

Notice of Meeting
UNIVERSITY OF HAWAI'I
BOARD OF REGENTS COMMITTEE ON BUDGET AND FINANCE

Members: Regent Higaki (Chair), Regent Kudo (Vice Chair), and
Regents Acoba, Doctor Sparks, McEnerney, Shinsato, Tagorda

Date: Thursday, March 8, 2018

Time: 10:00 a.m.

Place: University of Hawai'i at Mānoa
Information Technology Building
1st Floor Conference Room 105A/B
2520 Correa Road
Honolulu, Hawai'i 96822

AGENDA

I. Call Meeting to Order

II. Approval of Minutes of the January 11, 2018 Meeting

III. Public Comment Period for Agenda Items: All written testimony on agenda items received after posting of this agenda and up to 24 hours in advance of the meeting will be distributed to the board. Late testimony on agenda items will be distributed to the board within 24 hours of receipt. Written testimony may be submitted via US mail, email at bor@hawaii.edu, or facsimile at 956-5156. Individuals submitting written testimony are not automatically signed up for oral testimony. Registration for oral testimony on agenda items will be provided at the meeting location 15 minutes prior to the meeting and closed once the meeting begins. Oral testimony is limited to three (3) minutes. All written testimony submitted are public documents. Therefore, any testimony that is submitted verbally or in writing, electronically or in person, for use in the public meeting process is public information.

IV. Agenda Items

A. For Information & Discussion

1. FY18 Second Quarter Operating Budget Variance Report
2. FY18 Q2 Legacy Endowment Fund Investment Performance Report

B. Recommend Board Approval

1. UBS Contract Revision – Institutional Consulting Services
2. Approval of Procurement Contract to Provide Credit Card Services for the University of Hawai'i, RFP No. 18-0148

V. Adjournment



UNIVERSITY of HAWAI'I SYSTEM

UNIVERSITY OF HAWAII BOARD OF REGENTS

18 MAR -2 10:24

DTS 18764A1

Kalbert K. Young Vice President for Budget and Finance Chief Financial Officer

RECEIVED

March 1, 2018

'18 MAR -2 10:08

UNIVERSITY OF HAWAII PRESIDENT'S OFFICE

TO: Jan N. Sullivan Chairperson, Board of Regents Wayne Higaki Chair, Committee on Budget and Finance, Board of Regents VIA: David Lassner President FROM: Kalbert K. Young Vice President for Budget and Finance/Chief Financial Officer SUBJECT: FY 18 Second Quarter Financial Report

Handwritten signature of David Lassner

Attached is the FY18 Second Quarter Financial Report for the period ending December 31, 2017 for the University of Hawai'i System. This report is an information item for discussion at the Budget and Finance Committee meeting on March 8, 2018.

To complement this Second Quarter Financial Report a slide deck presentation which summarizes a high-level analysis fo the report is also included. The Vice President for Budget and Finance/Chief Financial Officer is anticipated to present this as an agenda item before the committee and will be available for any questions of members.

Attachments

- c: University Budget Office (w/o Attachments) University Controller (w/o Attachments)



FY18 Q2 Financial Report

March 8, 2018

Committee on Budget and Finance

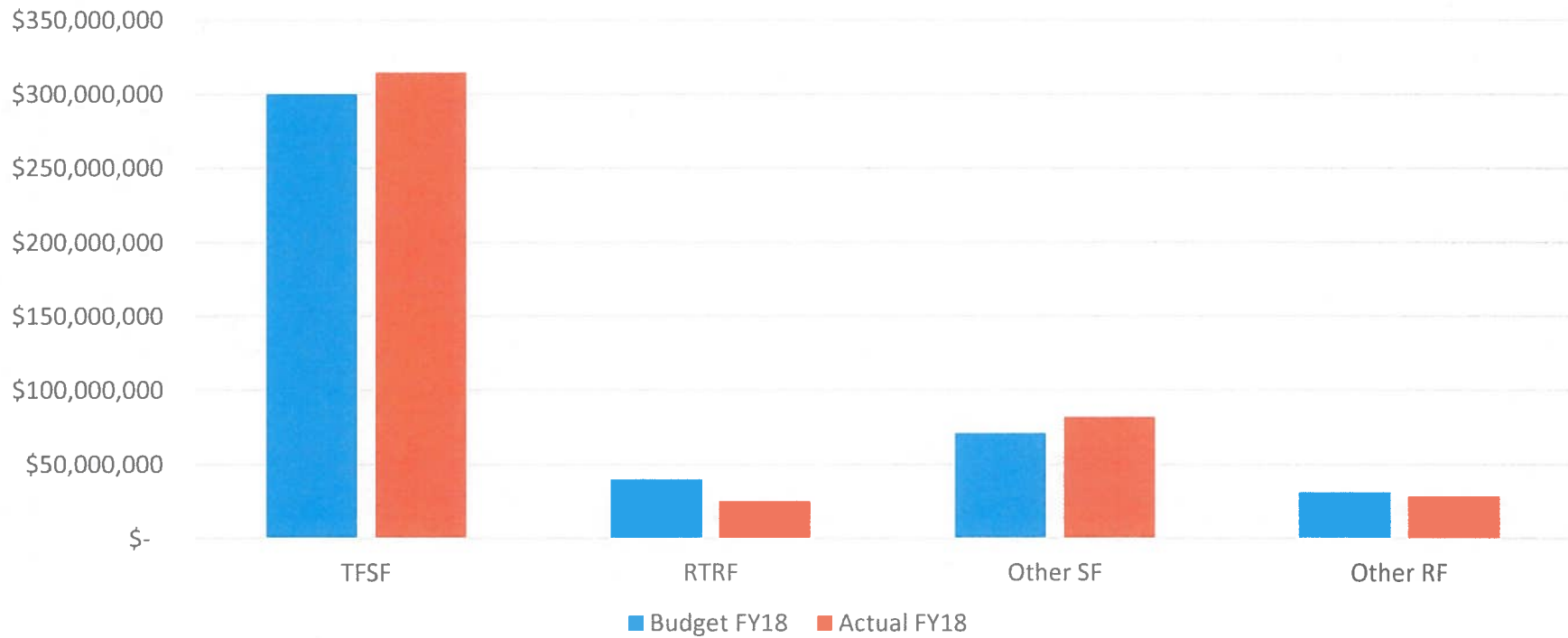


Overview

1. Through Q2, revenues are slightly higher than projections and expenditures are slightly lower than projections.
2. Revenues for all funds are \$16.5 million (1.8%) higher than projections and \$8.4 million (0.9%) higher than Q2 FY17.
 - **TFSF Revenues are \$14.5 million (4.8%) higher than projections**
3. Expenditures for all funds are \$26.8 million (5.0%) lower than projections and \$3.9 million (0.7%) lower than Q2 FY17.

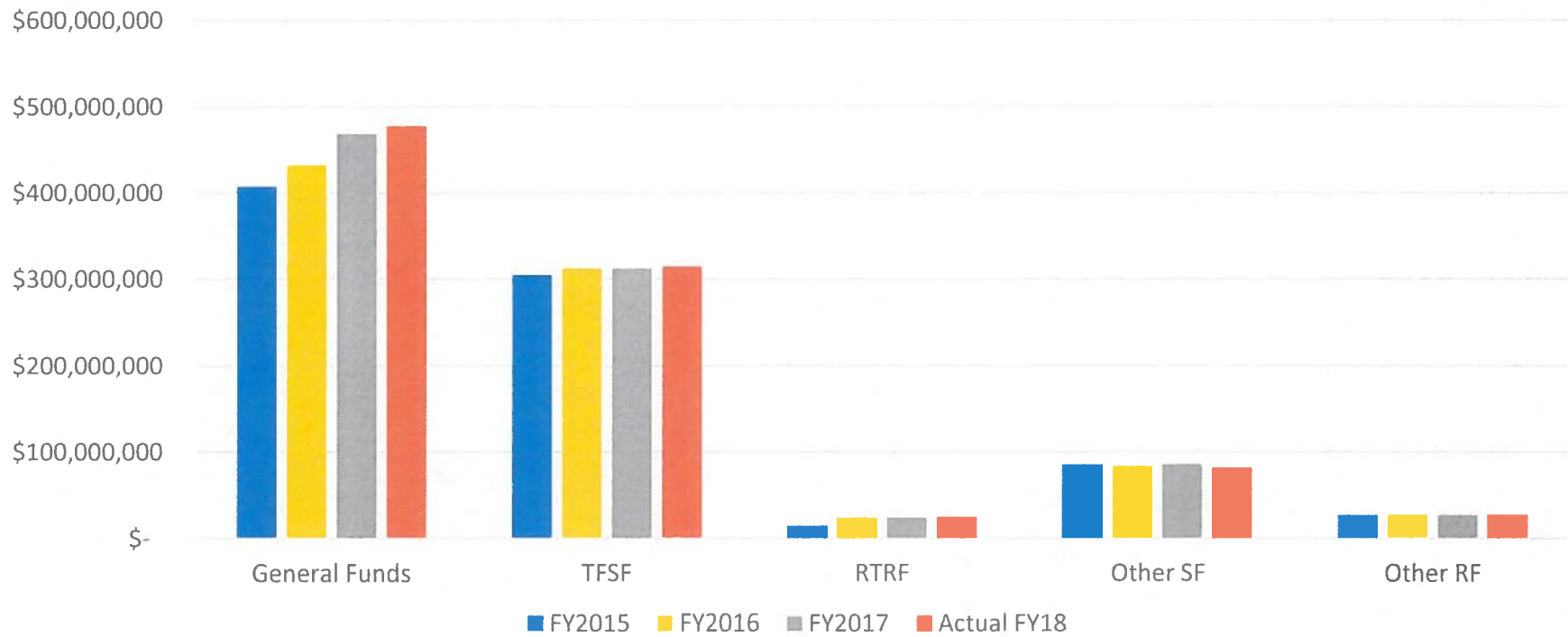


Non-General Fund Revenues (Budget vs. Actual)



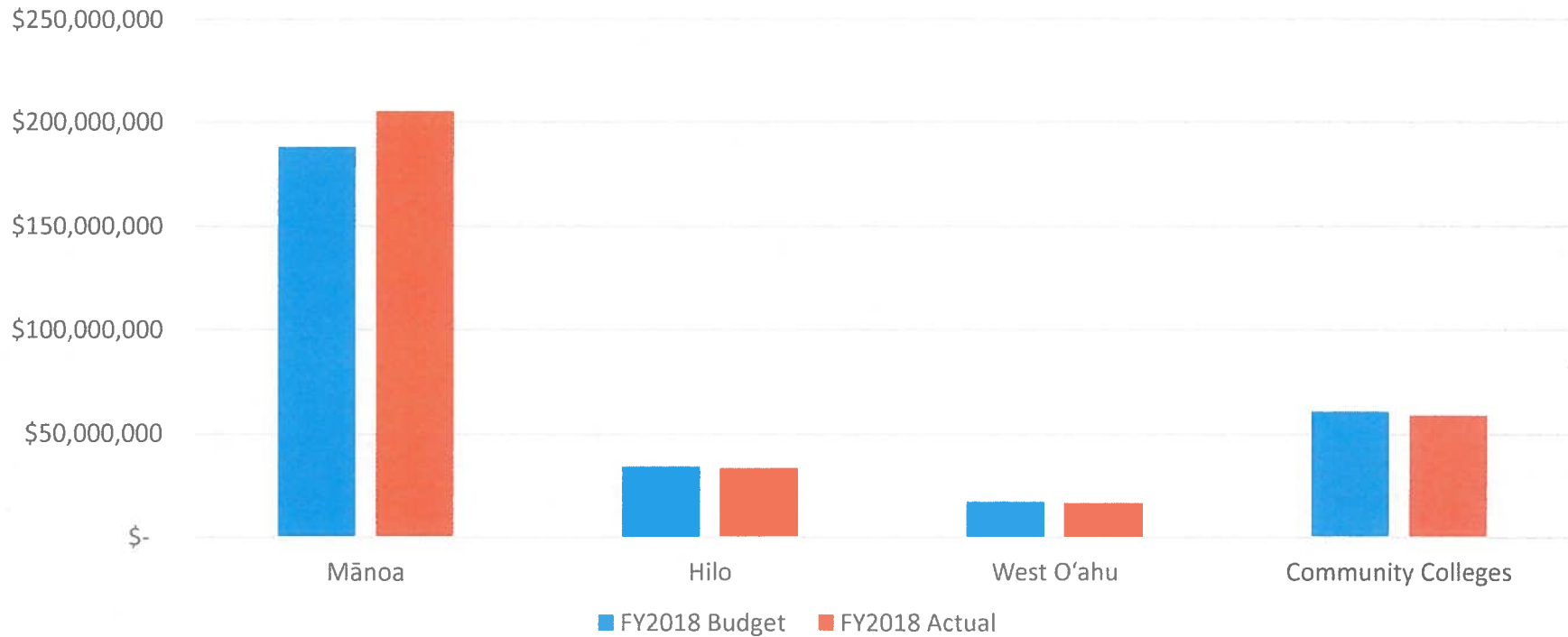


Revenues (Q2 FYs 15-18)



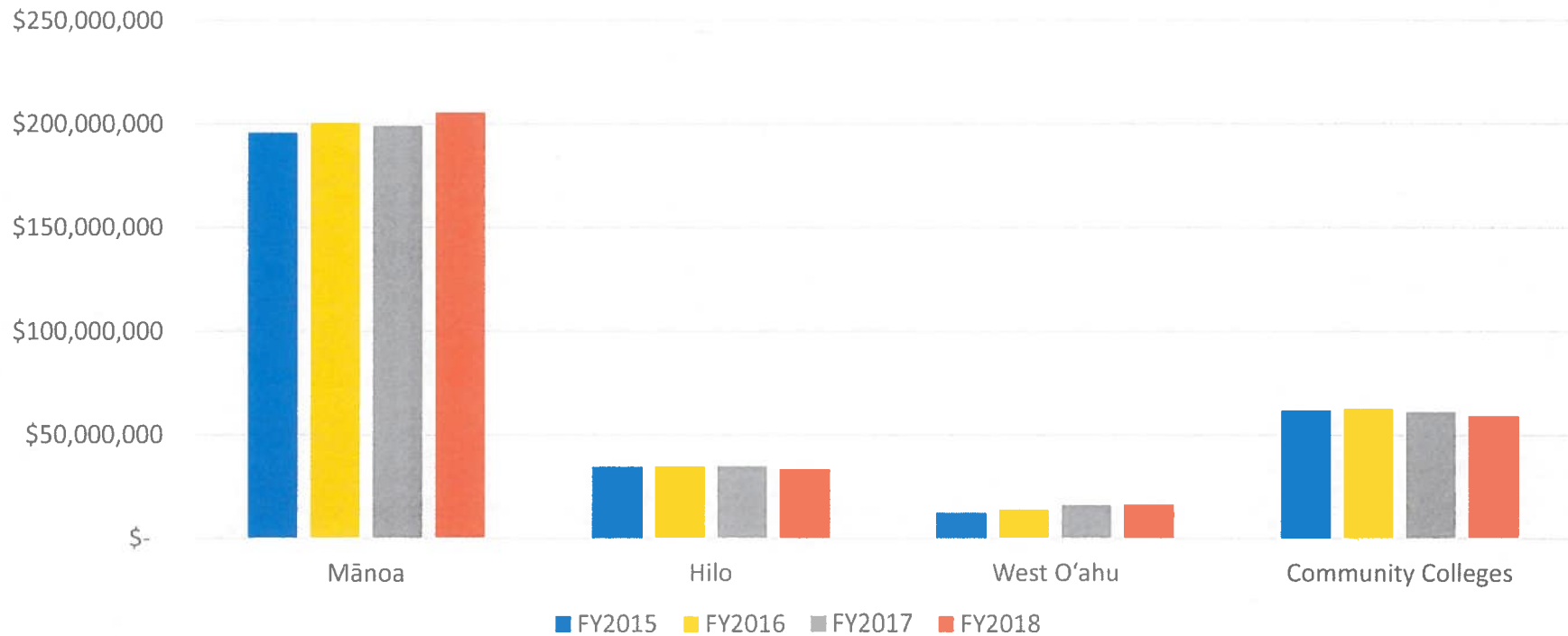


TFSF Revenue by Campus (Budget vs. Actual)



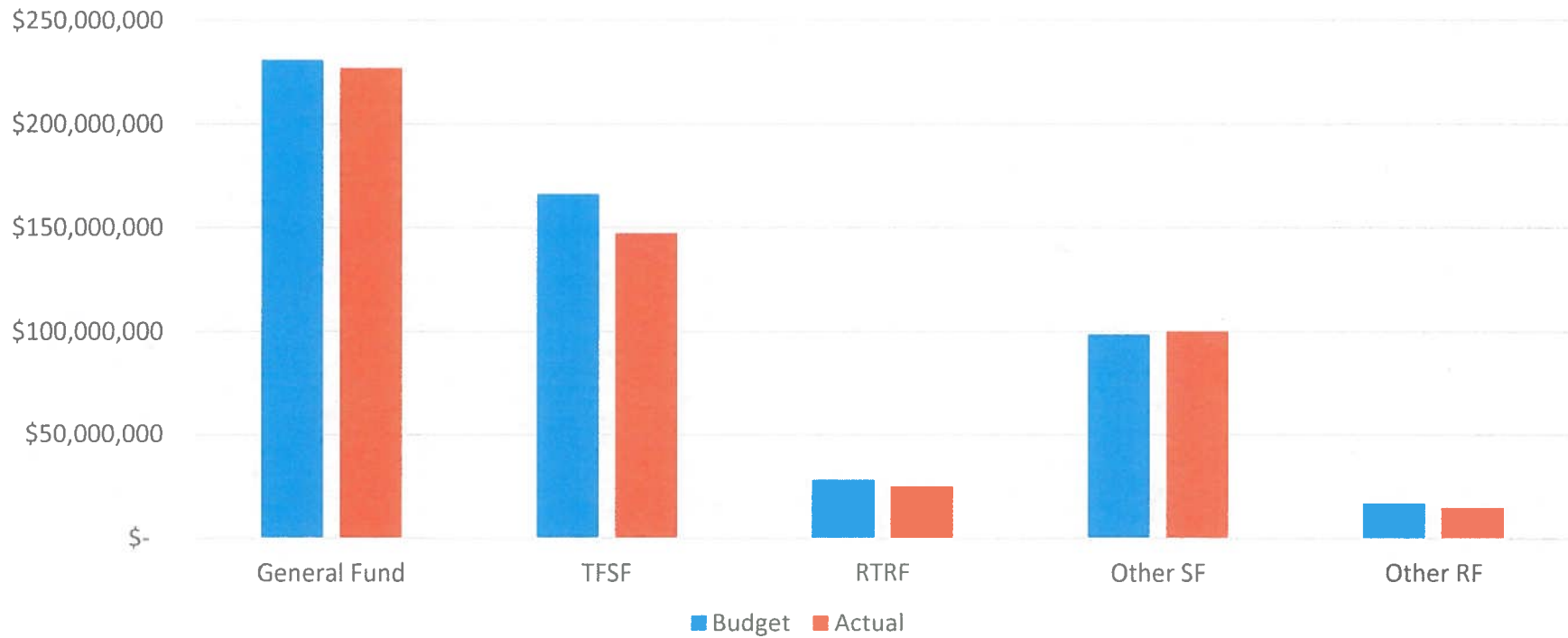


TFSF Revenue by Campus (Q2 FY15-18)



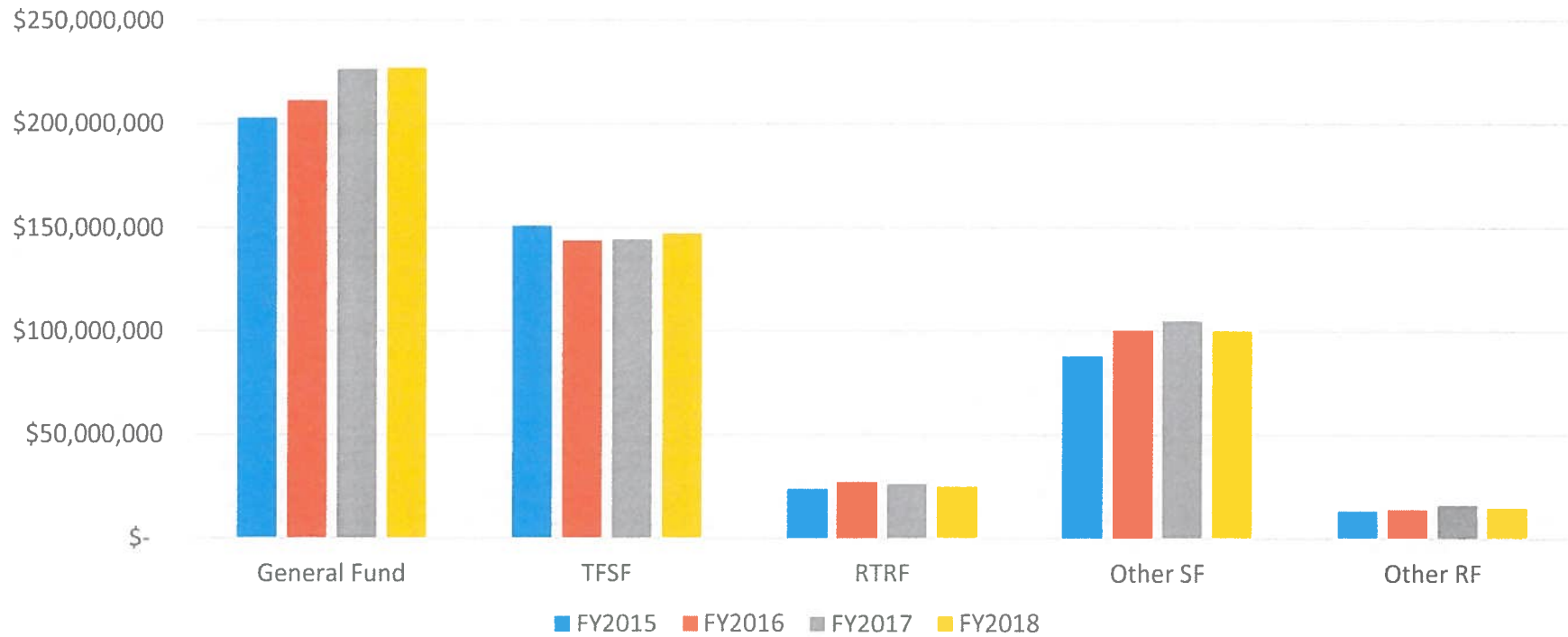


Expenditures (Budget vs. Actual)





Expenditures (Q2 FYs 15-18)





Mānoa – General Fund and TFSF

1. Although enrollment is roughly on target, TFSF Revenues are \$17.4 million (9%) above projections. This is due to timing issues between when revenues were expected to be recorded and when they were actually recorded. TFSF revenues are expected to end near their annual projection by the end of the fiscal year.
2. TFSF Expenditures are \$5.4 million (6%) lower than projected due to conservative projections in anticipation of decreased revenues.
3. General Fund Non-Personnel Expenditures are lower than projected due to Athletics not transferring expenditures from their special fund to the GF. This transfer will occur later in the year.



Mānoa – RTRF and Other Special Funds

1. RTRF was projected to be received entirely in Q1 rather than distributed over all four quarters. This variance will decrease as the year progresses. Annual revenue remains on-track.
2. RTRF Expenditures for Non-Personnel and Utilities are lower than projections due to conservative budgeting.
3. Other SF Revenues higher than projected because revenues were projected to be received evenly throughout the year but were recorded in Q1 and Q2. This variance will diminish throughout the fiscal year.



Mānoa – Other Revolving Funds

1. Revenues for Other Revolving Funds are \$1.4 million (6%) lower than projected due to decreased enrollment and a delay in the awarding of projects from a particular fund.
2. Non-Personnel Expenditures are \$1.2 million (14%) lower than projected due to some projections being evenly distributed throughout the year instead of the appropriate quarter.



Hilo

1. TFSF Personnel Expenditures are lower by \$1.9 million (27%) in response to lower than planned enrollment.
2. TFSF Utilities Expenditures are lower by \$1.0 million (34%) as a result of energy conservation and slower than anticipated rate increases.
3. Other Special Funds revenues are higher by \$1.0 million (18%) due to increase in number of students residing on campus and purchasing meal plans. Non-Personnel Expenditures are lower than planned as a result of cautious spending.



West O‘ahu

1. TFSF Personnel Expenditures lower than projected. However, this variance is expected to decrease in Q3 and Q4 when salary transfers for General Fund shortfall will occur.



Community Colleges

1. Variances exist in Utilities costs for both General Fund and TFSF. These expenditures are budgeted between GF and TFSF and funds shift throughout the year to balance GF and TFSF revenues with expenditures. Total variance for Utilities through all funds is \$365,968 (0.5%).
2. TFSF Personnel Expenditures are \$1.0 million (10%) higher than projections due to balancing between General Fund and TFSF revenues and expenditure requirements.
3. Lower than anticipated utilization of Conference Centers has resulted in Other RF Revenues and Expenditures being lower than projections.



Systemwide Administration

1. General Fund Non-Personnel Expenditures are \$2.0 million (55%) lower than anticipated due to unrealized expenses in travel, equipment, and fee-based services.
2. TFSF Transfer variance due to timing issue with annual Banner assessment to campuses. Assessments occurred in Q2 instead of Q3 as projected.
3. RTRF Non-Personnel Expenditures are \$1.5 million (25%) lower than projected due to increased fiscal prudence and timing issues with payment towards Keller Hall renovation.



Conclusion

1. Revenues are on-track through Q2, with most funds being above projections.
2. Expenditures are lower than projected for most funds also.
3. Despite enrollment trajectory, it appears that campuses have planned well and are executing accordingly.
4. Governor released 5% contingency restriction (\$4.4 million) in mid-January. This will impact Q3 GF revenues and expenditures which will also have an effect on TFSF expenditures. A 5% “hard” restriction is still in place.



FY18 Second Quarter Financial Report

UNIVERSITY SYSTEM SUMMARY

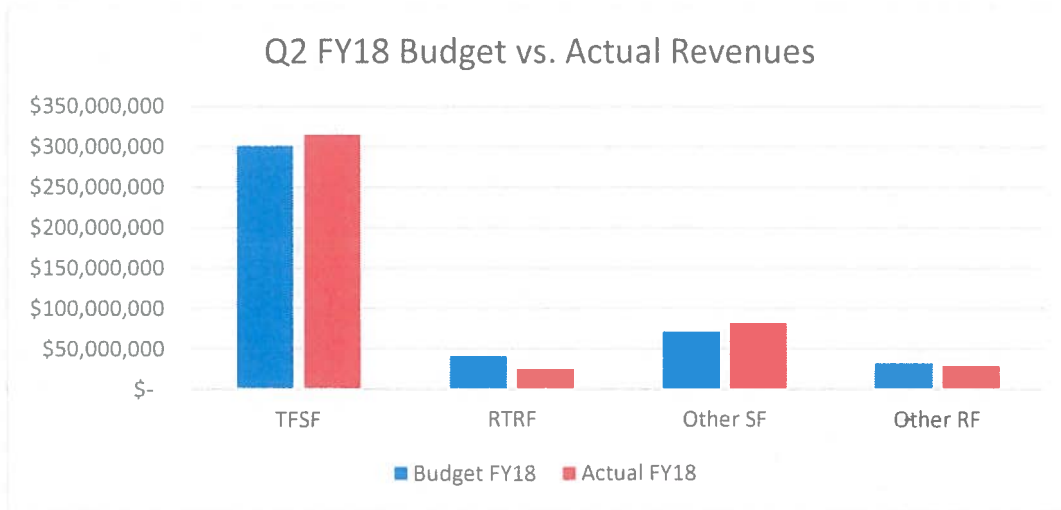
Executive Summary

Through the second quarter (Q2) of Fiscal Year 2017-2018 (FY18), revenues are mostly in line with projections, with the exception of revenue for the Research and Training Revolving Fund (RTRF), although that is a projection issue rather than a collection issue.

Across all funds, revenues are \$16.5 million (1.8%) higher than projections and expenditures are \$26.8 million (5.0%) lower than projections. Compared to the prior fiscal year, revenues are \$8.4 million (0.9%) higher and expenditures are \$3.9 million (0.7%) lower. While a few issues exist, the majority of funds are outperforming on both the revenue and expenditure sides.

Revenues

The following chart shows revenues through Q2, comparing budgeted and actual amounts for UH's non-general funds. The magnitude of the General Fund appropriation and the fact that virtually the entire amount is booked in the first quarter are the reasons for not including it in the graph although the relevant data is included in the table below the graph.



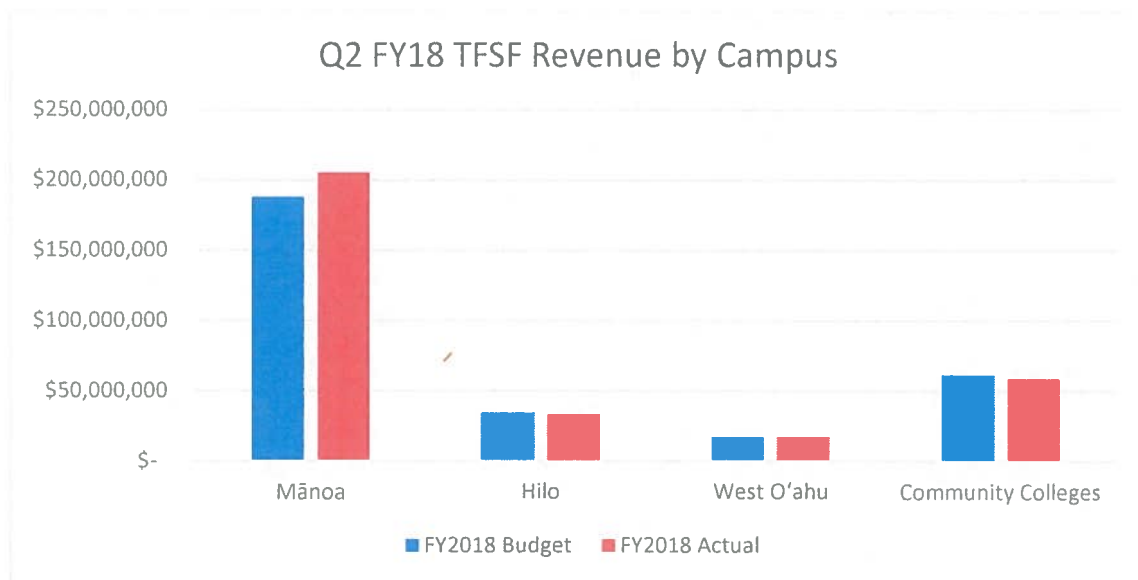
	FY18 Budget	FY18 Actual	Difference	%age
General Fund	\$ 469,369,988	\$ 477,928,099	\$ 8,558,111	1.8%
TFSF	\$ 300,487,956	\$ 314,996,197	\$ 14,508,241	4.8%
RTRF	\$ 39,689,483	\$ 24,876,904	\$ (14,812,579)	-37.3%
Other SF	\$ 71,034,718	\$ 82,119,983	\$ 11,085,265	15.6%
Other RF	\$ 30,763,003	\$ 27,906,820	\$ (2,856,183)	-9.3%
All Funds	\$ 911,345,148	\$ 927,828,003	\$ 16,482,855	1.8%

With the exception of RTRF, revenues are mostly in-line with expectations. The RTRF variance is primarily a result of Mānoa having budgeted their annual projection of \$29.4 million entirely in Q1 rather than evenly distributed in each quarter. RTRF revenues for Q2 of \$24.8 million are in line with Q2 revenues for the past several fiscal years. This variance should decrease as the year progresses.

Other Special Funds are higher than projected, mostly due to Student Housing at Mānoa and Hilo. Mānoa projected revenue evenly throughout the year but actual revenues were recorded in the beginning part of the year. This variance should decrease throughout the fiscal year. Hilo is experiencing a higher than projected number of students residing on campus and purchasing meal plans. Other Revolving Funds are lower than projected due to variances in two units at Mānoa and Conference Center utilization at the Community Colleges.

Tuition and Fees Revenue

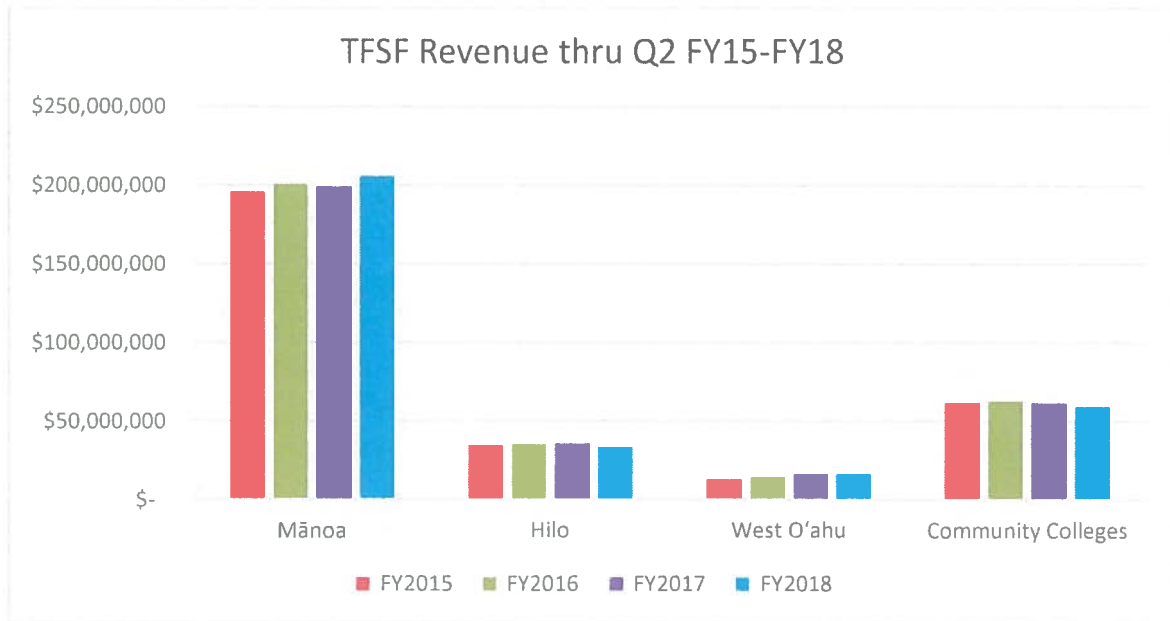
The following chart shows TFSF Revenue through Q2 by campus:



Campus	FY2018 Budget	FY2018 Actual	Difference	%age
Mānoa	\$ 188,296,295	\$ 205,652,265	\$ 17,355,970	9.2%
Hilo	\$ 34,068,456	\$ 33,438,183	\$ (630,273)	-1.9%
West O'ahu	\$ 16,707,140	\$ 16,541,605	\$ (165,535)	-1.0%
Community Colleges	\$ 60,850,505	\$ 58,984,074	\$ (1,866,431)	-3.1%
Systemwide Support	\$ 565,560	\$ 380,070	\$ (185,490)	-32.8%
Total	\$ 300,487,956	\$ 314,996,198	\$ 14,508,242	4.8%

Across all campuses, TFSF revenue is \$14.5 million, or 4.8%, above projections. Although overall enrollment across UH has declined 3.3% since the prior year, this decline was anticipated and accounted for in the FY18 spending plan.

The trend for TFSF revenue by campus through Q2 for the past four fiscal years is presented below:

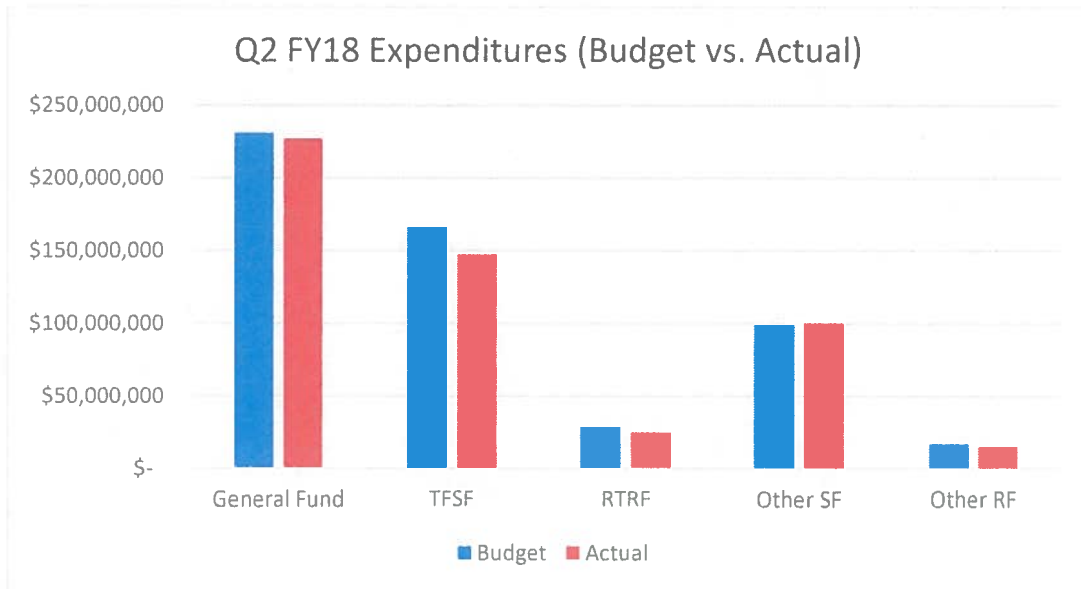


Campus	FY2015	FY2016	FY2017	FY2018
Mānoa	\$ 195,828,241	\$ 200,739,823	\$ 199,110,651	\$ 205,652,265
Hilo	\$ 34,630,155	\$ 35,017,413	\$ 35,156,800	\$ 33,438,183
West O'ahu	\$ 12,470,479	\$ 14,159,853	\$ 16,379,550	\$ 16,541,605
Community Colleges	\$ 61,539,644	\$ 62,585,319	\$ 61,249,052	\$ 58,984,074
Systemwide Support	\$ 423,620	\$ 411,810	\$ 534,437	\$ 380,070
Total	\$ 304,892,139	\$ 312,914,218	\$ 312,430,490	\$ 314,996,198

Looking over the most recent fiscal years, revenues are a mixed bag – Mānoa and West O'ahu show increasing revenues but Hilo and the Community Colleges are declining. However, as evidenced in the FY18 Budget approved by the Board in August 2017, prudent fiscal policies have been implemented at the various campuses which have resulted in fund balances holding relatively steady in recent years.

Expenditures

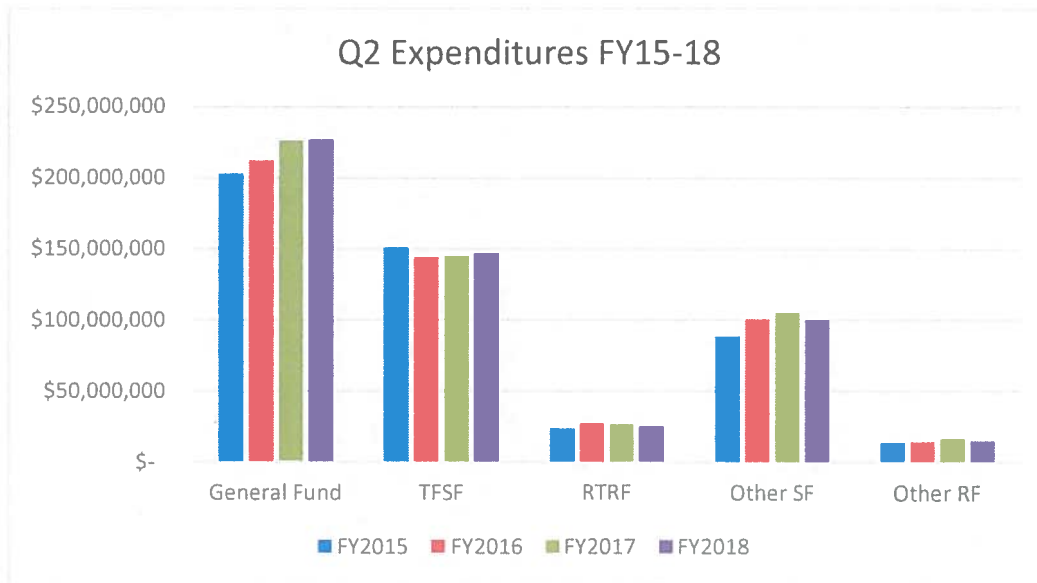
The following chart compares budgeted and actual expenditures through Q2 FY18:



Fund	Budget	Actual	Difference	%age
General Fund	\$ 231,120,234	\$ 227,032,846	\$ (4,087,388)	-1.8%
TFSF	\$ 166,135,492	\$ 147,319,227	\$ (18,816,265)	-11.3%
RTRF	\$ 28,258,120	\$ 25,068,266	\$ (3,189,854)	-11.3%
Other SF	\$ 98,682,852	\$ 100,032,171	\$ 1,349,319	1.4%
Other RF	\$ 17,056,256	\$ 14,989,826	\$ (2,066,430)	-12.1%
Total	\$ 541,252,954	\$ 514,442,336	\$ (26,810,618)	-5.0%

Actual expenditures for most fund categories are lower than projected expenditures for Q2 FY18. This can be attributable to generally conservative budgeting during construction of the FY18 spending plan as well as responding to revenue situation during budget execution.

Historical trends for expenditures for the various fund categories over the past four fiscal years are shown below:



Fund	FY2015	FY2016	FY2017	FY2018
General Fund	\$ 203,043,499	\$ 211,578,659	\$ 226,346,923	\$ 227,032,846
TFSF	\$ 150,993,212	\$ 144,002,790	\$ 144,496,984	\$ 147,319,227
RTRF	\$ 23,615,534	\$ 27,292,110	\$ 26,454,789	\$ 25,068,266
Other SF	\$ 88,085,294	\$ 100,240,459	\$ 104,863,091	\$ 100,032,171
Other RF	\$ 13,291,819	\$ 14,043,537	\$ 16,148,209	\$ 14,989,826
Total	\$ 479,029,358	\$ 497,157,555	\$ 518,309,996	\$ 514,442,336

In aggregate, Q2 expenditures are slightly below expenditures for the same period from FY17. TFSF expenditures are slightly above FY16 and FY17 for the same period, but lower than FY15.

MANOA

General Fund

General fund expenditures are currently trending as expected for personnel costs. Non-Personnel expenditures are lower than projected due to Athletics not transferring travel and guarantee expenditures from their special fund to the general fund as projected. This transfer will occur later in the year.

Tuition and Fees Special Fund

Actual tuition revenues are \$17.4 million (9.2%) higher than the projected amount through Q2. This can be attributed to timing issues of when the revenue was projected to be recorded versus when it was actually recorded. Tuition revenues are expected to end near the expected annual revenue projection assuming the enrollment projection holds.

Expenditures were also conservatively projected in anticipation of decreased revenues. Units are currently projected to spend within their current year allocations, which are within the projected revenue for the year. Variations in quarterly expenditures can occur throughout the year due to timing issues. Because of this all expenditure categories were projected to be higher than actual.

Transfers were lower than projected since Cancer Center was projected to receive a transfer of funds to augment their tuition budget but instead was given an increased allocation. This variance will continue for the rest of the year until the cash transfer for the allocations to units are done. The remainder of the variance is due to the timing of when transfers were projected to be recorded than when they actually were recorded.

Research & Training Revolving Fund

The RTRF revenue budget was projected to be received entirely in Q1 instead of being distributed over all four quarters. Quarterly variances therefore will continue throughout the year but will decrease as the year progresses.

RTRF expenditures are budgeted based on the total amount of allocation given to the units for their facilitating money. Since this money is used to support start up packages and longer term projects, units typically budget the entire amount of allocation even though it might not be spent in the current year. This is a means to track the progress of the project over a period of time and to be able to calculate a balance for the Principal Investigators.

Some units also budgeted their RTRF expenditures as other expenditures as a placeholder instead of allocating the budget between personnel, non-personnel and utilities. This would cause the non-personnel expenditure budget to have a variance.

RTRF utilities had a variance due to JABSOM budgeting their utilities expenditures conservatively.

Transfers were higher than budgeted because of a cleanup effort done by the Office of the Vice Chancellor of Research (OVCR) to correct prior year cash transfers that were delayed. Since these transfers included adjustments from prior years, this would cause the actual transfers to be higher than what was budgeted.

Other Special Funds

Actual revenues for Other Special Funds are higher than projected primarily due to Student Housing. Their projected revenue through Q2 was \$12.8 million, but the actual came in at \$23.3 million. This was due to projecting revenues fairly evenly throughout the year rather than when the revenues actually are recorded in the financial system. This will cause the unit to have a variance until the end of the fiscal year assuming their total revenue projection becomes reality.

Transfers were higher than budgeted primarily due to delay in processing incoming transfers for Outreach (non-credit administrative services costs and scholarship fund) and Law School (scholarship special fund). Also the transfer of cigarette tax funds from the State to Cancer Center were lagged a month thus causing a variance of one month's worth of transfers.

Other Revolving Funds

Revenues for Other Revolving Funds were lower than budgeted due to variances in two particular units. School of Architecture had a variance in their HI-DESIGN program due to delays in project execution and funding. Because the projects were not awarded when anticipated, revenues and expenditures have not occurred as planned. Office of Student Affairs had variances in the Student Health Services plan due to lower than anticipated enrollment which resulted in a lower fee collection, and a short term processing lag in billing due to personnel turnover.

Non-Personnel expenditures from Other Revolving Funds were lower than projected for Q2 primarily due to circumstances in two funds. Student Services and Campus Services had lower than expected non-personnel expenditures due to the equal distribution of the expenditure projection over the year.

HILO

Tuition and Fees Special Fund

Personnel expenditures are about \$1.9 million, or 27%, lower than planned due to delays in filling vacant positions and reduction in lecturer costs. This is in response to a decline in enrollment.

Utilities are about \$1.0 million, or 34%, lower than planned due to a decrease in electricity usage and rates increasing at a slower pace than projected.

Other Special Funds

Revenues are \$1,081,434 or 18% more than planned due to an increase in the number of students residing on campus and purchasing meal plans.

Non-Personnel expenditures are \$701,436 or 12% lower than planned as a result of cautious spending due to the uncertainty of Spring enrollment which showed signs of being less than projected.

WEST O'AHU

Tuition and Fees Special Fund

Personnel expenditures are \$715,808 (22%) lower than budgeted. However salary transfers for General Fund shortfall will occur in the third and fourth quarters and personnel expenditures are expected to increase for TFSF.

COMMUNITY COLLEGES

General Fund

Non-Personnel costs are lower than projected because funds budgeted for equipment purchases were not expended by Q2. Funds in the UHCC system equipment replacement pool have been allocated in full to the campuses and expenditures are anticipated in future quarters.

Utilities costs are lower than projected for General Funds. However, these costs are primarily budgeted between General Funds (GF) and TFSF. The total variance (all means of financing) is only 0.5% or \$365,968. Variances in individual funds are due to timing considerations and attempts to balance GF and TFSF revenue sources against GF and TFSF expenditure requirements.

Tuition and Fees Special Fund

The Personnel expenditure variance is due to a combination of factors. Payroll costs are budgeted in both General Fund and TFSF. Variances in individual funds are the product of efforts to balance General Fund and TFSF revenue sources against General Fund and TFSF expenditure requirements. For example, TFSF payroll is being adjusted as an offset to General Fund balances, which will include balances created by the lifting of General Fund restrictions.

Other Revolving Funds

Revenues variances are primarily due to Conference Center activities. Conference Center revenue budgets are based on a three year historical quarterly average, however, actual revenues vary from year to year depending on conference dates and the number of conference venues that are requested. Lower than anticipated utilization has affected not only revenues but non-personnel expenditures as well.

SYSTEMWIDE ADMINISTRATION

General Funds

Non-Personnel expenditures are \$2.0 million (55%) lower than projected due to unrealized expenses in areas such as travel, equipment and fee-based services.

Tuition and Fees Special Funds (TFSF)

Personnel expenditures are \$659,139 (49%) lower than projected due to a shift in budget strategy to book personnel expenditures in General Funds instead of TFSF. Non-Personnel expenditures are \$526,183 (10%) lower than projected because of timing issues with purchasing. Expenditures planned for Q2 have been delayed to Q3. Additionally, efforts are being made to reduce overall spending.

Transfers are \$5.3 million (117%) lower than projected as result of a timing issue with the annual Banner assessments to the campuses. The assessments occurred in Q2 instead of Q3 as budgeted.

Research and Training Revolving Fund (RTRF)

Non-Personnel expenditures are \$1.5 million (25%) lower than projected because of increased fiscal prudence and a concerted effort to reduce expenditures in areas such as travel, supplies, and membership dues. Additionally, there were timing issues with purchasing and payment towards the Keller Hall renovation project has not yet been made.

Campus RTRF allocations were determined late in Q1 and a new allocation methodology was applied this fiscal year. As a result variances exist between actual versus budgeted allocation transfers.

Other Special Funds

Non-Personnel expenditures are \$2.4 million (54%) lower than projected primarily due to a reimbursement of legal expenses advanced on the Risk Management Special Fund and unrealized expenses for the POST Building recovery.

Transfers are \$1.8 million (52%) higher than projected because of a timing issue with the annual Risk Management Special Fund assessment to the campuses. The assessment will occur in Q3 instead of Q2 as budgeted.

UNIVERSITY OF HAWAI'I SYSTEM REPORT



**Report to the University of Hawai'i Board of Regents
Committee on Budget and Finance**

**FY 2018 Second Quarter Financial Report
For the Period Ending December 31, 2017**

UNIVERSITY OF HAWAII
FY 2018 Second Quarter Financial Report for the Period Ending December 31, 2017

GENERAL FUNDS Revenue	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Allocation	469,369,988	477,928,099	8,558,111	2%	469,022,020	432,849,364	407,787,629
Expenditures							
Personnel	223,477,953	223,059,426	(418,527)	0%	221,689,792	207,186,490	200,837,870
Non-Personnel (incl. trfs for B+)	6,684,588	3,398,119	(3,286,469)	-49%	4,139,783	3,969,796	1,750,619
Utilities	957,693	575,301	(382,392)	-40%	517,348	422,373	455,010
Total Expenditures	231,120,234	227,032,846	(4,087,388)	-2%	226,346,923	211,578,659	203,043,499
Revenue - Expenditures	238,249,754	250,895,253			242,675,097	221,270,705	204,744,130

TUITION & FEES SF (TFSF) Revenue	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Total Revenue	300,487,956	314,996,197	14,508,241	5%	312,430,490	312,914,218	304,892,139
Expenditures/Transfers							
Personnel	70,864,585	65,233,202	(5,631,383)	-8%	66,128,346	64,606,272	76,517,267
Non-Personnel	51,312,667	50,392,572	(920,095)	-2%	49,320,870	44,251,122	43,183,198
Utilities	24,223,147	23,131,163	(1,091,984)	-5%	21,692,225	24,876,864	26,341,248
Transfers	19,735,093	8,562,291	(11,172,802)	-57%	7,355,543	10,268,532	4,951,499
Total Expenditures/Transfers	166,135,492	147,319,228	(18,816,264)	-11%	144,496,984	144,002,790	150,993,212
Revenue - Expenditures/Transfers	134,352,464	167,676,969			167,933,506	168,911,428	153,898,927

RESEARCH & TRAINING RF (RTRF) Revenue	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Total Revenue	39,689,483	24,876,904	(14,812,579)	-37%	24,384,966	23,977,260	14,366,961
Expenditures/Transfers							
Personnel	8,279,672	8,611,626	331,954	4%	8,485,306	8,016,518	8,722,242
Non-Personnel	19,121,136	14,020,922	(5,100,214)	-27%	14,189,689	15,944,587	10,755,750
Utilities	1,750,525	1,092,001	(658,524)	-38%	2,450,976	2,014,057	2,870,970
Transfers	(893,213)	1,343,717	2,236,930	-250%	1,328,818	1,316,948	1,266,572
Total Expenditures/Transfers	28,258,120	25,068,266	(3,189,854)	-11%	26,454,789	27,292,110	23,615,534
Revenue - Expenditures/Transfers	11,431,363	(191,362)			(2,069,823)	(3,314,850)	(9,248,573)

UNIVERSITY OF HAWAII
FY 2018 Second Quarter Financial Report for the Period Ending December 31, 2017

OTHER SPECIAL FUNDS Revenue	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Total Revenue	71,034,718	82,119,983	11,085,265	16%	85,965,035	83,796,924	85,060,035
Expenditures/Transfers							
Personnel	28,274,917	27,757,406	(517,511)	-2%	29,064,173	27,758,627	27,080,363
Non-Personnel	61,321,416	56,399,428	(4,921,988)	-8%	58,277,168	62,321,097	40,961,939
Utilities	4,643,994	5,088,838	444,844	10%	4,319,928	3,158,948	4,337,569
Transfers	4,442,525	10,786,499	6,343,974	143%	13,201,822	7,001,787	15,705,423
Total Expenditures/Transfers	98,682,852	100,032,171	1,349,319	1%	104,863,091	100,240,459	88,085,294
Revenue - Expenditures/Transfers	(27,648,134)	(17,912,188)			(18,898,056)	(16,443,535)	(3,025,259)

OTHER REVOLVING FUNDS Revenue	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Total Revenue	30,763,003	27,906,820	(2,856,183)	-9%	27,615,507	27,867,926	27,122,679
Expenditures/Transfers							
Personnel	6,085,703	5,745,787	(339,916)	-6%	5,169,294	4,921,099	4,980,290
Non-Personnel	10,942,916	9,072,259	(1,870,657)	-17%	11,142,992	9,065,380	8,253,039
Utilities	106,948	158,478	51,530	48%	145,810	31,664	30,720
Transfers	(79,311)	13,302	92,613	-117%	(309,887)	25,394	27,770
Total Expenditures/Transfers	17,056,256	14,989,826	(2,066,430)	-12%	16,148,209	14,043,537	13,291,819
Revenue - Expenditures/Transfers	13,706,747	12,916,994			11,467,298	13,824,389	13,830,860

TOTAL, UOH Revenue	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Total Revenue	911,345,148	927,828,003	16,482,855	2%	919,418,018	881,405,692	839,229,443
Expenditures/Transfers							
Personnel	336,982,830	330,407,447	(6,575,383)	-2%	330,536,911	312,489,006	318,138,032
Non-Personnel	149,382,723	133,283,300	(16,099,423)	-11%	137,070,502	135,551,982	104,904,545
Utilities	31,682,307	30,045,781	(1,636,526)	-5%	29,126,287	30,503,906	34,035,517
Transfers	23,205,094	20,705,809	(2,499,285)	-11%	21,576,296	18,612,661	21,951,264
Total Expenditures/Transfers	541,252,954	514,442,337	(26,810,617)	-5%	518,309,996	497,157,555	479,029,358
Revenue - Expenditures/Transfers	370,092,194	413,385,666			401,108,022	384,248,137	360,200,085

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GENERAL FUNDS	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Revenue							
Allocation (including net transfers)	234,337,820	239,192,662	4,854,842	2%	237,476,575	220,509,734	206,186,867
Expenditures							
Personnel	117,903,540	117,434,514	(469,026)	0%	117,489,396	110,803,244	106,418,335
Non-Personnel	565,250	37,477	(527,773)	-93%	745,067	556,319	22,755
Utilities	-	125,738	125,738	budget = 0	144	-	-
Total Expenditures	118,468,790	117,597,729	(871,061)	-1%	118,234,607	111,359,563	106,441,090
Revenue - Expenditures	115,869,030	121,594,933			119,241,968	109,150,171	99,745,777

TUITION & FEES SF (TF SF)	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Revenue							
Total Revenue	188,296,295	205,652,265	17,355,970	9%	199,110,651	200,739,823	195,828,241
Expenditures/Transfers							
Personnel	48,073,089	44,655,490	(3,417,599)	-7%	44,198,120	43,999,115	54,832,092
Non-Personnel	24,920,776	23,721,814	(1,198,962)	-5%	28,781,390	22,002,717	21,821,203
Utilities	16,287,702	15,507,275	(780,427)	-5%	14,306,403	17,093,475	17,238,987
Transfers (net)	13,267,221	8,262,657	(5,004,564)	-38%	4,211,304	7,249,287	4,555,938
Total Expenditures/Transfers	102,548,788	92,147,236	(10,401,552)	-10%	91,497,217	90,344,594	98,448,220
Revenue - Expenditures/Transfers	85,747,507	113,505,029			107,613,434	110,395,229	97,380,021

RESEARCH & TRAINING RF (RTRF)	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Revenue							
Total Revenue	29,454,427	14,759,726	(14,694,701)	-50%	7,950,912	7,534,373	6,190,799
Expenditures/Transfers							
Personnel	4,774,152	5,015,903	241,751	5%	4,185,617	4,832,261	5,889,809
Non-Personnel	10,276,008	7,022,222	(3,253,786)	-32%	5,998,509	8,076,009	5,135,107
Utilities	1,370,884	522,560	(848,324)	-62%	1,935,661	2,014,057	2,870,970
Transfers (net)	(600,501)	1,345,189	1,945,690	-324%	1,328,818	1,442,666	1,384,430
Total Expenditures/Transfers	15,820,543	13,905,874	(1,914,669)	-12%	13,448,605	16,364,993	15,280,316
Revenue - Expenditures/Transfers	13,633,884	853,852			(5,497,693)	(8,830,620)	(9,089,517)

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OTHER SPECIAL FUNDS Revenue	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Total Revenue	53,523,014	63,228,374	9,705,360	18%	68,624,190	67,748,657	65,827,432
Expenditures/Transfers							
Personnel	20,241,566	19,592,477	(649,089)	-3%	21,384,456	20,640,976	19,773,755
Non-Personnel	46,557,294	45,170,689	(1,386,605)	-3%	43,841,199	49,269,958	27,658,850
Utilities	4,298,604	4,715,853	417,249	10%	4,049,364	2,886,844	4,002,828
Transfers (net)	8,399,662	12,479,273	4,079,611	49%	13,853,013	9,816,262	14,342,629
Total Expenditures/Transfers	79,497,126	81,958,292	2,461,166	3%	83,128,032	82,614,040	65,778,062
Revenue - Expenditures/Transfers	(25,974,112)	(18,729,918)			(14,503,842)	(14,865,383)	49,370

OTHER REVOLVING FUNDS Revenue	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Total Revenue	25,040,953	23,600,573	(1,440,380)	-6%	23,095,257	23,097,512	22,708,423
Expenditures/Transfers							
Personnel	4,531,141	4,251,842	(279,299)	-6%	4,042,727	3,802,272	3,957,155
Non-Personnel	9,067,937	7,840,120	(1,227,817)	-14%	9,816,270	7,503,937	6,788,114
Utilities	95,212	151,763	56,551	59%	134,542	31,664	30,720
Transfers (net)	(125,000)	221,984	346,984	-278%	(310,683)	16,768	28,000
Total Expenditures/Transfers	13,569,290	12,465,709	(1,103,581)	-8%	13,682,856	11,354,641	10,803,989
Revenue - Expenditures/Transfers	11,471,663	11,134,864			9,412,401	11,742,871	11,904,434

TOTAL, UH MANOA Revenue	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Total Revenue	530,652,509	546,433,600	15,781,091	3%	536,257,585	519,630,099	496,741,762
Expenditures/Transfers							
Personnel	195,523,488	190,950,226	(4,573,262)	-2%	191,300,316	184,077,868	190,871,146
Non-Personnel	91,387,265	83,792,322	(7,594,943)	-8%	89,182,435	87,408,940	61,426,029
Utilities	22,052,402	21,023,189	(1,029,213)	-5%	20,426,114	22,026,040	24,143,505
Transfers	20,941,382	22,309,103	1,367,721	7%	19,082,452	18,524,983	20,310,997
Total Expenditures/Transfers	329,904,537	318,074,840	(11,829,697)	-4%	319,991,317	312,037,831	296,751,677
Revenue - Expenditures/Transfers	200,747,972	228,358,760			216,266,268	207,592,268	199,990,085

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GENERAL FUNDS	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Revenue							
Allocation (including net transfers)	34,951,072	35,703,111	752,039	2%	35,234,644	32,027,764	30,991,301
Expenditures							
Personnel	16,993,940	17,802,349	808,409	5%	16,833,506	15,672,465	15,700,728
Non-Personnel	138,000	138,000	-	0%	353	7,406	231,928
Utilities	-	-	-	budget = 0	-	-	-
Total Expenditures	17,131,940	17,940,349	808,409	5%	16,833,859	15,679,871	15,932,656
Revenue - Expenditures	17,819,132	17,762,762			18,400,785	16,347,893	15,058,645

TUITION & FEES SF (TFSF)	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Revenue							
Total Revenue	34,068,456	33,438,183	(630,273)	-2%	35,156,800	35,017,413	34,630,155
Expenditures/Transfers							
Personnel	7,214,347	5,279,918	(1,934,429)	-27%	6,534,801	6,764,562	6,938,729
Non-Personnel	4,667,492	4,965,535	298,043	6%	4,332,865	4,992,615	4,965,950
Utilities	3,151,016	2,090,694	(1,060,322)	-34%	2,077,483	2,265,732	2,908,542
Transfers (net)	1,477,639	1,228,028	(249,611)	-17%	865,409	1,342,720	512,942
Total Expenditures/Transfers	16,510,494	13,564,175	(2,946,319)	-18%	13,810,558	15,365,629	15,326,163
Revenue - Expenditures/Transfers	17,557,962	19,874,008			21,346,242	19,651,784	19,303,992

RESEARCH & TRAINING RF (RTRF)	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Revenue							
Total Revenue	1,719,448	1,318,651	(400,797)	-23%	1,664,044	1,872,851	2,310,493
Expenditures/Transfers							
Personnel	87,096	137,298	50,202	58%	230,040	156,212	82,580
Non-Personnel	2,021,742	1,806,729	(215,013)	-11%	2,155,024	2,985,383	2,214,333
Utilities	-	4,382	4,382	budget = 0	1,514	-	-
Transfers (net)	141,500	(218,750)	(360,250)	-255%	(146,010)	(109,043)	-
Total Expenditures/Transfers	2,250,338	1,729,659	(520,679)	-23%	2,240,568	3,032,552	2,296,913
Revenue - Expenditures/Transfers	(530,890)	(411,008)			(576,524)	(1,159,701)	13,580

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OTHER SPECIAL FUNDS Revenue	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Total Revenue	6,150,843	7,232,277	1,081,434	18%	6,551,615	6,559,661	6,594,997
Expenditures/Transfers							
Personnel	904,826	791,951	(112,875)	-12%	858,661	988,520	800,837
Non-Personnel	5,777,496	5,076,060	(701,436)	-12%	5,650,753	5,112,775	5,717,831
Utilities	183,524	215,470	31,946	17%	166,005	179,972	157,179
Transfers (net)	583,615	575,963	(7,652)	-1%	580,098	573,216	510,913
Total Expenditures/Transfers	7,449,461	6,659,444	(790,017)	-11%	7,255,517	6,854,483	7,186,760
Revenue - Expenditures/Transfers	(1,298,618)	572,833			(703,902)	(294,822)	(591,763)

OTHER REVOLVING FUNDS Revenue	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Total Revenue	2,040,989	1,824,208	(216,781)	-11%	1,940,206	1,970,044	1,833,762
Expenditures/Transfers							
Personnel	652,494	561,722	(90,772)	-14%	521,422	548,080	498,108
Non-Personnel	398,438	354,555	(43,883)	-11%	400,528	457,452	525,001
Utilities	3,162	3,701	539	17%	4,054	-	-
Transfers (net)	-	13,300	13,300	budget = 0	3	-	237
Total Expenditures/Transfers	1,054,094	933,278	(120,816)	-11%	926,007	1,005,532	1,023,346
Revenue - Expenditures/Transfers	986,895	890,930			1,014,199	964,512	810,416

TOTAL, UH HILO Revenue	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Total Revenue	78,930,808	79,516,430	585,622	1%	80,547,309	77,447,733	76,360,708
Expenditures/Transfers							
Personnel	25,852,703	24,573,238	(1,279,465)	-5%	24,978,430	24,129,839	24,020,982
Non-Personnel	13,003,168	12,340,879	(662,289)	-5%	12,539,523	13,555,631	13,655,043
Utilities	3,337,702	2,314,247	(1,023,455)	-31%	2,249,056	2,445,704	3,065,721
Transfers	2,202,754	1,598,541	(604,213)	-27%	1,299,500	1,806,893	1,024,092
Total Expenditures/Transfers	44,396,327	40,826,905	(3,569,422)	-8%	41,066,509	41,938,067	41,765,838
Revenue - Expenditures/Transfers	34,534,481	38,689,525			39,480,800	35,509,666	34,594,870

University of Hawai'i - West O'ahu
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GENERAL FUNDS	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Revenue							
Allocation (including net transfers)	15,566,399	15,925,659	359,260	2%	15,785,482	13,871,157	12,793,063
Expenditures							
Personnel	7,581,920	8,061,534	479,614	6%	7,776,187	7,416,395	5,474,286
Non-Personnel	-	20,934	20,934	budget = 0	9,143	14,527	-
Utilities	-	-	-	budget = 0	-	-	-
Total Expenditures	7,581,920	8,082,468	500,548	7%	7,785,330	7,430,922	5,474,286
Revenue - Expenditures	7,984,479	7,843,191			8,000,152	6,440,235	7,318,777

TUITION & FEES SF (TFSF)	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Revenue							
Total Revenue	16,707,140	16,541,605	(165,535)	-1%	16,379,550	14,159,853	12,470,479
Expenditures/Transfers							
Personnel	3,200,160	2,484,352	(715,808)	-22%	2,424,294	1,419,596	1,837,460
Non-Personnel	1,468,400	1,067,444	(400,956)	-27%	1,054,268	864,247	719,891
Utilities	563,600	404,468	(159,132)	-28%	432,714	532,427	618,171
Transfers (net)	4,662,423	4,214,596	(447,827)	-10%	4,386,902	4,645,571	1,936,740
Total Expenditures/Transfers	9,894,583	8,170,860	(1,723,723)	-17%	8,298,178	7,461,841	5,112,262
Revenue - Expenditures/Transfers	6,812,557	8,370,745			8,081,372	6,698,012	7,358,217

RESEARCH & TRAINING RF (RTRF)	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Revenue							
Total Revenue	82,600	146,281	63,681	77%	41,380	70,102	83,595
Expenditures/Transfers							
Personnel	-	355	355	budget = 0	3	116	36
Non-Personnel	75,000	48,171	(26,829)	-36%	33,086	30,888	6,592
Utilities	-	-	-	budget = 0	-	-	-
Transfers (net)	-	-	-	budget = 0	-	-	-
Total Expenditures/Transfers	75,000	48,526	(26,474)	-35%	33,089	31,004	6,628
Revenue - Expenditures/Transfers	7,600	97,755			8,291	39,098	76,967

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OTHER SPECIAL FUNDS Revenue	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Total Revenue	55,000	41,808	(13,192)	-24%	56,688	132,362	20,219
Expenditures/Transfers							
Personnel	49,000	83,849	34,849	71%	41,418	4,543	-
Non-Personnel	1,370,000	985,687	(384,313)	-28%	1,328,859	1,269,113	529,596
Utilities	-	-	-	budget = 0	-	-	-
Transfers (net)	(1,500,000)	(1,019,000)	481,000	-32%	(1,321,511)	(1,499,741)	813,047
Total Expenditures/Transfers	(81,000)	50,536	131,536	-162%	48,766	(226,085)	1,342,643
Revenue - Expenditures/Transfers	136,000	(8,728)			7,922	358,447	(1,322,424)

OTHER REVOLVING FUNDS Revenue	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Total Revenue	981,000	615,696	(365,304)	-37%	791,080	702,900	677,564
Expenditures/Transfers							
Personnel	140,000	126,862	(13,138)	-9%	103,979	97,051	75,428
Non-Personnel	192,500	140,438	(52,062)	-27%	151,159	109,914	90,834
Utilities	7,500	475	(7,025)	-94%	6,754	-	-
Transfers (net)	-	-	-	budget = 0	-	-	(1,091)
Total Expenditures/Transfers	340,000	267,775	(72,225)	-21%	261,892	206,965	165,171
Revenue - Expenditures/Transfers	641,000	347,921			529,188	495,935	512,393

TOTAL, UH WEST OAHU Revenue	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Total Revenue	33,392,139	33,271,049	(121,090)	0%	33,054,180	28,936,374	26,044,920
Expenditures/Transfers							
Personnel	10,971,080	10,756,952	(214,128)	-2%	10,345,881	8,937,701	7,387,210
Non-Personnel	3,105,900	2,262,674	(843,226)	-27%	2,576,515	2,288,689	1,346,913
Utilities	571,100	404,943	(166,157)	-29%	439,468	532,427	618,171
Transfers	3,162,423	3,195,596	33,173	1%	3,065,391	3,145,830	2,748,696
Total Expenditures/Transfers	17,810,503	16,620,165	(1,190,338)	-7%	16,427,255	14,904,647	12,100,990
Revenue - Expenditures/Transfers	15,581,636	16,650,884			16,626,925	14,031,727	13,943,930

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GENERAL FUNDS	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Revenue							
Allocation (including net transfers)	136,133,562	138,585,280	2,451,718	2%	135,406,897	122,554,485	116,421,787
Expenditures							
Personnel	62,250,147	61,957,389	(292,758)	0%	61,482,472	56,761,135	58,041,422
Non-Personnel	792,290	43,043	(749,247)	-95%	56,681	62,054	55,398
Utilities	898,283	392,348	(505,935)	-56%	451,172	422,373	455,010
Total Expenditures	63,940,720	62,392,780	(1,547,940)	-2%	61,990,325	57,245,562	58,551,830
Revenue - Expenditures	72,192,842	76,192,500			73,416,572	65,308,923	57,869,957

TUITION & FEES SF (TFSF)	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Revenue							
Total Revenue	60,850,505	58,984,074	(1,866,431)	-3%	61,249,052	62,585,319	61,539,644
Expenditures/Transfers							
Personnel	11,036,007	12,131,599	1,095,592	10%	11,702,285	11,979,326	11,976,335
Non-Personnel	15,078,439	15,986,402	907,963	6%	11,766,686	12,974,877	11,649,738
Utilities	4,145,109	5,073,926	928,817	22%	4,816,459	4,979,155	5,566,336
Transfers (net)	4,856,699	4,697,018	(159,681)	-3%	996,011	3,021,798	2,363,982
Total Expenditures/Transfers	35,116,254	37,888,945	2,772,691	8%	29,281,441	32,955,156	31,556,391
Revenue - Expenditures/Transfers	25,734,251	21,095,129			31,967,611	29,630,163	29,983,253

RESEARCH & TRAINING RF (RTRF)	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Revenue							
Total Revenue	889,048	612,366	(276,682)	-31%	1,103,246	1,338,903	2,855,548
Expenditures/Transfers							
Personnel	235,396	548,100	312,704	133%	578,882	486,653	224,687
Non-Personnel	495,614	423,775	(71,839)	-14%	288,917	488,853	255,018
Utilities	273	115,740	115,467	42296%	236	-	-
Transfers (net)	-	-	-	budget = 0	-	-	(34,136)
Total Expenditures/Transfers	731,283	1,087,615	356,332	49%	868,035	975,506	445,569
Revenue - Expenditures/Transfers	157,765	(475,249)			235,211	363,397	2,409,979

University of Hawai'i - Community Colleges
FY 2018 Second Quarter Financial Report for the Period Ending December 31, 2017

OTHER SPECIAL FUNDS Revenue	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Total Revenue	8,997,090	9,328,908	331,818	4%	9,476,463	8,546,523	9,801,496
Expenditures/Transfers							
Personnel	6,617,934	6,798,123	180,189	3%	6,149,919	5,860,702	6,237,923
Non-Personnel	3,140,742	3,105,870	(34,872)	-1%	2,976,923	2,871,997	3,424,804
Utilities	95,934	107,643	11,709	12%	35,556	92,132	177,562
Transfers (net)	411,180	396,638	(14,542)	-4%	1,663,242	1,797,651	1,958
Total Expenditures/Transfers	10,265,790	10,408,274	142,484	1%	10,825,640	10,622,482	9,842,247
Revenue - Expenditures/Transfers	(1,268,700)	(1,079,366)			(1,349,177)	(2,075,959)	(40,751)

OTHER REVOLVING FUNDS Revenue	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Total Revenue	2,360,137	1,592,461	(767,676)	-33%	1,349,956	1,663,624	1,620,884
Expenditures/Transfers							
Personnel	570,803	652,265	81,462	14%	347,915	340,130	315,656
Non-Personnel	1,272,938	655,695	(617,243)	-48%	614,454	679,854	747,953
Utilities	642	1,557	915	143%	172	-	-
Transfers (net)	-	2	2	budget = 0	793	2,023	-
Total Expenditures/Transfers	1,844,383	1,309,519	(534,864)	-29%	963,334	1,022,007	1,063,609
Revenue - Expenditures/Transfers	515,754	282,942			386,622	641,617	557,275

TOTAL, UH COMMUNITY COLLEGES Revenue	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Total Revenue	209,230,342	209,103,089	(127,253)	0%	208,585,614	196,688,854	192,239,359
Expenditures/Transfers							
Personnel	80,710,287	82,087,476	1,377,189	2%	80,261,473	75,427,946	76,796,023
Non-Personnel	20,780,023	20,214,785	(565,238)	-3%	15,703,661	17,077,635	16,132,911
Utilities	5,140,241	5,691,214	550,973	11%	5,303,595	5,493,660	6,198,908
Transfers	5,267,879	5,093,658	(174,221)	-3%	2,660,046	4,821,472	2,331,804
Total Expenditures/Transfers	111,898,430	113,087,133	1,188,703	1%	103,928,775	102,820,713	101,459,646
Revenue - Expenditures/Transfers	97,331,912	96,015,956			104,656,839	93,868,141	90,779,713

University of Hawai'i - Systemwide Programs
FY 2018 Second Quarter Financial Report for the Period Ending December 31, 2017

GENERAL FUNDS	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Revenue							
Allocation (including net transfers)	48,381,135	48,521,387	140,252	0%	45,118,422	43,886,224	41,394,611
Expenditures							
Personnel	18,748,406	17,803,640	(944,766)	-5%	18,108,231	16,533,251	15,203,099
Non-Personnel	3,689,048	1,658,665	(2,030,383)	-55%	1,828,539	1,829,490	1,440,538
Utilities	59,410	57,215	(2,195)	-4%	66,032	-	-
Transfers (B+ Scholarships)	1,500,000	1,500,000	-	0%	1,500,000	1,500,000	-
Total Expenditures	23,996,864	21,019,520	(2,977,344)	-12%	21,502,802	19,862,741	16,643,637
Revenue - Expenditures	24,384,271	27,501,867			23,615,620	24,023,483	24,750,974

TUITION & FEES SF (TFSF)	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Revenue							
Total Revenue	565,560	380,070	(185,490)	-33%	534,437	411,810	423,620
Expenditures/Transfers							
Personnel	1,340,982	681,843	(659,139)	-49%	1,268,846	443,673	932,651
Non-Personnel	5,177,560	4,651,377	(526,183)	-10%	3,385,661	3,416,666	4,026,416
Utilities	75,720	54,800	(20,920)	-28%	59,166	6,075	9,212
Transfers (net)	(4,528,889)	(9,840,008)	(5,311,119)	117%	(3,104,083)	(5,990,844)	(4,418,103)
Total Expenditures/Transfers	2,065,373	(4,451,988)	(6,517,361)	-316%	1,609,590	(2,124,430)	550,176
Revenue - Expenditures/Transfers	(1,499,813)	4,832,058			(1,075,153)	2,536,240	(126,556)

RESEARCH & TRAINING RF (RTRF)	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Revenue							
Total Revenue	7,543,960	8,039,880	495,920	7%	13,625,384	13,161,031	2,926,526
Expenditures/Transfers							
Personnel	3,183,028	2,909,970	(273,058)	-9%	3,490,764	2,541,276	2,525,130
Non-Personnel	6,252,772	4,720,025	(1,532,747)	-25%	5,714,153	4,363,454	3,144,700
Utilities	379,368	449,319	69,951	18%	513,565	-	-
Transfers (net)	(434,212)	217,278	651,490	-150%	146,010	(16,675)	(83,722)
Total Expenditures/Transfers	9,380,956	8,296,592	(1,084,364)	-12%	9,864,492	6,888,055	5,586,108
Revenue - Expenditures/Transfers	(1,836,996)	(256,712)			3,760,892	6,272,976	(2,659,582)

University of Hawai'i - Systemwide Programs
FY 2018 Second Quarter Financial Report for the Period Ending December 31, 2017

OTHER SPECIAL FUNDS	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Revenue							
Total Revenue	2,308,771	2,288,616	(20,155)	-1%	1,256,079	809,721	2,815,891
Expenditures/Transfers							
Personnel	461,591	491,006	29,415	6%	629,719	263,886	267,848
Non-Personnel	4,475,884	2,061,122	(2,414,762)	-54%	4,479,434	3,797,254	3,630,858
Utilities	65,932	49,872	(16,060)	-24%	69,003	-	-
Transfers (net)	(3,451,932)	(1,646,375)	1,805,557	-52%	(1,573,020)	(3,685,601)	36,876
Total Expenditures/Transfers	1,551,475	955,625	(595,850)	-38%	3,605,136	375,539	3,935,582
Revenue - Expenditures/Transfers	757,296	1,332,991			(2,349,057)	434,182	(1,119,691)

OTHER REVOLVING FUNDS	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Revenue							
Total Revenue	339,924	273,882	(66,042)	-19%	439,008	433,846	282,046
Expenditures/Transfers							
Personnel	191,265	153,096	(38,169)	-20%	153,251	133,566	133,943
Non-Personnel	11,103	81,451	70,348	634%	160,581	314,223	101,137
Utilities	432	982	550	127%	288	-	-
Transfers (net)	45,689	(221,984)	(267,673)	-586%	-	6,603	624
Total Expenditures/Transfers	248,489	13,545	(234,944)	-95%	314,120	454,392	235,704
Revenue - Expenditures/Transfers	91,435	260,337			124,888	(20,546)	46,342

TOTAL, UH SYSTEMWIDE PROGRAMS	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Revenue							
Total Revenue	59,139,350	59,503,835	364,485	1%	60,973,330	58,702,632	47,842,694
Expenditures/Transfers							
Personnel	23,925,272	22,039,555	(1,885,717)	-8%	23,650,811	19,915,652	19,062,671
Non-Personnel	21,106,367	14,672,640	(6,433,727)	-30%	17,068,368	15,221,087	12,343,649
Utilities	580,862	612,188	31,326	5%	708,054	6,075	9,212
Transfers	(8,369,344)	(11,491,089)	(3,121,745)	37%	(4,531,093)	(9,686,517)	(4,464,325)
Total Expenditures/Transfers	37,243,157	25,833,294	(11,409,863)	-31%	36,896,140	25,456,297	26,951,207
Revenue - Expenditures/Transfers	21,896,193	33,670,541			24,077,190	33,246,335	20,891,487

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UNIVERSITY OF HAWAII
BOARD OF REGENTS

Kalbert K. Young
Vice President for Budget and Finance
Chief Financial Officer

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March 1, 2018

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UNIVERSITY OF HAWAII
PRESIDENT'S OFFICE

TO: Wayne Higaki
Chair, Committee on Budget and Finance, Board of Regents

VIA: David Lassner
President *David Lassner*

FROM: Kalbert K. Young
Vice President for Budget and Finance/Chief Financial Officer *Kalbert K. Young*

SUBJECT: FY18 Q2 UBS Investment Report

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, 2017. 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 March 8, 2018.

Ms. Lori Hamano, UBS 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)



Branch office:
 2029 Century Park East
 Suite 3000
 Los Angeles, CA 900673016

Financial Advisor:
 Foundational Wealth Management
 808-536-4511

UBS Client Review

as of December 31, 2017

Prepared for

University of Hawaii

Accounts included in this review

Account	Name	Type
JX XX443	• University of Hawaii	• Portfolio Management Program
Risk profile:	Moderate	
Return Objective:	Current Income and Capital Appreciation	

What's inside

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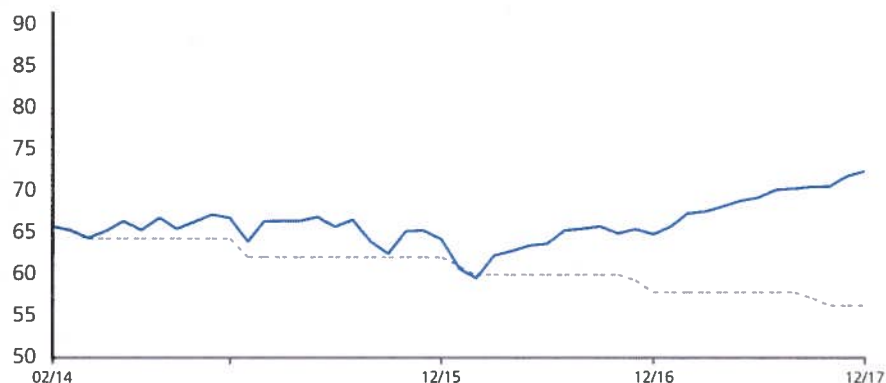


Performance review

as of December 31, 2017

Sources of portfolio value

\$ Millions



— Market Value - - - Net amount you invested (net of fees)

Portfolio and selected benchmark returns

Net Time-weighted returns annualized



■ Your portfolio (A) ■ Benchmark 1 (B) ■ Benchmark 2 (C) ■ US Treasury Bill - 3 Mos (D)
 ■ Barclays Agg Bond (E) ■ MSCI World (F)

Portfolio value and investment returns

Performance returns (annualized > 1 year)

	QTD 09/30/2017 to 12/31/2017	For period of 06/30/2017 to 12/31/2017	3 Years 12/31/2014 to 12/31/2017	ITD 02/28/2014 to 12/31/2017
Opening value	70,349,309.33	69,053,495.94	66,569,760.49	65,577,366.93
Net deposits/withdrawals	-919,642.66	-1,615,675.37	-8,352,033.71	-9,938,850.17
Div./interest income	496,927.41	900,881.25	5,352,716.38	7,065,301.93
Change in accr. interest	0.00	0.00	0.00	0.00
Change in value	2,303,681.41	3,891,573.67	8,659,832.33	9,526,456.80
Closing value	72,230,275.49	72,230,275.49	72,230,275.49	72,230,275.49
Net Time-weighted ROR	3.97	6.92	7.04	6.51

Net deposits and withdrawals include program and account fees.

Time weighted rates of return (net of fees)

Performance returns (annualized > 1 year)

	QTD 09/30/2017 to 12/31/2017	For period of 06/30/2017 to 12/31/2017	3 Years 12/31/2014 to 12/31/2017	ITD 02/28/2014 to 12/31/2017
Your portfolio(%)	3.97	6.92	7.04	6.51
Benchmark 1	3.51	6.93	6.91	6.48
Benchmark 2	3.36	6.57	6.86	6.64
US Treasury Bill - 3 Mos	0.26	0.51	0.37	0.29
Barclays Agg Bond	0.39	1.24	2.24	2.75
MSCI World	5.62	10.86	9.87	8.81



Asset class performance

as of December 31, 2017

	Value on 12/31/2017	% of portfolio	Net time-weighted returns (annualized > 1 year)				Start date to 12/31/2017	Start
			QTD 09/30/2017 to 12/31/2017	For period of 06/30/2017 to 12/31/2017	For period of 12/31/2014 to 12/31/2017	ITD		
Cash	201,053.47	0.28	N/A	N/A	N/A	N/A	Feb 28, 2017	
<i>US Treasury Bill - 3 Mos</i>			<i>0.26</i>	<i>0.51</i>	<i>0.37</i>	<i>0.29</i>	<i>Feb 28, 2017</i>	
Cash	201,053.47	0.28	N/A	N/A	N/A	N/A	Feb 28, 2017	
Fixed Income	27,717,651.34	38.37	0.73	1.98	3.26	2.57	Mar 10, 2017	
<i>Barclays Agg Bond</i>			<i>0.39</i>	<i>1.24</i>	<i>2.24</i>	<i>2.92</i>	<i>Mar 10, 2017</i>	
US	13,207,779.69	18.29	0.24	0.78	2.94	2.19	Mar 10, 2017	
Global	14,509,871.65	20.09	1.18	3.17	3.64	2.98	Mar 11, 2017	
Equity	44,311,570.68	61.35	6.19	10.48	10.32	9.88	Mar 11, 2017	
<i>MSCI AC World - NR</i>			<i>5.73</i>	<i>11.21</i>	<i>9.29</i>	<i>8.28</i>	<i>Mar 11, 2017</i>	
US	39,879,764.28	55.21	6.44	10.70	10.72	11.02	Mar 11, 2017	
International	4,431,806.40	6.14	3.98	8.57	8.93	5.41	Mar 11, 2017	
Total portfolio	\$72,230,275.49	100%	3.97%	6.92%	7.04%	6.51%	Feb 28, 2017	

Benchmarks - Time weighted returns	QTD	For period of	For period of	ITD
	09/30/2017 to 12/31/2017	06/30/2017 to 12/31/2017	12/31/2014 to 12/31/2017	Start date to 12/31/2017
Benchmark 1	3.51	6.93	6.91	6.48
Benchmark 2	3.36	6.57	6.86	6.64
US Treasury Bill - 3 Mos	0.26	0.51	0.37	0.29
Barclays Agg Bond	0.39	1.24	2.24	2.75
MSCI World	5.62	10.86	9.87	8.81

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



Security performance

as of December 31, 2017

	Value on 12/31/2017	% of portfolio	Gross time-weighted returns (annualized > 1 year)				Start date to 12/31/2017	Start c
			QTD 09/30/2017 to 12/31/2017	For period of 06/30/2017 to 12/31/2017	For period of 12/31/2014 to 12/31/2017	ITD		
BLACKROCK STRATEGIC INCOME**	6,595,869.24	9.13	0.85	2.36	2.70	2.76	Mar 11, 2	
ISHARES CORE U.S. AGGREGATE BOND ETF	4,398,127.24	6.09	0.42	1.13	1.12*	1.12	Jun 21, 2	
ISHARES MBS ETF	932,449.32	1.29	0.13	-0.38*	-0.38*	-0.38	Sep 05, 2	
ISHARES US TREASURY BONDETF	741,114.00	1.03	-0.07	-1.23*	-1.23*	-1.23	Sep 05, 2	
PIMCO INCOME FUND CLASS P	4,139,826.73	5.73	1.08	3.16	8.36*	8.36	Dec 29, 2	
POWERSHARES TAXABLE MUNICIPAL BOND PORTFOLIO ETF	938,039.85	1.30	2.00	0.86*	0.86*	0.86	Sep 05, 2	
PRUDENTIAL GLOBAL TOTAL RETURN FUND INC**	3,774,175.68	5.23	1.89	4.61	4.20	3.21	Sep 11, 2	
SCHWAB INTERMEDIATE-TERMUS TREAS ETF	1,564,782.04	2.17	-0.70	-1.86*	-1.86*	-1.86	Sep 05, 2	
SCHWAB SHORT TERM US TREAS ETF	885,681.09	1.23	-0.44	-0.69*	-0.69*	-0.69	Sep 05, 2	
SPDR S&P 500 FOSSIL FUELFREE ETF	9,040,766.40	12.52	6.88	11.42	19.52*	19.52	Mar 24, 2	
TOUCHSTONE ULTRA SHORT DURATION FIXED INCOME FUND**	2,629,984.87	3.64	0.30	0.82	1.31	1.12	Mar 10, 2	
UBS BANK USA BUSINESS ACCOUNT	200,884.31	0.28	0.00	0.00	0.00	0.00	Dec 30, 2	
VANGUARD FTSE DEVELOPED MKT ETF	2,200,024.12	3.05	4.34	10.07	8.89	5.57	Mar 11, 2	
VANGUARD MID-CAP ETF	9,340,353.88	12.93	6.10	9.43	9.39	10.05	Mar 11, 2	
VANGUARD MORTGAGE BACKEDSECURITIES ETF	1,117,601.28	1.55	0.11	-0.45*	-0.45*	-0.45	Sep 05, 2	
VANGUARD S&P 500 ETF	16,331,408.20	22.61	6.81	11.63	11.53	12.27	Mar 11, 2	
VANGUARD SMALL-CAP ETF	5,167,235.80	7.15	5.13	10.04	9.83	8.84	Mar 11, 2	
XTRACKERS MSCI EAFE HEDGED EQUITY ETF	2,231,782.28	3.09	3.64	7.13	8.97	8.34	Dec 23, 2	
Total portfolio	\$72,230,275.49	100%	4.02%	7.02%	7.25%	6.72%	Feb 28, 2	

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

*Performance is partially available for the selected time period and is based on the performance start date.

**Please note, performance is inclusive of multiple securities.



Security performance - as of December 31, 2017 (continued)

Benchmarks - Annualized time-weighted returns	QTD 09/30/2017 to 12/31/2017	For period of 06/30/2017 to 12/31/2017	For period of 12/31/2014 to 12/31/2017	ITD Start date to 12/31/2017
Benchmark 1	3.51	6.93	6.91	6.48
Benchmark 2	3.36	6.57	6.86	6.64
US Treasury Bill - 3 Mos	0.26	0.51	0.37	0.29
Barclays Agg Bond	0.39	1.24	2.24	2.75
MSCI World	5.62	10.86	9.87	8.81

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



Additional information about your performance

as of December 31, 2017

Benchmark composition

Consolidated

Benchmark 1

Start - 03/03/2014: 60% MSCI World; 40% Barclays Agg Bond

03/03/2014 - Current: 60% MSCI World; 40% Barclays Agg Bond

Benchmark 2

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



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 fee-based 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, quarter 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 the carrier. 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 investors 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.

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University of Hawaii Endowment - Fund Performance

Review of Holdings Compared to Three-Year Benchmark Returns

As of December 31, 2017

Equity

Type	Fund Name	Morningstar Benchmark	Benchmark 3 Year Return ²	Fund 3 Year Return ³	Difference From Benchmark
ETF	Deutsche X-Trackers MSCI Hedged Equity	MSCI ACWI Ex US	7.91%	8.89%	0.98%
ETF	SPDR S&P500 Fossil Fuel Free	Russell 1000	N/A ¹	N/A ¹	N/A ¹
ETF	Vanguard FTSE Developed Market	MSCI ACWI Ex US	7.82%	8.94%	1.12%
ETF	Vanguard S&P500	Russell 1000	11.29%	11.44%	0.15%
ETF	Vanguard Mid-Cap	Russell Mid-Cap	9.59%	9.39%	-0.20%
ETF	Vanguard Small-Cap	Russell 2000	9.96%	9.84%	-0.12%

Fixed Income

Type	Fund Name	Morningstar Benchmark	Benchmark 3 Year Return ²	Fund 3 Year Return ³	Difference From Benchmark
Mutual Fund	Blackrock Strategic Income	Three Month USD LIBOR	0.67%	2.71%	2.04%
ETF	iShares Core US Aggregate Bond	Bloomberg Barclays US Aggregate Bond	2.20%	2.14%	-0.06%
Mutual Fund	Pimco Income	Bloomberg Barclays US Universal	2.79%	6.50%	3.71%
Mutual Fund	Prudential Global Total Return	Citi World Government Bond Index	2.00%	4.21%	2.21%
Mutual Fund	Touchstone Ultra Short Duration	Bloomberg Barclays Govt/Corp 1 Year	0.65%	1.34%	0.69%
ETF	Powershares Taxable Muni Bond Portfolio	Bloomberg Barclays US Aggregate Bond	4.40%	4.63%	0.23%
ETF	iShares US Treasury Bond	Bloomberg Barclays US Government	1.41%	1.30%	-0.11%
ETF	iShares MBS	Bloomberg Barclays US Aggregate Bond	1.39%	1.63%	0.24%
ETF	Schwab Short Term US Treas	Bloomberg Barclays Government 1-5 Yr	0.86%	0.50%	-0.36%
ETF	Schwab Intermediate-Term US Treas	Bloomberg Barclays US Government	1.33%	1.37%	0.04%
ETF	Vanguard Mortgage Backed Securities	Bloomberg Barclays US Government	1.38%	1.72%	0.34%

Source: Morningstar

1) The SPDR S&P500 Fossil Fuel Free fund does not have a three year track record as of December 31, 2017

2) The Benchmark 3 Year Return values are sourced directly from the internal UBS Portfolio Managing Reporting (PMR) System.

3) The Fund 3 Year Return values are sourced directly from the individual Fact Cards for each Fund listed below.

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Past performance does not guarantee future results and current performance may be lower or higher than past performance data presented. The investment return and principal value of an investment will fluctuate so that your investment, when redeemed, may be worth more or less than your original cost of investing.

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University of Hawaii Endowment Fund
Report of Energy Allocation, Net Expense Ratio and Historical Quarterly Fees
As of December 31, 2017

Class/Sector	Description	Symbol	Market Value \$ a/o 12/31/2017	Current Allocation %	% in Energy	Weighted Energy Position	Net Expense Ratio	Weighted Net Expense Ratio
CASH	Cash		\$201,028	0.3%	0.00%	0.00%	0.00%	0.00%
FIXED INCOME								
Short Term Bond	Touchstone Ultra Short Duration	TSYYX	\$2,625,562	3.6%	N/A ¹	N/A ¹	0.44%	0.02%
Intermediate Term Bond	iShares Core US Aggregate	AGG	\$4,398,127	6.1%	0.00%	0.00%	0.05%	0.00%
Flexible Fixed	BlackRock Strategic Income Opps	BSIX	\$6,578,141	9.1%	N/A ¹	N/A ¹	0.75%	0.07%
Flexible Fixed	Prudential Global Total Return	PZTRX	\$3,764,355	5.2%	N/A ¹	N/A ¹	0.68%	0.04%
Flexible Fixed	PIMCO Income Fund	PONPX	\$4,121,726	5.7%	N/A ¹	N/A ¹	0.63%	0.04%
Intermediate Term Bond	iShares MBS ETF	MBB	\$932,449	1.3%	0.00%	0.00%	0.09%	0.00%
Intermediate Government	iShare US Treasury Bond	GOVT	\$741,114	1.0%	0.00%	0.00%	0.15%	0.00%
Long Term Bond	Powershares Taxable Muncpal	BAB	\$938,040	1.3%	0.00%	0.00%	0.28%	0.00%
Intermediate Government	Schwab Intermediate	SCHR	\$1,564,782	2.2%	0.00%	0.00%	0.06%	0.00%
Short Term Govt	Schwab US Treasury	SCHO	\$885,681	1.2%	0.00%	0.00%	0.06%	0.00%
Intermediate Government	Vanguard Mortgage Backed Sec	VMBS	\$1,117,601	1.5%	0.00%	0.00%	0.07%	0.00%
EQUITIES								
Large Cap Blend	Vanguard S&P 500 ETF	VOO	\$16,331,408	22.6%	6.10%	1.38%	0.04%	0.01%
Large Cap Blend	SPDR S&P 500 Fossil Fuel Free ETF	SPYX	\$9,040,766	12.5%	0.00%	0.00%	0.20%	0.03%
Mid Cap Blend	Vanguard Mid Cap ETF	VO	\$9,340,354	12.9%	5.20%	0.67%	0.06%	0.01%
Small Cap Blend	Vanguard Small Cap ETF	VB	\$5,167,236	7.2%	4.90%	0.35%	0.06%	0.00%
Developed Markets	Vanguard FTSE Developed Markets ETF	VEA	\$2,200,024	3.0%	0.00%	0.00%	0.07%	0.00%
Developed Markets	Deutsche X-Trackers MSCI EAFE Hedged	DBEF	\$2,231,782	3.1%	5.15%	0.16%	0.35%	0.01%
			<u>\$72,180,177</u>	<u>100%</u>		<u>2.56%</u>		<u>0.23%</u>
					Minimum	Maximum		
			Cash	0.3%	0%	40%		
			Fixed Income	38.3%	30%	70%		
			Equities	61.4%	30%	70%		
				<u>100%</u>				

Historical Quarterly Fees: (calculation based on prior quarter end balance times fee rate of 20 bps. Divided by # of days in year times # of days in current quarter)

1Q 2015	\$32,795	1Q 2016	\$31,813	1Q 2017	\$31,577
2Q 2015	\$32,998	2Q 2016	\$30,828	2Q 2017	\$33,537
3Q 2015	\$33,015	3Q 2016	\$31,874	3Q 2017	\$34,773
4Q 2015	\$31,360	4Q 2016	\$32,954	4Q 2017	\$35,422

Approximately 3% of the entire portfolio is invested in Energy stocks.
Weighted Net Expense Ratio is 23 bps.

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Footnotes:

1) The Energy Exposure for these funds is not available.

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Morningstar Fund Fact Sheets

University of Hawaii

Presented by:

Foundational Wealth Management
UBS Financial Services Inc.

January 29, 2018





About UBS

As one of the world's leading wealth managers, UBS is powerfully positioned to address the new realities of today's global economy. Our focus, leadership and resources, delivered by dedicated and passionate professionals, are uniquely aligned to instill the trust and confidence that investors are seeking.

Today, few other firms rival our 150-year tradition of providing exceptional wealth management. Our comprehensive yet customized approach to financial planning and industry-leading research are designed to meet the needs of our individual investors.

The unique UBS approach to managing wealth

- **Research and education:** UBS Wealth Management Research provides objective research and analysis to facilitate confident investment decisions
- **Objective advice:** Our open architecture platform offers a wide choice of both proprietary and nonproprietary products
- **A boutique approach to wealth management:** Our wealth managers are not financial generalists, but rather have expertise in the field of wealth management strategies and solutions are customized, one client at a time

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BlackRock Strategic Income Opps Instl (USD)

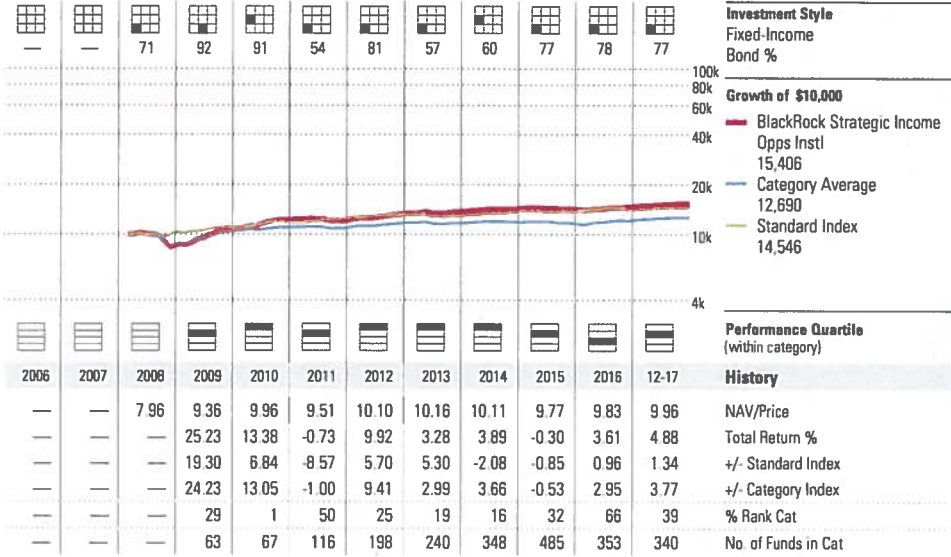
Morningstar Analyst Rating™ Overall Morningstar Rating™ **Standard Index** **Category Index** **Morningstar Cat**
Silver ★★★★★ **BBgBarc US Agg** **ICE BofAML USD** **US Fund**
 03-21-2017 **275 US Fund Nontraditional** **Bond TR USD** **3M Dep OR CM TR** **Nontraditional Bond**
Bond

Performance 12-31-2017

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2015	1.57	-0.78	-0.97	-0.10	-0.30
2016	-0.55	1.36	1.63	1.13	3.61
2017	1.45	1.00	1.50	0.85	4.88

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	4.88	2.71	3.06	—	4.39
Std 12-31-2017	4.88	—	3.06	—	4.39
Total Return	4.88	2.71	3.06	—	4.39

+/- Std Index	+/- Cat Index	% Rank Cat	No. in Cat
1.34	0.47	0.96	—
3.77	2.04	2.55	—
39	50	20	—
340	275	168	—



	Subsidized	Unsubsidized
7-day Yield 01-26-2018	3.17 ¹	—
30-day SEC Yield 12-31-2017	3.36 ¹	3.35

¹ Contractual waiver; Expires 04-30-2018

Performance Disclosure
 The Overall Morningstar 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 800-441-7762 or visit www.blackrock.com.

Fees and Expenses

Sales Charges

Front-End Load % NA

Deferred Load % NA

Fund Expenses

Management Fees % 0.46

12b1 Expense % NA

Gross Expense Ratio % 0.76

Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	3★	4★	—
Morningstar Risk	-Avg	-Avg	—
Morningstar Return	Avg	+Avg	—

	3 Yr	5 Yr	10 Yr
Standard Deviation	1.59	1.84	—
Mean	2.71	3.06	—
Sharpe Ratio	1.43	1.50	—

MPT Statistics

	Standard Index	Best Fit Index
Alpha	2.00	0.97
Beta	0.13	0.21
R-Squared	5.44	60.38
12-Month Yield	—	3.45%
Potential Cap Gains Exp	—	-1.13%

Operations

Family:	BlackRock	Base Currency:	USD	Incept:	02-05-2008
Manager:	Multiple	Ticker:	BSIX	Type:	MF
Tenure:	7.4 Years	Minimum Initial Purchase:	\$2 mil	Total Assets:	\$32,834.07 mil
Objective:	Income	Purchase Constraints:	A		

Portfolio Analysis 11-30-2017

Asset Allocation %	Net %	Long %	Short %	Share Chg since 10-2017	Share Amount	Holdings	Net Assets %
Cash	-0.93	31.34	32.26			1,814 Total Stocks, 5,665 Total Fixed-Income, 1541% Turnover Ratio	
US Stocks	2.17	2.18	0.01	⊕	4,761 mil	Ginnie Mae Jumbos TBA 3%	-15.30
Non-US Stocks	0.47	0.52	0.05	⊕	3,267 mil	US Treasury Note	10.38
Bonds	90.56	139.74	49.17	⊕	3,169 mil	US Treasury Note 1.75%	10.07
Other/Not Clsfd	7.72	8.23	0.51	⊕	2,871 mil	Govt Natl Mtg Assn 4%	9.58
Total	100.00	182.01	82.01	⊕	2,914 mil	Fed Natl Mort Assc 3.5%	-9.54

Equity Style

Value	Blend	Growth
High	Med	Low

Portfolio Statistics

P/E Ratio TTM	16.0	—	1.69
P/C Ratio TTM	—	—	—
P/B Ratio TTM	1.6	—	1.01
Geo Avg Mkt Cap \$mil	53216	—	11.09

Fixed-Income Style

Ltd	Med	Ext
High	Med	Low

Portfolio Statistics

Avg Eff Maturity	9.68
Avg Eff Duration	1.43
Avg Wtd Coupon	3.64
Avg Wtd Price	110.93

Credit Quality Breakdown 12-31-2017

AAA	25.89	Bond %
AA	6.57	
A	9.45	
BBB	20.39	
BB	14.22	
B	10.44	
Below B	5.41	
NR	7.63	

Regional Exposure

	Stocks %	Rel Std Index
Americas	82.4	—
Greater Europe	8.0	—
Greater Asia	9.6	—

Sector Weightings

	Stocks %	Rel Std Index
Cyclical	69.0	—
Basic Materials	1.0	—
Consumer Cyclical	7.3	—
Financial Services	59.6	—
Real Estate	1.0	—
Sensitive	23.1	—
Communication Services	2.9	—
Energy	6.2	—
Industrials	6.8	—
Technology	7.2	—
Defensive	7.8	—
Consumer Defensive	2.5	—
Healthcare	4.9	—
Utilities	0.4	—

iShares Core US Aggregate Bond ETF (USD)

Overall Morningstar Rating™ Standard Index

 847 US Fund Intermediate-
 Term Bond
 BBgBarc US Agg Bond TR USD
 BBgBarc US Agg Bond TR USD
 Morningstar Cat
 US Fund Intermediate-Term Bond

Performance 12-31-2017

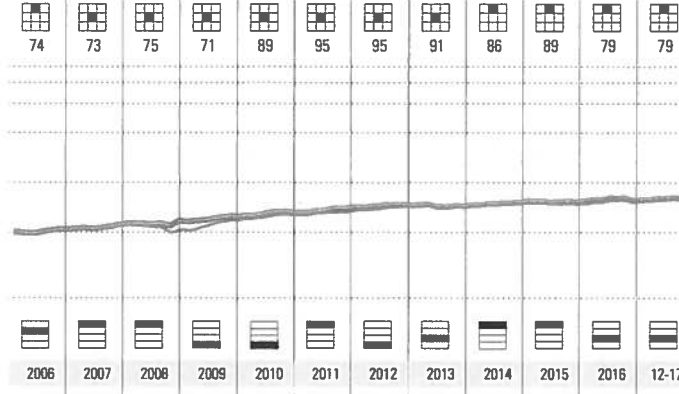
Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2015	1.63	-1.72	1.22	-0.61	0.48
2016	3.02	2.21	0.42	-3.00	2.56
2017	0.82	1.47	0.84	0.36	3.53

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Mkt 12-31-17	3.55	—	2.06	3.87	4.02
Std NAV 12-31-17	3.53	—	2.05	3.90	4.02

Mkt Total Ret	3.55	2.14	2.06	3.87	4.02
NAV Total Ret	3.53	2.18	2.05	3.90	4.02

+/- Std Index	-0.01	-0.06	-0.05	-0.11	—
+/- Cat Index	-0.01	-0.06	-0.05	-0.11	—

% Rank Cat	57	53	49	64
No. in Cat	986	847	778	554



Investment Style
 Fixed-Income Bond %

Growth of \$10,000
 — iShares Core US Aggregate Bond ETF 16,270
 — Category Average 15,821
 — Standard Index 16,529

Performance Quartile (within category)
History

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	12-17
Mkt Total Ret %	3.90	6.59	7.90	2.98	6.37	7.69	3.76	-1.98	6.00	0.48	2.41	3.55
NAV Total Ret %	4.13	6.57	5.88	5.14	6.30	7.58	4.04	-2.15	6.04	0.48	2.56	3.53
+/- Standard Index	-0.21	-0.39	0.64	-0.79	-0.24	-0.26	-0.17	-0.13	0.07	-0.07	-0.09	-0.01
+/- Category Index	-0.21	-0.39	0.64	-0.79	-0.24	-0.26	-0.17	-0.13	0.07	-0.07	-0.09	-0.01
% Rank Cat	42	16	5	94	76	14	84	68	25	24	64	57
No. of Funds in Cat	1092	1097	1135	1123	1164	1195	1165	1079	1038	1042	985	986
Avg Prem/Discount %	0.29	0.35	0.42	0.59	0.14	0.12	0.11	0.08	0.11	0.07	0.09	—

30-day SEC Yield

Subsidized	Unsubsidized
—	—

Performance Disclosure
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Fees and Expenses

Fund Expenses

Management Fees %	0.05
Expense Ratio %	0.06
12b1 Expense %	NA

Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	3★	3★	3★
Morningstar Risk	Avg	Avg	-Avg
Morningstar Return	Avg	Avg	Avg

	3 Yr	5 Yr	10 Yr
Standard Deviation NAV	2.84	2.88	3.30
Standard Deviation MKT	2.93	2.98	3.89
Mean NAV	2.18	2.05	3.90
Mean MKT	2.14	2.06	3.87
Sharpe Ratio	0.62	0.62	1.07

MPT Statistics

	Standard Index	Best Fit Index
NAV	—	—
Alpha	-0.07	-0.07
Beta	1.01	1.01
R-Squared	99.98	99.98

	12-Month Yield	Potential Cap Gains Exp
	—	—

	Leveraged	Leverage Type	Leverage %
	No	—	100.00

Primary Prospectus Benchmark: BBgBarc US Agg Bond TR USD

Portfolio Analysis 01-24-2018

Asset Allocation %

	Net %	Long %	Short %
Cash	11.56	23.47	11.91
US Stocks	0.00	0.00	0.00
Non-US Stocks	0.00	0.00	0.00
Bonds	88.41	88.41	0.00
Other/Not Clsfd	0.03	0.03	0.00
Total	100.00	111.91	11.91

Equity Style

Value	Brand	Growth
—	—	—

Portfolio Statistics

	P/E Ratio TTM	P/C Ratio TTM	P/B Ratio TTM	Geo Avg Mkt Cap \$mil
	—	—	—	—

Fixed-Income Style

Int	Mod	Ext
—	—	—

Portfolio Statistics

	Avg Eff Maturity	Avg Eff Duration	Avg Wtd Coupon	Avg Wtd Price
	7.88	5.71	—	103.74

Credit Quality Breakdown

	Bond %
AAA	72.24
AA	3.34
A	10.54
BBB	13.87
BB	0.00
B	0.01
Below B	0.00
NR	0.00

Regional Exposure

	Stocks %	Rel Std Index
Americas	—	—
Greater Europe	—	—
Greater Asia	—	—

Top Holdings 01-19-2018

Share Chg since 01-2018	Share Amount	Holdings	1 Total Stocks, 6,499 Total Fixed-Income, 242% Turnover Ratio	Net Assets %
723 mil		Gnma2 30yr 2017 Production		1.39
475 mil		Gnma2 30yr 2017 Production		0.93
462 mil		US Treasury Note 3.625%		0.92
452 mil		Fgold 30yr 2017 Production		0.86
346 mil		US Treasury Note 2.125%		0.65
235 mil		US Treasury Bond 4.25%		0.55
271 mil		Fnma 30yr 2017 Production		0.53
276 mil		Fnma 30yr 2015 Production		0.53
273 mil		Fnma 30yr 2017 Production		0.52
284 mil		US Treasury Note 1.375%		0.50
265 mil		US Treasury Note 2.125%		0.49
271 mil		US Treasury Note 1.5%		0.47
247 mil		US Treasury Note 1.625%		0.46
230 mil		Fgold 30yr 2017 Production		0.45
243 mil		US Treasury Note 1%		0.45

Sector Weightings

	Stocks %	Rel Std Index
Cyclical	—	—
Basic Materials	—	—
Consumer Cyclical	—	—
Financial Services	—	—
Real Estate	—	—
Sensitive	—	—
Communication Services	—	—
Energy	—	—
Industrials	—	—
Technology	—	—
Defensive	—	—
Consumer Defensive	—	—
Healthcare	—	—
Utilities	—	—

Operations

Family:	iShares	Ticker:	AGG	Prem/Discount:	0.06
Manager:	Multiple	Incept:	09-22-2003	Mkt Price:	109.33
Tenure:	7.5 Years	Expiration Date:	—	Base Currency:	USD
Total Assets:	\$53,531.5 mil	Exchange:	NYSE ARCA	Legal Structure:	Open Ended Investment Company
Shares Outstanding:	494.60 mil	NAV:	109.26	Backing Bank:	BlackRock Fund Advisors

iShares MBS ETF (USD)

Performance 12-31-2017

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2015	1.09	-0.82	1.23	-0.21	1.28
2016	1.91	1.06	0.49	-2.14	1.28
2017	0.43	0.90	0.95	0.07	2.37

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Mkt 12-31-17	2.49	—	1.83	3.48	3.68
Std NAV 12-31-17	2.37	—	1.80	3.50	3.67
Mkt Total Ret	2.49	1.63	1.83	3.48	3.68
NAV Total Ret	2.37	1.64	1.80	3.50	3.67
+/- Std Index	-1.17	-0.60	-0.30	-0.51	—
+/- Cat Index	0.07	0.24	0.53	0.27	—
% Rank Cat	8	13	10	30	—
No. in Cat	250	230	221	167	—

30-day SEC Yield	Subsidized	Unsubsidized
—	—	—

Performance Disclosure

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Fees and Expenses

Fund Expenses	
Management Fees %	0.09
Expense Ratio %	0.12
12b1 Expense %	NA

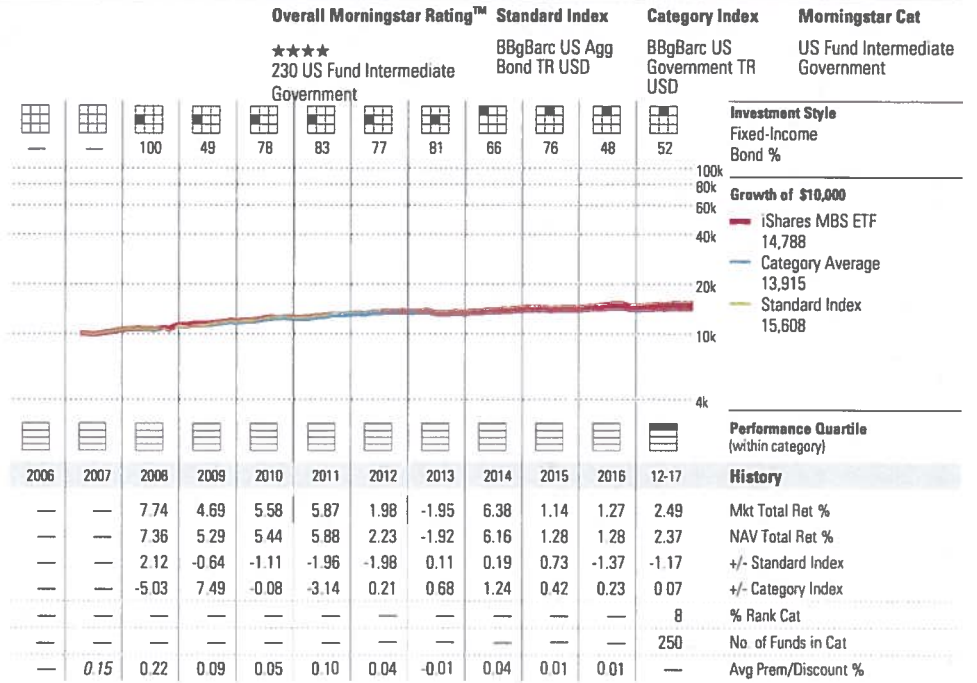
Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	4★	5★	4★
Morningstar Risk	Avg	Avg	-Avg
Morningstar Return	+Avg	High	+Avg
	3 Yr	5 Yr	10 Yr
Standard Deviation NAV	1.86	2.26	2.55
Standard Deviation MKT	1.94	2.40	2.72
Mean NAV	1.64	1.80	3.50
Mean MKT	1.63	1.83	3.48
Sharpe Ratio	0.64	0.67	1.23

MPT Statistics	Standard Index	Best Fit Index
NAV	BBgBarc US MBS TR	USD
Alpha	0.10	-0.30
Beta	0.61	1.04
R-Squared	84.91	99.55
12-Month Yield	—	—
Potential Cap Gains Exp	—	—
Leveraged	No	—
Leverage Type	—	—
Leverage %	100.00	—
Primary Prospectus Benchmark	BBgBarc US MBS TR	USD

Operations

Family:	iShares	Ticker:	MBB
Manager:	Multiple	Incept:	03-13-2007
Tenure:	7.5 Years	Expiration Date:	—
Total Assets:	\$11,896.5 mil	Exchange:	NASDAQ
Shares Outstanding:	112.70 mil	NAV:	106.55



Portfolio Analysis 01-24-2018

Asset Allocation %	Net %	Long %	Short %
Cash	31.92	64.08	32.17
US Stocks	0.00	0.00	0.00
Non-US Stocks	0.00	0.00	0.00
Bonds	68.08	68.08	0.00
Other/Not Clsfd	0.00	0.00	0.00
Total	100.00	132.17	32.17

Equity Style	Portfolio Statistics	Port Avg	Rel Index	Rel Cat
Value Blend Growth	P/E Ratio TTM	—	—	—
	P/C Ratio TTM	—	—	—
	P/B Ratio TTM	—	—	—
	Geo Avg Mkt Cap \$mil	—	—	—

Fixed-Income Style	Portfolio Statistics	Port Avg	Rel Index	Rel Cat
Low Med Ext	Avg Eff Maturity	—	5.89	—
	Avg Eff Duration	—	3.92	—
	Avg Wtd Coupon	—	—	—
	Avg Wtd Price	—	102.95	—

Credit Quality Breakdown	Bond %
AAA	100.00
AA	0.00
A	0.00
BBB	0.00
BB	0.00
B	0.00
Below B	0.00
NR	0.00

Regional Exposure	Stocks %	Rel Std Index
Americas	—	—
Greater Europe	—	—
Greater Asia	—	—

Top Holdings 01-19-2018

Share Chg since 01-2018	Share Amount	Holdings	Net Assets %
591 mil	Gnma2 30yr 2017 Production	5.25 Total Fixed-Income, 748% Turnover Ratio	5.06
406 mil	Fnma 30yr 2017 Production		3.44
380 mil	Fgold 30yr 2017 Production		3.22
352 mil	Fnma 30yr 2017 Production		3.06
315 mil	Gnma2 30yr 2017 Production		2.74
241 mil	Fgold 30yr 2017 Production		2.09
209 mil	Fgold 30yr 2015 Production		1.73
172 mil	Fnma 15yr 2015 Production		1.42
165 mil	Fnma 30yr 2015 Production		1.40
155 mil	Gnma2 30yr 2016 Production		1.33
138 mil	Fnma 30yr 3.5% Ltv > 90 2016		1.17
127 mil	Fnma 15yr 2015 Production		1.08
111 mil	Fnma 30yr 2016 Production		0.91
109 mil	Gnma2 30yr 2015 Production		0.91
101 mil	Fnma 30yr 3% Shlb 175k 2016		0.83

Sector Weightings	Stocks %	Rel Std Index
Cyclical	—	—
Basic Materials	—	—
Consumer Cyclical	—	—
Financial Services	—	—
Real Estate	—	—
Sensitive	—	—
Communication Services	—	—
Energy	—	—
Industrials	—	—
Technology	—	—
Defensive	—	—
Consumer Defensive	—	—
Healthcare	—	—
Utilities	—	—

iShares US Treasury Bond ETF (USD)

Overall Morningstar Rating™ Standard Index **Category Index** **Morningstar Cat**
 ★★★ 230 US Fund Intermediate Government BBgBarc US Agg Bond TR USD BBgBarc US Government TR USD US Fund Intermediate Government

Performance 12-31-2017						
Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %	
2015	1.60	-1.59	1.73	-0.93	0.76	
2016	3.19	2.07	-0.31	-3.89	0.92	
2017	0.65	1.19	0.33	0.01	2.19	
Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept	
Std Mkt 12-31-17	2.19	—	1.20	—	1.40	
Std NAV 12-31-17	2.19	—	1.17	—	1.34	
Mkt Total Ret	2.19	1.30	1.20	—	1.40	
NAV Total Ret	2.19	1.29	1.17	—	1.34	
+/- Std Index	-1.35	-0.95	-0.93	—	—	
+/- Cat Index	-0.11	-0.11	-0.10	—	—	
% Rank Cat	19	45	44	—	—	
No. in Cat	250	230	221	—	—	

30-day SEC Yield 01-26-2018	Subsidized	Unsubsidized
	2.17	—

Performance Disclosure
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Fees and Expenses
Fund Expenses
 Management Fees % 0.15
 Expense Ratio % 0.15
 12b1 Expense % NA

Risk and Return Profile

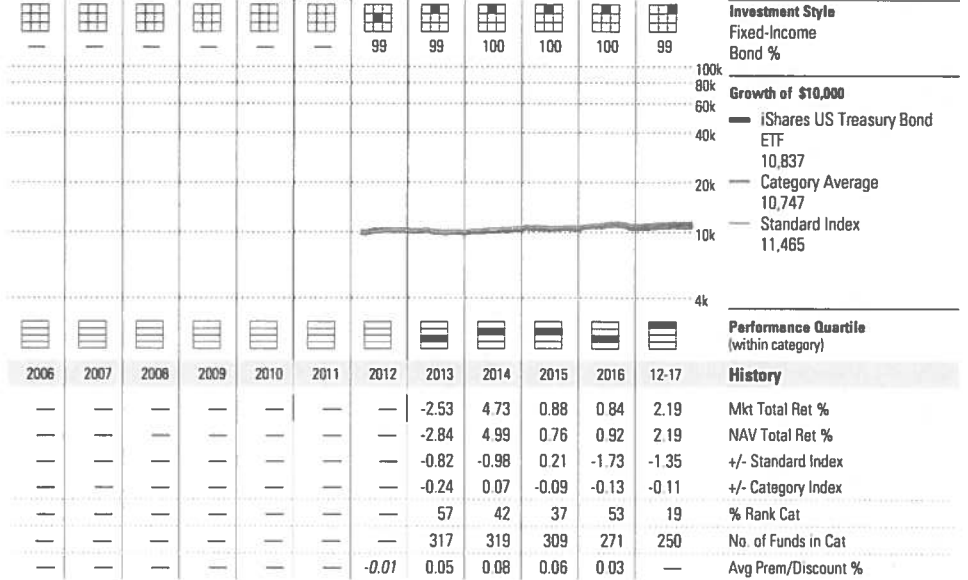
	3 Yr	5 Yr	10 Yr
Morningstar Rating™	3★	3★	—
Morningstar Risk	High	+Avg	—
Morningstar Return	Avg	Avg	—

	3 Yr	5 Yr	10 Yr
Standard Deviation NAV	3.41	3.11	—
Standard Deviation MKT	3.66	3.28	—
Mean NAV	1.29	1.17	—
Mean MKT	1.30	1.20	—
Sharpe Ratio	0.26	0.30	—

MPT Statistics	Standard Index	Best Fit Index
NAV	—	Morningstar US Lng Gov Bd TR USD
Alpha	-1.22	-0.12
Beta	1.17	0.41
R-Squared	92.32	96.04
12-Month Yield	—	1.57%
Potential Cap Gains Exp	—	—
Leveraged	—	No
Leverage Type	—	—
Leverage %	—	100.00
Primary Prospectus Benchmark	—	ICE U.S. Treasury Core Bond TR USD

Operations

Family:	iShares	Ticker:	GOVT
Manager:	Multiple	Incept:	02-14-2012
Tenure:	5.9 Years	Expiration Date:	—
Total Assets:	\$5,297.6 mil	Exchange:	BATS Z-EXCHANGE
Shares Outstanding:	213.60 mil	NAV:	25.09



Portfolio Analysis 01-25-2018

Asset Allocation %	Net %	Long %	Short %
Cash	0.93	0.93	0.00
US Stocks	0.00	0.00	0.00
Non-US Stocks	0.00	0.00	0.00
Bonds	99.07	99.07	0.00
Other/Not Clsfd	0.00	0.00	0.00
Total	100.00	100.00	0.00

Equity Style

Value	Blend	Growth
Value	Blend	Growth

Portfolio Statistics

Portfolio Statistics	Port Avg	Ref Index	Rel Cat
P/E Ratio TTM	—	—	—
P/C Ratio TTM	—	—	—
P/B Ratio TTM	—	—	—
Geo Avg Mkt Cap \$mil	—	—	—
Avg Eff Maturity	—	7.61	—
Avg Eff Duration	—	6.08	—
Avg Wtd Coupon	—	2.33	—
Avg Wtd Price	—	101.00	—

Fixed-Income Style

Fixed-Income Style	Bond %
AAA	100.00
AA	0.00
A	0.00
BBB	0.00
BB	0.00
B	0.00
Below B	0.00
NR	0.00

Regional Exposure

Regional Exposure	Stocks %	Rel Std Index
Americas	—	—
Greater Europe	—	—
Greater Asia	—	—

Top Holdings 01-22-2018

Share Chg since 01-2018	Share Amount	Holdings	Net Assets %
—	—	0 Total Stocks, 127 Total Fixed-Income, 47% Turnover Ratio	—
+	246 mil	US Treasury Note 1.625%	4.73
+	244 mil	US Treasury Note 2.375%	4.68
+	197 mil	US Treasury Note 1.75%	3.79
+	190 mil	US Treasury Note 2%	3.52
+	145 mil	US Treasury Note 2.25%	2.80
+	149 mil	US Treasury Note 2.25%	2.79
+	136 mil	US Treasury Bond 2.875%	2.60
+	136 mil	US Treasury Note 2.25%	2.56
+	128 mil	US Treasury Note 3.5%	2.55
+	127 mil	US Treasury Note 2.625%	2.47
+	129 mil	US Treasury Note 2%	2.41
+	99 mil	US Treasury Bond 7.125%	2.38
+	122 mil	US Treasury Note 2%	2.34
+	106 mil	US Treasury Note 1.75%	2.00
+	103 mil	US Treasury Note 1.875%	1.95

Sector Weightings

Sector	Stocks %	Rel Std Index
Cyclical	—	—
Basic Materials	—	—
Consumer Cyclical	—	—
Financial Services	—	—
Real Estate	—	—
Sensitive	—	—
Communication Services	—	—
Energy	—	—
Industrials	—	—
Technology	—	—
Defensive	—	—
Consumer Defensive	—	—
Healthcare	—	—
Utilities	—	—

PIMCO Income P (USD)

Morningstar Analyst Rating™ Silver
Overall Morningstar Rating™ ★★★★★
 257 US Fund Multisector Bond
Standard Index BBgBarc US Agg Bond TR USD
Category Index BBgBarc US Universal TR USD
Morningstar Cat US Fund Multisector Bond

Performance 12-31-2017

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2015	1.90	0.99	-0.87	0.51	2.53
2016	1.75	2.42	2.82	1.36	8.61
2017	2.86	2.24	2.06	1.08	8.49

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	8.49	6.50	6.26	—	9.26
Std 12-31-2017	8.49	—	6.26	—	9.26
Total Return	8.49	6.50	6.26	9.05	9.26
+/- Std Index	4.95	4.27	4.16	5.05	—
+/- Cat Index	4.40	3.71	3.77	4.72	—

% Rank Cat	11	2	1	1
No. in Cat	321	257	202	116

7-day Yield
 30-day SEC Yield

Performance Disclosure

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Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 888-877-4626 or visit www.pimco.com

Fees and Expenses

Sales Charges

Front-End Load % **NA**
 Deferred Load % **NA**

Fund Expenses

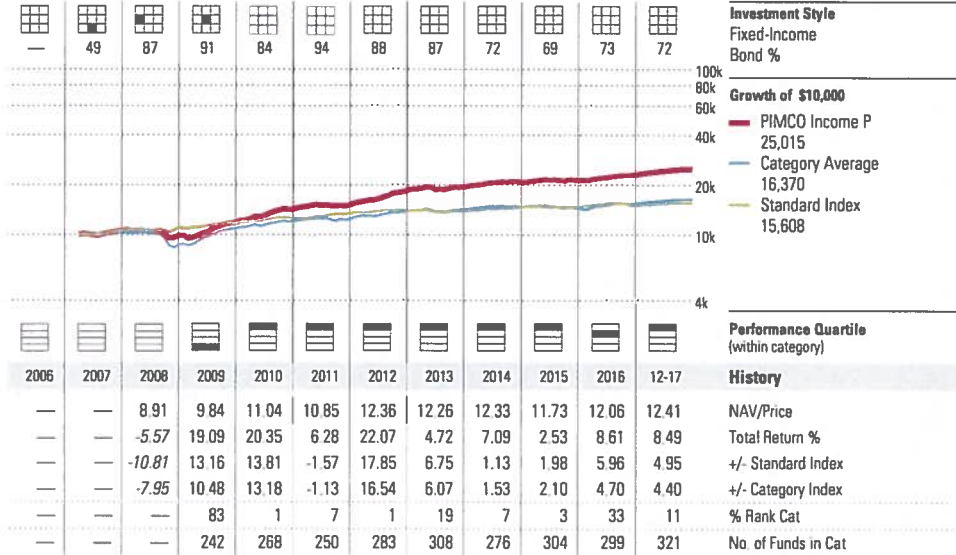
Management Fees % 0.60
 12b1 Expense % NA
 Gross Expense Ratio % **0.63**

Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	5★	5★	5★
Morningstar Risk	-Avg	-Avg	-Avg
Morningstar Return	High	High	High
	3 Yr	5 Yr	10 Yr
Standard Deviation	2.20	3.02	4.69
Mean	6.50	6.26	9.05
Sharpe Ratio	2.69	1.94	1.79

MPT Statistics	Standard Index	Best Fit Index
	ICE BofAML US High Yield TR USD	ICE BofAML US High Yield TR USD
Alpha	5.64	4.00
Beta	0.14	0.32
R-Squared	3.24	69.08

12-Month Yield
 Potential Cap Gains Exp 2.55%



Portfolio Analysis 09-30-2017

Asset Allocation %	Net %	Long %	Short %	Share Chg since 06-2017	Share Amount	Holdings	Net Assets %
Cash	-54.70	82.95	137.64			15 Total Stocks, 5,662 Total Fixed-Income, 190% Turnover Ratio	
US Stocks	0.01	0.01	0.00		21,936 mil	IRS USD 2.25000 12/20/17-5Y CME_Pay	-22.39
Non-US Stocks	0.00	0.00	0.00	⊕	1,264,653	IRS JPY 0.45000 03/20/19-10Y LCH_P	-11.43
Bonds	152.61	213.88	61.26	⊕	10,000 mil	CIRS USD 5.25Y MAT 2.23% 10/2017 M	10.12
Other/Not Clsfd	2.07	2.07	0.00	⊗	10,000 mil	CIRS USD 5.25Y MAT 2.14% 11/2017 D	10.11
Total	100.00	298.91	198.91	⊗	8,000 mil	CIRS USD 5.33Y MAT 2.2% 1/2018 GLM	8.09

Equity Style

Value	Blend	Growth	Port Avg	Rel Index	Rel Cat
P/E Ratio TTM	—	—	—	—	—
P/C Ratio TTM	—	—	—	—	—
P/B Ratio TTM	—	—	—	—	—
Geo Avg Mkt Cap \$mil	—	—	—	—	—

Fixed-Income Style

Int	Med	Ext	High	Med	Low
Avg Eff Maturity	—	—	6.47	—	—
Avg Eff Duration	—	—	2.30	—	—
Avg Wtd Coupon	—	—	—	—	—
Avg Wtd Price	—	—	—	—	—

Credit Quality Breakdown

	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR	—

Regional Exposure

	Stocks %	Rel Std Index
Americas	—	—
Greater Europe	—	—
Greater Asia	—	—

Sector Weightings

	Stocks %	Rel Std Index
Cyclical	—	—
Basic Materials	—	—
Consumer Cyclical	—	—
Financial Services	—	—
Real Estate	—	—
Sensitive	—	—
Communication Services	—	—
Energy	—	—
Industrials	—	—
Technology	—	—
Defensive	—	—
Consumer Defensive	—	—
Healthcare	—	—
Utilities	—	—

Operations

Family:	Pimco	Base Currency:	USD	Incept:	04-30-2008
Manager:	Multiple	Ticker:	PONPX	Type:	MF
Tenure:	10.8 Years	Minimum Initial Purchase:	\$1 mil	Total Assets:	\$107,834.65 mil
Objective:	Multisector Bond	Purchase Constraints:	A		

PowerShares Taxable Municipal Bond ETF (USD)

Overall Morningstar Rating™
 ★★★★★
 19 US Fund Long-Term Bond

Standard Index
 BBgBarc US Agg Bond TR USD

Category Index
 BBgBarc US Govt/Credit Long TR USD

Morningstar Cat
 US Fund Long-Term Bond

Performance 12-31-2017

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2015	1.94	-3.58	1.84	0.82	0.92
2016	4.56	5.14	0.77	-4.97	5.28
2017	1.13	2.73	2.17	1.93	8.20

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Mkt 12-31-17	9.87	—	4.91	—	7.60
Std NAV 12-31-17	8.20	—	4.77	—	7.61
Mkt Total Ret	9.87	4.63	4.91	—	7.60
NAV Total Ret	8.20	4.76	4.77	—	7.61
+/- Std Index	4.66	2.52	2.67	—	—
+/- Cat Index	-2.51	0.23	0.34	—	—
% Rank Cat	84	48	40	—	—
No. in Cat	23	19	18	—	—

30-day SEC Yield 12-31-2017	Subsidized	Unsubsidized
3.36 ¹	3.36 ¹	4.10

1. Contractual waiver, Expires 08-31-2018

Performance Disclosure
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Fees and Expenses

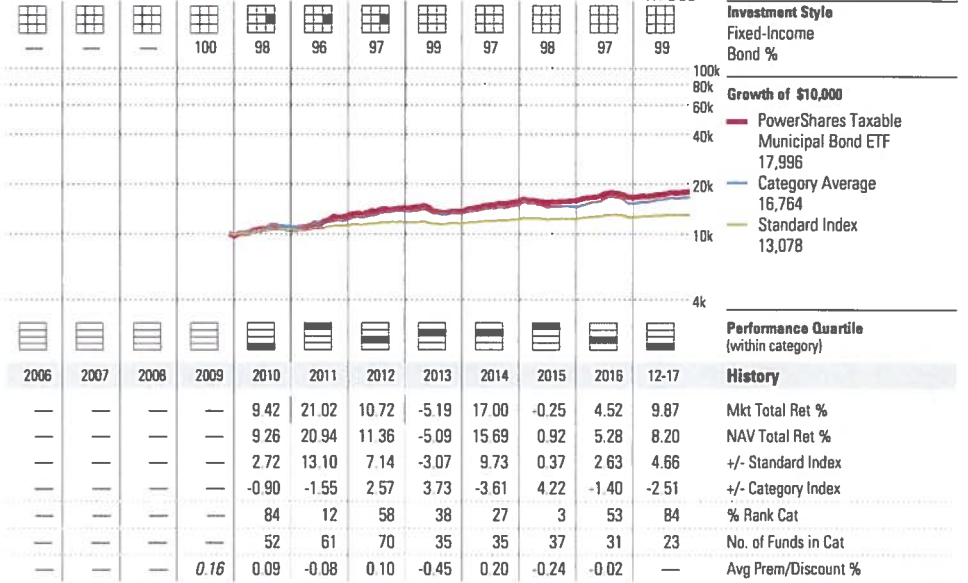
Fund Expenses	
Management Fees %	0.28
Expense Ratio %	0.29
12b1 Expense %	NA

Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	3★	4★	—
Morningstar Risk	-Avg	-Avg	—
Morningstar Return	Avg	Avg	—
Standard Deviation NAV	4.68	5.38	—
Standard Deviation MKT	5.74	6.19	—
Mean NAV	4.76	4.77	—
Mean MKT	4.63	4.91	—
Sharpe Ratio	0.92	0.84	—

MPT Statistics	Standard Index	Best Fit Index
NAV	Government Long TR	BBgBarc US
Alpha	1.56	3.07
Beta	1.53	0.43
R-Squared	84.62	91.37

12-Month Yield	3.97%
Potential Cap Gains Exp	—
Leveraged	No
Leverage Type	—
Leverage %	100.00
Primary Prospectus Benchmark	ICE BofAML US Taxable Muni + TR USD



Portfolio Analysis 01-28-2018

Asset Allocation % 01-25-2018	Net %	Long %	Short %
Cash	1.30	1.30	0.00
US Stocks	0.00	0.00	0.00
Non-US Stocks	0.00	0.00	0.00
Bonds	98.70	98.70	0.00
Other/Not Clsfd	0.00	0.00	0.00
Total	100.00	100.00	0.00

Equity Style	Portfolio Statistics	Port Avg	Rel Index	Rel Cat
Value Blend Growth	P/E Ratio TTM	—	—	—
Large Mid Small	P/C Ratio TTM	—	—	—
	P/B Ratio TTM	—	—	—
	Geo Avg Mkt Cap \$mil	—	—	—

Fixed-Income Style	Portfolio Statistics	Port Avg	Rel Index	Rel Cat
Ltd Mod Ext	Avg Eff Maturity	—	—	—
High Med Low	Avg Eff Duration	—	—	—
	Avg Wtd Coupon	—	—	6.08
	Avg Wtd Price	—	—	120.91

Credit Quality Breakdown	Bond %
AAA	15.33
AA	55.83
A	17.65
BBB	10.13
BB	0.21
B	0.85
Below B	0.00
NR	0.00

Regional Exposure	Stocks %	Rel Std Index
Americas	—	—
Greater Europe	—	—
Greater Asia	—	—

Top Holdings 01-22-2018

Share Amount	Holdings	Net Assets %
18 mil	California St Go Bds 7.5%	2.67
23 mil	California St Go Bds 7.95%	2.63
13 mil	California St Go Bds 7.6%	2.14
11 mil	California St Go Bds 7.55%	1.75
15 mil	California St Go Bds 6.509%	1.75
15 mil	Utah St G O Bds 3.539%	1.63
15 mil	Illinois St Go Bds 5.563%	1.62
14 mil	Florida Hurricane Catastrophe Rev	1.45
12 mil	Texas Transn Commn St Hwy Fd R Re	1.44
11 mil	Univ Calif Revs For Prev Rev Bds 5	1.43
10 mil	New York N Y City Mun Wtr Fin Rev	1.37
8 mil	Amer Mun Pwr Ohio Inc Rev Rev Bds	1.34
10 mil	Missouri Jt Mun Elec Util Comm Pwr	1.31
9 mil	California St Go Bds 7.35%	1.31
10 mil	Texas St G O Bds 5.517%	1.30

Sector Weightings	Stocks %	Rel Std Index
Cyclical	—	—
Basic Materials	—	—
Consumer Cyclical	—	—
Financial Services	—	—
Real Estate	—	—
Sensitive	—	—
Communication Services	—	—
Energy	—	—
Industrials	—	—
Technology	—	—
Defensive	—	—
Consumer Defensive	—	—
Healthcare	—	—
Utilities	—	—

Operations

Family:	PowerShares	Ticker:	BAB	Prem/Discount:	0.33
Manager:	Multiple	Incept:	11-17-2009	Mkt Price:	30.69
Tenure:	8.2 Years	Expiration Date:	—	Base Currency:	USD
Total Assets:	\$973.6 mil	Exchange:	NYSE ARCA	Legal Structure:	Open Ended Investment Company
Shares Outstanding:	32.25 mil	NAV:	30.59	Backing Bank:	Invesco PowerShares Capital Mgmt LLC

Prudential Global Total Return Z (USD)

Morningstar Analyst Rating™ Overall Morningstar Rating™ **Standard Index** **Category Index** **Morningstar Cat**
Silver ★★★★★ **BBgBarc US Agg** **Citi WGBI NonUSD** **US Fund World Bond**
 05-23-2017 271 US Fund World Bond Bond TR USD USD

Performance 12-31-2017

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2015	-1.18	-2.64	1.75	-0.91	-2.99
2016	5.61	3.66	1.80	-7.73	2.83
2017	3.92	4.36	2.66	1.89	13.44

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	13.44	4.21	2.94	5.77	5.32
Std 12-31-2017	13.44	—	2.94	5.77	5.32
Total Return	13.44	4.21	2.94	5.77	5.32

+/- Std Index	9.90	1.97	0.84	1.76	—
+/- Cat Index	3.11	2.21	3.23	3.33	—

% Rank Cat	2	6	15	3
No. in Cat	303	271	243	136

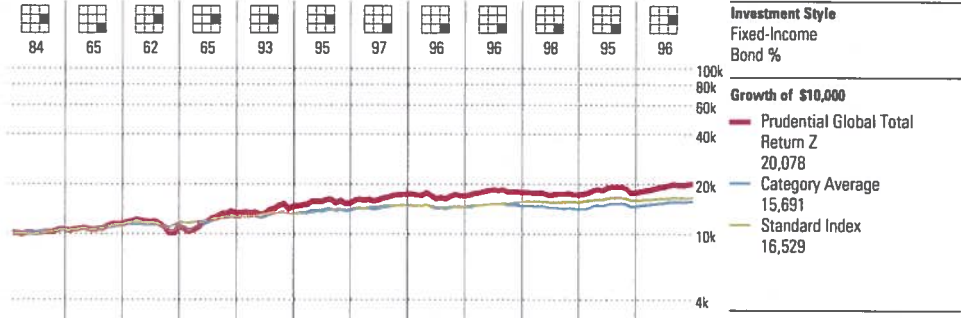
	Subsidized	Unsubsidized
7-day Yield	—	—
30-day SEC Yield 12-31-2017	1.90 ¹	1.87

¹ Contractual waiver; Expires 02-29-2020

Performance Disclosure
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Fees and Expenses
Sales Charges
Front-End Load % NA
Deferred Load % NA
Fund Expenses
 Management Fees % 0.50
 12b1 Expense % NA
Gross Expense Ratio % 0.68
Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	5★	4★	5★
Morningstar Risk	Avg	+Avg	High
Morningstar Return	High	+Avg	High
Standard Deviation	5.90	6.41	8.75
Mean	4.21	2.94	5.77
Sharpe Ratio	0.65	0.44	0.65
MPT Statistics	Standard Index	Best Fit Index	Citi WGBI NonUSD
Alpha	1.07	2.61	USD
Beta	1.54	0.68	
R-Squared	54.48	80.64	
12-Month Yield		3.39%	
Potential Cap Gains Exp		4.32%	



Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	12-17
NAV/Price	6.72	6.85	6.23	6.73	6.66	6.66	7.25	6.79	6.78	6.34	6.28	6.88
Total Return %	5.84	8.28	-3.89	21.03	10.07	4.58	13.22	-2.06	4.29	-2.99	2.83	13.44
+/- Standard Index	1.51	1.31	-9.13	15.10	3.53	-3.27	9.01	-0.04	-1.67	-3.54	0.18	9.90
+/- Category Index	-1.10	-3.18	-14.00	16.64	4.86	-0.60	11.72	2.50	6.97	2.55	1.02	3.11
% Rank Cat	41	48	70	10	14	28	10	38	22	32	57	2
No. of Funds in Cat	197	218	234	269	270	297	315	365	385	367	339	303

Portfolio Analysis 12-31-2017

Asset Allocation %	Net %	Long %	Short %	Share Chg since 11-2017	Share Amount	Holdings	Net Assets %
Cash	-1.31	2.45	3.76			1 Total Stocks, 1,251 Total Fixed-Income, 75% Turnover Ratio	
US Stocks	0.00	0.00	0.00			2 Year US Treasury Note Future Mar	-20.32
Non-US Stocks	0.00	0.00	0.00	⊖	1,323	US 5 Year Note (CBT) Mar18	17.60
Bonds	98.22	168.10	69.88	⊕	2,112	US 10 Year Note (CBT) Mar18	15.24
Other/Not Clsfd	3.09	4.17	1.08	⊕	1,713	US ULTRA BOND CBT MAR18	9.02
Total	100.00	174.72	74.72	⊕	750	PAYB OIS 01022019	-5.83
Equity Style	Value	Blend	Growth			268 mil Recv Ois 01022019	5.80
Portfolio Statistics	P/E Ratio TTM	—	—			264 mil PAYB IRS 0.29 ILS 11/15/2	-5.45
	P/C Ratio TTM	21.5	—			264 mil REC V IRS 0.29 ILS 11/15/2	5.45
	P/B Ratio TTM	1.2	—			203 mil PAYB OIS 01042021	-4.40
	Geo Avg Mkt Cap \$mil	1580	—			203 mil Recv Ois 01042021	4.38
Fixed-Income Style	Avg Eff Maturity	—	—			304 LONG GILT FUTURE MAR18	3.69
	Avg Eff Duration	—	9.27			45,000 mil REC V IRS 2.175 KRW 11/19/	3.02
	Avg Wtd Coupon	—	3.41			45,000 mil PAYB IRS 2.175 KRW 11/19/	-3.02
	Avg Wtd Price	—	—			313 Ultra 10-Year U.S. Treasury Note F	3.00
						257 Euro BOBL Future Mar18	-2.91

Sector Weightings	Stocks %	Rel Std Index
Cyclical	0.0	—
Basic Materials	0.0	—
Consumer Cyclical	0.0	—
Financial Services	0.0	—
Real Estate	0.0	—
Sensitive	100.0	—
Communication Services	0.0	—
Energy	100.0	—
Industrials	0.0	—
Technology	0.0	—
Defensive	0.0	—
Consumer Defensive	0.0	—
Healthcare	0.0	—
Utilities	0.0	—

Credit Quality Breakdown 12-31-2017	Bond %
AAA	28.42
AA	7.95
A	21.25
BBB	23.43
BB	8.29
B	6.12
Below B	0.34
NR	4.21

Regional Exposure	Stocks %	Rel Std Index
Americas	100.0	—
Greater Europe	0.0	—
Greater Asia	0.0	—

Operations
 Family: Prudential Funds (PGIM Investments)
 Manager: Multiple
 Tenure: 15.3 Years
 Objective: Worldwide Bond
 Base Currency: USD
 Ticker: PZTRX
 Minimum Initial Purchase: \$5 mil
 Min Auto Investment Plan: \$50
 Purchase Constraints: A
 Incept: 03-17-1997
 Type: MF
 Total Assets: \$1,245.24 mil

Schwab Intermediate-Term US Trs ETFM (USD)

Overall Morningstar Rating™ **★★★** Standard Index **BBgBarc US Agg Bond TR USD** Category Index **BBgBarc US Government TR USD** Morningstar Cat **US Fund Intermediate Government**

Performance 12-31-2017

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2015	1.91	-1.00	1.93	-1.18	1.62
2016	3.29	1.75	-0.40	-3.36	1.16
2017	0.70	0.95	0.40	-0.51	1.54

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Mkt 12-31-17	1.59	—	1.14	—	2.29
Std NAV 12-31-17	1.54	—	1.12	—	2.33

Mkt Total Ret	1.59	1.37	1.14	—	2.29
NAV Total Ret	1.54	1.44	1.12	—	2.33

+/- Std Index	-2.01	-0.80	-0.98	—	—
+/- Cat Index	-0.76	0.04	-0.16	—	—

% Rank Cat	57	31	52	—	—
No. in Cat	250	230	221	—	—

30-day SEC Yield 11-30-2017	Subsidized	Unsubsidized
	2.04	2.04

Performance Disclosure
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Fees and Expenses

Fund Expenses

Management Fees %	0.06
Expense Ratio %	0.06
12b1 Expense %	NA

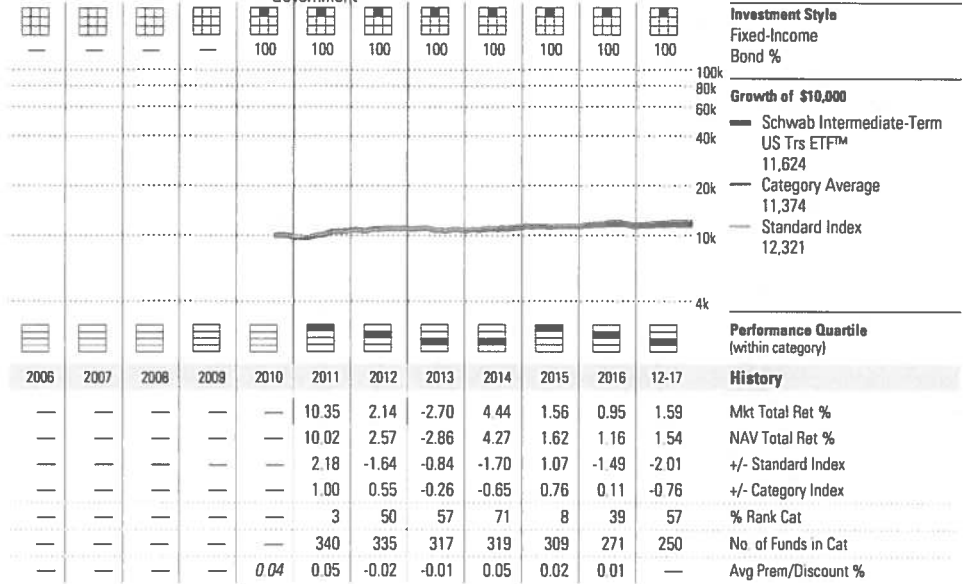
Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	3★	3★	—
Morningstar Risk	+Avg	+Avg	—
Morningstar Return	+Avg	Avg	—

	3 Yr	5 Yr	10 Yr
Standard Deviation NAV	3.34	3.24	—
Standard Deviation MKT	3.34	3.28	—
Mean NAV	1.44	1.12	—
Mean MKT	1.37	1.14	—
Sharpe Ratio	0.31	0.27	—

MPT Statistics

	Standard Index	Best Fit Index
NAV	—	BBgBarc US Government TR USD
Alpha	-0.98	0.01
Beta	1.12	1.47
R-Squared	87.63	99.48
12-Month Yield	—	1.65%
Potential Cap Gains Exp	—	—
Leveraged	—	No
Leverage Type	—	—
Leverage %	—	100.00
Primary Prospectus Benchmark	—	BBgBarc US Treasury 3-10 Yr TR USD



Portfolio Analysis 01-26-2018

Asset Allocation %

	Net %	Long %	Short %
Cash	0.00	0.00	0.00
US Stocks	0.00	0.00	0.00
Non-US Stocks	0.00	0.00	0.00
Bonds	100.00	100.00	0.00
Other/Not Clsfd	0.00	0.00	0.00
Total	100.00	100.00	0.00

Equity Style

Value	Blend	Growth
—	—	—

Portfolio Statistics

	Port Avg	Rel Index	Rel Cat
P/E Ratio TTM	—	—	—
P/C Ratio TTM	—	—	—
P/B Ratio TTM	—	—	—
Geo Avg Mkt Cap \$mil	—	—	—

Fixed-Income Style

Int	Med	Ext
—	—	—

Portfolio Statistics

	Port Avg	Rel Index	Rel Cat
Avg Eff Maturity	—	5.60	—
Avg Eff Duration	—	5.18	—
Avg Wtd Coupon	—	2.11	—
Avg Wtd Price	—	98.24	—

Credit Quality Breakdown

	Bond %
AAA	100.00
AA	0.00
A	0.00
BBB	0.00
BB	0.00
B	0.00
Below B	0.00
NR	0.00

Regional Exposure

	Stocks %	Rel Std Index
Americas	—	—
Greater Europe	—	—
Greater Asia	—	—

Top Holdings 01-22-2018

Share Amount	Share Chg since 01-2018	Holdings	Net Assets %
21 mil	—	US Treasury Note 2.25%	1.75
21 mil	—	US Treasury Note 2.125%	1.73
20 mil	—	US Treasury Note 2.375%	1.72
20 mil	—	US Treasury Note 2.25%	1.72
20 mil	—	US Treasury Note 2.5%	1.71
21 mil	—	US Treasury Note 2%	1.69
20 mil	—	US Treasury Note 2%	1.68
21 mil	—	US Treasury Note 1.625%	1.68
20 mil	—	US Treasury Note 2%	1.68
20 mil	—	US Treasury Note 2%	1.66
20 mil	—	US Treasury Note 2.25%	1.66
20 mil	—	US Treasury Note 2.375%	1.65
20 mil	—	US Treasury Note 2.25%	1.65
19 mil	—	US Treasury Note 2.75%	1.61
20 mil	—	US Treasury Note 1.625%	1.58

Sector Weightings

	Stocks %	Rel Std Index
Cyclical	—	—
Basic Materials	—	—
Consumer Cyclical	—	—
Financial Services	—	—
Real Estate	—	—
Sensitive	—	—
Communication Services	—	—
Energy	—	—
Industrials	—	—
Technology	—	—
Defensive	—	—
Consumer Defensive	—	—
Healthcare	—	—
Utilities	—	—

Operations

Family:	Schwab ETFs	Ticker:	SCHR	Prem/Discount:	-0.06
Manager:	Multiple	Incept:	08-05-2010	Mkt Price:	53.32
Tenure:	7.4 Years	Expiration Date:	—	Base Currency:	USD
Total Assets:	\$1,175.8 mil	Exchange:	NYSE ARCA	Legal Structure:	Open Ended Investment Company
Shares Outstanding:	22.30 mil	NAV:	53.35	Backing Bank:	Charles Schwab Investment Management Inc

Schwab Short-Term US Treasury ETFTM (USD)

Overall Morningstar RatingTM **Standard Index** **Category Index** **Morningstar Cat**
 ★★★ 100 US Fund Short Government BbgBarc US Agg Bond TR USD BbgBarc Government 1-5 Yr TR USD US Fund Short Government

Performance 12-31-2017

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2015	0.50	0.13	0.29	-0.47	0.44
2016	0.89	0.49	-0.11	-0.49	0.78
2017	0.26	0.16	0.22	-0.29	0.35

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Mkt 12-31-17	0.33	—	0.49	—	0.57
Std NAV 12-31-17	0.35	—	0.47	—	0.59
Mkt Total Ret	0.33	0.50	0.49	—	0.57
NAV Total Ret	0.35	0.52	0.47	—	0.59
+/- Std Index	-3.19	-1.72	-1.63	—	—
+/- Cat Index	-0.34	-0.36	-0.27	—	—
% Rank Cat	75	51	42	—	—
No. in Cat	103	100	91	—	—

30-day SEC Yield 11-30-2017	Subsidized	Unsubsidized
	1.65	1.65

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 Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-435-4000 or visit www.csifunds.com.

Fees and Expenses

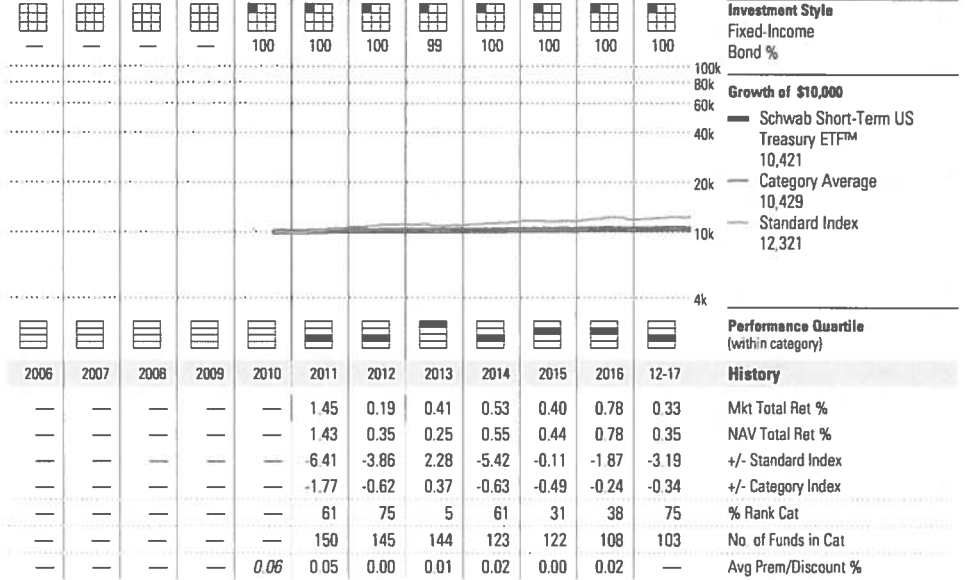
Fund Expenses	
Management Fees %	0.06
Expense Ratio %	0.06
12b1 Expense %	NA

Risk and Return Profile

	3 Yr	5 Yr	10 Yr
	100 funds	91 funds	69 funds
Morningstar Rating TM	3★	3★	—
Morningstar Risk	-Avg	-Avg	—
Morningstar Return	Avg	Avg	—
Standard Deviation NAV	0.76	0.65	—
Standard Deviation MKT	0.75	0.63	—
Mean NAV	0.52	0.47	—
Mean MKT	0.50	0.49	—
Sharpe Ratio	0.09	0.27	—

MFT Statistics

	Standard Index	Best Fit Index
	USD	BbgBarc Gov/Corp 1 Yr Duration TR USD
NAV		
Alpha	-0.34	-0.37
Beta	0.23	2.33
R-Squared	65.25	95.00
12-Month Yield		1.12%
Potential Cap Gains Exp	—	—
Leveraged	—	No
Leverage Type	—	—
Leverage %	—	100.00
Primary Prospectus Benchmark	—	BbgBarc US Treasury 1-3 Yr TR USD



Portfolio Analysis 01-26-2018

Asset Allocation %

	Net %	Long %	Short %
Cash	0.00	0.00	0.00
US Stocks	0.00	0.00	0.00
Non-US Stocks	0.00	0.00	0.00
Bonds	100.00	100.00	0.00
Other/Not Clsfd	0.00	0.00	0.00
Total	100.00	100.00	0.00

Equity Style

Value	Blend	Growth
Low	Low	Low
Mid	Mid	Mid
High	High	High

Portfolio Statistics

	Part Avg	Rel Index	Rel Cat
P/E Ratio TTM	—	—	—
P/C Ratio TTM	—	—	—
P/B Ratio TTM	—	—	—
Geo Avg Mkt Cap \$mil	—	—	—

Fixed-Income Style

Std	Mod	Ext
Low	Low	Low
Mid	Mid	Mid
High	High	High

Portfolio Statistics

	Part Avg	Rel Index	Rel Cat
Avg Eff Maturity	—	2.00	—
Avg Eff Duration	—	1.95	—
Avg Wtd Coupon	—	1.70	—
Avg Wtd Price	—	99.27	—

Credit Quality Breakdown

	Bond %
AAA	100.00
AA	0.00
A	0.00
BBB	0.00
BB	0.00
B	0.00
Below B	0.00
NR	0.00

Regional Exposure

	Stocks %	Rel Std Index
Americas	—	—
Greater Europe	—	—
Greater Asia	—	—

Top Holdings 01-22-2018

Share Chg since 01-2018	Share Amount	Holdings	Net Assets %
		0 Total Stocks, 96 Total Fixed-Income, 66% Turnover Ratio	
	55 mil	US Treasury Note 1.5%	2.45
	48 mil	US Treasury Note 2.625%	2.22
	40 mil	US Treasury Note 3.625%	1.85
	39 mil	US Treasury Note 3.125%	1.80
	38 mil	US Treasury Note 1.625%	1.71
	37 mil	US Treasury Note 1.5%	1.67
	32 mil	US Treasury Note 3.375%	1.50
	32 mil	US Treasury Note 1.75%	1.46
	32 mil	US Treasury Note 2.625%	1.45
	32 mil	US Treasury Note 1.375%	1.45
	32 mil	US Treasury Note 1.375%	1.45
	32 mil	US Treasury Note 1.375%	1.44
	32 mil	US Treasury Note 1.625%	1.44
	32 mil	US Treasury Note 1.625%	1.44
	32 mil	US Treasury Note 1.5%	1.44

Sector Weightings

	Stocks %	Rel Std Index
Cyclical	—	—
Basic Materials	—	—
Consumer Cyclical	—	—
Financial Services	—	—
Real Estate	—	—
Sensitive	—	—
Communication Services	—	—
Energy	—	—
Industrials	—	—
Technology	—	—
Defensive	—	—
Consumer Defensive	—	—
Healthcare	—	—
Utilities	—	—

Operations

Family:	Schwab ETFs	Ticker:	SCHO	Prem/Discount:	0.00
Manager:	Multiple	Incept:	08-05-2010	Mkt Price:	50.03
Tenure:	7.4 Years	Expiration Date:	—	Base Currency:	USD
Total Assets:	\$2,209.9 mil	Exchange:	NYSE ARCA	Legal Structure:	Open Ended Investment Company
Shares Outstanding:	44.30 mil	NAV:	50.03	Backing Bank:	Charles Schwab Investment Management Inc

SPDR® S&P 500 Fossil Fuel Rsrv Free ETF (USD)

Overall Morningstar Rating™ Standard Index
S&P 500 TR USD
Category Index
Russell 1000 TR
Morningstar Cat
US Fund Large Blend
1,217 US Fund Large Blend

Performance 12-31-2017

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2015	—	—	—	—	—
2016	0.99	1.80	4.07	3.66	10.91
2017	6.76	3.51	4.32	6.59	22.88
Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Mkt 12-31-17	23.25	—	—	—	15.24
Std NAV 12-31-17	22.88	—	—	—	15.27
Mkt Total Ret	23.25	—	—	—	15.24
NAV Total Ret	22.88	—	—	—	15.27
+/- Std Index	1.05	—	—	—	—
+/- Cat Index	1.19	—	—	—	—
% Rank Cat	17	—	—	—	—
No. in Cat	1,396	—	—	—	—

30-day SEC Yield	Subsidized	Unsubsidized
	—	—

Performance Disclosure

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

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Fees and Expenses

Fund Expenses	
Management Fees %	0.25
Expense Ratio %	0.25
12b1 Expense %	NA

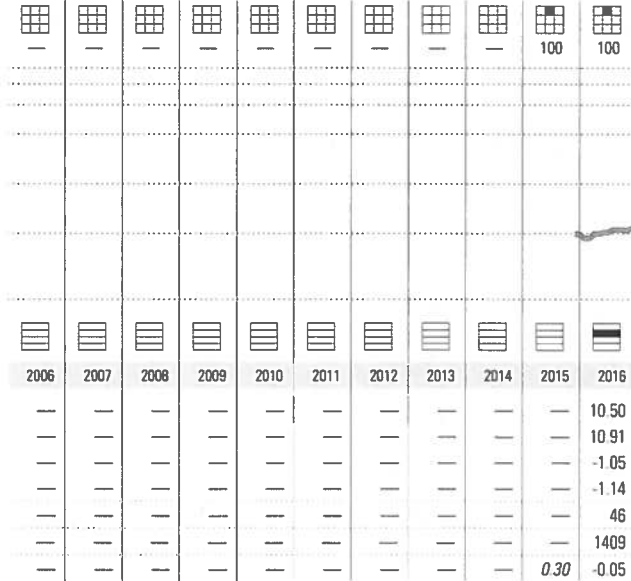
Risk and Return Profile

	3 Yr	5 Yr	10 Yr
	1217 funds	1079 funds	800 funds
Morningstar Rating™	—	—	—
Morningstar Risk	—	—	—
Morningstar Return	—	—	—

	3 Yr	5 Yr	10 Yr
Standard Deviation NAV	—	—	—
Standard Deviation MKT	—	—	—
Mean NAV	—	—	—
Mean MKT	—	—	—
Sharpe Ratio	—	—	—

MPT Statistics

	Standard Index	Best Fit Index
NAV	—	—
Alpha	—	—
Beta	—	—
R-Squared	—	—
12-Month Yield	—	—
Potential Cap Gains Exp	—	—
Leveraged	No	—
Leverage Type	—	—
Leverage %	—	100.00
Primary Prospectus Benchmark	S&P 500 Fossil Fuel Free NR USD	—



Investment Style	Equity	Stocks %
	100	100
Growth of \$10,000		
SPDR® S&P 500 Fossil Fuel Rsrv Free ETF	23.25	13,452
Category Average	12,988	
Standard Index	13,425	
Performance Quartile (within category)		
	46	17
History		
Mkt Total Ret %	23.25	
NAV Total Ret %	22.88	
+/- Standard Index	1.05	
+/- Category Index	1.19	
% Rank Cat	17	
No. of Funds in Cat	1,396	
Avg Prem/Discount %	—	

Portfolio Analysis 01-26-2018

Asset Allocation % 01-25-2018	Net %	Long %	Short %
Cash	0.23	0.23	0.00
US Stocks	98.89	98.89	0.00
Non-US Stocks	0.88	0.88	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 Avg	Rel Index	Rel Cat
P/E Ratio TTM	22.7	0.99	1.00	
P/C Ratio TTM	14.7	1.03	1.01	
P/B Ratio TTM	3.3	1.04	9.98	
Geo Avg Mkt Cap \$mil	96981	1.01	0.71	

Fixed-Income Style	Avg Eff Maturity	Avg Eff Duration	Avg Wtd Coupon	Avg Wtd Price
	—	—	—	—

Credit Quality Breakdown

	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR	—

Regional Exposure

	Stocks %	Rel Std Index
Americas	99.1	1.00
Greater Europe	0.4	1.05
Greater Asia	0.5	0.99

Top Holdings 01-22-2018

Share Chg since 01-2018	Share Amount	Holdings	480 Total Stocks, 0 Total Fixed-Income, 4% Turnover Ratio	Net Assets %
	55,848	Apple Inc		3.95
	83,909	Microsoft Corp		3.08
	4,362	Amazon com Inc		2.32
	25,935	Facebook Inc A		1.92
	20,902	Berkshire Hathaway Inc B		1.81
	29,238	Johnson & Johnson		1.73
	37,702	JPMorgan Chase & Co		1.72
	3,289	Alphabet Inc C		1.52
	3,236	Alphabet Inc A		1.51
	105,533	Bank of America Corporation		1.35
	48,200	Wells Fargo & Co		1.25
	12,620	The Home Depot Inc		1.03
	10,548	UnitedHealth Group Inc		1.03
	27,809	Procter & Gamble Co		1.02
	66,777	AT&T Inc		1.01

Sector Weightings

	Stocks %	Rel Std Index
Cyclical	35.0	1.06
Basic Materials	2.8	1.00
Consumer Cyclical	12.1	1.09
Financial Services	17.9	1.07
Real Estate	2.3	1.03
Sensitive	39.0	0.93
Communication Services	3.6	0.96
Energy	1.7	0.28
Industrials	11.2	1.04
Technology	22.5	1.06
Defensive	26.0	1.03
Consumer Defensive	8.4	1.01
Healthcare	15.2	1.08
Utilities	2.4	0.82

Operations

Family:	SPDR State Street Global	Ticker:	SPYX	Prem/Discount:	0.24
Manager:	Multiple	Incept:	11-30-2015	Mkt Price:	64.80
Tenure:	2.2 Years	Expiration Date:	—	Base Currency:	USD
Total Assets:	\$253.9 mil	Exchange:	NYSE ARCA	Legal Structure:	Open Ended Investment Company
Shares Outstanding:	3.65 mil	NAV:	64.65	Backing Bank:	SSgA Funds Management Inc

Touchstone Ultra Short Dur F/I Y (USD)

Morningstar Analyst Rating™ Neutral
Overall Morningstar Rating™ ★★★
Standard Index BBgBarc US Agg Bond TR USD
Category Index BBgBarc Govt/Corp 1 Yr Duration TR USD
Morningstar Cat US Fund Ultrashort Bond

Performance 12-31-2017					
Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2015	0.25	0.26	0.03	0.11	0.65
2016	0.50	0.61	0.37	0.18	1.67
2017	0.50	0.34	0.52	0.32	1.69
Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	1.69	1.34	1.12	—	1.21
Std 12-31-2017	1.69	—	1.12	—	1.21
Total Return	1.69	1.34	1.12	1.46	1.21
+/- Std Index	-1.85	-0.90	-0.98	-2.54	—
+/- Cat Index	0.91	0.69	0.60	0.40	—
% Rank Cat	26	23	19	28	—
No. in Cat	175	141	110	58	—

	Subsidized	Unsubsidized
7-day Yield 01-26-2018	2.13 ¹	—
30-day SEC Yield 12-31-2017	2.08 ¹	1.86

¹ Contractual waiver; Expires 01-29-2018

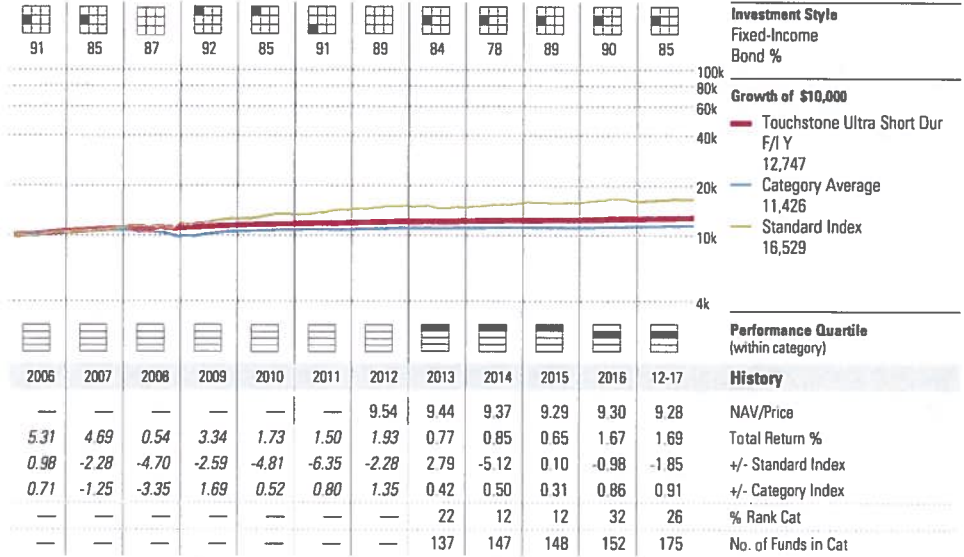
Performance Disclosure
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Fees and Expenses
Sales Charges
Front-End Load % NA
Deferred Load % NA
Fund Expenses
 Management Fees % 0.25
 12b1 Expense % NA
Gross Expense Ratio % 0.53
Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	4★	4★	4★
Morningstar Risk	Avg	Avg	Avg
Morningstar Return	+Avg	+Avg	+Avg
Standard Deviation	0.32	0.32	0.91
Mean	1.34	1.12	1.46
Sharpe Ratio	2.74	2.71	1.21

MPT Statistics	Standard Index	Best Fit Index
Alpha	0.77	0.74
Beta	0.06	0.70
R-Squared	28.41	51.54
12-Month Yield	—	1.90%
Potential Cap Gains Exp	—	-3.31%

Operations
 Family: Touchstone
 Manager: Multiple
 Tenure: 9.3 Years
 Objective: Multisector Bond
 Base Currency: USD



Portfolio Analysis 09-30-2017			
Asset Allocation %	Net %	Long %	Short %
Cash	14.27	14.27	0.00
US Stocks	0.00	0.00	0.00
Non-US Stocks	0.00	0.00	0.00
Bonds	85.31	85.31	0.00
Other/Not Clsd	0.42	0.42	0.00
Total	100.00	100.00	0.00

Equity Style	Portfolio Statistics	Part Avg	Rel Index	Rel Cat
Value Blend Growth	P/E Ratio TTM	—	—	—
Large Mid Small	P/C Ratio TTM	—	—	—
	P/B Ratio TTM	—	—	—
	Geo Avg Mkt Cap \$mil	—	—	—

Fixed-Income Style	Portfolio Statistics	Part Avg	Rel Index	Rel Cat
Ld Med Est	Avg Eff Maturity	—	—	—
High Med Low	Avg Eff Duration	—	0.67	—
	Avg Wtd Coupon	—	2.95	—
	Avg Wtd Price	—	99.44	—

Top Holdings 12-31-2017			
Share since 06-2017	Share Amount	Holdings	Net Assets %
—	—	0 Total Stocks, 367 Total Fixed-Income, 136% Turnover Ratio	—
—	17 mil	FHLMC CMO 1.5%	1.67
+	16 mil	Exeter Auto Recv Tr 2013-2 6.81%	1.62
+	14 mil	Opteum Mtg Accep 2005-3 CMO	1.47
+	14 mil	Santander Drive Auto 2015-4 2.97%	1.40
+	12 mil	Ace Secs Heq 2005-He6 FRN	1.18
+	11 mil	Taco Bell Fdg Llc 2016-1 3.832%	1.15
+	11 mil	Amer Cr Accep Recv Tr 2017-4 2%	1.13
+	11 mil	Towd Pt Mtg Tr 2017-5 FRN	1.08
+	10 mil	Jp Morgan Chase Cmb 2017-F111 CMO	1.07
+	10 mil	Dt Auto Owner Tr 2014-3 4.47%	1.03
+	10 mil	Exeter Auto Recv Tr 2014-3 4.17%	1.00
+	9 mil	Santander Drive Auto 2014-1 3.92%	0.95
+	9 mil	Hewlett Packard Entr 144A 2.1%	0.95
+	9 mil	Symphony Clo II 2006-2 FRN	0.94
+	9 mil	Avis Budget Rental Fdg 2014-2 3.29%	0.92

Credit Quality Breakdown 09-30-2017		Bond %
AAA		42.67
AA		11.45
A		18.26
BBB		23.48
BB		0.02
B		0.03
Below B		0.12
NR		3.97

Regional Exposure		Stocks %	Rel Std Index
Americas		—	—
Greater Europe		—	—
Greater Asia		—	—

Sector Weightings	Stocks %	Rel Std Index
Cyclical	—	—
Basic Materials	—	—
Consumer Cyclical	—	—
Financial Services	—	—
Real Estate	—	—
Sensitive	—	—
Communication Services	—	—
Energy	—	—
Industrials	—	—
Technology	—	—
Defensive	—	—
Consumer Defensive	—	—
Healthcare	—	—
Utilities	—	—

Vanguard FTSE Developed Markets ETF (USD)

Overall Morningstar Rating™ **★★★★** Standard Index
 597 US Fund Foreign Large Blend MSCI ACWI Ex USA NR USD
 Category Index MSCI ACWI Ex USA NR USD
 Morningstar Cat US Fund Foreign Large Blend

Performance 12-31-2017

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2015	5.54	1.03	-9.94	3.92	-0.21
2016	-1.99	-0.24	6.38	-1.44	2.51
2017	7.81	6.39	5.55	4.44	26.44

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Mkt 12-31-17	26.42	—	8.17	2.36	2.00
Std NAV 12-31-17	26.44	—	8.29	2.36	2.06

Mkt Total Ret	26.42	8.94	8.17	2.36	2.00
NAV Total Ret	26.44	8.95	8.29	2.36	2.06
+/- Std Index	-0.75	1.12	1.49	0.52	—
+/- Cat Index	-0.75	1.12	1.49	0.52	—
% Rank Cat	34	18	21	30	—
No. in Cat	756	597	535	347	—

30-day SEC Yield

Performance Disclosure

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Fees and Expenses

Fund Expenses	Subsidized	Unsubsidized
Management Fees %	—	0.05
Expense Ratio %	—	0.07
12b1 Expense %	—	NA

Risk and Return Profile

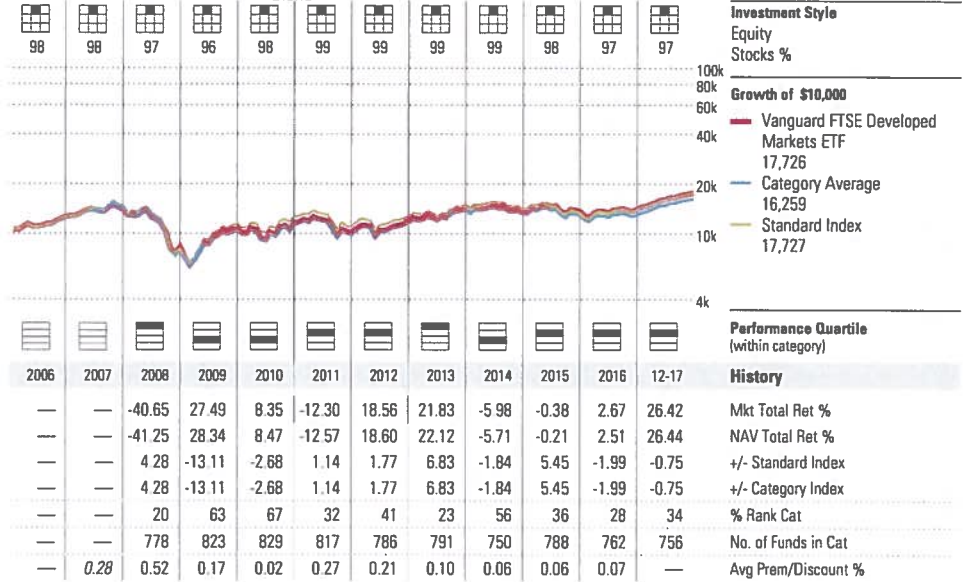
	3 Yr	5 Yr	10 Yr
	597 funds	535 funds	347 funds
Morningstar Rating™	4★	4★	4★
Morningstar Risk	Avg	Avg	Avg
Morningstar Return	+Avg	+Avg	+Avg
Standard Deviation NAV	11.17	11.23	18.78
Standard Deviation MKT	11.14	11.28	19.02
Mean NAV	8.95	8.29	2.36
Mean MKT	8.94	8.17	2.36
Sharpe Ratio	0.79	0.74	0.20

MPT Statistics	Standard Index	Best Fit Index
	MSCI EAFE NR USD	MSCI EAFE NR USD
NAV	—	—
Alpha	1.66	1.61
Beta	0.91	0.92
R-Squared	95.56	97.35

12-Month Yield	—
Potential Cap Gains Exp	—
Leveraged	No
Leverage Type	—
Leverage %	100.00
Primary Prospectus Benchmark	FTSE Dvlp ex US All Cap(US RIC)NR USD

Operations

Family:	Vanguard	Ticker:	VEA
Manager:	Multiple	Incept:	07-20-2007
Tenure:	4.9 Years	Expiration Date:	—
Total Assets:	\$74,017.4 mil	Exchange:	NYSE ARCA
Shares Outstanding:	1,547.51 mil	NAV:	44.83



Portfolio Analysis 12-31-2017

Asset Allocation %	Net %	Long %	Short %	Share Chg since 11-2017	Share Amount	Holdings: 3,775 Total Stocks, 3 Total Fixed-Income, 11% Turnover Ratio	Net Assets %
Cash	1.73	1.73	0.00	—	—	—	—
US Stocks	1.23	1.23	0.00	⊕	17 mil	Nestle SA	1.32
Non-US Stocks	95.93	95.93	0.00	⊕	107 mil	HSBC Holdings PLC	1.03
Bonds	0.02	0.02	0.00	⊖	457,263	Samsung Electronics Co Ltd	1.01
Other/Not Clsfd	1.09	1.09	0.00	⊖	12 mil	Novartis AG	0.93
Total	100.00	100.00	0.00	⊕	4 mil	Roche Holding AG Dividend Right Ce	0.86

Equity Style	Portfolio Statistics	Part Avg	Rel Index	Rel Cat
Value Blend Growth	P/E Ratio TTM	16.9	1.01	0.96
	P/C Ratio TTM	9.0	0.98	0.92
	P/B Ratio TTM	1.7	0.96	3.20
	Geo Avg Mkt Cap \$mil	24207	0.67	0.56

Fixed-Income Style	Avg Eff Maturity	Avg Eff Duration	Avg Wtd Coupon	Avg Wtd Price
	—	—	—	99.44

Credit Quality Breakdown	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR	—

Regional Exposure	Stocks %	Rel Std Index
Americas	9.4	0.93
Greater Europe	53.4	1.14
Greater Asia	37.1	0.86

Sector Weightings	Stocks %	Rel Std Index
Cyclical	45.7	0.99
Basic Materials	9.4	1.09
Consumer Cyclical	11.8	1.07
Financial Services	20.4	0.89
Real Estate	4.0	1.18
Sensitive	32.5	0.96
Communication Services	3.5	0.83
Energy	6.3	0.94
Industrials	13.7	1.23
Technology	9.1	0.76
Defensive	21.8	1.09
Consumer Defensive	10.3	1.05
Healthcare	8.6	1.18
Utilities	2.9	0.99

Prem/Discount:	0.07
Mkt Price:	44.86
Base Currency:	USD
Legal Structure:	Open Ended Investment Company
Backing Bank:	Vanguard Group Inc

Vanguard Mid-Cap ETF (USD)

Overall Morningstar Rating™ Standard Index

Category Index

Morningstar Cat

★★★
359 US Fund Mid-Cap Blend

S&P 500 TR USD

Russell Mid Cap TR USD

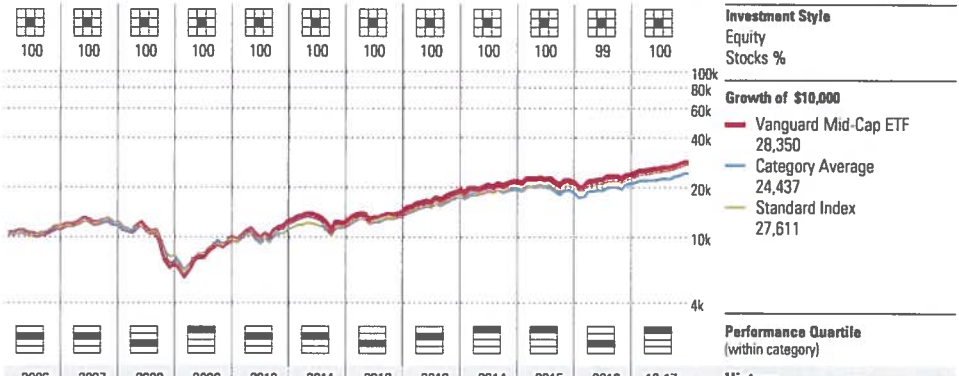
US Fund Mid-Cap Blend

Performance 12-31-2017

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2015	4.29	-1.18	-7.45	3.44	-1.34
2016	1.17	2.34	5.18	2.14	11.23
2017	6.18	2.78	3.44	5.64	19.25

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Mkt 12-31-17	19.27	—	14.99	8.97	9.90
Std NAV 12-31-17	19.25	—	15.01	8.92	9.90

Mkt Total Ret	19.27	9.39	14.99	8.97	9.90
NAV Total Ret	19.25	9.38	15.01	8.92	9.90
+/- Std Index	-2.58	-2.03	-0.78	0.42	—
+/- Cat Index	0.73	-0.20	0.05	-0.20	—
% Rank Cat	17	43	17	39	—
No. in Cat	443	359	324	220	—



30-day SEC Yield 01-26-2018

Subsidized	Unsubsidized
1.50	—

Performance Disclosure

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Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 866-499-8473 or visit www.vanguard.com.

Fees and Expenses

Fund Expenses	
Management Fees %	0.05
Expense Ratio %	0.06
12b1 Expense %	NA

Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	3★	4★	3★
Morningstar Risk	-Avg	-Avg	Avg
Morningstar Return	Avg	+Avg	Avg

	3 Yr	5 Yr	10 Yr
Standard Deviation NAV	10.58	10.41	17.70
Standard Deviation MKT	10.99	10.67	17.79
Mean NAV	9.38	15.01	8.92
Mean MKT	9.39	14.99	8.97
Sharpe Ratio	0.86	1.37	0.55

MPT Statistics	Standard Index	Best Fit Index
NAV	—	Morningstar US Mid Cap TR USD
Alpha	-1.72	-0.83
Beta	0.99	0.99
R-Squared	89.27	98.87
12-Month Yield	—	1.35%
Potential Cap Gains Exp	—	—
Leveraged	—	No
Leverage Type	—	—
Leverage %	—	100.00
Primary Prospectus Benchmark	—	CRSP US Mid Cap TR USD

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	12-17	History
Mkt Total Ret %	13.48	5.83	-41.56	40.44	25.68	-2.08	16.22	35.04	13.75	-1.35	11.26	19.27	Mkt Total Ret %
NAV Total Ret %	13.69	6.14	-41.79	40.49	25.57	-1.96	15.98	35.15	13.76	-1.34	11.23	19.25	NAV Total Ret %
+/- Standard Index	-2.10	0.65	-4.79	14.02	10.51	-4.08	-0.02	2.76	0.07	-2.72	-0.73	-2.58	+/- Standard Index
+/- Category Index	-1.57	0.54	-0.33	0.01	0.10	-0.42	-1.30	0.38	0.54	1.10	-2.57	0.73	+/- Category Index
% Rank Cat	45	44	69	24	28	33	55	41	6	18	72	17	% Rank Cat
No. of Funds in Cat	464	494	512	451	433	424	412	399	369	432	427	443	No. of Funds in Cat
Avg Prem/Discount %	-0.01	-0.03	-0.06	-0.01	0.00	0.00	0.02	0.01	0.01	0.28	0.01	—	Avg Prem/Discount %

Portfolio Analysis 12-31-2017

Asset Allocation %	Net %	Long %	Short %	Share Chg since 11-2017	Share Amount	Holdings : 346 Total Stocks, 0 Total Fixed-Income, 15% Turnover Ratio	Net Assets %
Cash	0.43	0.43	0.00	—	—	—	—
US Stocks	98.84	98.84	0.00	—	5 mil	Fiserv Inc	0.71
Non-US Stocks	0.73	0.73	0.00	—	7 mil	Amphenol Corp Class A	0.69
Bonds	0.00	0.00	0.00	—	3 mil	Roper Technologies Inc	0.68
Other/Not Clsfd	0.00	0.00	0.00	—	34 mil	Freeport-McMoRan Inc	0.67
Total	100.00	100.00	0.00	—	6 mil	Dollar Tree Inc	0.62

Equity Style	Portfolio Statistics	Port Avg	Rel Index	Rel Cat
Value Blend Growth	P/E Ratio TTM	23.4	1.02	1.03
	P/C Ratio TTM	12.6	0.88	1.02
	P/B Ratio TTM	2.7	0.86	7.02
	Geo Avg Mkt Cap \$mil	14137	0.15	1.78

Fixed-Income Style	Avg Eff Maturity	Avg Eff Duration	Avg Wtd Coupon	Avg Wtd Price
	—	—	—	—
	—	—	—	—
	—	—	—	—

Credit Quality Breakdown	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR	—

Regional Exposure	Stocks %	Rel Std Index
Americas	99.3	1.00
Greater Europe	0.2	0.56
Greater Asia	0.5	1.04

Sector Weightings	Stocks %	Rel Std Index
Cyclical	44.2	1.34
Basic Materials	5.4	1.91
Consumer Cyclical	16.4	1.48
Financial Services	15.0	0.90
Real Estate	7.4	3.38
Sensitive	37.2	0.89
Communication Services	1.2	0.33
Energy	5.5	0.91
Industrials	13.7	1.28
Technology	16.7	0.79
Defensive	18.6	0.73
Consumer Defensive	5.5	0.66
Healthcare	8.2	0.58
Utilities	4.9	1.66

Operations

Family:	Vanguard	Ticker:	VO	Prem/Discount:	0.08
Manager:	Multiple	Incept:	01-26-2004	Mkt Price:	154.78
Tenure:	19.7 Years	Expiration Date:	—	Base Currency:	USD
Total Assets:	\$23,426.7 mil	Exchange:	NYSE ARCA	Legal Structure:	Open Ended Investment Company
Shares Outstanding:	142.68 mil	NAV:	154.65	Backing Bank:	Vanguard Group Inc

Vanguard Mortgage-Backed Secs ETF (USD)

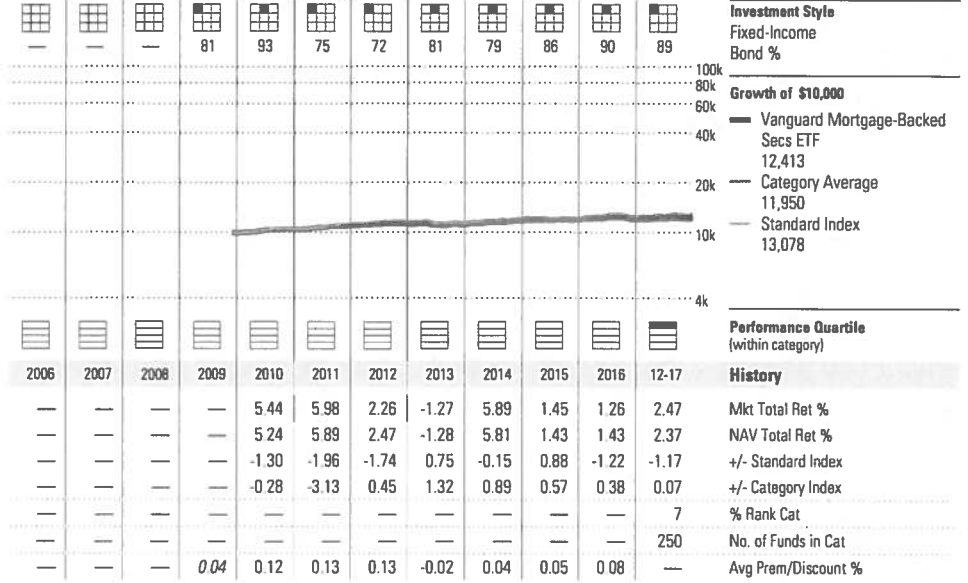
Overall Morningstar Rating™ **★★★★★** Standard Index **BBgBarc US Agg Bond TR USD** Category Index **BBgBarc US Government TR USD** Morningstar Cat **US Fund Intermediate Government**

Performance 12-31-2017

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2015	1.04	-0.72	1.22	-0.11	1.43
2016	1.77	1.11	0.59	-2.00	1.43
2017	0.50	0.84	0.93	0.08	2.37

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Mkt 12-31-17	2.47	—	1.93	—	—
Std NAV 12-31-17	2.37	—	1.93	—	2.78

Mkt Total Ret	NAV Total Ret	+/- Std Index	+/- Cat Index	% Rank Cat	No. in Cat
2.47	1.72	-1.17	-0.50	7	5
2.37	1.74	0.07	0.34	3	250
—	—	—	—	—	221



30-day SEC Yield Q1-26-2018 Subsidized 2.32 Unsubsidized —

Performance Disclosure
The Overall Morningstar 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 800-662-7447 or visit www.vanguard.com.

Fees and Expenses

Fund Expenses	
Management Fees %	0.05
Expense Ratio %	0.07
12b1 Expense %	NA

Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	5★	5★	—
Morningstar Risk	-Avg	-Avg	—
Morningstar Return	High	High	—

	3 Yr	5 Yr	10 Yr
Standard Deviation NAV	1.77	2.11	—
Standard Deviation MKT	1.85	2.16	—
Mean NAV	1.74	1.93	—
Mean MKT	1.72	1.93	—
Sharpe Ratio	0.73	0.78	—

MPT Statistics

	Standard Index	Best Fit Index
NAV	—	BBgBarc US MBS TR USD
Alpha	0.26	-0.13
Beta	0.57	0.99
R-Squared	81.64	98.73
12-Month Yield	—	2.16%
Potential Cap Gains Exp	—	—
Leveraged	—	No
Leverage Type	—	—
Leverage %	—	100.00
Primary Prospectus Benchmark	—	BBgBarc US MBS Float Adjusted TR USD

Portfolio Analysis 12-31-2017

Asset Allocation %

Asset Allocation %	Net %	Long %	Short %	Share Chg since 11-2017	Share Amount	Holdings	Total Fixed-Income, 339% Turnover Ratio	Net Assets %
Cash	11.46	11.46	0.00	—	—	—	—	—
US Stocks	0.00	0.00	0.00	⊕	103 mil	Govt Natl Mtg Asso 3.5%	—	1.74
Non-US Stocks	0.00	0.00	0.00	⊕	97 mil	Fed Natl Mort Assc 3.5%	—	1.61
Bonds	88.77	88.77	0.00	⊕	92 mil	FHLMC 3%	—	1.50
Other/Not Clsfd	0.00	0.00	0.00	⊕	85 mil	FHLMC 3.5%	—	1.42
Total	100.23	100.23	0.00	⊕	70 mil	Fed Natl Mort Assc 4%	—	1.19

Equity Style

Value	Blend	Growth	Port Avg	Rel Index	Rel Cat	Holdings	Total Fixed-Income, 339% Turnover Ratio	Net Assets %
—	—	—	—	—	—	71 mil	FNMA 3%	1.16
—	—	—	—	—	—	60 mil	GNMA 3%	0.98
—	—	—	—	—	—	48 mil	Govt Natl Mtg Asso 4%	0.82
—	—	—	—	—	—	40 mil	Fed Natl Mort Assc 4.5%	0.69
—	—	—	—	—	—	32 mil	FHLMC 4%	0.55

Fixed-Income Style

Value	Blend	Growth	Port Avg	Rel Index	Rel Cat	Holdings	Total Fixed-Income, 339% Turnover Ratio	Net Assets %
—	—	—	—	—	—	28 mil	FHLMC 3.5%	0.47
—	—	—	—	—	—	28 mil	GNMA 3.5%	0.47
—	—	—	—	—	—	28 mil	GNMA 3%	0.46
—	—	—	—	—	—	23 mil	GNMA 3.5%	0.39
—	—	—	—	—	—	23 mil	FHLMC 3.5%	0.39

Credit Quality Breakdown

Credit Quality	Bond %
AAA	100.00
AA	0.00
A	0.00
BBB	0.00
BB	0.00
B	0.00
Below B	0.00
NR	0.00

Regional Exposure

Region	Stocks %	Rel Std Index
Americas	—	—
Greater Europe	—	—
Greater Asia	—	—

Sector Weightings

Sector	Stocks %	Rel Std Index
Cyclical	—	—
Basic Materials	—	—
Consumer Cyclical	—	—
Financial Services	—	—
Real Estate	—	—
Sensitive	—	—
Communication Services	—	—
Energy	—	—
Industrials	—	—
Technology	—	—
Defensive	—	—
Consumer Defensive	—	—
Healthcare	—	—
Utilities	—	—

Operations

Family:	Vanguard	Ticker:	VMBS	Prem/Discount:	0.00
Manager:	Multiple	Incept:	11-19-2009	Mkt Price:	52.44
Tenure:	8.2 Years	Expiration Date:	—	Base Currency:	USD
Total Assets:	\$4,938.5 mil	Exchange:	NASDAQ	Legal Structure:	Open Ended Investment Company
Shares Outstanding:	95.03 mil	NAV:	52.44	Backing Bank:	Vanguard Group Inc

Vanguard S&P 500 ETF (USD)

Overall Morningstar Rating™ Standard Index
 ★★★★★
 S&P 500 TR USD
 1,217 US Fund Large Blend
Category Index
 Russell 1000 TR USD
Morningstar Cat
 US Fund Large Blend

Performance 12-31-2017

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2015	0.94	0.28	-6.46	7.03	1.35
2016	1.34	2.44	3.85	3.82	11.93
2017	6.05	3.07	4.47	6.64	21.78

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Mkt 12-31-17	21.77	—	15.78	—	15.24
Std NAV 12-31-17	21.78	—	15.75	8.46	15.40

	3 Yr	5 Yr	10 Yr	
Mkt Total Ret	21.77	11.44	15.78	—
NAV Total Ret	21.78	11.38	15.75	8.46

	3 Yr	5 Yr	10 Yr	
+/- Std Index	-0.05	-0.04	-0.04	-0.04
+/- Cat Index	0.09	0.15	0.04	-0.13

% Rank Cat	29	15	13	23
No. in Cat	1,396	1,217	1,079	800

30-day SEC Yield 01-26-2018	Subsidized	Unsubsidized
	1.87	—

Performance Disclosure

The Overall Morningstar 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 866-499-8473 or visit www.vanguard.com.

Fees and Expenses

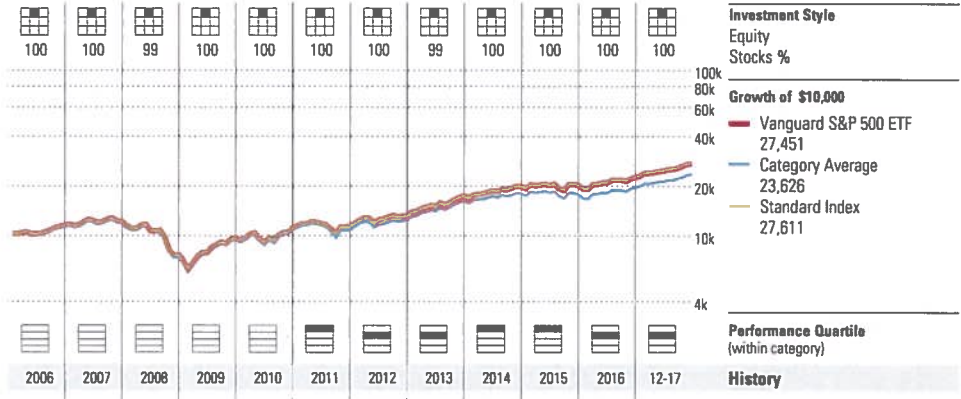
Fund Expenses	
Management Fees %	0.03
Expense Ratio %	0.04
12b1 Expense %	NA

Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	4★	4★	4★
Morningstar Risk	Avg	-Avg	Avg
Morningstar Return	+Avg	+Avg	+Avg

	3 Yr	5 Yr	10 Yr
Standard Deviation NAV	10.07	9.49	15.08
Standard Deviation MKT	10.06	9.54	—
Mean NAV	11.38	15.75	8.46
Mean MKT	11.44	15.78	—
Sharpe Ratio	1.08	1.57	0.59

MPT Statistics	Standard Index	Best Fit Index
NAV	—	S&P 500 TR USD
Alpha	-0.03	-0.03
Beta	1.00	1.00
R-Squared	100.00	100.00
12-Month Yield	—	1.78%
Potential Cap Gains Exp	—	—
Leveraged	—	No
Leverage Type	—	—
Leverage %	—	100.00
Primary Prospectus Benchmark	—	S&P 500 TR USD



Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	12-17	History
Mkt Total Ret %	—	—	—	—	1.89	16.00	32.39	13.55	1.31	12.17	21.77	21.77	Mkt Total Ret %
NAV Total Ret %	—	—	—	—	2.09	15.98	32.33	13.63	1.35	11.93	21.78	21.78	NAV Total Ret %
+/- Standard Index	—	—	—	—	-0.02	-0.02	-0.06	-0.06	-0.03	-0.03	0.05	0.05	+/- Standard Index
+/- Category Index	—	—	—	—	0.59	-0.44	-0.78	0.39	0.44	-0.12	0.09	0.09	+/- Category Index
% Rank Cat	—	—	—	—	17	35	42	18	20	27	29	29	% Rank Cat
No. of Funds in Cat	—	—	—	—	1786	1686	1559	1568	1606	1409	1396	1396	No. of Funds in Cat
Avg Prem/Discount %	—	—	—	—	0.07	-0.01	-0.05	-0.03	-0.02	0.00	0.01	—	Avg Prem/Discount %

Portfolio Analysis 12-31-2017

Asset Allocation %	Net %	Long %	Short %	Share Chg since 11-2017	Share Amount	Holdings : 505 Total Stocks, 1 Total Fixed-Income, 4% Turnover Ratio	Net Assets %
Cash	0.39	0.39	0.00				
US Stocks	98.74	98.74	0.00	⊕	88 mil	Apple Inc	3.80
Non-US Stocks	0.87	0.87	0.00	⊕	132 mil	Microsoft Corp	2.88
Bonds	0.00	0.00	0.00	⊕	7 mil	Amazon.com Inc	2.04
Other/Not Clsfd	0.00	0.00	0.00	⊕	41 mil	Facebook Inc A	1.84
Total	100.00	100.00	0.00	⊕	46 mil	Johnson & Johnson	1.64

Equity Style	Portfolio Statistics	Port Avg	Rel Index	Rel Cat	Value	Blend	Growth
P/E Ratio TTM	22.9	1.00	1.01	⊕	59 mil	JPMorgan Chase & Co	1.62
P/C Ratio TTM	14.3	1.00	0.98	⊕	31 mil	Berkshire Hathaway Inc B	1.59
P/B Ratio TTM	3.2	1.00	9.59	⊕	72 mil	Exxon Mobil Corp	1.55
Geo Avg Mkt Cap \$mil	96388	1.00	0.70	⊕	5 mil	Alphabet Inc C	1.38
				⊕	5 mil	Alphabet Inc A	1.37
				⊕	166 mil	Bank of America Corporation	1.25
				⊕	76 mil	Wells Fargo & Co	1.17
				⊕	105 mil	AT&T Inc	1.04
				⊕	32 mil	Chevron Corp	1.04
				⊕	44 mil	Procter & Gamble Co	1.02

Sector Weightings	Stocks %	Rel Std Index
Cyclical	33.1	1.01
Basic Materials	2.8	1.00
Consumer Cyclical	11.1	1.00
Financial Services	16.8	1.00
Real Estate	2.4	1.09
Sensitive	41.6	1.00
Communication Services	3.6	0.95
Energy	6.1	1.00
Industrials	10.7	1.00
Technology	21.3	1.00
Defensive	25.3	1.00
Consumer Defensive	8.4	1.00
Healthcare	14.0	1.00
Utilities	2.9	1.00

Operations			
Family:	Vanguard	Ticker:	VOO
Manager:	Multiple	Incept:	09-07-2010
Tenure:	18 Years	Expiration Date:	—
Total Assets:	\$91,754.3 mil	Exchange:	NYSE ARCA
Shares Outstanding:	348.32 mil	NAV:	244.94
		Prem/Discount:	0.14
		Mkt Price:	245.29
		Base Currency:	USD
		Legal Structure:	Open Ended Investment Company
		Backing Bank:	Vanguard Group Inc

Vanguard Small-Cap ETF (USD)

Overall Morningstar Rating™ **★★★★** Standard Index S&P 500 TR USD
 652 US Fund Small Blend Russell 2000 TR USD
 Morningstar Cat US Fund Small Blend

Performance 12-31-2017

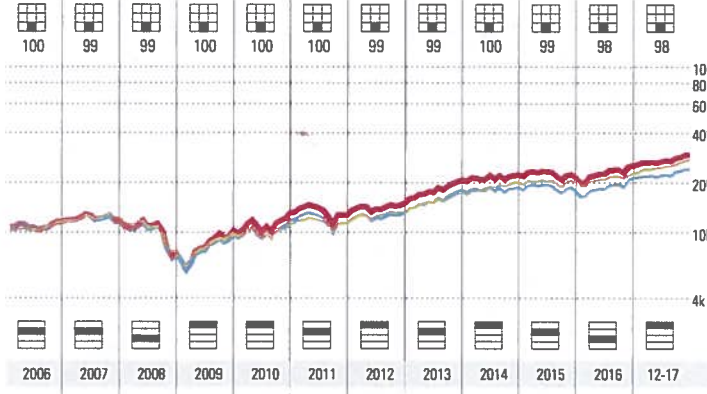
Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2015	4.80	-0.56	-10.32	3.10	-3.65
2016	1.01	3.98	6.16	6.11	18.31
2017	3.74	1.94	4.59	5.09	16.24

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Mkt 12-31-17	16.26	—	14.45	9.69	9.54
Std NAV 12-31-17	16.24	—	14.44	9.68	9.54

Mkt Total Ret	16.26	9.84	14.45	9.69	9.54
NAV Total Ret	16.24	9.83	14.44	9.68	9.54

+/- Std Index	-5.59	-1.58	-1.35	1.19	—
+/- Cat Index	1.59	-0.12	0.32	0.97	—

% Rank Cat	14	37	26	18
No. in Cat	802	652	558	400



Investment Style
Equity Stocks %

Growth of \$10,000

- Vanguard Small-Cap ETF: 29,556
- Category Average: 24,072
- Standard Index: 27,611

Performance Quartile (within category)

History

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	12-17
Mkt Total Ret %	15.77	1.35	-35.88	35.92	28.11	-2.78	18.29	37.70	7.63	-3.76	18.44	16.26
NAV Total Ret %	15.79	1.27	-35.99	36.31	27.89	-2.68	18.22	37.80	7.51	-3.65	18.31	16.24
+/- Standard Index	0.00	-4.22	1.00	9.85	12.83	-4.79	2.22	5.42	-6.18	-5.04	6.35	-5.59
+/- Category Index	-2.57	2.84	-2.21	9.14	1.03	1.50	1.87	-1.02	2.62	0.76	-3.00	1.59
% Rank Cat	41	29	52	25	23	42	21	46	13	35	70	14
No. of Funds in Cat	608	645	670	649	649	650	662	681	737	780	750	802
Avg Prem/Discount %	-0.11	-0.07	0.05	0.06	-0.05	-0.02	-0.02	-0.03	-0.02	0.02	0.00	—

30-day SEC Yield 01-26-2018
 Subsidized 1.40
 Unsubsidized —

Performance Disclosure
 The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.
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 Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 866-499-8473 or visit www.vanguard.com.

Fees and Expenses

Fund Expenses

Management Fees %	0.05
Expense Ratio %	0.06
12b1 Expense %	NA

Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	4★	4★	4★
Morningstar Risk	-Avg	-Avg	Avg
Morningstar Return	Avg	+Avg	+Avg

	3 Yr	5 Yr	10 Yr
Standard Deviation NAV	12.23	12.18	19.59
Standard Deviation MKT	12.21	12.20	19.66
Mean NAV	9.83	14.44	9.68
Mean MKT	9.84	14.45	9.69
Sharpe Ratio	0.79	1.15	0.56

MPT Statistics

	Standard Index	Best Fit Index
NAV	—	Morningstar US Small Cap TR USD
Alpha	-1.79	0.85
Beta	1.05	0.93
R-Squared	75.22	98.92
12-Month Yield	—	1.35%
Potential Cap Gains Exp	—	—
Leveraged	—	No
Leverage Type	—	—
Leverage %	—	100.00
Primary Prospectus Benchmark	CRSP US Small Cap TR USD	—

Portfolio Analysis 12-31-2017

Asset Allocation %

	Net %	Long %	Short %
Cash	1.77	1.77	0.00
US Stocks	97.53	97.53	0.00
Non-US Stocks	0.70	0.70	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

Value	Blend	Growth
Value	Blend	Growth

Portfolio Statistics

	Port Avg	Rel Index	Rel Cat
P/E Ratio TTM	20.8	0.91	0.94
P/C Ratio TTM	11.9	0.84	0.91
P/B Ratio TTM	2.4	0.76	5.98
Geo Avg Mkt Cap \$mil	3884	0.04	1.17

Fixed-Income Style

Int	Med	Ext
Int	Med	Ext

Fixed-Income Metrics

	Avg Eff Maturity	Avg Eff Duration	Avg Wtd Coupon	Avg Wtd Price
Avg Eff Maturity	—	—	—	—
Avg Eff Duration	—	—	—	—
Avg Wtd Coupon	—	—	—	—
Avg Wtd Price	—	—	—	—

Share Chg since 11-2017

Share Amount	Holdings	Net Assets %
2 mil	Diamondback Energy Inc	0.34
3 mil	XPO Logistics Inc	0.30
3 mil	Broadridge Financial Solutions Inc	0.29
4 mil	CDW Corp	0.29
2 mil	IDEX Corp	0.28
3 mil	Spirit AeroSystems Holdings Inc	0.28
4 mil	Leidos Holdings Inc	0.27
3 mil	Atmos Energy Corp	0.27
5 mil	Steel Dynamics Inc	0.27
4 mil	Nektar Therapeutics Inc	0.26
2 mil	IAC/InterActiveCorp	0.26
4 mil	The Chemours Co	0.26
2 mil	Jack Henry & Associates Inc	0.25
4 mil	TransUnion	0.25
5 mil	Copart Inc	0.25

Credit Quality Breakdown

	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR	—

Regional Exposure

	Stocks %	Rel Std Index
Americas	99.6	1.00
Greater Europe	0.3	0.83
Greater Asia	0.1	0.27

Sector Weightings

	Stocks %	Rel Std Index
Cyclical	44.0	1.34
Basic Materials	6.2	2.20
Consumer Cyclical	13.4	1.20
Financial Services	13.2	0.79
Real Estate	11.3	5.16
Sensitive	37.8	0.91
Communication Services	0.6	0.17
Energy	5.0	0.83
Industrials	16.6	1.55
Technology	15.6	0.73
Defensive	18.2	0.72
Consumer Defensive	3.8	0.45
Healthcare	10.6	0.75
Utilities	3.8	1.28

Operations

Family:	Vanguard	Ticker:	VB	Prem/Discount:	0.06
Manager:	Multiple	Incept:	01-26-2004	Mkt Price:	147.80
Tenure:	1.8 Years	Expiration Date:	—	Base Currency:	USD
Total Assets:	\$22,747.9 mil	Exchange:	NYSE ARCA	Legal Structure:	Open Ended Investment Company
Shares Outstanding:	146.72 mil	NAV:	147.71	Backing Bank:	Vanguard Group Inc

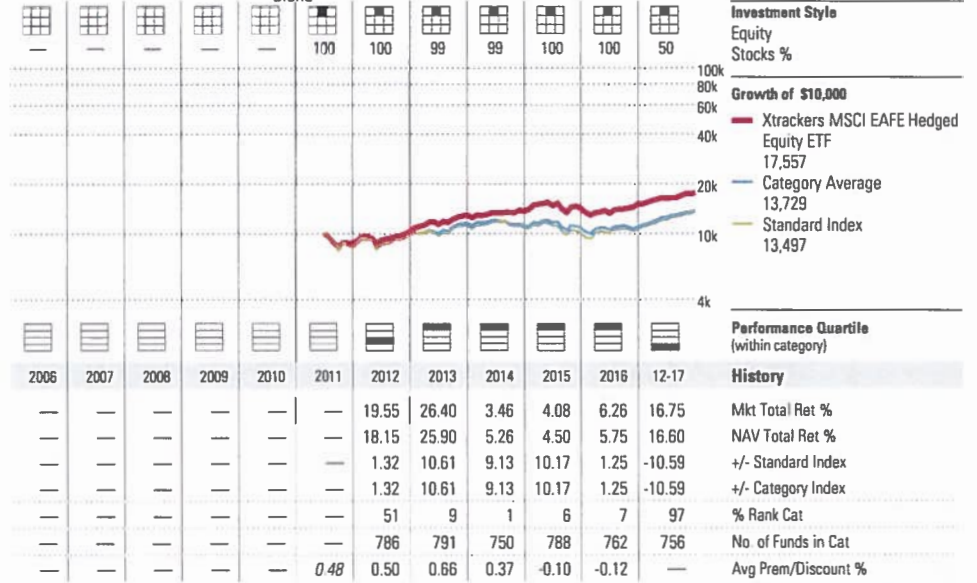
Xtrackers MSCI EAFE Hedged Equity ETF (USD)

Overall Morningstar Rating™ **★★★★★**
 597 US Fund Foreign Large Blend
 Standard Index MSCI ACWI Ex USA NR USD
 Category Index MSCI ACWI Ex USA NR USD
 Morningstar Cat US Fund Foreign Large Blend

Performance 12-31-2017

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2015	10.48	-2.10	-9.00	6.18	4.50
2016	-6.32	-0.71	6.21	7.04	5.75
2017	4.97	3.11	3.64	3.94	16.60

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Mkt 12-31-17	16.75	—	11.05	—	8.92
Std NAV 12-31-17	16.60	—	11.30	—	9.16
Mkt Total Ret	16.75	8.89	11.05	—	8.92
NAV Total Ret	16.60	8.82	11.30	—	9.16
+/- Std Index	-10.59	0.98	4.49	—	—
+/- Cat Index	-10.59	0.98	4.49	—	—
% Rank Cat	97	21	3	—	—
No. in Cat	756	597	535	—	—



30-day SEC Yield: Subsidized —, Unsubsidized —

Performance Disclosure
 The Overall Morningstar 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 855-329-3837 or visit www.deutsche-etfs.com.

Fees and Expenses

Fund Expenses	
Management Fees %	0.35
Expense Ratio %	0.35
12b1 Expense %	NA

Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	4★	5★	—
Morningstar Risk	Avg	-Avg	—
Morningstar Return	+Avg	High	—
Standard Deviation NAV	11.36	10.27	—
Standard Deviation MKT	11.01	10.18	—
Mean NAV	8.82	11.30	—
Mean MKT	8.89	11.05	—
Sharpe Ratio	0.76	1.07	—

MPT Statistics

	Standard Index	Best Fit Index
NAV	MSCI EAFE NR USD	MSCI EAFE NR USD
Alpha	2.90	2.33
Beta	0.74	0.81
R-Squared	60.83	73.74
12-Month Yield	—	—
Potential Cap Gains Exp	—	—
Leveraged	No	—
Leverage Type	—	—
Leverage %	—	100.00
Primary Prospectus Benchmark	MSCI EAFE 100% Hedged NR USD	—

Operations
 Family: Deutsche Asset Management
 Manager: Multiple
 Tenure: 1.1 Years
 Total Assets: \$7,177.0 mil
 Shares Outstanding: 219.15 mil
 Ticker: DBEF
 Incept: 06-09-2011
 Expiration Date: —
 Exchange: NYSE ARCA
 NAV: 31.84

Portfolio Analysis 01-28-2018

Asset Allocation % 01-25-2018	Net %	Long %	Short %
Cash	-4.44	99.95	104.38
US Stocks	3.93	3.93	0.00
Non-US Stocks	98.27	98.27	0.00
Bonds	0.00	0.00	0.00
Other/Not Clsfd	2.23	2.46	0.23
Total	100.00	204.61	104.61

Equity Style

Value	Blend	Growth
Value	Blend	Growth
P/E Ratio TTM	17.5	1.05
P/C Ratio TTM	9.3	1.00
P/B Ratio TTM	1.7	0.98
Geo Avg Mkt Cap \$mil	37332	1.04

Fixed-Income Style

Est	Mod	Est
Est	Mod	Est
Avg Eff Maturity	—	—
Avg Eff Duration	—	—
Avg Wtd Coupon	—	—
Avg Wtd Price	—	—

Credit Quality Breakdown

	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR	—

Regional Exposure

	Sbc ks%	Rel S td Index
Americas	2.1	0.21
Greater Europe	62.0	1.33
Greater Asia	35.9	0.83

Top Holdings 01-22-2018

Share Chg since 01-2018	Share Amount	Holdings : 928 Total Stocks, 0 Total Fixed-Income, 14% Turnover Ratio	Net Assets %
—	1 mil	Nestle SA	1.65
—	9 mil	HSBC Holdings PLC	1.37
—	990,945	Novartis AG	1.19
—	1 mil	Toyota Motor Corp	1.12
—	314,228	Roche Holding AG Dividend Right Ce	1.07
—	1 ml	British American Tobacco PLC	1.00
—	2 mil	Royal Dutch Shell PLC Class A	0.98
—	9 mil	BP PLC	0.88
—	1 mil	Total SA	0.87
—	2 mil	Royal Dutch Shell PLC B	0.84
—	7 mil	Banco Santander SA	0.74
—	340,970	Siemens AG	0.72
—	202,056	Allianz SE	0.70
—	438,387	SAP SE	0.68
—	777,496	Commonwealth Bank of Australia	0.68

Sector Weightings

	Stocks %	Rel Std Index
Cyclical	45.7	0.99
Basic Materials	8.8	1.02
Consumer Cyclical	11.7	1.06
Financial Services	21.6	0.94
Real Estate	3.5	1.03
Sensitive	31.0	0.91
Communication Services	4.0	0.94
Energy	5.3	0.79
Industrials	14.4	1.30
Technology	7.3	0.61
Defensive	23.3	1.17
Consumer Defensive	10.8	1.11
Healthcare	9.5	1.30
Utilities	3.0	1.04

Prem/Discount: -0.19
 Mkt Price: 31.78
 Base Currency: USD
 Legal Structure: Open Ended Investment Company
 Backing Bank: DBX Advisors LLC

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>

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.

Money Market Fund Disclosures

If money market fund(s) are included in the Standardized Returns table below, each money market fund's name will be followed by a superscripted letter that links it to the applicable disclosure below:

Institutional Money Market Funds (designated by an "S"):

You could lose money by investing in the fund. Because the share price of the fund will fluctuate, when you sell your shares they may be worth more or less than what you originally paid for them. The fund may impose a fee upon sale of your shares or may temporarily suspend your ability to sell shares if the fund's liquidity falls below required minimums because of market conditions or other factors. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.

Government Money Market Funds that have chosen to rely on the ability to impose liquidity fees and suspend redemptions (designated by an "L") and

Retail Money Market Funds (designated by an "L"):

You could lose money by investing in the fund. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. The fund may impose a fee upon sale of your shares or may temporarily suspend your ability to sell shares if the fund's liquidity falls below required minimums because of market conditions or other factors. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.

Government Money Market Funds that have chosen not to rely on the ability to impose liquidity fees and suspend redemptions (designated by an "N"):

You could lose money by investing in the fund. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.

Annualized returns 12-31-2017

Standardized Returns (%)	7-day Yield Subsidized as of date	7-day Yield Unsubsidized as of date	1Yr	5Yr	10Yr	Since Inception	Inception Date	Max Front Load %	Max Back Load %	Net Exp Ratio %	Gross Exp Ratio %	Max Redemption %
BlackRock Strategic Income Opps Instl	—	—	4.88	3.06	—	4.39	02-05-2008	NA	NA	0.62 ¹	0.76	NA
iShares Core US Aggregate Bond ETF-NAV	—	—	3.53	2.05	3.90	4.02	09-22-2003	NA	NA	0.05 ²	0.06	NA
iShares Core US Aggregate Bond ETF-Market	—	—	3.55	2.06	3.87	4.02	09-22-2003	NA	NA	0.05 ²	0.06	NA
iShares MBS ETF-NAV	—	—	2.37	1.80	3.50	3.67	03-13-2007	NA	NA	0.09 ³	0.12	NA
iShares MBS ETF-Market	—	—	2.49	1.83	3.48	3.68	03-13-2007	NA	NA	0.09 ³	0.12	NA
iShares US Treasury Bond ETF-NAV	—	—	2.19	1.17	—	1.34	02-14-2012	NA	NA	0.15	0.15	NA

Annualized returns 12-31-2017

Standardized Returns (%)	7-day Yield Subsidized <i>as of date</i>	7-day Yield Unsubsidized <i>as of date</i>	1Yr	5Yr	10Yr	Since Inception	Inception Date	Max Front Load %	Max Back Load %	Net Exp Ratio %	Gross Exp Ratio %	Redemption %	Max
iShares US Treasury Bond ETF-Market	—	—	2.19	1.20	—	1.40	02-14-2012	NA	NA	0.15	0.15	NA	NA
PIMCO Income P	—	—	8.49	6.26	—	9.26	04-30-2008	NA	NA	0.60	0.63	NA	NA
PowerShares Taxable Municipal Bond ETF-NAV	—	—	8.20	4.77	—	7.61	11-17-2009	NA	NA	0.28 ^d	0.29	NA	NA
PowerShares Taxable Municipal Bond ETF-Market	—	—	9.87	4.91	—	7.60	11-17-2009	NA	NA	0.28 ^d	0.29	NA	NA
Prudential Global Total Return Z	—	—	13.44	2.94	5.77	5.32	03-17-1997	NA	NA	0.63 ^e	0.68	NA	NA
Schwab Intermediate-Term US Trs ETF™-NAV	—	—	1.54	1.12	—	2.33	08-05-2010	NA	NA	0.06	0.06	NA	NA
Schwab Intermediate-Term US Trs ETF™-Market	—	—	1.59	1.14	—	2.29	08-05-2010	NA	NA	0.06	0.06	NA	NA
Schwab Short-Term US Treasury ETF™-NAV	—	—	0.35	0.47	—	0.59	08-05-2010	NA	NA	0.06	0.06	NA	NA
Schwab Short-Term US Treasury ETF™-Market	—	—	0.33	0.49	—	0.57	08-05-2010	NA	NA	0.06	0.06	NA	NA
SPDR® S&P 500 Fossil Fuel Rsv Free ETF-NAV	—	—	22.88	—	—	15.27	11-30-2015	NA	NA	0.20 ^f	0.25	NA	NA
SPDR® S&P 500 Fossil Fuel Rsv Free ETF-Market	—	—	23.25	—	—	15.24	11-30-2015	NA	NA	0.20 ^f	0.25	NA	NA
Touchstone Ultra Short Dur F/I Y	—	—	1.69	1.12	—	1.21	04-16-2012	NA	NA	0.44 ^g	0.53	NA	NA
Vanguard FTSE Developed Markets ETF-NAV	—	—	26.44	8.29	2.36	2.06	07-20-2007	NA	NA	0.07	0.07	NA	NA
Vanguard FTSE Developed Markets ETF-Market	—	—	26.42	8.17	2.36	2.00	07-20-2007	NA	NA	0.07	0.07	NA	NA
Vanguard Mid-Cap ETF-NAV	—	—	19.25	15.01	8.92	9.90	01-26-2004	NA	NA	0.06	0.06	NA	NA
Vanguard Mid-Cap ETF-Market	—	—	19.27	14.99	8.97	9.90	01-26-2004	NA	NA	0.06	0.06	NA	NA
Vanguard Mortgage-Backed Secs ETF-NAV	—	—	2.37	1.93	—	2.78	11-19-2009	NA	NA	0.07	0.07	NA	NA
Vanguard Mortgage-Backed Secs ETF-Market	—	—	2.47	1.93	—	—	11-19-2009	NA	NA	0.07	0.07	NA	NA
Vanguard S&P 500 ETF-NAV	—	—	21.78	15.75	8.46	15.40	09-07-2010	NA	NA	0.04	0.04	NA	NA
Vanguard S&P 500 ETF-Market	—	—	21.77	15.78	—	15.24	09-07-2010	NA	NA	0.04	0.04	NA	NA
Vanguard Small-Cap ETF-NAV	—	—	16.24	14.44	9.68	9.54	01-26-2004	NA	NA	0.06	0.06	NA	NA
Vanguard Small-Cap ETF-Market	—	—	16.26	14.45	9.69	9.54	01-26-2004	NA	NA	0.06	0.06	NA	NA
Xtrackers MSCI EAFE Hedged Equity ETF-NAV	—	—	16.60	11.30	—	9.16	06-09-2011	NA	NA	0.35	0.35	NA	NA
Xtrackers MSCI EAFE Hedged Equity ETF-Market	—	—	16.75	11.05	—	8.92	06-09-2011	NA	NA	0.35	0.35	NA	NA
BBgBarc Government 1-5 Yr TR USD			0.69	0.74	2.06	—	—						
BBgBarc Govt/Corp 1 Yr Duration TR USD			0.78	0.52	1.06	—	—						
BBgBarc Intermediate Treasury TR USD			1.14	0.91	2.75	—	—						
BBgBarc US Agg Bond TR USD			3.54	2.10	4.01	—	—						
BBgBarc US Government Long TR USD			8.53	3.49	6.49	—	—						
BBgBarc US Government TR USD			2.30	1.28	3.23	—	—						
BBgBarc US Govt/Credit Long TR USD			10.71	4.43	7.26	—	—						
BBgBarc US MBS TR USD			2.47	2.04	3.84	—	—						
BBgBarc US Universal TR USD			4.09	2.50	4.33	—	—						
Citi WGBI NonUSD USD			10.33	-0.29	2.44	—	—						
ICE BofAML US High Yield TR USD			7.48	5.80	7.89	—	—						
ICE BofAML USD 3M Dep OR CM TR USD			1.11	0.50	0.84	—	—						
Morningstar US Lng Gov Bd TR USD			6.30	2.83	5.81	—	—						
Morningstar US Mid Cap TR USD			19.50	15.55	9.48	—	—						
Morningstar US Small Cap TR USD			15.03	14.17	9.55	—	—						
MSCI ACWI Ex USA NR USD			27.19	6.80	1.84	—	—						
MSCI EAFE NR USD			25.03	7.90	1.94	—	—						
Russell 1000 TR USD			21.69	15.71	8.59	—	—						
Russell 2000 TR USD			14.65	14.12	8.71	—	—						
Russell Mid Cap TR USD			18.52	14.96	9.11	—	—						
S&P 500 TR USD			21.83	15.79	8.50	—	09-11-1989						
USTREAS T-Bill Auction Ave 3 Mon			0.97	0.29	0.34	—	—						

Annualized returns 12-31-2017

Standardized Returns (%)	7-day Yield	7-day Yield	1Yr	5Yr	10Yr	Since Inception	Inception Date	Max Front Load %	Max Back Load %	Net Exp Ratio %	Gross Exp Ratio %	Max Redemption %
	Subsidized as of date	Unsubsidized as of date										
1. Contractual waiver; Expires 04-30-2018; Interest expense 0.13%												
2. Contractual waiver; Expires 06-30-2026												
3. Contractual waiver; Expires 02-28-2023												
4. Contractual waiver; Expires 08-31-2018												
5. Contractual waiver; Expires 02-29-2020												
6. Contractual waiver; Expires 10-31-2018												
7. Contractual waiver; Expires 01-29-2018												

Return after Tax (%)	On Distribution					On Distribution and Sales of Shares				
	1Yr	5Yr	10Yr	Since Inception	Inception Date	1Yr	5Yr	10Yr	Since Inception	
BlackRock Strategic Income Opps Instl	3.32	1.61	—	2.69	02-05-2008	2.75	1.67	—	2.67	
iShares Core US Aggregate Bond ETF-NAV	2.49	1.02	2.71	2.73	09-22-2003	1.99	1.09	2.54	2.61	
iShares MBS ETF-NAV	1.39	0.90	2.35	2.47	03-13-2007	1.34	0.97	2.25	2.37	
iShares US Treasury Bond ETF-NAV	1.50	0.62	—	0.82	02-14-2012	1.24	0.65	—	0.80	
PIMCO Income P	6.03	3.56	—	6.51	04-30-2008	4.77	3.53	—	6.08	
PowerShares Taxable Municipal Bond ETF-NAV	6.32	2.75	—	5.58	11-17-2009	4.60	2.69	—	5.07	
Prudential Global Total Return Z	11.74	1.19	3.58	2.95	03-17-1997	7.57	1.41	3.55	3.07	
Schwab Intermediate-Term US Trs ETF™-NAV	0.82	0.50	—	1.75	08-05-2010	0.87	0.57	—	1.55	
Schwab Short-Term US Treasury ETF™-NAV	-0.13	0.18	—	0.35	08-05-2010	0.20	0.23	—	0.34	
SPDR® S&P 500 Fossil Fuel Rsrv Free ETF-NAV	21.93	—	—	14.35	11-30-2015	12.92	—	—	11.36	
Touchstone Ultra Short Dur F/I Y	0.86	0.39	—	0.47	04-16-2012	0.95	0.52	—	0.60	
Vanguard FTSE Developed Markets ETF-NAV	25.41	7.26	1.53	1.24	07-20-2007	15.46	6.16	1.56	1.35	
Vanguard Mid-Cap ETF-NAV	18.82	14.50	8.45	9.44	01-26-2004	11.17	11.91	7.09	8.14	
Vanguard Mortgage-Backed Secs ETF-NAV	1.42	1.13	—	1.92	11-19-2009	1.34	1.11	—	1.79	
Vanguard S&P 500 ETF-NAV	21.23	15.06	—	14.80	09-07-2010	12.73	12.47	—	12.57	
Vanguard Small-Cap ETF-NAV	15.77	13.87	9.17	9.04	01-26-2004	9.41	11.38	7.72	7.78	
Xtrackers MSCI EAFE Hedged Equity ETF-NAV	15.08	9.97	—	7.39	06-09-2011	9.36	8.37	—	6.54	

Mutual Fund Detail Report Disclosure Statement

The Mutual Fund Detail Report is supplemental sales literature, and therefore must be preceded or accompanied by the mutual fund's current prospectus or an equivalent statement. Please read this information carefully. In all cases, this disclosure statement should accompany the Mutual Fund Detail Report. Morningstar is not itself a FINRA-member firm.

All data presented is based on the most recent information available to Morningstar as of the release date and may or may not be an accurate reflection of current data for securities included in the fund's portfolio. There is no assurance that the data will remain the same.

Unless otherwise specified, the definition of "funds" used throughout this Disclosure Statement includes closed-end funds, exchange-traded funds, grantor trusts, index mutual funds, open-ended mutual funds, and unit investment trusts. It does not include exchange-traded notes or exchange-traded commodities.

Prior to 2016, Morningstar's methodology evaluated open-end mutual funds and exchange-traded funds as separate groups. Each group contained a subset of the current investments included in our current comparative analysis. In this report, historical data presented on a calendar-year basis and trailing periods ending at the most-recent month-end reflect the updated methodology.

Risk measures (such as alpha, beta, r-squared, standard deviation, mean, or Sharpe ratio) are calculated for securities or portfolios that have at least a three-year history.

Most Morningstar rankings do not include any adjustment for one-time sales charges, or loads. Morningstar does publish load-adjusted returns, and ranks such returns within a Morningstar Category in certain reports. The total returns for ETFs and fund share classes without one-time loads are equal to Morningstar's calculation of load-adjusted returns. Share classes that are subject to one-time loads relating to advice or sales commissions have their returns adjusted as part of the load-adjusted return calculation to reflect those loads.

Comparison of Fund Types

Funds, including closed-end funds, exchange-traded funds (ETFs), money market funds, open-end funds, and unit investment trusts (UITs), have many similarities, but also many important differences. In general, publically-offered funds are investment companies registered with the Securities and Exchange Commission under the Investment Company Act of 1940, as amended. Funds pool money from their investors and manage it according to an investment strategy or objective, which can vary greatly from fund to fund. Funds have the ability to offer diversification and professional management, but also involve risk, including the loss of principal.

A closed-end fund is an investment company, which typically makes one public offering of a fixed number of shares. Thereafter, shares are traded on a secondary market. As a result, the secondary market price may be higher or lower than the closed-end fund's net asset value (NAV). If these 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. A closed-end mutual fund's expense ratio is an annual fee charged to a shareholder. It includes operating expenses and management fees, but does not take into account any brokerage costs. Closed-end funds may also have 12b-1 fees. Income distributions and capital gains of the closed-end fund are

subject to income tax, if held in a taxable account.

An ETF is an investment company that typically has an investment objective of striving to achieve a similar return as a particular market index. The ETF will invest in either all or a representative sample of the securities included in the index it is seeking to imitate. Like closed-end funds, an ETF can be traded on a secondary market and thus have a market price that may be higher or lower than its net asset value. If these 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. ETFs are not actively managed, so their value may be affected by a general decline in the U.S. market segments relating to their underlying indexes. Similarly, an imperfect match between an ETF's holdings and those of its underlying index may cause its performance to vary from that of its underlying index. The expense ratio of an ETF is an annual fee charged to a shareholder. It includes operating expenses and management fees, but does not take into account any brokerage costs. ETFs do not have 12b-1 fees or sales loads. Capital gains from funds held in a taxable account are subject to income tax. In many, but not all cases, ETFs are generally considered to be more tax-efficient when compared to similarly invested mutual funds.

Holding company depository receipts (HOLDRs) are similar to ETFs, 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.

A money-market fund is an investment company that invests in commercial paper, banker's acceptances, repurchase agreements, government securities, certificates of deposit and other highly liquid securities, and pays money market rates of interest. Money markets are not FDIC-insured, may lose money, and are not guaranteed by a bank or other financial institution.

An open-end fund is an investment company that issues shares on a continuous basis. Shares can be purchased from the open-end mutual fund itself, or through an intermediary, but cannot be traded on a secondary market, such as the New York Stock Exchange. Investors pay the open-end mutual fund's current net asset value plus any initial sales loads. Net asset value is calculated daily, at the close of business. Open-end mutual fund shares can be redeemed, or sold back to the fund or intermediary, at their current net asset value minus any deferred sales loads or redemption fees. The expense ratio for an open-end mutual fund is an annual fee charged to a shareholder. It includes operating expenses and management fees, but does not take into account any brokerage costs. Open-end funds may also have 12b-1 fees. Income distributions and capital gains of the open-end fund are subject to income tax, if held in a taxable account.

A unit investment trust (UIT) is an investment company organized under a trust agreement between a sponsor and trustee. UITs typically purchase a fixed portfolio of securities and then sell units in the trust to investors. The major difference between a UIT and a mutual fund is that a mutual fund is actively managed, while a UIT is not. On a periodic basis, UITs usually distribute to the unit holder their pro rata share of the trust's net investment income and net realized capital gains, if any. If the trust is one that invests only in tax-free securities, then the income from the trust is also tax-free. UITs generally make one public offering of a fixed number of units. However, in some cases, the sponsor will maintain a secondary market that allows existing unit holders to sell their units and for new investors to buy units. A one-time initial sales charge is deducted from an investment made into the trust. UIT investors may also pay creation and development fees, organization costs, and/or trustee and operation expenses. UIT units may be redeemed by the sponsor at their net

asset value minus a deferred sales charge, and sold to other investors. UITs have set termination dates, at which point the underlying securities are sold and the sales proceeds are paid to the investor. Typically, a UIT investment is rolled over into successive trusts as part of a long-term strategy. A rollover fee may be charged for the exercise of rollover purchases. There are tax consequences associated with rolling over an investment from one trust to the next.

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. Fund portfolio statistics change over time. Funds are not FDIC-insured, may lose value, and are not guaranteed by a bank or other financial institution.

Morningstar calculates after-tax returns using the highest applicable federal marginal income tax rate plus the Medicare surcharge. As of 2016, this rate is 39.6% plus 0.9% Medicare surcharge, or 40.5%, this has been unchanged since 2013. This rate changes periodically in accordance with changes in federal law.

Pre-Inception Returns

The analysis in this report may be based, in part, on adjusted historical returns for periods prior to the inception of the share class of the fund shown in this report ("Report Share Class"). If pre-inception returns are shown, a performance stream consisting of the Report Share Class and older share class(es) is created. Morningstar adjusts pre-inception returns downward to reflect higher expenses in the Report Share Class, we do not hypothetically adjust returns upwards for lower expenses. For more information regarding calculation of pre-inception returns please see the Morningstar Extended Performance Methodology.

When pre-inception data is 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. The underlying investments in the share classes used to calculate the pre-performance string will likely vary from the underlying investments held in the fund after inception. Calculation methodologies utilized by Morningstar may differ from those applied by other entities, including the fund itself.

12b1 Expense %

A 12b-1 fee is a fee used to pay for a mutual fund's distribution costs. It is often used as a commission to brokers for selling the fund. The amount of the fee is taken from a fund's returns.

Alpha

Alpha is a measure of the difference between a security or portfolio'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.

Asset Allocation

Asset Allocation reflects asset class weightings of the portfolio. The "Other" category includes security types that are not neatly classified in the other asset classes, such as convertible bonds and preferred stocks, or cannot be classified by Morningstar as a result of missing data. Morningstar may display asset allocation data in several ways, including tables or pie charts. In addition, Morningstar may compare the asset class breakdown of the fund against its three-year average, category average, and/or index proxy.

Asset allocations shown in tables may include a breakdown among the long, short, and net (long positions net of short) positions. These statistics summarize what the fund's managers are buying and how they are positioning the fund's portfolio. When short positions are captured in these portfolio statistics, investors get a more robust description of the fund's exposure and risk. Long positions involve buying the security outright and selling it later, with the hope the security's price rises over time. Short positions are taken with the hope of benefitting from anticipated price declines. 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 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 a loss buying it at a higher price than the sale price.

Most fund portfolios hold fairly conventional securities, such as long positions in equities and bonds. Morningstar may generate a colored pie chart for these portfolios. Other portfolios use other investment strategies or securities, such as short positions or derivatives, in an attempt to reduce transaction costs, enhance returns, or reduce risk. Some of these securities and strategies behave like conventional securities, while other have unique return and risk characteristics. Portfolios that incorporate investment strategies resulting in short positions or portfolio with relatively exotic derivative positions often report data to Morningstar that does not meet the parameters of the calculation underlying a pie chart's generation. Because of the nature of how these securities are reported to Morningstar, we may not always get complete portfolio information to report asset allocation. Morningstar, at its discretion, may determine if unidentified characteristics of fund holdings are material. Asset allocation and other breakdowns may be rescaled accordingly so that percentages total to 100 percent. (Morningstar used discretion to determine if unidentified characteristics of fund holdings are material, pie charts and other breakdowns may rescale identified characteristics to 100% for more intuitive presentation.)

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

Average Effective Duration

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

Average Effective Maturity

Average Effective Maturity is a weighted average of the maturities of all bonds in a portfolio.

Average Weighted Coupon

A coupon is the fixed annual percentage paid out on a bond. The average weighted coupon is the asset-weighted coupon of each bond in the portfolio.

Average Weighted Price

Average Weighted Price is the asset-weighted price of bonds held in a portfolio, expressed as a percentage of par (face) value. This number reveals if the portfolio favors bonds selling at prices above or below par value (premium

or discount securities respectively.)

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 or portfolio.

Beta

Beta is a measure of a security or portfolio's sensitivity to market movements (proxied using an index.) A beta of greater than 1 indicates more volatility than the market, and a beta of less than 1 indicates less volatility than the market.

Credit Quality Breakdown

Credit Quality breakdowns are shown for corporate-bond holdings in the fund's portfolio and depict the quality of bonds in the underlying portfolio. It shows the percentage of fixed-income securities that fall within each credit-quality rating as assigned by a Nationally Recognized Statistical Rating Organization (NRSRO). Bonds not rated by an NRSRO are included in the Other/Not-Classified category.

Deferred Load %

The back-end sales charge or deferred load is imposed when an investor redeems shares of a fund. The percentage of the load charged generally declines the longer the fund's shares are held by the investor. This charge, coupled with 12b-1 fees, commonly serves as an alternative to a traditional front-end load.

Expense Ratio %

The expense ratio is the annual fee that all funds charge their shareholders. It expresses the percentage of assets deducted each fiscal year for fund expenses, including 12b-1 fees, management fees, administrative fees, operating costs, and all other asset-based costs incurred by the fund. Portfolio transaction fees, or brokerage costs, as well as front-end or deferred sales charges are not included in the expense ratio. The expense ratio, which is deducted from the fund's average net assets, is accrued on a daily basis. The gross expense ratio, in contrast to the net expense ratio, includes interest and dividends on borrowed securities but does not reflect any fee waivers in effect during the time period.

Front-end Load %

The initial sales charge or front-end load is a deduction made from each investment in the fund and is generally based on the amount of the investment.

Geometric Average Market Capitalization

Geometric Average Market Capitalization is a measure of the size of the companies in which a portfolio invests.

Growth of 10,000

For funds, this graph compares the growth of an investment of 10,000 (in the base currency of the fund) with that of an index and/or 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 they assume reinvestment of dividends and capital gains. If adjusted, effects of sales charges and taxation would reduce the performance quoted. If pre-inception data is included in the analysis, it will be graphed.

The index in the Growth of 10,000 graph is an unmanaged portfolio of specified securities and cannot be invested in directly. The index does 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.

Management Fees %

The management fee includes the management and administrative fees listed in the Management Fees section of a fund's prospectus. Typically, these fees represent the costs shareholders paid for management and administrative services over the fund's prior fiscal year.

Maximum Redemption Fee %

The Maximum Redemption Fee is the maximum amount a fund may charge if redeemed in a specific time period after the fund's purchase (for example, 30, 180, or 365 days).

Mean

Mean is the annualized geometric return for the period shown.

Morningstar Analyst Rating™

The Morningstar Analyst Rating™ is not a credit or risk rating. It is a subjective evaluation performed by Morningstar's manager research group, which consists of various Morningstar, Inc. subsidiaries ("Manager Research Group"). In the United States, that subsidiary is Morningstar Research Services LLC, which is registered with and governed by the U.S. Securities and Exchange Commission. The Manager Research Group evaluates funds based on five key pillars, which are process, performance, people, parent, and price. The Manager Research Group uses this five pillar evaluation to determine how they believe funds are likely to perform relative to a benchmark, or in the case of exchange-traded funds and index mutual funds, a relevant peer group, over the long term on a risk-adjusted basis. They consider quantitative and qualitative factors in their research, and the weight of each pillar may vary. The Analyst Rating scale is Gold, Silver, Bronze, Neutral, and Negative. A Morningstar Analyst Rating of Gold, Silver, or Bronze reflects the Manager Research Group's conviction in a fund's prospects for outperformance. Analyst Ratings ultimately reflect the Manager Research Group's overall assessment, are overseen by an Analyst Rating Committee, and are continuously monitored and reevaluated at least every 14 months. For more detailed information about Morningstar's Analyst Rating, including its methodology, please go to global.morningstar.com/managerdisclosures/.

The Morningstar Analyst Rating (i) should not be used as the sole basis in evaluating a fund, (ii) involves unknown risks and uncertainties which may cause the Manager Research Group's expectations not to occur or to differ significantly from what they expected, and (iii) should not be considered an offer or solicitation to buy or sell the fund.

Morningstar Category

Morningstar Category is assigned by placing funds into peer groups based on their underlying holdings. The underlying securities in each portfolio are the primary factor in our analysis as the investment objective and investment strategy stated in a fund's prospectus may not be sufficiently detailed for our proprietary classification methodology. Funds are placed in a category based on their portfolio statistics and compositions over the past three years. Analysis of performance and other indicative facts are also considered. If the fund is new and has no portfolio history, Morningstar estimates where it will fall before giving it a permanent category assignment. Categories may be changed based on recent changes to the portfolio.

Morningstar Rank

Morningstar Rank is the total return percentile rank within each Morningstar Category. The highest (or most favorable) percentile rank is zero and the lowest

(or least favorable) percentile rank is 100. Historical percentile ranks are based on a snapshot of a fund at the time of calculation.

Morningstar Rating™

The Morningstar Rating™ for funds, or "star rating", is calculated for funds and separate accounts with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The Morningstar Rating does not include any adjustment for sales loads. The top 10% of products in each product 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 managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. For more information about the Morningstar Rating for funds, including its methodology, please go to global.morningstar.com/managerdisclosures/.

The Morningstar Return rates a fund's performance relative to other managed products in its Morningstar Category. It is an assessment of a product's excess return over a risk-free rate (the return of the 90-day Treasury Bill) in comparison with the products in its Morningstar category. In each Morningstar category, the top 10% of products earn a High Morningstar Return (High), the next 22.5% Above Average (+Avg), the middle 35% Average (Avg), the next 22.5% Below Average (-Ave), 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 product. Products with less than three years of performance history are not rated.

Morningstar Risk

Morningstar Risk evaluates a fund's downside volatility relative to that of other products in its Morningstar Category. It is an assessment of the variations in monthly returns, with an emphasis on downside variations, in comparison with the products in its Morningstar category. In each Morningstar category, the 10% of products with the lowest measured risk are 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 product. Products with less than three years of performance history are not rated.

Morningstar Style Box™

The Morningstar Style Box™ reveals a fund's investment strategy 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 the investment style (value, blend, or growth.) A darkened square in the style box indicates the weighted average style of the portfolio.

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 (for example, 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. 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 an NRSRO nor does it issue a credit rating on the fund. 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, 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 used. 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-U.S. taxable and non-U.S. domiciled fixed-income funds, static duration breakpoints are used: (i) Limited: less than or equal to 3.5 years; (ii) Moderate: more than 3.5 years but less than or equal to 6 years; (iii) Extensive: more than 6 years.

Interest-rate sensitivity for non-U.S. domiciled funds (excluding funds in convertible categories) may be measured with modified duration when effective duration is not available.

P/B Ratio TTM

The Price/Book Ratio (or P/B Ratio) for a fund is the weighted average of the P/B Ratio of the stocks in its portfolio. Book value is the total assets of a company, less total liabilities. The P/B ratio of a company is calculated by dividing the market price of its outstanding stock by the company's book value, and then adjusting for the number of shares outstanding. Stocks with negative book values are excluded from this calculation. It shows approximately how much an investor is paying for a company's assets based on historical valuations.

P/C Ratio TTM

The Price/Cash Flow Ratio (or P/C Ratio) for a fund is the weighted average of

the P/C Ratio of the stocks in its portfolio. The P/C Ratio of a stock represents the amount an investor is willing to pay for a dollar generated from a company's operations. It shows the ability of a company to generate cash and acts as a gauge of liquidity and solvency.

P/E Ratio TTM

The Price/Earnings Ratio (or P/E Ratio) for a fund is the weighted average of the P/E Ratios of the stocks in its portfolio. The P/E Ratio of a stock is the stock's current price divided by the company's trailing 12-month earnings per share. A high P/E Ratio usually indicates the market will pay more to obtain the company's earnings because it believes in the company's abilities to increase their earnings. A low P/E Ratio indicates the market has less confidence that the company's earnings will increase, however value investors may believe such stocks have an overlooked or undervalued potential for appreciation.

Percentile Rank in Category

Percentile Rank is a standardized way of ranking items within a peer group, in this case, funds within the same Morningstar Category. The observation with the largest numerical value is ranked zero the observation with the smallest numerical value is ranked 100. The remaining observations are placed equal distance from one another on the rating scale. Note that lower percentile ranks are generally more favorable for returns (high returns), while higher percentile ranks are generally more favorable for risk measures (low risk).

Performance Quartile

Performance Quartile reflects a fund's Morningstar Rank.

Potential Capital Gains Exposure

Potential Capital Gains Exposure is an estimate of the percent of a fund's assets that represent gains. It measures how much the fund's assets have appreciated, and it can be an indicator of possible future capital gains distributions. A positive potential capital gains exposure value means that the fund's holdings have generally increased in value while a negative value means that the fund has reported losses on its book.

Quarterly Returns

Quarterly Return is calculated applying the same methodology as Total Return except it represents return through each quarter-end.

R-Squared

R-squared is the percentage of a security or portfolio's return movements that are explained by movements in its benchmark index, showing the degree of correlation between the security or portfolio and the benchmark. This figure is helpful in assessing how likely it is that beta and alpha are statistically significant. A value of 1 indicates perfect correlation between the security or portfolio and its benchmark. The lower the R-squared value, the lower the correlation.

Regional Exposure

The regional exposure is a display of the portfolio's assets invested in the regions shown on the report.

Sector Weightings

Super Sectors represent Morningstar's broadest classification of equity sectors by assigning the 11 equity sectors into three classifications. The Cyclical Super Sector includes industries significantly impacted by economic shifts, and the stocks included in these sectors generally have betas greater than 1. The Defensive Super Sector generally includes industries that are relatively immune to economic cycles, and the stocks in these industries generally have betas less than 1. The Sensitive Super Sector includes industries that ebb and flow with the overall economy, but not severely so. Stocks in the Sensitive Super Sector generally have betas that are close to 1.

Share Change

Shares Change represents the number of shares of a stock bought or sold by a fund since the previously reported portfolio of the fund.

Sharpe Ratio

Sharpe Ratio uses standard deviation and excess return (a measure of a security or portfolio's return in excess of the U.S. Treasury three-month Treasury Bill) to determine the reward per unit of risk.

Standard Deviation

Standard deviation is a statistical measure of the volatility of the security or portfolio's returns. The larger the standard deviation, the greater the volatility of return.

Standardized Returns

Standardized Return applies the methodology described in the Standardized Returns page of this report. Standardized Return is calculated through the most recent calendar-quarter end for one-year, five-year, 10-year, and/or since-inception periods, and it demonstrates the impact of sales charges (if applicable) and ongoing fund expenses. Standardized Return reflects the return an investor may have experience if the security was purchased at the beginning of the period and sold at the end, incurring transaction charges.

Total Return

Total Return, or "Non Load-Adjusted Return", reflects performance without adjusting for sales charges (if applicable) or the effects of taxation, but it is adjusted to reflect all actual ongoing security expenses and assumes reinvestment of dividends and capital gains. It is the return an investor would have experienced if the fund was held throughout the period. If adjusted for sales charges and the effects of taxation, the performance quoted would be significantly reduced.

Total Return +/- indicates how a fund has performed relative to its peers (as measure by its Standard Index and/or Morningstar Category Index) over the time periods shown.

Trailing Returns

Standardized Return applies the methodology described in the Standardized Returns page of this report. Standardized Return is calculated through the most recent calendar-quarter end for one-year, five-year, 10-year, and/or since-inception periods, and it demonstrates the impact of sales charges (if applicable) and ongoing fund expenses. Standardized Return reflects the return an investor may have experienced if the fund was purchased at the beginning of the period and sold at the end, incurring transaction charges.

Load-Adjusted Monthly Return is calculated applying the same methodology as Standardized Return, except that it represents return through month-end. As with Standardized Return, 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 different.

Trailing Return +/- indicates how a fund has performed relative to its peers (as measure by its Standard Index and/or Morningstar Category Index) over the time periods shown.

ETF Detail Report Disclosure Statement

The Exchange-Traded Fund (ETF) Detail Report is supplemental sales literature,

and therefore must be preceded or accompanied by the mutual fund's current prospectus or an equivalent statement. Please read this information carefully. In all cases, this disclosure statement should accompany the ETF Detail Report. Morningstar is not itself a FINRA-member firm. All data presented is based on the most recent information available to Morningstar as of the release date and may or may not be an accurate reflection of current data for securities included in the fund's portfolio. There is no assurance that the data will remain the same.

Unless otherwise specified, the definition of "funds" used throughout this Disclosure Statement includes closed-end funds, exchange-traded funds, grantor trusts, index mutual funds, open-ended mutual funds, and unit investment trusts. It does not include exchange-traded notes or exchange-traded commodities.

Prior to 2016, Morningstar's methodology evaluated open-end mutual funds and exchange-traded funds as separate groups. Each group contained a subset of the current investments included in our current comparative analysis. In this report, historical data presented on a calendar-year basis and trailing periods ending at the most-recent month-end reflect the updated methodology.

Risk measures (such as alpha, beta, r-squared, standard deviation, mean, or Sharpe ratio) are calculated for securities or portfolios that have at least a three-year history.

Most Morningstar rankings do not include any adjustment for one-time sales charges, or loads. Morningstar does publish load-adjusted returns, and ranks such returns within a Morningstar Category in certain reports. The total returns for ETFs and fund share classes without one-time loads are equal to Morningstar's calculation of load-adjusted returns. Share classes that are subject to one-time loads relating to advice or sales commissions have their returns adjusted as part of the load-adjusted return calculation to reflect those loads.

Comparison of Fund Types

Funds, including closed-end funds, exchange-traded funds (ETFs), money market funds, open-end funds, and unit investment trusts (UITs), have many similarities, but also many important differences. In general, publically-offered funds are investment companies registered with the Securities and Exchange Commission under the Investment Company Act of 1940, as amended. Funds pool money from their investors and manage it according to an investment strategy or objective, which can vary greatly from fund to fund. Funds have the ability to offer diversification and professional management, but also involve risk, including the loss of principal.

A closed-end fund is an investment company, which typically makes one public offering of a fixed number of shares. Thereafter, shares are traded on a secondary market. As a result, the secondary market price may be higher or lower than the closed-end fund's net asset value (NAV). If these 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. A closed-end mutual fund's expense ratio is an annual fee charged to a shareholder. It includes operating expenses and management fees, but does not take into account any brokerage costs. Closed-end funds may also have 12b-1 fees. Income distributions and capital gains of the closed-end fund are subject to income tax, if held in a taxable account.

An ETF is an investment company that typically has an investment objective of striving to achieve a similar return as a particular market index. The ETF will invest in either all or a representative sample of the securities included in the index it is seeking to imitate. Like closed-end funds, an ETF can be traded on a secondary market and thus have a market price that may be higher or lower

than its net asset value. If these 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. ETFs are not actively managed, so their value may be affected by a general decline in the U.S. market segments relating to their underlying indexes. Similarly, an imperfect match between an ETF's holdings and those of its underlying index may cause its performance to vary from that of its underlying index. The expense ratio of an ETF is an annual fee charged to a shareholder. It includes operating expenses and management fees, but does not take into account any brokerage costs. ETFs do not have 12b-1 fees or sales loads. Capital gains from funds held in a taxable account are subject to income tax. In many, but not all cases, ETFs are generally considered to be more tax-efficient when compared to similarly invested mutual funds.

Holding company depository receipts (HOLDRs) are similar to ETFs, 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.

A money-market fund is an investment company that invests in commercial paper, banker's acceptances, repurchase agreements, government securities, certificates of deposit and other highly liquid securities, and pays money market rates of interest. Money markets are not FDIC-insured, may lose money, and are not guaranteed by a bank or other financial institution.

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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. Fund portfolio statistics change over time. Funds are not FDIC-insured, may lose value, and are not guaranteed by a bank or other financial institution.

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

Morningstar calculates after-tax returns using the highest applicable federal marginal income tax rate plus the Medicare surcharge. As of 2016, this rate is 39.6% plus 0.9% Medicare surcharge, or 40.5%, this has been unchanged since 2013. This rate changes periodically in accordance with changes in federal law.

12 Month Yield

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.

12b1 Expense %

A 12b-1 fee is a fee used to pay for a mutual fund's distribution costs. It is often used as a commission to brokers for selling the fund. The amount of the fee is taken from a fund's returns.

30-Day SEC Yield

The 30-day SEC Yield is a calculation based on a 30-day period ending on the last day of the previous month. It is computed by dividing the net investment income per share earned during the period by the maximum offering price per share on the last day of the period. The figure listed lags by one month. When a dash appears, the yield available is more than 30 days old. This information is taken from fund surveys.

Alpha

Alpha is a measure of the difference between a security or portfolio'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.

Asset Allocation

Asset Allocation reflects asset class weightings of the portfolio. The "Other" category includes security types that are not neatly classified in the other asset classes, such as convertible bonds and preferred stocks, or cannot be classified by Morningstar as a result of missing data. Morningstar may display asset allocation data in several ways, including tables or pie charts. In addition, Morningstar may compare the asset class breakdown of the fund against its three-year average, category average, and/or index proxy.

Asset allocations shown in tables may include a breakdown among the long, short, and net (long positions net of short) positions. These statistics summarize what the fund's managers are buying and how they are positioning the fund's portfolio. When short positions are captured in these portfolio statistics, investors get a more robust description of the fund's exposure and risk. Long positions involve buying the security outright and selling it later, with the hope the security's price rises over time. Short positions are taken with the hope of benefitting from anticipated price declines. 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 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 a loss buying it at a higher price than the sale price.

Most fund portfolios hold fairly conventional securities, such as long positions in equities and bonds. Morningstar may generate a colored pie chart for these portfolios. Other portfolios use other investment strategies or securities, such as short positions or derivatives, in an attempt to reduce transaction costs, enhance returns, or reduce risk. Some of these securities and strategies behave like conventional securities, while other have unique return and risk characteristics. Portfolios that incorporate investment strategies resulting in short positions or portfolio with relatively exotic derivative positions often report data to Morningstar that does not meet the parameters of the calculation underlying a pie chart's generation. Because of the nature of how these securities are reported to Morningstar, we may not always get complete portfolio information to report asset allocation. Morningstar, at its discretion, may determine if unidentified characteristics of fund holdings are material. Asset allocation and other breakdowns may be rescaled accordingly so that percentages total to 100 percent. (Morningstar used discretion to determine if unidentified characteristics of fund holdings are material, pie charts and other breakdowns may rescale identified characteristics to 100% for more intuitive presentation.)

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

Average Effective Duration

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

Average Effective Maturity

Average Effective Maturity is a weighted average of the maturities of all bonds in a portfolio.

Average Weighted Coupon

A coupon is the fixed annual percentage paid out on a bond. The average weighted coupon is the asset-weighted coupon of each bond in the portfolio.

Average Weighted Price

Average Weighted Price is the asset-weighted price of bonds held in a portfolio, expressed as a percentage of par (face) value. This number reveals if the portfolio favors bonds selling at prices above or below par value (premium or discount securities respectively.)

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 or portfolio.

Beta

Beta is a measure of a security or portfolio's sensitivity to market movements (proxied using an index.) A beta of greater than 1 indicates more volatility than the market, and a beta of less than 1 indicates less volatility than the market.

Credit Quality Breakdown

Credit Quality breakdowns are shown for corporate-bond holdings in the fund's

portfolio and depict the quality of bonds in the underlying portfolio. It shows the percentage of fixed-income securities that fall within each credit-quality rating as assigned by a Nationally Recognized Statistical Rating Organization (NRSRO). Bonds not rated by an NRSRO are included in the Other/Not-Classified category.

Expense Ratio %

The expense ratio is the annual fee that all funds charge their shareholders. It expresses the percentage of assets deducted each fiscal year for fund expenses, including 12b-1 fees, management fees, administrative fees, operating costs, and all other asset-based costs incurred by the fund. Portfolio transaction fees, or brokerage costs, as well as front-end or deferred sales charges are not included in the expense ratio. The expense ratio, which is deducted from the fund's average net assets, is accrued on a daily basis. The gross expense ratio, in contrast to the net expense ratio, includes interest and dividends on borrowed securities but does not reflect any fee waivers in effect during the time period.

Geometric Average Market Capitalization

Geometric Average Market Capitalization is a measure of the size of the companies in which a portfolio invests.

Growth of 10,000

For funds, this graph compares the growth of an investment of 10,000 (in the base currency of the fund) with that of an index and/or 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 they assume reinvestment of dividends and capital gains. If adjusted, effects of sales charges and taxation would reduce the performance quoted. If pre-inception data is included in the analysis, it will be graphed.

The index in the Growth of 10,000 graph is an unmanaged portfolio of specified securities and cannot be invested in directly. The index does 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.

Management Fees %

The management fee includes the management and administrative fees listed in the Management Fees section of a fund's prospectus. Typically, these fees represent the costs shareholders paid for management and administrative services over the fund's prior fiscal year.

Maximum Redemption Fee %

The Maximum Redemption Fee is the maximum amount a fund may charge if redeemed in a specific time period after the fund's purchase (for example, 30, 180, or 365 days).

Mean

Mean is the annualized geometric return for the period shown.

Morningstar Analyst Rating™

The Morningstar Analyst Rating™ is not a credit or risk rating. It is a subjective evaluation performed by Morningstar's manager research group, which consists of various Morningstar, Inc. subsidiaries ("Manager Research Group"). In the United States, that subsidiary is Morningstar Research Services LLC, which is registered with and governed by the U.S. Securities and Exchange Commission. The Manager Research Group evaluates funds based on five key pillars, which are process, performance, people, parent, and price. The Manager Research Group uses this five pillar evaluation to determine how they believe funds are likely to perform relative to a benchmark, or in the case of exchange-traded funds and index mutual funds, a relevant peer group, over the long term on a

risk-adjusted basis. They consider quantitative and qualitative factors in their research, and the weight of each pillar may vary. The Analyst Rating scale is Gold, Silver, Bronze, Neutral, and Negative. A Morningstar Analyst Rating of Gold, Silver, or Bronze reflects the Manager Research Group's conviction in a fund's prospects for outperformance. Analyst Ratings ultimately reflect the Manager Research Group's overall assessment, are overseen by an Analyst Rating Committee, and are continuously monitored and reevaluated at least every 14 months. For more detailed information about Morningstar's Analyst Rating, including its methodology, please go to global.morningstar.com/managerdisclosures/.

The Morningstar Analyst Rating (i) should not be used as the sole basis in evaluating a fund, (ii) involves unknown risks and uncertainties which may cause the Manager Research Group's expectations not to occur or to differ significantly from what they expected, and (iii) should not be considered an offer or solicitation to buy or sell the fund.

Morningstar Category

Morningstar Category is assigned by placing funds into peer groups based on their underlying holdings. The underlying securities in each portfolio are the primary factor in our analysis as the investment objective and investment strategy stated in a fund's prospectus may not be sufficiently detailed for our proprietary classification methodology. Funds are placed in a category based on their portfolio statistics and compositions over the past three years. Analysis of performance and other indicative facts are also considered. If the fund is new and has no portfolio history, Morningstar estimates where it will fall before giving it a permanent category assignment. Categories may be changed based on recent changes to the portfolio.

Morningstar Rank

Morningstar Rank is the total return percentile rank within each Morningstar Category. The highest (or most favorable) percentile rank is zero and the lowest (or least favorable) percentile rank is 100. Historical percentile ranks are based on a snapshot of a fund at the time of calculation.

Morningstar Rating™

The Morningstar Rating™ for funds, or "star rating", is calculated for funds and separate accounts with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The Morningstar Rating does not include any adjustment for sales loads. The top 10% of products in each product 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 managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. For more information about the Morningstar Rating for funds, including its methodology, please go to global.morningstar.com/managerdisclosures/.

Morningstar Return

The Morningstar Return rates a fund's performance relative to other managed products in its Morningstar Category. It is an assessment of a product's excess return over a risk-free rate (the return of the 90-day Treasury Bill) in comparison with the products in its Morningstar category. In each Morningstar category, the top 10% of products earn a High Morningstar Return (High), the next 22.5% Above Average (+Avg), the middle 35% Average (Avg), the next 22.5% Below Average (-Ave), 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 product. Products with less than three years of performance history are not rated.

Morningstar Risk

Morningstar Risk evaluates a fund's downside volatility relative to that of other products in its Morningstar Category. It is an assessment of the variations in monthly returns, with an emphasis on downside variations, in comparison with the products in its Morningstar category. In each Morningstar category, the 10% of products with the lowest measured risk are 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 product. Products with less than three years of performance history are not rated.

Morningstar Style Box™

The Morningstar Style Box™ reveals a fund's investment strategy 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 the investment style (value, blend, or growth.) A darkened square in the style box indicates the weighted average style of the portfolio.

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 (for example, 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. 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 an NRSRO nor does it issue a credit rating on the fund. 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, 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 used. 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-U.S. taxable and non-U.S. domiciled fixed-income funds, static duration breakpoints are used: (i) Limited: less than or equal to 3.5 years; (ii) Moderate: more than 3.5 years but less than or equal to 6 years; (iii) Extensive: more than 6 years.

Interest-rate sensitivity for non-U.S. domiciled funds (excluding funds in convertible categories) may be measured with modified duration when effective duration is not available.

P/B Ratio TTM

The Price/Book Ratio (or P/B Ratio) for a fund is the weighted average of the P/B Ratio of the stocks in its portfolio. Book value is the total assets of a company, less total liabilities. The P/B ratio of a company is calculated by dividing the market price of its outstanding stock by the company's book value, and then adjusting for the number of shares outstanding. Stocks with negative book values are excluded from this calculation. It shows approximately how much an investor is paying for a company's assets based on historical valuations.

P/C Ratio TTM

The Price/Cash Flow Ratio (or P/C Ratio) for a fund is the weighted average of the P/C Ratio of the stocks in its portfolio. The P/C Ratio of a stock represents the amount an investor is willing to pay for a dollar generated from a company's operations. It shows the ability of a company to generate cash and acts as a gauge of liquidity and solvency.

P/E Ratio TTM

The Price/Earnings Ratio (or P/E Ratio) for a fund is the weighted average of the P/E Ratios of the stocks in its portfolio. The P/E Ratio of a stock is the stock's current price divided by the company's trailing 12-month earnings per share. A high P/E Ratio usually indicates the market will pay more to obtain the company's earnings because it believes in the company's abilities to increase their earnings. A low P/E Ratio indicates the market has less confidence that the company's earnings will increase, however value investors may believe such stocks have an overlooked or undervalued potential for appreciation.

Percentile Rank in Category

Percentile Rank is a standardized way of ranking items within a peer group, in this case, funds within the same Morningstar Category. The observation with the largest numerical value is ranked zero the observation with the smallest numerical value is ranked 100. The remaining observations are placed equal distance from one another on the rating scale. Note that lower percentile ranks are generally more favorable for returns (high returns), while higher percentile ranks are generally more favorable for risk measures (low risk).

Performance Quartile

Performance Quartile reflects a fund's Morningstar Rank.

Potential Capital Gains Exposure

Potential Capital Gains Exposure is an estimate of the percent of a fund's assets that represent gains. It measures how much the fund's assets have appreciated, and it can be an indicator of possible future capital gains distributions. A positive potential capital gains exposure value means that the fund's holdings have generally increased in value while a negative value means that the fund has reported losses on its book.

Quarterly Returns

Quarterly Return is calculated applying the same methodology as Total Return except it represents return through each quarter-end.

R-Squared

R-squared is the percentage of a security or portfolio's return movements that are explained by movements in its benchmark index, showing the degree of correlation between the security or portfolio and the benchmark. This figure is helpful in assessing how likely it is that beta and alpha are statistically significant. A value of 1 indicates perfect correlation between the security or portfolio and its benchmark. The lower the R-squared value, the lower the correlation.

Regional Exposure

The regional exposure is a display of the portfolio's assets invested in the regions shown on the report.

Sector Weightings

Super Sectors represent Morningstar's broadest classification of equity sectors by assigning the 11 equity sectors into three classifications. The Cyclical Super Sector includes industries significantly impacted by economic shifts, and the stocks included in these sectors generally have betas greater than 1. The Defensive Super Sector generally includes industries that are relatively immune to economic cycles, and the stocks in these industries generally have betas less than 1. The Sensitive Super Sector includes industries that ebb and flow with the overall economy, but not severely so. Stocks in the Sensitive Super Sector generally have betas that are close to 1.

Share Change

Shares Change represents the number of shares of a stock bought or sold by a fund since the previously reported portfolio of the fund.

Sharpe Ratio

Sharpe Ratio uses standard deviation and excess return (a measure of a security or portfolio's return in excess of the U.S. Treasury three-month Treasury Bill) to determine the reward per unit of risk.

Standard Deviation

Standard deviation is a statistical measure of the volatility of the security or portfolio's returns. The larger the standard deviation, the greater the volatility of return.

Standardized Returns

Standardized Return applies the methodology described in the Standardized Returns page of this report. Standardized Return is calculated through the most recent calendar-quarter end for one-year, five-year, 10-year, and/or since-inception periods, and it demonstrates the impact of sales charges (if applicable) and ongoing fund expenses. Standardized Return reflects the return an investor may have experience if the security was purchased at the beginning of the period and sold at the end, incurring transaction charges.

Total Return

Total Return, or "Non Load-Adjusted Return", reflects performance without adjusting for sales charges (if applicable) or the effects of taxation, but it is adjusted to reflect all actual ongoing security expenses and assumes

reinvestment of dividends and capital gains. It is the return an investor would have experienced if the fund was held throughout the period. If adjusted for sales charges and the effects of taxation, the performance quoted would be significantly reduced.

Total Return +/- indicates how a fund has performed relative to its peers (as measure by its Standard Index and/or Morningstar Category Index) over the time periods shown.

Trailing Returns

Standardized Return applies the methodology described in the Standardized Returns page of this report. Standardized Return is calculated through the most recent calendar-quarter end for one-year, five-year, 10-year, and/or since-inception periods, and it demonstrates the impact of sales charges (if applicable) and ongoing fund expenses. Standardized Return reflects the return an investor may have experienced if the fund was purchased at the beginning of the period and sold at the end, incurring transaction charges.

Load-Adjusted Monthly Return is calculated applying the same methodology as Standardized Return, except that it represents return through month-end. As with Standardized Return, 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 different.

Trailing Return +/- indicates how a fund has performed relative to its peers (as measure by its Standard Index and/or Morningstar Category Index) over the time periods shown.

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 tax-free 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. 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

BBgBarc Government 1-5 Yr TR USD

Comprised of both the Treasury Bond index (all public obligations of the U.S. Treasury, excluding flower bonds and foreign-targeted issues) and the Agency Bond Index (all publicly issued debt of U.S. Government agencies and quasi-federal corporations and corporate-debt guaranteed by the U.S. Government). These bonds also must have maturities of one to five years. 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: Vanguard Short-Term Bond Index Fund.

BBgBarc Govt/Corp 1 Yr Duration TR USD

Description unavailable.

BBgBarc Intermediate Treasury TR USD

This index includes treasury bonds with maturates of at least one year and up to 10 years with an outstanding par value of at least 100 million. They include fixed-rate debt issues, rated investment grade or higher by Moody's Investor Services, Standard & Poor's Corporation, or Fitch Investor's Service (in that order). Treasuries include all public obligations of the U.S. Treasury, excluding flower bonds and foreign-targeted issues. The returns we publish for the index are total returns, which include reinvestment of dividends. For more information, visit the BarCap indexes web site. The constituents displayed for this index are from the following proxy: SPDR® Blmbg Barclays Interm Term Trs ETF.

BBgBarc 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 ETF.

BBgBarc US Government Long TR USD

Includes those indexes found in the BarCap Government index which have a maturity of 10 years or more. The constituents displayed for this index are from the following proxy: iShares 20+ Year Treasury Bond ETF.

BBgBarc US Government TR USD

Tracks the returns of U.S. Treasuries, agency bonds, and one- to three-year U.S. government obligations.

BBgBarc US Govt/Credit Long TR USD

Includes the BarCap Government and BarCap Corporate Bond indices that have maturities of 10 years or longer. 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: Vanguard Long-Term Bond Index Fund.

BBgBarc US MBS TR USD

Includes 15- and 30-year fixed-rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA). The constituents displayed for this index are from the following proxy: iShares MBS ETF.

BBgBarc 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. The constituents displayed for this index are from the following proxy: iShares Core Total USD Bond Market ETF.

Citi WGBI NonUSD USD

A market-capitalization weighted index consisting of the government bond markets of the following countries: Australia, Austria, 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.

ICE BofAML US High Yield TR USD

The US High Yield Master II Index tracks the performance of below investment grade US dollar-denominated corporate bonds publicly issued in the US domestic market. "Yankee" bonds are included in the Index provided the issuer is domiciled in a country having an investment grade foreign currency long-term debt rating. 144a issues are not included in the index until they are exchanged for registered securities. Qualifying bonds must have at least one year remaining term to maturity, a fixed coupon schedule and a minimum amount outstanding of USD 100 million.

ICE BofAML USD 3M Dep OR CM TR USD

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.

Morningstar US Lng Gov Bd TR USD

The Morningstar Long-Term US Government Bond Index includes US Treasury and US Government Agency bonds with maturities of seven years or longer.

Morningstar US Mid Cap TR USD

The Morningstar Mid Cap Index tracks the performance of U.S. mid-cap stocks. These stocks fall between the 70th and 90th percentile in market capitalization of the investable universe. In aggregate, the Mid-Cap Index represents 20 percent of the investable universe.

Morningstar US Small Cap TR USD

The Morningstar Small Cap Index tracks the performance of U.S. small-cap stocks. These stocks fall between the 90th and 97th percentile in market capitalization of the investable universe. In aggregate, the Small Cap Index represents 7 percent of the investable universe.

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 ETF.

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 ETF.

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 ETF.

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 ETF.

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 U.S. 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 ETF.

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.



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18 MAR -2 10:25

18764-131

KALBERT K. YOUNG
VICE PRESIDENT FOR BUDGET & FINANCE
CHIEF FINANCIAL OFFICER

March 1, 2018

RECEIVED

TO: Jan Naoe Sullivan
Chairperson, Board of Regents

18 MAR -2 10:08

Wayne Higaki
Chair, Committee on Budget and Finance, Board of Regents

UNIVERSITY OF HAWAII
PRESIDENT'S OFFICE

VIA: David Lassner
President

FROM: Kalbert K. Young
Vice President for Budget and Finance/Chief Financial Officer

SUBJECT: Retention of UBS Financial Services, Inc.
Agreement for Services – UBS Consulting Services Agreement

SPECIFIC ACTION REQUESTED:

The Administration hereby requests the Board of Regents and its Committee on Budget and Finance ("B&F Committee") approve the retention of UBS Financial Services Inc. ("UBS") to provide institutional consulting services in managing and overseeing the investment and performance of the Legacy Endowment portfolio, consistent with the terms contained in the Agreement for Services between the University and UBS ("Services Agreement") and which are summarized in the attached major term sheet. The Services Agreement is intended to supersede and replace all the existing agreements and is desired to augment the trading platform and portfolio management structure currently being furnished by UBS. The platform revision will help enable the Legacy Endowment to better and more efficiently comply with recent modifications to the University's Investment Policy, including the fossil fuel free mandate.

RECOMMENDED EFFECTIVE DATE:

Upon approval of the Board of Regents.

BACKGROUND:

The Legacy Endowment is comprised of funds and assets established prior to the formation of the UH Foundation in 1955. The University of Hawai'i contracted with UBS to manage and administer its Legacy Endowment in 2013 ("2013 Agreement"). The 2013 Agreement was for

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Chairperson Jan Naoe Sullivan
Committee Chair Wayne Higaki
March 1, 2018
Page 2 of 6

discretionary investment management services and was submitted for review to the B&F Committee on August 21, 2013, and approved by the Board of Regents at its meeting on August 22, 2013. A subsequent Client Advisory Agreement was entered into with UBS in 2014. The 2013 Agreement and the 2014 Agreement are collectively the "Existing Agreement."

During this prior selection process, the Board of Regents appointed an investment task group who participated in interviewing the firms who had been selected for the short list. After the interviews were completed, the investment task group recommended that UBS be retained. The B&F Committee and the Board of Regents approved this recommendation, which then resulted in the Existing Agreement with UBS.

From that time until the present, UBS has provided quarterly performance reports to the B&F Committee. The portfolio value as of January 31, 2018 was reported as approximately \$74 million.

In May 2015, the Board of Regents amended the investment policy (RP8.07, C.2) by directing that: (a) by June 30, 2018, the portfolio of the Legacy Endowment be divested of investments in companies that produce fossil fuels; and (b) until June 30, 2018, up to one percent (1%) of the Legacy Endowment portfolio may consist of fossil fuel producing investments. Since 2015, UBS has been slowly migrating investments in the Legacy Endowment portfolio into funds that would satisfy this fossil fuel free mandate.

The UBS portfolio performance report for the period ending on June 30, 2017, indicated 2.24% of the portfolio was invested in energy-related assets (as a surrogate indicator for fossil fuel exposure). Migration of the portfolio to fossil-fuel free investments has been challenging and slow. This is due primarily to the portfolio's strategy to utilize exchange traded funds (ETFs) and Index Funds as the primary investment vehicles for the portfolio. These investment vehicles currently offer one of the lowest cost approaches while also providing an opportunity for diversification.

A drawback to this approach, however, is that ETFs and Index Funds are large pools of investments, and therefore, do not allow individual investors to surgically select or remove independent stocks or companies from the larger fund. As applied to the fossil fuel free mandate, ETFs and Index Funds are not optimal to achieve the mandate objectives, since there are companies included in the ETFs and Index Funds that do not specifically conform to the fossil fuel free mandate.

Additionally, UBS has been challenged to find funds that are specifically fossil fuel free. Such funds are not plentiful in the marketplace, tend to have higher expense ratios, and/or have

short histories of existence. Board of Regents Policy RP 8.207 requires that investment advisers and managers have at least three years of experience with such funds.

The fossil fuel free mandate has implications for portfolio performance and investment returns. Since the University cannot choose to selectively invest in only a portion of an ETF or Index Fund, the Legacy Endowment cannot truly be divested of fossil fuel investments without outright elimination of the current selection of ETFs and Index Funds. The alternative is to explore specific individual (stock) investments or to contract with managers specifically hired to conform to the mandate.

Repositioning the investment choices in the Legacy Endowment portfolio while engaging a different investment consultant platform and approach will provide an opportunity to make the portfolio more efficient and better position the portfolio for improved returns and achieving the University's investment policy directives.

APPLICABLE REGENTS POLICY:

Board of Regents Policy RP 8.207, "Investments" provides the policy guidance on the investment of funds including investment management, authority, portfolio parameters, investment goals, and responsibilities. Board of Regents Policy RP 8.207, A.1. does allow for the "president or president's designee authority to take any action and to execute and deliver on behalf of the board such documents and certificates as may be necessary or desirable in connection with the acceptance, sale or transfer of investment securities issued to the university." The policy authorizes the B&F Committee to review matters related to the endowment funds and make recommendations to the Board of Regents regarding "the engagement, evaluation, and termination of investment consultants, managers, custodial firms, and other investment professionals."

Pursuant to Board of Regents Policy RP 8.207, this matter is hereby brought to the B&F Committee and the Board of Regents to approve the retention of UBS to provide consulting services in managing and overseeing the investment and performance of the Legacy Endowment portfolio, consistent with the terms contained in the new Services Agreement and which are summarized in the attached major term sheet.

DISCUSSION:

In June 2017, the UBS personnel who had been managing the Legacy Endowment portfolio announced that they would be leaving UBS. A new team was immediately assigned by UBS. In reviewing the portfolio and developing a new strategy to meet the fossil fuel free mandate as

well as repositioning the portfolio for better investment returns, UBS recommended a different investment platform and type of UBS service arrangement.

The original services arrangement needs to be amended as the types of investment vehicles and the way UBS will be managing the portfolio will be evolving. The Administration and UBS are recommending that the investment approach and management platform be changed to a UBS Institutional Consulting Services arrangement. This will increase the types of services available to the portfolio. For example, this arrangement will make available the inclusion of separately managed accounts (SMAs) while enabling UBS to provide more comprehensive compliance, consulting, and investment reporting services than is provided under the Existing Agreement.

This matter has been briefly touched upon in prior discussions with the B&F Committee. The B&F Committee had been advised that the UBS team assisting the University had changed and that the portfolio was already in the process of being modified to achieve better alignment with the University's investment policy, including the fossil fuel free mandate. It is anticipated that over the near term, the investment of the Legacy Endowment portfolio will continue to be modified and adjusted as UBS works with prospective investment managers and adjusts portfolio allocations. Conformance to the investment parameters specified in Board of Regents Policy RP 8.207 is expected and required.

This new Services Agreement will introduce new investment approaches to the portfolio, with accompanying changes to the fee and expense structure within the portfolio. Administration is working with UBS to ensure that UBS can negotiate or arrange new investment managers that are sensitive to keeping costs low. As of June 30, 2017, UBS reported that the portfolio had a weighted expense ratio of 0.31% (along with an additional 0.20% to cover the UBS administrative fee).

Under the new Services Agreement, the weighted expense ratio is expected to range from about .25% to about 0.35% and the University will be required to pay an annual fee to UBS of 0.20% of the total net asset value of the assets held in UBS accounts. Under the Services Agreement, this annual fee is to be calculated and payable quarterly based on the total net asset value of the assets held in UBS accounts as of or at the end of each quarter. The annual fee payable to UBS will not include assessments against assets held in accounts managed by custodians other than UBS unless the University elects to have UBS's services, including the investment advisory services, also cover such assets held by custodians other than UBS.

The structure of the new Services Agreement will be similar to the 2013 Agreement, with the master document being the University's standard consultant services agreement. Incorporated into the Services Agreement will be the UBS Consulting Services Agreement and the Wrap Fee

Form ADV Brochure. Other UBS agreements that the University may be required to execute in the future to receive desired services include the Investment Advisory Agreement, the Client Relationship Agreement, the Agreements and Disclosures, the Agreements and Disclosures Addendum, and brokerage account agreements.

The new Services Agreement will take precedence and control over any of the other UBS agreements in case of a conflict. In addition, all of the standard University limitations shall be applicable to any UBS agreement, including those mentioned above.

ACTION RECOMMENDED:

The Administration recommends that the following actions be approved:

1. B&F Committee approval recommendation. The B&F Committee review and recommend to the full Board of Regents approval of the retention of UBS to provide institutional consulting services in managing and overseeing the investment and performance of Legacy Endowment portfolio, consistent with the terms contained in the new Services Agreement and which are summarized in the attached major term sheet.
2. Board of Regents approval. The Board of Regents approve the retention of UBS to provide institutional consulting services in managing and overseeing the investment and performance of Legacy Endowment portfolio, consistent with the terms contained in the new Services Agreement and which are summarized in the attached major term sheet.
3. Authorization. Authorize the President and/or the Vice President for Budget and Finance/Chief Financial Officer to negotiate, finalize, and execute the Services Agreement, which includes the UBS Consulting Services Agreement and the Wrap Fee Form ADV Brochure, consistent with the terms contained in the new Services Agreement and which are summarized in the attached major term sheet, and execute such other documents and take any further action as they or each of them deem necessary to consummate the Services Agreement, with such delegation of authority to include, without limitation, the authority to make the representations required under the UBS Consulting Services Agreement. The University is being required to represent that the University's Board of Regents, which constitutes the governing board of the University has approved the UBS Consulting Services Agreement and authorized the following:
 - a. Authority to sign. Authorized the individuals signing the UBS Consulting Services Agreement to execute and deliver the UBS Consulting Services Agreement, for and on behalf of the University.

- b. Authority to act. Authorized and directed each individual signing the UBS Consulting Services Agreement to act on the University's behalf in connection with opening the University's accounts with UBS, obtaining services from UBS, and in directing investment for the University's accounts with UBS.
- c. Prudent determination. Determined that the retention of UBS for the provision of investment consulting services is prudent.
- d. Reasonable fee determination. Acknowledged that the University has received sufficient information about the UBS program fees and the compensation that UBS will receive to determine that the fees payable by the Legacy Endowment portfolio for such UBS services are reasonable.
- e. Authority to charge expenses. Authorized the University's signatory to represent that any expenses that the University directs to be charged to the Legacy Endowment portfolio are necessary for the operation of the Legacy Endowment and are or will be properly payable from the Legacy Endowment under the Legacy Endowment documents and applicable law.
- f. Final decision making authority retained. Acknowledged that the University has retained, and will exercise, final decision making authority and responsibility for the selection of any record keeper, custodian, trustee, investments, investment managers, and the implementation of any investment plan or strategy resulting from the services provided under the UBS Consulting Services Agreement.

Attachment: Major Term Sheet - Services Agreement

c: Kendra Oishi, Executive Administrator and Secretary to the Board of Regents

MAJOR TERM SHEET

Agreement for Services

BETWEEN

UNIVERSITY OF HAWAI'I
and
UBS FINANCIAL SERVICES, INC.

1. Parties.

(1) UBS Financial Services, Inc. ("UBS").

(2) University of Hawai'i ("University").

2. Legacy Endowment. The Legacy Endowment is managed by the University, is comprised of funds and assets established prior to the formation of the UH Foundation in 1955, and its current value is approximately \$74 million (as of January 31, 2018) ("Endowment").
3. UBS Services. Under the Agreement for Services between UBS and the University ("Services Agreement"), UBS is required to provide the following services in relation to the University's investment and management of the Endowment: (a) asset allocation and investment advice, (b) endowment and investment policies and procedures, (c) manager oversight, (d) reporting and performance analytics, and (e) other custodial services (collectively the "Services").
4. Term. Three (3) years, beginning on the date the University issues a notice to proceed, with an option to extend for an additional two (2) year period upon mutual agreement ("Term").
5. Fees. For the Services provided by UBS under the Services Agreement, the University will pay UBS in quarterly installments an annual fee rate of 0.20% (20 basis points) based on net asset value of the assets held in UBS accounts as of the last day of each calendar quarter (the "Contractor's Fee"). The annual fee payable to UBS will not include assessments against assets held in accounts managed by custodians other than UBS unless the University elects to have UBS's services, including the investment advisory services, also cover such assets held by custodians other than UBS. The University reserves the right to request a fee renegotiation at any time for any reason.
6. Services Agreement. UBS is being retained by the University under the Services Agreement, which is the University's standard consultant agreement for services. There are several standard UBS agreements that: (i) will supplement or be incorporated into the Services Agreement or (ii) the University may be required to sign if the University desires certain services, such as opening a UBS account.
- a. Consulting Services Agreement. UBS' standard Consulting Services Agreement ("Consulting Agreement") will be an attachment to the Services Agreement, which further describes the services that UBS will be providing together with certain representations and limitations.

- (1) Services. Services specified include investment policy statement preparation and revision, asset allocation analysis, investment searches, portfolio review, evaluation and reporting, client education, and other related services.
- (2) Limitations. Limitations include clarification that UBS is not providing: (1) advice as to how to implement the results of investment searches or whether to hold accounts with UBS, (2) asset management services provided by investment managers that the University retains (the University plans to enter into separate agreements with such investment managers), or (3) services that specifically monitor compliance of the Endowment portfolio with University investment policy.
- (3) UBS representations. UBS makes the following representations in the Services Agreement: (a) it is a registered investment advisor under the Investment Advisers Act of 1940 and will act as a fiduciary when providing investment services, (b) it will provide services in accordance with applicable law and, to the extent applicable, the ERISA fiduciary standard of care, (c) it will not otherwise act as an “investment manager” as such term is defined in ERISA, and (d) it will not exercise any discretionary authority over the administration of the Endowment or the management or disposition of Endowment assets.
- (4) Required University representations. The University is required to represent that the University’s Board of Regents has approved or authorized the Consulting Agreement and the following:
 - (a) Authority to sign. Authorized the individuals signing the UBS Consulting Services Agreement to execute and deliver the UBS Consulting Services Agreement, for and on behalf of the University.
 - (b) Authority to direct. Authorized and directed each individual signing the UBS Consulting Services Agreement to act on the University’s behalf in connection with opening the University’s accounts with UBS, obtaining services from UBS, and in directing investment for the University’s accounts with UBS.
 - (c) Prudent determination. Determined that the retention of UBS for the provision of investment consulting services is prudent.
 - (d) Fees are reasonable determination. Acknowledged that the University has received sufficient information about the UBS program fees and the compensation that UBS will receive to determine that the fees payable by the Endowment portfolio for such UBS services are reasonable.
 - (e) Authority to charge expenses. Authorized the University’s signatory to represent that any expenses that the University directs to be charged to the Endowment are necessary for the operation of the Endowment and are or will be properly payable from the Endowment under the Endowment documents and applicable law.
 - (f) Final decision making authority reserved. Acknowledged that the University has retained, and will exercise, final decision making authority and responsibility for the selection of any record keeper, custodian, trustee, investments, investment

managers, and the implementation of any investment plan or strategy resulting from the services provided under the Consulting Agreement.

- b. Form ADV Supplement Brochure. This Form ADV Supplement Brochure is a disclosure document that provides information about the UBS consultants and their financial advisor team members, including information regarding their education, professional experience, disciplinary history, other business activities and how UBS supervises them.
 - c. UBS Financial Services Disclosure Wrap Fee Brochure Form ADV. This wrap fee program brochure provides information about the qualifications and business practices of UBS and its wrap fee investment advisory programs. It contains a description of UBS and a maximum UBS investment advisory fee schedule (effective July 2017). It also describes the applicable services, fees, and compensation, account requirements depending on client type, portfolio management, selection, and evaluation, the information that the University should provide to portfolio managers, and the investment adviser code of ethics.
 - d. Other UBS Agreements. Other UBS agreements that the University may be required to sign in the future include the following: (1) Investment Advisory Agreement, (2) Client Relationship Agreement, (3) Agreements and Disclosures, (4) Agreements and Disclosures Addendum, and (5) brokerage account agreements.
 - e. Overall conditions/limitations. The Services Agreement (the University standard consultant services agreement) will take precedence over any of the UBS agreements (such as the Consulting Agreement) in the event of a conflict. The following limitations shall apply to all UBS Agreements: (1) no University indemnity, defense, or hold harmless obligations, (2) no arbitration obligations, (3) no non-Hawai'i governing law, (4) no non-Hawai'i court jurisdiction, (5) no University warranties, (6) no University guarantee to keep UBS proprietary information confidential, and (7) no University commitment to perform without obtaining sufficient funding.
7. UBS indemnity. UBS shall indemnify, defend, and hold harmless the University, the State of Hawai'i, and their officers, employees, and agents from and against all liability, loss, damage, cost, and expense arising out of UBS' gross negligence, intentional misconduct, or material violation of applicable law by UBS or UBS' agents under this Agreement. UBS would not be required to indemnify, defend, or hold harmless the University for any loss or damage to the extent that: (a) the University was grossly negligent, engaged in intentional misconduct, or materially violated applicable law, (b) UBS followed University instructions or adhered to applicable University policies, and (c) an entity other than UBS was the custodian of the assets or acted as broker or dealer handling transaction as directed by the University.
8. No University waiver. Nothing in the Services Agreement shall be interpreted or construed to be in any way a University waiver, release, or discharge of any claim or action that the University has or may have or acquire arising from or related to UBS' performance and/or nonperformance under this Agreement, including, without limitation, any claims or actions for breach of or failure to perform: (a) UBS' obligations under the Services Agreement and/or (b) UBS' fiduciary duties or obligations to the University.

9. Subcontracting. UBS is required to obtain the University's prior written approval before retaining subconsultants to assist with providing services specifically to the University.
10. Modifications. Modifications to the Services Agreement that affects the specific services or fees to the University may not be made without the University's prior written consent. UBS, however, may unilaterally implement revisions to the terms of the Services Agreement to address firm-wide UBS policy changes, provided that UBS gives the University: (a) thirty (30) days prior written notice, (b) an opportunity to discuss concerns with UBS during such thirty (30) day period, and (c) the right to terminate the Services Agreement if the parties are unable to reach agreement on the changes within such period after giving UBS thirty (30) days prior written notice.
11. Termination. The University may terminate this agreement at any time, upon thirty days prior written notices to UBS. UBS may terminate this agreement at any time by providing written notice to the University with as much notice as reasonably practicable under the circumstances, not less than thirty days. Notwithstanding UBS' termination, UBS will remain responsible after the termination date for performing and/or completing any UBS obligations that accrued or which became or were in effect during the term and prior to the termination date, including without limitation, the performance of services and complying with UBS' obligations to indemnify, defend, and hold harmless the University.
12. Confidentiality. UBS desires that the University keep confidential all of its "Contractor's Information" (includes certain processes, techniques, information, documents, materials and know-how that UBS developed prior to or during the Services Agreement), which UBS considers proprietary. The University agrees to use reasonable efforts to keep the Contractor's Information confidential to the extent that: (a) UBS specifically identifies, designates, and segregates it, (b) the University agrees or concurs that such information is proprietary, (c) disclosure may be required under applicable public disclosure and open records laws, and (d) the reports, evaluations, analyses, calculations, and materials submitted by UBS to the University (collectively the "Contractor Reports") will not be considered confidential or part of the Contractor's Information.
13. Assignment. UBS may not assign its interests under the Services Agreement without the University's prior written consent.
14. Equal opportunity/affirmative action. UBS certifies that it is an equal opportunity employer and will comply with all applicable equal opportunity and non-discrimination laws. UBS, however, represents that it is not currently an affirmative action employer because it is not required. UBS has agreed that if the affirmative action laws change and its compliance is required, UBS will so comply or terminate the Services Agreement.
15. Terminate all prior agreements. The Services Agreement will supersede and replace all prior agreements between the University and UBS, including those agreements dated August 22, 2013 (Contract No. C140150 – Agreement for Services) and January 10, 2014 (UBS Client Relationship Agreement, including the Portfolio Management Program).

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BOARD OF REGENTS

Kalbert K. Young
Vice President for Budget and Finance
Chief Financial Officer

18 MAR -2 P3:09

RECEIVED

March 1, 2018

'18 MAR -2 P3:04

UNIVERSITY OF HAWAII
PRESIDENT'S OFFICE

TO: Jan Naoe Sullivan
Chairperson, Board of Regents

Wayne Higaki
Chair, Committee on Budget and Finance, Board of Regents

VIA: David Lassner
President

FROM: Kalbert K. Young
Vice President of Budget and Finance/Chief Financial Officer

SUBJECT: Approval of Procurement to Provide Credit Card Services for the
University of Hawai'i System, RFP No. 18-0148

SPECIFIC ACTION REQUESTED:

In accordance with Board of Regents Policy, RP 8.201(e), it is requested that the Board of Regents authorize the Administration to enter into a contract to provide credit card services for all campuses within the University of Hawai'i System.

ESTIMATED COST:

The initial term of the contract is for three years. Upon mutual agreement, the contract can be extended two additional one-year terms. The estimated annual cost is \$3,381,600 or \$10,144,800 for the initial three-year term.

RECOMMENDED EFFECTIVE DATE:

May 1, 2018

PURPOSE:

The proposed contract allows the University community to continue accepting VISA, MasterCard and Discover credit and debit cards for payment of tuition and fees, student room and board, books, logo items, parking permits, dining and admission to various athletic, educational, cultural, recreational events, venues and conference fees, and other services. Credit card transactions are accepted in-person, by mail, by phone, by fax or over the Internet (eCommerce). Currently, there are over 80 University departments participating in the program.

BACKGROUND INFORMATION:

The current contract with Bank of Hawai'i signed in April 2012 was for an initial three-year period (May 1, 2012 through April 30, 2015) with an option to renew for two additional twelve-month periods. The University exercised the option to renew for two additional twelve-month periods. In addition, the contract was extended for two additional six-month periods pursuant to Section 3-122-3, Extension of time on contracts, Hawai'i Administrative Rules. As such, the current contract will expire on April 30, 2018.

Proposals for the next credit card service contract were solicited through the University's standard Request for Proposals (RFP) process. Proposals from nine respondents were evaluated on cost, credit card services provided, reporting, data security, customer support, and company organization.

Proposals were received from:

- Bank of America Merchant Services, LLC
- Bank of Hawai'i
- CardConnect
- Cylvale, LLC
- Elavon, Inc. and Central Pacific Bank
- First Hawaiian Bank
- Focus Merchant Services, LLC
- Gravity Payments, Inc.
- TouchNet Information Systems, Inc.

An evaluation committee comprised of representatives from the Financial Management Office, Bursar, and Treasury Office evaluated the proposals. Each member of the evaluation committee reviewed and scored each proposal. The points were totaled and aggregated for each proposal. Bank of Hawai'i received the highest score including lowest proposed fixed-fee rate.

Chairperson Jan Naoe Sullivan
Committee Chair Wayne Higaki
March 1, 2018
Page 3 of 3

ACTION RECOMMENDED:

It is requested that the Committee recommend to the Board of Regents that the Administration be authorized to enter into a contract for an initial three-year term (with an option to extend for two additional one-year periods) to provide credit card services for all campuses within the University of Hawai'i.

Credit Card Services for the University of Hawai'i System

Procurement Contract - RFP 18-0148

Kalbert K. Young
Vice President for Budget & Finance / CFO
University of Hawai'i System



Background Information

- The University accepts VISA, MasterCard and Discover credit and debit cards for payment of tuition and fees, student room and board, books, logo items, parking permits, dining and admission to various athletic, educational, cultural, recreational events and venues and conference fees
- For the fiscal year ended June 30, 2017, credit card sales for the University totaled approximately \$195.8 million
- Current credit card services contract with Bank of Hawai'i for the period May 1, 2012 through April 30, 2018
- Credit card fees incurred were as follows:

FY 2017	FY 2016	FY 2015
\$3,173,000	\$3,233,000	\$2,752,000

Scope of Credit Card Services Contract

- The scope of the credit card services contract is to provide authorization, processing, settlement and reporting of credit and debit card transactions
 - Lease of credit card equipment
 - Daily transmission, processing and settlement of net total sales; integration with TouchNet Payment Gateway
 - Customer support services, including assistance with Payment Card Industry (PCI) data security compliance
 - Reporting of sales activity and service fees



Selection Criteria

- A evaluation committee comprised of representatives from the Financial Management Office, Bursar and Treasury Office evaluated and scored each proposal and the points were totaled by offeror
- Points were awarded based on the following categories:
 - Cost
 - Credit card processing and transition planning
 - Customer support
 - Equipment and software
 - Company history and organization
 - Data security
 - Reporting



Response to RFP 18-0148

- Nine proposals were submitted
 - Bank of America Merchant Services, LLC
 - Bank of Hawai'i
 - CardConnect
 - Cylvale, LLC
 - Elavon, Inc. and Central Pacific Bank
 - First Hawaiian Bank
 - Focus Merchant Services, LLC
 - Gravity Payments, Inc.
 - TouchNet Information Systems, Inc.
- Bank of Hawai'i has been selected



Proposed Contract Rates

	Prior Contract - Initial three-year period	Two-year extension period and two additional six-month extension periods	Proposed – New Contract – Fixed fee for initial three- year period
	May 1, 2012 – April 30, 2015	May 1, 2015 – April 30, 2017 and May 1, 2017 – April 30, 2018	May 1, 2018 - April 30, 2021
Service Fee % for all credit card transactions	1.60%	1.85%	1.95%
Service fee transaction cost for pin-based debit card sales	\$.55 per transaction	\$.55 per transaction	\$.83 per transaction
Service fee transaction cost for pinless debit cards through TouchNet Payment Gateway	\$3.69 per transaction	\$3.69 per transaction	\$3.60 per transaction
Lease costs of equipment	\$0.00	\$0.00	\$0.00

Recommendation

- Provide authorization for Administration to enter into a contract with Bank of Hawai'i for a three-year fixed fee contract (May 1, 2018 through April 30, 2021)
- Upon mutual agreement, option to renew for two additional twelve-month periods
- The estimated annual cost is \$3,381,600 or \$10,144,800 for the initial three-year term



Questions

