1.17 NR No Leveraged Technology 0.80 7.2 Leverage Type Regional Exposure Stock % Rel Std Index Defensive 26.6 1.12 Leverage % 100.00 Americas 1.8 0.21 Consumer Defensive 11.8 1.10 Primary Prospectus Benchmark FTSE Dev All Cap ex Greater Europe 60.2 1.18 Healthcare • 11.5 US Transition NR 1.20 Greater Asia 38 N 0.94 Utilities 3.3 0.98 Operations Family: Vanguard Ticker: VEA Prem/Discount: 0.14 Manager: Christine Franquin Incept: 07-20-2007 Mkt Price: 34 69 3.0 Years Tenure: Expiration Date Base Currency: LISD \$28 022 R mil Total Assets Exchange: NYSE ARCA Legal Structure: Open Ended Investment Company Shares Outstanding 808 97 mil NAV: 34.64 Backing Bank: Vanguard Group Inc.

©2016 Morningstar All Rights Reserved The information, data, analyses and opinions contained herein (1) include the confidential and proprietary information of Morningstar, (2) may include, or be derived from, account information provided by your financial advisor which cannot be verified by Morningstar, (3) may not be copied or redistributed, (4) do not constitute investment advice offered by Morningstar, (5) are provided solely for informational purposes and therefore are not an offer to buy or sell a security, and (5) are not warranted to be correct, complete or accurate Except as otherwise required by law. Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, this information, data, analyses or opinions or their use. This report is supplemental sales literature. If applicable it must be preceded or accompanied by a prospectus, or equivalent, and disclosure statement.



#### Vanguard Mid-Cap ETF (USD) Overall Morningstar Rating™ Standard Index Category Index **Morningstar Cat** S&P 500 TR USD Russell Mid Cap TR Mid-Cap Blend \*\*\* 378 Mid-Cap Blend Performance 01-31-2016 Investment Style Equity Stock % Quarterly Returns 1st Otr 2nd Otr 3rd Otr 4th Otr Total % 99 100 100 100 100 100 100 100 100 100 100 2014 3.28 6.63 13.76 4.51 -1.15100k 2015 4.29 -1.18 -7.45 3.44 -1.34 Growth of \$10,000 60k 2016 -7.44 Vanguard Mid-Cap ETF 40k 22,559 Trailing Returns 1 Yr 3 Yr 5 Yr 10 Yr Incept Category Average Std Mkt 12-31-15 -1:35 11.51 7.88 9 04 23,247 Std NAV 12-31-15 -1.34 11.52 7.89 9.04 Standard Index 20.183 Mkt Total Ret -6.99 9.29 6.48 9.52 8.26 **NAV Total Ret** -6.859.58 9.31 6 48 8 27 +/- Std Index -6.18 -1.72-1.60 0.00 +/- Cat Index 0.54 0.39 -0.17 -0.25 Performance Quartile % Rank Cat 2006 2008 2010 2011 2012 2013 2014 01-16 History 2015 No. in Cat 13.48 4D 44 14 07 5 B3 -41.56 25.68 -2.08 16.77 35.04 13.75 -1.35-7.61 Mkt Total Ret % Subsidized Unsubsidized 14.03 13,69 6.14 -41.79 40.49 25.57 -1.96 15.98 35.15 13.76 -1.34 -7.44 NAV Total Ret % 30-day SEC Yield 1 45 9.12 -2.10 0.65 -4.79 14.02 10.51 -4.08 -n n2 2.76 -2 72 -2 47 0.07 +/- Standard Index Performance Disclosure 1.38 -1.57 0.54 -0.330.01 0.10 -0.42 -1.30 0.38 0.54 1.10 -0.89 +/- Category Index The Overall Morningstar Rating is based on risk-adjusted returns, 57 42 79 50 67 63 68 61 13 11 % Rank Cat derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics 7 В 20 30 19 16 20 26 24 25 29 No of Funds in Cat The performance data quoted represents past performance and 0.04 -0.01 -0.03 -0.06 -0.01 0.00 0.00 0.01 0.02 0.01 0.28 Ava Prem/Discount % does not quarantee future results. The investment return and principal value of an investment will fluctuate, thus an investor's Portfolio Analysis 12-31-2015 shares, when sold or redeemed, may be worth more or less than Share Chg Share Amount Holdings 365 Total Stocks , 2 Total Fixed Income 11% Turnover Ratio Asset Allocation % 11-30-2015 % Net Net % Long % Short % their original cost. since 11-2015 Cash 0.31 0.31 0.00 Current performance may be lower or higher than return data US Stocks 98.08 98.08 0.00 Ross Stores Inc. 9 mil quoted herein. For performance data current to the most recent $\oplus$ 0.71 Non-US Stocks 1.67 1.62 0.00 month-end, please call 800-662-7447 or visit www.vanguard.com. Fisery Inc 5 mil 0.68 0 Bonds 0.00 0.00 0.00 6 mil Electronic Arts Inc 0.66 Fees and Expenses (H) Other/Not Clsfd 0.00 0.00 0.00 **(** 2 mil Roper Technologies Inc 0.62 **Fund Expenses** Total 100.00 100.00 0.00 Management Fees % 0.07 **(+)** Equinix Inc. 0.61 Expense Ratio % 0.09 **Equity Style** Portfelio Statistics Re **(** 7 mil Cerner Corp 0.60 Avg 19.9 12b1 Expense % NA ConAgra Foods Inc P/E Ratio TTM 1.05 1.08 **(** 0.59 P/C Ratio TTM 0.93 10.7 1.16 4 mil Incyte Corp 0.59 Risk and Return Profile (H) P/B Ratio TTM 10 Yr Ě 2.4 0.91 5.33 **(** 4 mil Royal Caribbean Cruises Ltd 0.58 317 funds 209 funds Geo Avg Mkt Cap 378 funds 10647 0.14 1.56 **(** Hartford Financial Services Group 0.58 Morningstar Rating<sup>13</sup> 5\* 4\* 4+ 4 mil Dr Pepper Snapple Group Inc **①** 0.57 Morningstar Risk -Avg -Avg Avg Fixed-Income Style **①** 3 mil M&T Bank Corp 0.57 Momingstar Return High +Avg +Avg Avg Eff Maturity 5 mil Dollar Tree Stores Inc 0.56 **(** 3 Yr 5 Yr 10 Yr Avg Eff Duration **①** 6 mil Fidelity National Information Serv 0.56 Standard Deviation NAV 11.52 13.75 17.81 Avg Wtd Caupon 5 mil Edwards Lifesciences Corp 0.55 **(**+) Standard Deviation MKT 11.30 13.40 17.78 Avg Wtd Price Mean NAV 9.58 931 6.48 Sector Weightings Stocks % Rel Std Index Mean MKT 9.52 9 29 6.48 Cyclical 41.9 1.34 Sharpe Ratio 0.85 0.71 0.38 Credit Quality Breakdown æ Basic Materials 5.3 2.01 AAA **A** Consumer Cyclical MPT Statistics 18.2 1.62 Standard Index Best Fit Index AA NAV Financial Services 11.6 0.76 Α -1,44 Alpha ft. Real Estate 6.9 3.10 BBB 0.99 Beta 36.8 0.92 BB R-Squared 88.96 Communication Services В 1.5 0.3712-Month Yield 1.59% Energy 4.9 0.76 Below B Potential Cap Gains Exp Industrials 14.5 1.34 NR Leveraged No Technology 15.8 0.85 Leverage Type Regional Exposure Stock % Rel Std Index Defensive 21.3 0.74 100.00 Leverage % 98.4 Americas 0.99 Consumer Defensive 7.1 0.71 Primary Prospectus Benchmark CRSP US Mid Cap Greater Furone 1.2 2.68 Healthcare 9.5 0.60 TR USD Greater Asia 0.4 Utilities 4.8 1.60 Operations Family: Vanguard Ticker V٨ Prem/Discount: -0.15 Donald Butler Manager: Incept: 01-26-2004 Mkt Price 110.97 Tenure: 17.8 Years **Expiration Date:** Base Currency: USD Total Assets: \$11,957.5 mil NYSE ARCA Exchange: Legal Structure: Open Ended Investment Company Shares Outstanding: 107.46 mil NAV: 111.14 Backing Bank: Vanguard Group Inc

©2016 Morningstar All Rights Reserved. The information, data, analyses and opinions contained herein [1] include the confidential and proprietary information of Morningstar, [2] may include, or be derived from, account information provided by your financial advisor which cannot be verified by Morningstar, [3] may not be copied or redistributed, [4] do not constitute investment advice offered by Morningstar, [5] are provided solely for informational purposes and therefore are not an offer to buy or sell a security, and [6] are not warranted to be correct, complete or accurate. Except as otherwise required by law. Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, this information, data, analyses or opinions or their use. This report is supplemental sales literature. If applicable it must be preceded or accompanied by a prospectus, or equivalent, and disclosure statement.



#### Vanguard Small-Cap ETF (USD) Overall Morningstar Rating™ Standard Index **Category Index Morningstar Cat** S&P 500 TR USD Russell 2000 TR Small Blend Performance 01-31-2016 Investment Style 1st Otr 2nd Otr 4th Otr | Total % Quarterly Returns 3rd Otr 100 100 100 100 99 100 99 99 Stock % 7.51 2.60 3.77 -5.48 6.84 1006 2015 4.80 -0.56 -10.32 3.10 -3.65 Growth of \$10,000 60k 2016 -7.65 Vanguard Small-Cap ETF 40k 21,342 Trailing Returns 10 Yr Incept Category Average 18,488 Std Mkt 12-31-15 -3.76 10.40 7.95 8,28 Std NAV 12-31-15 -3.65 10.43 7.95 R 29 Standard Index 20.183 Mkt Total Ret -9 07 7.43 8.53 6.29 7.52 **NAV Total Ret** -9.06 7.42 8.50 6.29 7.52 +/- Std Index -R 39 -3.88 -2 41 -0.19 0.86 +/- Cat Index 1.31 1.25 1.37 Performance Quartile % Rank Cat 2005 2006 2007 2008 2014 2015 01-16 History No. in Cat 15.77 7:10 1.35 -35.88 35.92 28 11 -2 78 18 79 37.70 7.63 -3.76 -7 55 Mkt Total Ret % Subsid zed Unsubsidized 7.53 15.79 1.27 -35.99 36.31 27.89 -2.68 18.22 37.80 7.51 -3.65 -7.65 NAV Total Ret % 30-day SEC Yield 1.60 2 62 0.00 -4.22 1.00 9.85 12.83 -4.79 2.22 5.42 -6.18 -2.69 -5.04 +/- Standard Index Performance Disclosure 2.98 -2.57 2.84 -2.21 9.14 1.03 1.50 1.87 -1 02 2.62 0.76 1.14 +/- Category Index The Overall Momingstar Rating is based on risk-adjusted returns, 71 46 50 30 88 23 22 % Rank Cat derived from a weighted average of the three-, five-, and 10-year 4 8 18 71 (if applicable) Morningstar metrics 13 14 17 18 18 23 24 No. of Funds in Cat The performance data quoted represents past performance and -0.08 -0.11 -0.07 0.05 -0.08 -0.05 -0.02 -0 02 -0.03 -0.02 0.02 Avg Prem/Discount % does not guarantee future results. The investment return and principal value of an investment will fluctuate, thus an investor's Portfolio Analysis 12-31-2015 shares, when sold or redeemed, may be worth more or less than Share Amount Holdings 1,499 Total Stocks 5 Total Fixed Income 10% Turnover Ratio Asset Allocation % 11-30-2015 Net % Long % Short % Cash 11-2015 0.37 0.37 n nn Current performance may be lower or higher than return data US Stocks 98.87 98.87 0.00 AGL Resources Inc. quoted herein. For performance data current to the most recent (<del>1</del>) 2 mil 0.28 Non-US Stocks 0.76 0.76 0.00 month-end, please call 800-662-7447 or visit www.vanguard.com **(** 2 mil Ionis Pharmaceuticals Inc 0.28 Bonds 0.00 0.00 O OD 954,765 Signature Bank 0.27 Fees and Expenses (H) Other/Not Clsfd 0.00 0.00 0.00 **Duke Realty Corp** Fund Expenses **(** 7 mil 0.27 Total 100.00 100.00 0.00 **(** 4 mil Arthur J Gallagher & Co 0.27 Management Fees % 0.06 Equity Style Portfolio Statistics Expense Ratio % 0.09 Rel **(** 6 mil JetBlue Airways Corp **0.76** Index 12b1 Expense % NA 18.8 0.99 3 mil Spirit AeroSystems Holdings Inc 0.26 P/E Ratio TTM 0.97 **(** P/C Ratio TTM 9.4 082 0.95 Waste Connections Inc. 0.26 Risk and Return Profile (<del>1</del>) P/B Ratio TTM 2.0 0.76 4.22 £ 5 Yr 10 Yr $\oplus$ 1 mil Ingredion Inc. 0.25 608 funds funds 351 funds Geo Avg Mkt Cap 2816 0.04 1.08 2 mil Mid-America Apartment Communities **(** 0.25 Small Morningstar Rating™ 4\* 4\* 4\* **(** 865 881 United Therapeutics Corp 0.25 Morningstar Risk -Avg Avg Avg Fixed-Income Style 4 mil Cablevision Systems Corp Class A 0.25 **(** +Avg +Avg Morningstar Return +Avg Avg Eff Maturity 2 mil Mednax Inc 0.25 (H) 10 Yr 3 Yr 5 Yr Avg Eff Duration The Valspar Corp **(** 2 mil 0.24 Standard Deviation NAV 13.22 15.51 19.66 Ava Wtd Coupon 4 mil Omega Healthcare Investors Inc **(** 0.24 Standard Deviation MKT 12.75 15.09 19.65 Ava Wtd Price Mean NAV 7.42 6.29 8.50 Sector Weightings Stocks % Re Std Index Mean MKT 7.43 8.53 6.29 **U** Cyclical 44.7 1.43 Sharpe Ratio 0.60 0.35 Credit Quality Breakdown — Bond % Basic Materials 42 1.60 AAA MPT Statistics æ Consumer Cyclical 14.5 1,29 Standard Index AA NAV 抻 Financial Services 13.4 0.88 Α Alpha -387 ♠ Real Estate 12.6 5.71 Beta 1.05 BBB Sensitive 35.0 0.87 BB R-Squared 75.48 열 Communication Services В 1.1 0.27 12-Month Yield 1.60% ð Energy 3.3 0.51 Below B Potential Cap Gains Exp Industrials 15.4 1,42 NR Leveraged No Technology 15.1 0.81 Leverage Type Rel Std Index Regional Exposure Stock % Defensive 20.3 0.71 Leverage % 100.00 Americas 99.7 Consumer Defensive 0.41 4.1 CRSP US Small Cap TR USD Primary Prospectus Benchmark Greater Europe 0.2 0.37 Healthcare + 116 0.74 Greater Asia 0.1 0.51 Utilities 1.52 Operations Family: Vanguard Ticker: Prem/Discount VΒ 0.05 Manager: Michael Buek 01-26-2004 Incent: Mkt Price 102.29 24.2 Years Tenure: **Expiration Date:** Base Currency USD Total Assets: \$10 598.3 mil Exchange: NYSE ARCA Legal Structure Open Ended Investment Company Shares Outstanding: 103.66 mil NAV: 102.24 Backing Bank Vanguard Group Inc.

©2016 Morningstar All Rights Reserved. The information, data, analyses and opinions contained herein [1] include the confidential and proprietary information of Morningstar [2] may include, or be derived from, account information provided by your financial advisor which cannot be verified by Morningstar [3] may not be copied or redistributed, [4] do not constitute investment advice offered by Morningstar [5] are provided solely for informational proposes and therefore are not an effect the buy or sell a security, and [5] are not warranted to be correct, complete or accurate Except as otherwise required by law Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, this information, data, analyses or opinions or their use. This report is supplemental sales literature. If applicable it must be preceded or accompanied by a prospecture, or equivalent, and disclosure statement.



Release date 01-31-2016 Page 6 of 10

## **Standardized and Tax Adjusted Returns Disclosure Statement**

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end please visit http://advisor.morningstar.com/familyinfo.asp

An investment in a money-market vehicle is not insured or guaranteed by the FDIC or any other government agency. The current yield quotation reflects the current earnings of the money market more closely than the total return quotation. Although money markets seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in them.

Standardized Returns assume reinvestment of dividends and capital gains. They depict performance without adjusting for the effects of taxation, but are adjusted to reflect sales charges and ongoing fund expenses.

If adjusted for taxation, the performance quoted would be significantly reduced. For variable annuities, additional expenses will be taken into account, including M&E risk charges, fund-level expenses such as management fees and operating fees, contract-level administration fees, and charges such as surrender, contract, and sales charges.

After-tax returns are calculated using the highest individual federal marginal income tax rates, and do not reflect the impact of state and local taxes. Actual after-tax returns depend on the investor's tax situation and may differ from those shown. The after-tax returns shown are not relevant to investors who hold their fund shares through tax-deferred arrangements such as 401(k) plans or an IRA. After-tax returns exclude the effects of either the alternative minimum tax or phase-out of certain tax credits. Any taxes due are as of the time the distributions are made, and the taxable amount and tax character of each distribution are as specified by the fund on the dividend declaration date. Due to foreign tax credits or realized capital losses, after-tax returns may be greater than before-tax returns. After-tax returns for exchange-traded funds are based on net asset value.

Annualized returns 12-31-2015					1111 80 8					
Standardized Returns (%)	7-day Yield Subsidized	7-day Yield Unsubsidized	1Yr	5Yr	10Yr	Since Inception	Inception Date	Max Front Load %	Max Back Load %	Gross Exp Ratio %
Deutsche X-trackers MSCI EAFE Hedged Eq- NAV	_	_	4.50	_	-	8.35	06-09-2011	NA	NA	0.35
Deutsche X-trackers MSCI EAFE Hedged Eq- Market	n <del></del>	_	4.08	_	_	7.87	06-09-2011	NA	NA	0.35
Vanguard 500 ETF-NAV		-	1.35	12.53	_	14.89	09-07-2010	NA	NA	0.05
Vanguard 500 ETF-Market	-	-	1.31	12.48	_	14.63	09-07-2010	NA	NA	0.05
Vanguard FTSE Developed Markets ETF-NAV	-	_	-0.21	3,57	_	-0.55	07-20-2007	NA	NA	0.09
Vanguard FTSE Developed Markets ETF- Market	Ye <u></u> )		-0.38	3,48	-	-0.63	07-20-2007	NA	NA	0.09
Vanguard Mid-Cap ETF-NAV	_	-	-1.34	11,52	7.89	9.04	01-26-2004	NA	NA	0.09
Vanguard Mid-Cap ETF-Market	_	-	-1.35	11.51	7.88	9.04	01-26-2004	NA	NA	0.09
Vanguard Small-Cap ETF-NAV	_	_	-3.65	10.43	7.95	8.29	01-26-2004	NA	NΑ	0.09
Vanguard Small-Cap ETF-Market	_	_	-3.76	10.40	7.95	8.28	01-26-2004	NA	NA	0.09
Barclays US Agg Bond TR USD			0.55	3.25	4.51	_	_			
MSCI ACWI Ex USA NR USD			-5.66	1.06	2.92	_	-			
MSCI EAFE NR USD			-0.81	3.60	3.03	100	-			
Russell 1000 TR USD			0.92	12.44	7.40	_	200			
Russell 2000 TR USD			-4.41	9.19	6.80	-	-			
Russell Mid Cap TR USD			-2.44	11.44	8.00	_	-			
S&P 500 TR USD			1.38	12.57	7.31	_	-			
USTREAS T-Bill Auction Ave 3 Mon			0.05	0.06	1.18	_	-			

Return after Tax (%)	On Distributio	n				On Distribution and Sales of Shares							
	1Yr	5Yr	10Yr	Since Inception	Inception Date	1Yr	5Yr	10Yr	Since Inception				
Deutsche X-trackers MSCI EAFE Hedged Eq- NAV	3.04	_	_	6.22	06-09-2011	2.66	_	_	5.72				
Vanguard 500 ETF-NAV	0.56	11.87	_	14.23	09-07-2010	0.88	9.81	_	11.84				
Vanguard FTSE Developed Markets ETF-NAV	±1.30	2.66	_	-1.38	07-20-2007	0.00	2.55	_	-0.59				
Vanguard Mid-Cap ETF-NAV	-1.88	11.06	7.39	8.56	01-26-2004	-0.68	9.02	6.18	7.27				
Vanguard Small-Cap ETF-NAV	-4.19	9.90	7.42	7.79	01-26-2004	-1.99	8.09	6.22	6.61				

©2016 Morningstar All Rights Reserved. The information, data, analyses and opinions contained herein [1] include the confidential and proprietary information of Morningstar, [2] may include, or be derived from, account information provided by your financial advisor which cannot be verified by Morningstar, [3] may not be copied or redistributed, [4] do not constitute investment advice offered by Morningstar (5) are provided solely for informational purposes and therefore are not an offer to buy or sell a security, and [6] are not warranted to be correct, complete or accurate, Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, this information, data, analyses or opinions or their use. This report is supplemental sales literature. If applicable it must be preceded or accompanied by a prospectur, or equivalent, and disclosure statement.



## ETF/ETN Detail Report Disclosure Statement

The Exchange-traded Fund (ETF)/Exchange Traded Note (ETN) Detail report is supplemental sales literature, and therefore must be preceded or accompanied by the fund/note's current prospectus or an equivalent statement. Please read this information carefully. In all cases, this disclosure statement should accompany the ETF/ETN Detail Report. Morningstar is not itself a FINRAmember firm. All data presented is based on the most recent information available to Morningstar.

Exchange Traded Notes (ETN) are unsecured debt obligations of a particular issuer with returns that generally track the total return of an underlying index. Unlike standard debt securities, ETNs may not return the principal amount at maturity and, therefore, depending on the specific terms of the product, investors could lose all or a substantial portion of their investment based on the performance of the underlying index. Investors could also lose their entire investment if the issuer becomes insolvent. UBS Financial Services Inc. does not guarantee in any way the obligations or the financial condition of any issuer or the accuracy of any financial information provided by any issuer of ETNs. ETNs are not traditional investments and investing in ETNs can contain a call feature which allows the issuer to repurchase the ETN at its option prior to maturity. If this call feature is exercised, investors may not be able to reinvest the proceeds received at a comparable rate of return. While ETNs are generally listed on an exchange, the issuer is not obligated to maintain such listing or to ensure that there is a secondary market for the ETNs. As a result, there may be limited or no liquidity in the ETNs and investors should be prepared to hold their investment to maturity.

ETF/ETN's trading on a secondary market may trade at, above, or below their net asset value (NAV) or closing indicative note value. If an ETF/ETN's shares trade at a price above their NAV they are said to be trading at a "premium." Conversely, if they are trading at a price below their NAV, they are said to be trading at a "discount."

Holding company depository receipts (HOLDRs) are similar to ETF/ETNs, but they focus on narrow industry groups. HOLDRs initially own 20 stocks, which are unmanaged, and can become more concentrated due to mergers, or the disparate performance of their holdings. HOLDRs can only be bought in 100-share increments. Investors may exchange shares of a HOLDR for its underlying stocks at any time.

The market price noted on the Detail Report is the price of the ETF/ETN as of the close of trading on the last business day at month-end. This date is listed at the top of the Detail Report.

#### Performance

The performance data given represents past performance and should not be considered indicative of future results. Principal value and investment return will fluctuate, so that an investor's shares, when sold, may be worth more or less than the original investment. Portfolio statistics change over time. ETFs, ETNs and HOLDRs are not FDIC-insured, may lose value, and are not guaranteed by a bank or other financial institution.

For ETF/ETNs, standardized total return is reflected as of month- and quarterend time periods. It depicts performance without adjusting for brokerage commissions and the effects of taxation, but is adjusted to reflect all actual ongoing ETF/ETN expenses and assumes reinvestment of dividends and capital gains. If adjusted, the effects of brokerage commissions and taxation would reduce the performance quoted. For HOLDRs, the standardized total return reflects performance at market price, without adjusting for the effects of taxation or brokerage commissions. These returns are adjusted to reflect all ongoing expenses and assume reinvestment of dividends and capital gains. If adjusted, the effects of taxation would reduce the performance quoted.

The 12-month yield is derived by summing the trailing 12-months' income distributions and dividing the sum by the last month's ending NAV, plus any capital gains distributed over the same period. Income refers only to interest payments from fixed-income securities and dividend payoffs from common stocks.

#### Growth of 10,000

This graph compares the growth of an investment of 10,000 (in the base currency of the fund) with that of an index and with that of the average for all funds in its Morningstar category. The NAV total returns are not adjusted to reflect the effects of taxation, but they are adjusted to reflect actual ongoing fund expenses and assume reinvestment of dividends and capital gains. If adjusted, the effect of taxation would reduce the performance quoted. Please note, while the investor obtaining an ETF/ETN through the secondary market does not obtain it at NAV, the purpose in presenting this graph based on NAV is to provide an illustration of the historical performance of the ETF strategy. In no way should this performance be considered indicative of or a guarantee of the future performance of this ETF/ETN nor should it be viewed as a substitute for an actual investor experience.

The index is an unmanaged portfolio of specified securities, and cannot be invested in directly. The index and the category average do not reflect any initial or ongoing expenses. A fund's portfolio may differ significantly from the securities in the index. The index is chosen by Morningstar.

#### **Risk Measures**

The risk measures below are calculated for ETF/ETNs with at least a three-year history.

Standard deviation is a statistical measure of the volatility of the ETF/ETN's NAV returns.

Mean represents the annualized geometric NAV return for the period shown.

The Sharpe ratio uses standard deviation and excess return to determine reward per unit of risk.

Alpha measures the difference between an ETF/ETN's NAV returns and its expected performance, given its level of risk as measured by beta. Alpha is often seen as a measure of the value added or subtracted by a portfolio manager.

Beta is a measure of an ETF/ETN's sensitivity to market movements. A portfolio with a beta greater than 1 is more volatile than the market, and a portfolio with a beta less than 1 is less volatile than the market.

R-squared reflects the percentage of an ETF/ETN's movements that is explained by movements in its benchmark index, showing the degree of correlation between the ETF/ETN and the benchmark. This figure is also helpful in assessing how likely it is that alpha and beta are statistically significant.

Best fit index: Alpha, beta, and R-squared statistics are presented for a broad market index and a "Best fit" index. The Best-Fit index identified in this report was determined by Morningstar by calculating R-squared for the fund/note against approximately 100 indexes tracked by Morningstar. The index representing the highest R-squared is identified as the best-fit index. The best-

G2016 Morningstar All Rights Reserved. The information, data, analyses and opinions contained herein (1) include the confidential and proprietary information of Morningstar, (2) may include, or be derived from, account information provided by your financial advisor which cannot be verified by Morningstar, (3) may not be copied or redistributed, (4) do not constitute investment advice offered by Morningstar, (5) are provided solely for information proprietary information propriets and benefite for early on a first for buy or set a security, and (6) are not warranted to be correct, complete or accurate, Except as otherwise required by law, Minimpstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, this information, data, analyses or opinions or their use. This report is supplemental sales literature. If applicable it must be preceded or accompanied by a prospectura, or equivalent, and disclosure statement.



fit index may not be the fund/note's benchmark, nor does it necessarily contain the types of securities that may be held or tracked by the fund/note.

#### **Asset Allocation**

The weighting of the portfolio in various asset classes, including "Other" is shown in the table. "Other" includes security types that are not neatly classified in the other asset classes, such as convertible bonds and preferred stocks.

In the table, allocation to the classes is shown for long positions, short positions, and net (long positions net of short) positions. These statistics summarize what the managers are buying and how they are positioning the portfolio. When short positions are captured in these portfolio statistics, investors get a more robust description of the fund/notes' exposure and risk.

Most managed product portfolios hold or track fairly conventional securities, such as long positions in stocks and bonds. Other portfolios use or track other investment strategies or securities, such as short positions or derivatives, to reduce transaction costs, enhance returns, or reduce risk. Some of these securities and strategies behave like conventional securities, while others have unique return and risk characteristics.

Most portfolios take or track long positions in securities. Long positions involve buying the security outright and then selling it later, with the hope that the security price rises over time. In contrast, short positions are taken to benefit from anticipated price declines. In this type of transaction, the investor borrows the security from another investor, sells it and receives cash, and then is obligated to buy it back at some point in the future. If the price falls after the short sale, the investor will have sold high and can now buy low to close the short position and lock in a profit. However, if the price of the security increases after the short sale, the investor will experience losses by buying it at a higher price than the sale price.

The strategy of selling securities short is prevalent in specialized portfolios, such as long-short, market-neutral, bear-market, and hedge funds. Most conventional portfolios do not typically short securities, although they may reserve the right to do so under special circumstances. Funds may also short derivatives, and this is sometimes more efficient than shorting individual securities. Short positions produce negative exposure to the security that is being shorted. This means that when the security rises in value, the short position will fall in value and vice versa. Morningstar's portfolio statistics will capture this negative exposure. For example, if a fund has many short stock positions, the percent of assets in stocks in the asset allocation breakdown may be negative. Funds must provide their broker with cash collateral for the short position, so funds that short often have a large cash position, sometimes even exceeding 100% cash.

Note that all other portfolio statistics presented in this report are based on the long holdings of the fund only.

#### Style Analysis

The Morningstar Style Box reveals a fund's investment style as of the date noted on this report.

For equity funds the vertical axis shows the market capitalization of the long stocks owned and the horizontal axis shows investment style (value, blend, or growth).

For fixed-income funds, the vertical axis shows the credit quality of the long bonds owned and the horizontal axis shows interest rate sensitivity as measured by a bond's effective duration.

Morningstar seeks credit rating information from fund companies on a periodic

basis (e.g., quarterly). In compiling credit rating information Morningstar accepts credit ratings reported by fund companies that have been issued by all Nationally Recognized Statistical Rating Organizations (NRSROs). For a list of all NRSROs, please visit

http://www.sec.gov/divisions/marketreg/ratingagency.htm. Additionally, Morningstar accepts foreign credit ratings from widely recognized or registered rating agencies. If two rating organizations/agencies have rated a security, fund companies are to report the lower rating; if three or more organizations/agencies have rated a security, fund companies are to report the median rating, and in cases where there are more than two organization/agency ratings and a median rating does not exist, fund companies are to use the lower of the two middle ratings. PLEASE NOTE: Morningstar, Inc. is not itself an NRSRO nor does it issue a credit rating on the fund. An NRSRO or rating agency ratings can change from time-to-time.

For credit quality, Morningstar combines the credit rating information provided by the fund companies with an average default rate calculation to come up with a weighted-average credit quality. The weighted-average credit quality is currently a letter that roughly corresponds to the scale used by a leading NRSRO. Bond funds are assigned a style box placement of "low", "medium", or "high" based on their average credit quality. Funds with a low credit quality are those whose weighted-average credit quality is determined to be less than "BBB-"; medium are those less than "AA-", but greater or equal to "BBB-"; and high are those with a weighted-average credit quality of "AA-" or higher. When classifying a bond portfolio, Morningstar first maps the NRSRO credit ratings of the underlying holdings to their respective default rates (as determined by Morningstar's analysis of actual historical default rates). Morningstar then averages these default rates to determine the average default rate for the entire bond fund. Finally, Morningstar maps this average default rate to its corresponding credit rating along a convex curve.

For interest-rate sensitivity, Morningstar obtains from fund companies the average effective duration. Generally, Morningstar classifies a fixed-income fund's interest-rate sensitivity based on the effective duration of the Morningstar Core Bond Index (MCBI), which is currently three years. The classification of Limited will be assigned to those funds whose average effective duration is between 25% to 75% of MCBI's average effective duration; funds whose average effective duration is between 75% to 125% of the MCBI will be classified as Moderate; and those that are at 125% or greater of the average effective duration of the MCBI will be classified as Extensive.

For municipal bond funds, Morningstar also obtains from fund companies the average effective duration. In these cases static breakpoints are utilized. These breakpoints are as follows: (i) Limited: 4.5 years or less; (ii) Moderate: more than 4.5 years but less than 7 years; and (iii) Extensive: more than 7 years. In addition, for non-US taxable and non-US domiciled fixed income funds static duration breakpoints are used: (i) Limited: less than or equal to 3.5 years; (ii) Moderate: greater than 3.5 and less than equal to 6 years; (iii) Extensive: greater than 6 years.

#### **Equity Portfolio Statistics**

The referenced data elements below are a weighted average of the long equity holdings in the portfolio.

The Price/Earnings ratio is a weighted average of the price/earnings ratios of the stocks in the underlying fund's portfolio. The P/E ratio of a stock is calculated by dividing the current price of the stock by its trailing 12-months' earnings per share. In computing the average, Morningstar weights each portfolio holding by the percentage of equity assets it represents.

The Price/Cash Flow ratio is a weighted average of the price/cash-flow ratios of the stocks in a fund's portfolio. Price/cash-flow shows the ability of a business

©2016 Morningstar: All Riights Reserved. The information, data, analyses and opinions contained herein (1) include the confidential and proprietary information of Morningstar, (2) may include, or be derived from, account information provided by your financial advisor which cannot be verified by Morningstar, (3) may not be copied or redistributed, (4) do not constitute investment advice offered by Morningstar (5) are provided solely for informational purposes and therefore are not an office to buy or sell a security, and (6) are not warranted to be correct, compared as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, this information, data, analyses or opinions or their use. This report is supplemental sales literature. If applicable it must be preceded or accompanied by a prospecture, or equivalent, and disclosure statement.



to generate cash and acts as a gauge of liquidity and solvency.

The Price/Book ratio is a weighted average of the price/book ratios of all the stocks in the underlying fund's portfolio. The P/B ratio of a company is calculated by dividing the market price of its stock by the company's per-share book value. Stocks with negative book values are excluded from this calculation.

The geometric average market capitalization of a fund's equity portfolio gives you a measure of the size of the companies in which the mutual fund invests.

#### **Fixed-Income Portfolio Statistics**

The referenced data elements below are a weighted average of the long fixed income holdings in the portfolio.

Duration is a time measure of a bond's interest rate sensitivity. Average effective duration is a weighted average of the duration of the underlying fixed income securities within the portfolio.

Average effective maturity is a weighted average of all the maturities of the bonds in a portfolio, computed by weighting each maturity date by the market value of the security.

Average weighted coupon is generated from the fund's portfolio by weighting the coupon of each bond by its relative size in the portfolio. Coupons are fixed percentages paid out on a fixed-income security on an annual basis.

Average weighted price is generated from the fund's portfolio by weighting the price of each bond by its relative size in the portfolio. This number reveals if the fund favors bonds selling at prices above or below face value (premium or discount securities, respectively). A higher number indicates a bias toward premiums. This statistic is expressed as a percentage of par (face) value.

Credit quality breakdowns are shown for corporate-bond holdings and depict the quality of bonds in the underlying portfolio. The report shows the percentage of fixed-income securities that fall within each credit quality rating as assigned by an NRSRO. Bonds not rated by an NRSRO are included in the not rated (NR) category.

## **Investment Risks**

International/Emerging Market Equities: Investing in international securities involves special additional risks. These risks include, but are not limited to, currency risk, political risk, and risk associated with varying accounting standards. Investing in emerging markets may accentuate these risks.

Sector Strategies: Portfolios that invest exclusively in one sector or industry involve additional risks. The lack of industry diversification subjects the investor to increased industry-specific risks.

Non-Diversified Strategies: Portfolios that invest a significant percentage of assets in a single issuer involve additional risks, including share price fluctuations, because of the increased concentration of investments.

Small Cap Equities: Portfolios that invest in stocks of small companies involve additional risks. Smaller companies typically have a higher risk of failure, and are not as well established as larger blue-chip companies. Historically, smaller-company stocks have experienced a greater degree of market volatility than the overall market average.

Mid Cap Equities: Portfolios that invest in companies with market capitalization below \$10 billion involve additional risks. The securities of these companies may be more volatile and less liquid than the securities of larger companies.

High-Yield Bonds: Portfolios that invest in lower-rated debt securities (commonly referred to as junk bonds) involve additional risks because of the lower credit quality of the securities in the portfolio. The investor should be aware of the possible higher level of volatility, and increased risk of default.

Tax-Free Municipal Bonds: The investor should note that the income from taxfree municipal bond funds may be subject to state and local taxation and the Alternative Minimum Tax.

Bonds: Bonds are subject to interest rate risk. As the prevailing level of bond interest rates rise, the value of bonds already held in a portfolio declines. Portfolios that hold bonds are subject to declines and increases in value due to general changes in interest rates.

HOLDRs: The investor should note that these are narrow industry-focused products that, if the industry is hit by hard times, will lack diversification and possible loss of investment would be likely. These securities can trade at a discount to market price, ownership is of a fractional share interest, the underlying investments may not be representative of the particular industry, the HOLDR might be delisted from the AMEX if the number of underlying companies drops below nine, and the investor may experience trading halts.

Hedge Funds: The investor should note that hedge fund investing involves specialized risks that are dependent upon the type of strategies undertaken by the manager. This can include distressed or event-driven strategies, long/short strategies, using arbitrage (exploiting price inefficiencies), international investing, and use of leverage, options and/or derivatives. Although the goal of hedge fund managers may be to reduce volatility and produce positive absolute return under a variety of market conditions, hedge funds may involve a high degree of risk and are suitable only for investors of substantial financial means who could bear the entire loss of their investment.

Bank Loan/Senior Debt: Bank loans and senior loans are impacted by the risks associated with fixed income in general, including interest rate risk and default risk. They are often non-investment grade; therefore, the risk of default is high. These securities are also relatively illiquid. Managed products that invest in bank loans/senior debt are often highly leveraged, producing a high risk of return volatility.

Exchange Traded Notes (ETNs): ETNs are unsecured debt obligations. Any repayment of notes is subject to the issuer's ability to repay its obligations. ETNs do not typically pay interest.

Leveraged ETFs: Leveraged investments are designed to meet multiples of the return performance of the index they track and seek to meet their fund objectives on a daily basis (or other time period stated within the prospectus objective). The leverage/gearing ratio is the amount of excess return that a leveraged investment is designed to achieve in comparison to its index performance (i.e. 200%, 300%, -200%, or -300% or 2X, 3X, -2X, -3X). Compounding has the ability to affect the performance of the fund to be either greater or less than the index performance multiplied by the multiple stated within the funds objective over a stated time period.

Short Positions: When a short position moves in an unfavorable way, the losses are theoretically unlimited. The broker may demand more collateral and a manager might have to close out a short position at an inopportune time to limit further losses.

©2016 Morningstar All Rights Reserved. The information, data, analyses and spinions contained herein [1] include the confidential and proprietary information of Morningstar, [2] may include, or be derived from, account information provided by your financial advisor which cannot be verified by Morningstar, [3] may not be copied or redistributed, [4] do not constitute investment advice offered by Morningstar, [5] are provided solely for informational proposes and therefore are not an offer to buy or sell a security, and [6] are not warranted to be correct, complete or accurate Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, this information, data, analyses or opinions or their use. This report is supplemental sales fiterature. If applicable it must be preceded or accompanied by a prospectur, or equivalent, and discisciours statement.



Long-Short: Due to the strategies used by long-short funds, which may include but are not limited to leverage, short selling, short-term trading, and investing in derivatives, these funds may have greater risk, volatility, and expenses than those focusing on traditional investment strategies.

Liquidity Risk: Closed-end fund, ETF, and HOLDR trading may be halted due to market conditions, impacting an investor's ability to self a fund.

Market Price Risk: The market price of ETFs, HOLDRs, and closed-end funds traded on the secondary market is subject to the forces of supply and demand and thus independent of the NAV. This can result in the market price trading at a premium or discount to the NAV, which will affect an investor's value.

Market Risk: The market prices of ETFs and HOLDRs can fluctuate as a result of several factors, such as security-specific factors or general investor sentiment. Therefore, investors should be aware of the prospect of market fluctuations and the impact it may have on the market price.

Target-Date Funds: Target-date funds typically invest in other mutual funds and are designed for investors who are planning to retire during the target date year. The fund's target date is the approximate date when investors expect to begin withdrawing their money. A target-date fund's investment objective/strategy typically becomes more conservative over time, primarily by reducing its allocation to equity mutual funds and increasing its allocations in fixed-income mutual funds. An investor's principal value in a target-date fund is not guaranteed at any time, including at the fund's target date.

High double- and triple-digit returns: High double- and triple-digit returns were the result of extremely favorable market conditions, which may not continue to be the case. High returns for short time periods must not be a major factor when making investment decisions.

## **Benchmark Disclosure**

#### Barclays US Agg Bond TR USD

This index is composed of the BarCap Government/Credit Index, the Mortgage-Backed Securities Index, and the Asset-Backed Securities Index. The returns we publish for the index are total returns, which includes the daily reinvestment of dividends. The constituents displayed for this index are from the following proxy: iShares Core US Aggregate Bond.

#### MSCI ACWI Ex USA NR USD

The MSCI AC World ex USA is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets. The index consists of 48 developed and emerging market country indices. The returns we publish for the index are total returns, which include reinvestment of dividends. The constituents displayed for this index are from the following proxy: iShares MSCI ACWI.

#### **MSCI EAFE NR USD**

This Europe, Australasia, and Far East index is a market-capitalization-weighted index of 21 non-U.S., industrialized country indexes.

This disclosure applies to all MSCI indices: Certain information included herein is derived by Morningstar in part from MSCI's Index Constituents (the "Index Data"). However, MSCI has not reviewed any information contained herein and does not endorse or express any opinion such information or analysis. MSCI does not make any express or implied warranties, representations or guarantees concerning the Index Data or any information or data derived therefrom, and in

no event will MSCI have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) relating to any use of this information.

#### Russell 1000 TR USD

Consists of the 1000 largest companies within the Russell 3000 index, which represents approximately 98% of the investable US equity market. Also known as the Market-Oriented Index, because it represents the group of stocks from which most active money managers choose. The constituents displayed for this index are from the following proxy: iShares Russell 1000.

#### Russell 2000 TR USD

Consists of the 2000 smallest companies in the Russell 3000 Index. The constituents displayed for this index are from the following proxy: iShares Russell 2000.

#### Russell Mid Cap TR USD

Measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 25% of the total market capitalization of the Russell 1000 Index. The constituents displayed for this index are from the following proxy: iShares Russell Mid-Cap.

#### S&P 500 TR USD

A market capitalization-weighted index composed of the 500 most widely held stocks whose assets and/or revenues are based in the US; it's often used as a proxy for the stock market. TR (Total Return) indexes include daily reinvestment of dividends. The constituents displayed for this index are from the following proxy: iShares Core S&P 500.

#### **USTREAS** T-Bill Auction Ave 3 Mon

Three-month T-bills are government-backed, short-term investments considered to be risk-free and as good as cash because the maturity is only three months. Morningstar collects yields on the T-bill on a weekly basis from the Wall Street Journal.

©2016 Morningstar All Rights Reserved The information, data, analyses and opinions contained herein (1) include the confidential and proprietary information of Morningstar, (2) may include, or be derived from, account information provided by your financial advisor which cannot be verified by Morningstar, (3) may not be copied or redistributed, (4) do not constitute investment advice offered by Morningstar, (6) are provided solely for informational purposes and therefore are not an officer to buy or sell as exeruity, and (6) are not warranted to be correct, compared as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, this information, data, analyses or opinions or their use. This report is supplemental sales literature. If applicable it must be preceded or accompanied by a prospecture, or equivalent, and disclosure statement.

