

# Investment Comparison

January 23, 2026

# Investment Comparison Report

## Portfolio

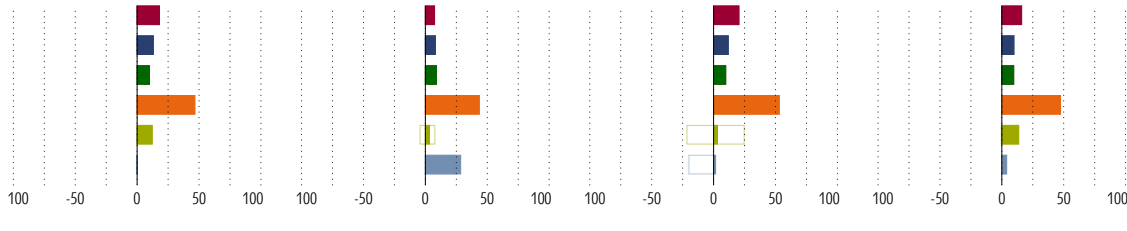
### Asset Allocation

DFA Global 40EQ-60FI Portfolio F

CI Select 70i30e Mgd Port Corp CI F

Franklin Quotential Bal Income Port F

Symmetry Conservative Port F



	Long	Short	Net		Long	Short	Net		Long	Short	Net		Long	Short	Net
● US Eq	18.05	0.00	18.05	● US Eq	7.43	0.00	7.43	● US Eq	20.48	0.00	20.48	● US Eq	16.03	0.06	15.96
● Can Eq	13.12	0.00	13.12	● Can Eq	8.10	0.00	8.10	● Can Eq	11.87	0.00	11.87	● Can Eq	9.82	0.05	9.76
● Int Eq	9.98	0.00	9.98	● Int Eq	8.96	0.00	8.96	● Int Eq	9.82	0.00	9.82	● Int Eq	9.63	0.02	9.60
● Bonds	46.64	0.00	46.64	● Bonds	43.59	0.00	43.59	● Bonds	53.10	0.07	53.04	● Bonds	47.40	0.05	47.35
● Cash	12.20	0.00	12.20	● Cash	7.66	4.28	3.38	● Cash	24.66	21.50	3.16	● Cash	13.89	0.47	13.42
● Other	0.01	0.29	0.01	● Other	24.26	0.00	28.54	● Other	-19.93	0.00	1.63	● Other	3.23	0.04	3.91

### Investment Style 12-31-2025

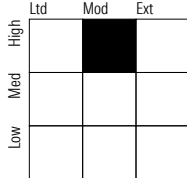
DFA Global 40EQ-60FI Portfolio F

CI Select 70i30e Mgd Port Corp CI F

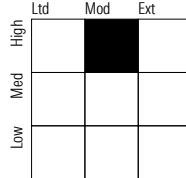
Franklin Quotential Bal Income Port F

Symmetry Conservative Port F

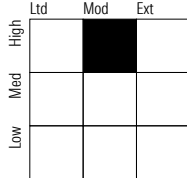
Equity Style 12-31-2025



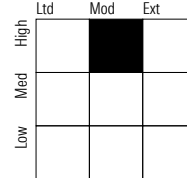
Equity Style 12-31-2025



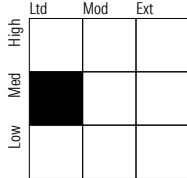
Equity Style 12-31-2025



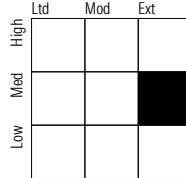
Equity Style 12-31-2025



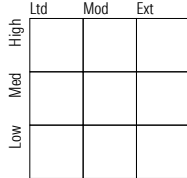
Fixed-Income Style 12-31-2025



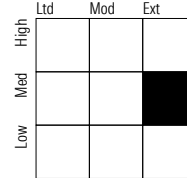
Fixed-Income Style 12-31-2025



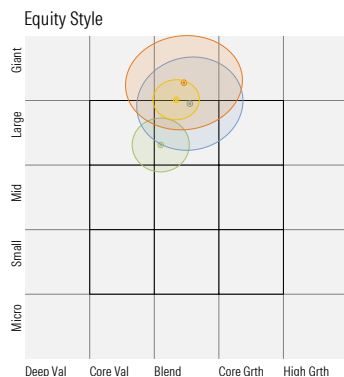
Fixed-Income Style 12-31-2025



Fixed-Income Style 12-31-2025



### Equity Style Box



- DFA Global 40EQ-60FI Portfolio F
- CI Select 70i30e Mgd Port Corp CI F
- Franklin Quotential Bal Income Port F
- Symmetry Conservative Port F

### Portfolio Profile

	Americas	Greater Europe	Greater Asia	World Regions
	76.86	10.91	12.24	DFA Global 40EQ-60FI Portfolio F
	65.60	15.40	19.01	CI Select 70i30e Mgd Port Corp CI F
	77.65	11.01	11.34	Franklin Quotential Bal Income Port F
	73.23	17.54	9.23	Symmetry Conservative Port F

	Cyclical	Sensitive	Defensive	Stock Sectors
	43.51	44.10	12.39	DFA Global 40EQ-60FI Portfolio F
	40.45	46.11	13.44	CI Select 70i30e Mgd Port Corp CI F
	36.87	47.51	15.63	Franklin Quotential Bal Income Port F
	39.47	45.48	15.05	Symmetry Conservative Port F

# Investment Comparison Report

## Bond Statistics

### Portfolio Statistics\*

Avg Effective Duration	Avg Effective Maturity	Avg Weighted Coupon	Avg Weighted Price	SEC 30-day Yield Subsidized	SEC 30-day Yield Unsubsidized	
3.15	4.36	—	98.28	—	—	DFA Global 40EQ-60FI Portfolio F
6.85	9.35	—	96.39	—	—	CI Select 70i30e Mgd Port Corp CI F
—	—	—	99.09	—	—	Franklin Quotential Bal Income Port F
6.48	9.12	—	99.04	—	—	Symmetry Conservative Port F

\*Figure provided by fund

### Bond Sectors

Government	Municipal	Corporate	Securitized	Cash & Equivalents	Derivative	
39.80	0.00	47.45	0.01	12.74	0.00	DFA Global 40EQ-60FI Portfolio F
48.13	0.00	26.32	12.76	12.78	0.00	CI Select 70i30e Mgd Port Corp CI F
30.84	0.00	33.96	4.83	9.10	21.26	Franklin Quotential Bal Income Port F
30.75	0.00	46.95	0.54	21.69	0.07	Symmetry Conservative Port F

### Municipal Bond Sectors

General Obligation	Utilities	Health	Water/Waste	Housing	Education	
—	—	—	—	—	—	DFA Global 40EQ-60FI Portfolio F
—	—	—	—	—	—	CI Select 70i30e Mgd Port Corp CI F
—	—	—	—	—	—	Franklin Quotential Bal Income Port F
—	—	—	—	—	—	Symmetry Conservative Port F

Transportation	Advance Refunded	Industrial	Misc Revenue	Approp. Tobacco	
—	—	—	—	—	DFA Global 40EQ-60FI Portfolio F
—	—	—	—	—	CI Select 70i30e Mgd Port Corp CI F
—	—	—	—	—	Franklin Quotential Bal Income Port F
—	—	—	—	—	Symmetry Conservative Port F

# Investment Comparison Report

## Statistics

Quick Stats 12-31-2025					
Overall Morningstar Rating™	Overall Morningstar Risk™	Overall Morningstar Return™	Morningstar Category™	Prospectus Objectives	<b>Overall Morningstar Ratings &amp; Risk</b>
★★★★★ (816)	Average (816)	High (816)	Canada Fund Global Fixed —		DFA Global 40EQ-60FI Portfolio F
★★★★ (816)	Average (816)	Average (816)	Canada Fund Global Fixed —		CI Select 70i30e Mgd Port Corp CI F
★★★★ (816)	Above Average (816)	Above Average (816)	Canada Fund Global Fixed —		Franklin Quotential Bal Income Port F
★★★★ (816)	High (816)	Above Average (816)	Canada Fund Global Fixed —		Symmetry Conservative Port F
3-Yr Morningstar Rating™	3-Yr Morningstar Risk™	3-Yr Morningstar Return™	Morningstar Category™	Prospectus Objectives	<b>3-Yr Morningstar Rating &amp; Risk</b>
★★★★ (816)	Below Average (816)	Above Average (816)	Canada Fund Global Fixed —		DFA Global 40EQ-60FI Portfolio F
★★★★ (816)	Below Average (816)	Average (816)	Canada Fund Global Fixed —		CI Select 70i30e Mgd Port Corp CI F
★★★★ (816)	Above Average (816)	Above Average (816)	Canada Fund Global Fixed —		Franklin Quotential Bal Income Port F
★★★★ (816)	High (816)	Above Average (816)	Canada Fund Global Fixed —		Symmetry Conservative Port F
5-Yr Morningstar Rating™	5-Yr Morningstar Risk™	5-Yr Morningstar Return™	Morningstar Category™	Prospectus Objectives	<b>5-Yr Morningstar Rating &amp; Risk</b>
★★★★★ (739)	Below Average (739)	High (739)	Canada Fund Global Fixed —		DFA Global 40EQ-60FI Portfolio F
★★★★★ (739)	Below Average (739)	Above Average (739)	Canada Fund Global Fixed —		CI Select 70i30e Mgd Port Corp CI F
★★★★★ (739)	Above Average (739)	Above Average (739)	Canada Fund Global Fixed —		Franklin Quotential Bal Income Port F
★★★★★ (739)	High (739)	Above Average (739)	Canada Fund Global Fixed —		Symmetry Conservative Port F
10-Yr Morningstar Rating™	10-Yr Morningstar Risk™	10-Yr Morningstar Return™	Morningstar Category™	Prospectus Objectives	<b>10-Yr Morningstar Rating &amp; Risk</b>
★★★★★ (413)	Average (413)	High (413)	Canada Fund Global Fixed —		DFA Global 40EQ-60FI Portfolio F
★★★★ (413)	Average (413)	Average (413)	Canada Fund Global Fixed —		CI Select 70i30e Mgd Port Corp CI F
★★★★ (413)	Above Average (413)	Above Average (413)	Canada Fund Global Fixed —		Franklin Quotential Bal Income Port F
★★★★ (413)	Above Average (413)	Above Average (413)	Canada Fund Global Fixed —		Symmetry Conservative Port F
Management Expense Ratio (MER)	Prospectus Gross Expense %	Prospectus Net Expense %	Total Assets \$ Mil	Manager	<b>Management and Fees</b>
0.29	—	—	—	Jed Fogdall	DFA Global 40EQ-60FI Portfolio F
1.34	—	—	—	Multiple	CI Select 70i30e Mgd Port Corp CI F
0.89	—	—	—	Multiple	Franklin Quotential Bal Income Port F
0.89	—	—	—	Multiple	Symmetry Conservative Port F

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

The figures in the parenthesis reflect the total number of investments in the investment's Morningstar Category.

# Investment Comparison Report

## Statistics Continued

Risk and Return Profile						
Standard Deviation	Mean	Sharpe Ratio	% Up Capture*	% Down Capture*	3-Yr Risk Statistics	
4.73	9.89	1.18	40.49	30.19	DFA Global 40EQ-60FI Portfolio F	
4.93	8.12	0.81	35.38	31.55	CI Select 70i30e Mgd Port Corp CI F	
6.20	9.92	0.92	45.43	46.62	Franklin Quotential Bal Income Port F	
6.41	9.47	0.82	44.75	49.00	Symmetry Conservative Port F	

\*Benchmark: S&amp;P 500 TR

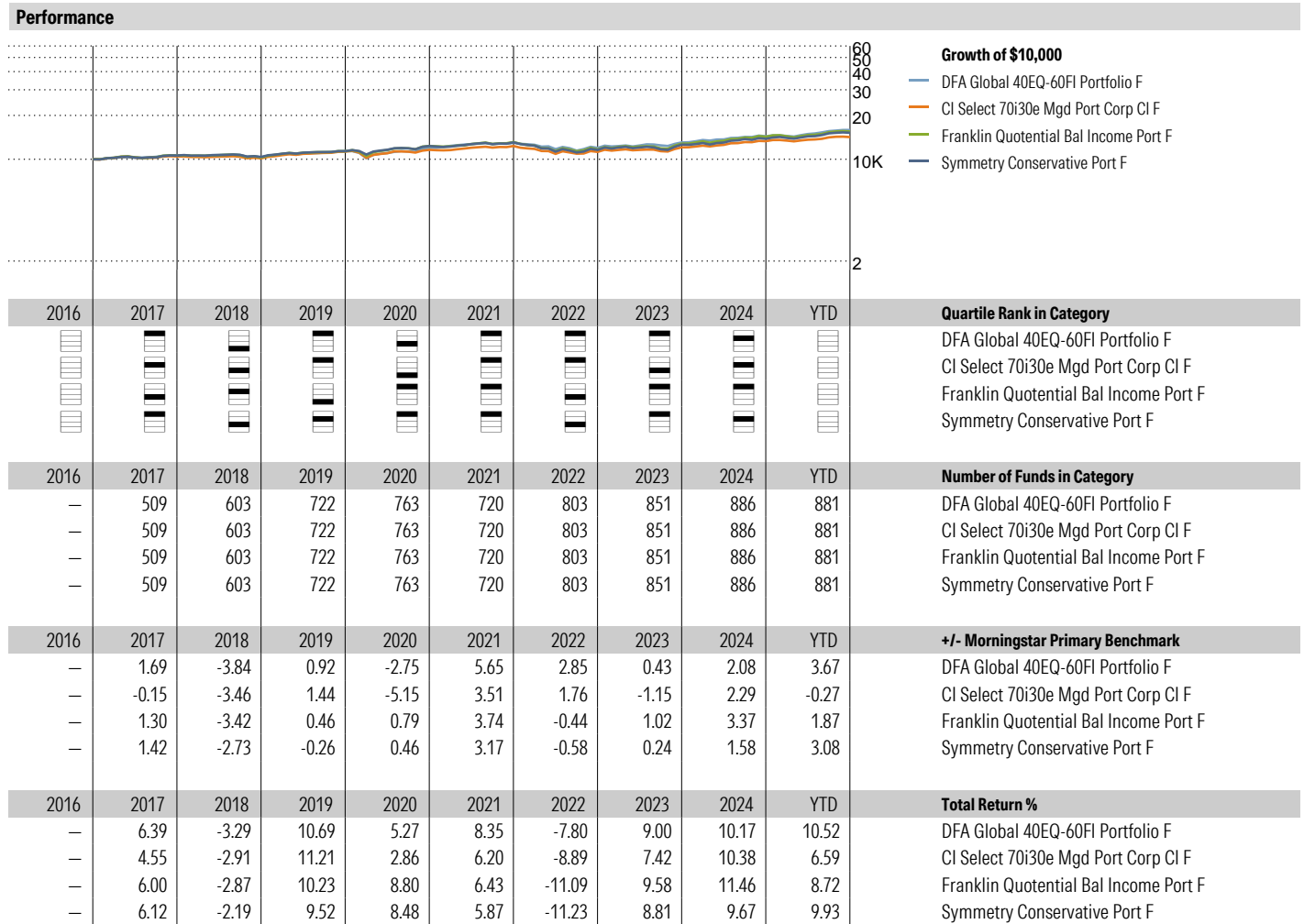
### MPT Statistics—3-Yr

Alpha	Beta	R-Squared	Morningstar Primary Benchmark	Against Morningstar Primary Benchmark
2.00	0.84	79.51	Morningstar Can FI Gbl Tgt Alloc NR CAD	DFA Global 40EQ-60FI Portfolio F
2.00	0.95	95.03	Morningstar Can FI Gbl Tgt Alloc NR CAD	CI Select 70i30e Mgd Port Corp CI F
4.00	1.20	95.34	Morningstar Can FI Gbl Tgt Alloc NR CAD	Franklin Quotential Bal Income Port F
5.00	1.25	96.70	Morningstar Can FI Gbl Tgt Alloc NR CAD	Symmetry Conservative Port F
Alpha	Beta	R-Squared	Best Fit Index	Against Best Fit Index
-1.34	0.56	96.20	Morningstar Can Equity Tgt Alloc NR CAD	DFA Global 40EQ-60FI Portfolio F
-2.23	0.79	96.37	Morningstar Can Neu Gbl Tgt Alloc NR	CI Select 70i30e Mgd Port Corp CI F
-2.17	1.00	98.06	Morningstar Can Neu Gbl Tgt Alloc NR	Franklin Quotential Bal Income Port F
0.65	1.25	96.70	Morningstar Can FI Gbl Tgt Alloc NR CAD	Symmetry Conservative Port F

**NOTE: Information for investments with different objectives/categories may not be directly comparable. Please see Comparing Funds in the Disclosure Statement and/or the fund's prospectus for more information.**

# Investment Comparison Report

## Performance



# Investment Comparison Report

## Performance continued

Trailing Returns 12-31-2025							
1-Yr	3-Yr	5-Yr	10-Yr	Since Inception	Inception Date		<b>Load Adjusted Monthly 12-31-2025</b>
10.52	9.89	5.80	5.50	5.71	09-07-2011		DFA Global 40EQ-60FI Portfolio F
6.59	8.12	4.11	4.02	3.62	11-27-2006		CI Select 70i30e Mgd Port Corp CI F
8.72	9.92	4.67	4.82	5.60	08-19-2002		Franklin Quotential Bal Income Port F
9.93	9.47	4.27	4.82	6.37	11-24-2008		Symmetry Conservative Port F
Standardized 12-31-2025							
10.52	—	5.80	5.50	5.71	09-07-2011		DFA Global 40EQ-60FI Portfolio F
6.59	—	4.11	4.02	3.62	11-27-2006		CI Select 70i30e Mgd Port Corp CI F
8.72	—	4.67	4.82	5.60	08-19-2002		Franklin Quotential Bal Income Port F
9.93	—	4.27	4.82	6.37	11-24-2008		Symmetry Conservative Port F
Total Return 12-31-2025							
10.52	9.89	5.80	5.50	5.71	09-07-2011		DFA Global 40EQ-60FI Portfolio F
6.59	8.12	4.11	4.02	3.62	11-27-2006		CI Select 70i30e Mgd Port Corp CI F
8.72	9.92	4.67	4.82	5.60	08-19-2002		Franklin Quotential Bal Income Port F
9.93	9.47	4.27	4.82	6.37	11-24-2008		Symmetry Conservative Port F

### Performance Disclosure

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, may be worth more or less than their original cost. Current performance may be lower or higher than return data quoted therein.

**DFA Global 40EQ-60FI Portfolio F:** For performance data current to the most recent month-end, please call or visit <https://ca.dimensional.com/en>

**CI Select 70i30e Mgd Port Corp CI F:** For performance data current to the most recent month-end, please call +1 416 3641145 or visit [www.ci.com](http://www.ci.com)

**Franklin Quotential Bal Income Port F:** For performance data current to the most recent month-end, please call 1 (800) 387-0830 or visit [www.franklintempleton.ca](http://www.franklintempleton.ca)

**Symmetry Conservative Port F:** For performance data current to the most recent month-end, please call 416-922-5322 or visit [www.mackenzieinvestments.com](http://www.mackenzieinvestments.com)

## 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. The maximum redemption fee is the maximum amount a fund may charge if redeemed in a specific time period after the fund's purchase.

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:

Annualized Returns 12-31-2025													
Standardized Returns (%)	7-day Yield Subsidized	7-day Yield Unsubsidized	SEC 30-day Yield	1-Yr	5-Yr	10-Yr	Since Inception	Inception Date	Max Front Load %	Max Back Load %	Net Exp Ratio %	Gross Exp Ratio %	
DFA Global 40EQ-60FI Portfolio F	—	—	—	10.52	5.80	5.50	5.71	09-07-2011	NA	NA	—	—	
CI Select 70i30e Mgd Port Corp CI F	—	—	—	6.59	4.11	4.02	3.62	11-27-2006	NA	NA	—	—	
Franklin Quotential Bal Income Port F	—	—	—	8.72	4.67	4.82	5.60	08-19-2002	NA	NA	—	—	
Symmetry Conservative Port F	—	—	—	9.93	4.27	4.82	6.37	11-24-2008	NA	NA	—	—	
<b>Bloomberg US Agg Bond TR USD</b>			—	<b>7.30</b>	<b>-0.36</b>	<b>2.01</b>	<b>6.52</b>	—					
<b>MSCI EAFE NR USD</b>			—	<b>31.22</b>	<b>8.92</b>	<b>8.18</b>	<b>8.69</b>	—					
<b>S&amp;P 500 TR USD</b>			—	<b>17.88</b>	<b>14.42</b>	<b>14.82</b>	<b>11.24</b>	—					
<b>USTREAS T-Bill Auction Ave 3 Mon</b>			—	<b>4.29</b>	<b>3.41</b>	<b>2.28</b>	<b>3.88</b>	—					
<b>Morningstar Can Fl Gbl Tgt Alloc NR CAD</b>			—	<b>6.85</b>	<b>2.84</b>	<b>4.09</b>	<b>4.83</b>	—					

Return after Tax(%)	On Distribution					On Distribution and Sales of Shares				
	1-Yr	5-Yr	10-Yr	Since Inception	Inception Date	1-Yr	5-Yr	10-Yr	Since Inception	
DFA Global 40EQ-60FI Portfolio F	8.95	4.37	4.26	4.52	09-07-2011	6.83	3.56	3.50	—	
CI Select 70i30e Mgd Port Corp CI F	6.06	3.66	3.23	3.13	11-27-2006	4.67	2.92	2.84	—	
Franklin Quotential Bal Income Port F	6.50	3.19	3.46	4.48	08-19-2002	5.67	2.81	3.02	—	

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Symmetry Conservative Port F	7.64	2.85	3.33	4.97	11-24-2008	6.43	2.56	3.03	—
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# Investment Comparison Report

## Fund Strategy and Risk Details

### Fund Strategy

#### DFA Global 40EQ-60FI Portfolio F

The fundamental investment objective of the fund is to seek total return consisting of long-term capital appreciation and income at levels consistent with the fund's asset allocation strategy. The fund will generally invest its assets to achieve a target asset allocation of approximately 40% in equity securities and 60% in fixed income securities. The asset allocation may be achieved through investments in other mutual funds or directly in individual securities.

#### CI Select 70I30e Mgd Port Corp CI F

The investment objective of this Managed Portfolio is to provide modest returns from a diversified portfolio of income securities, with a small amount of exposure to equity securities to seek modest capital growth. It aims to invest 70% of its assets in mutual funds that invest primarily in income securities and 30% of its assets in mutual funds that invest primarily in equity securities.

#### Franklin Quotential Bal Income Port F

The fund's investment in a balance of current income and longterm capital appreciation by investing in a diversified mix of equity and income mutual funds, with a bias towards income. The portfolio advisor will generally keep the Fund's asset class allocations within the following ranges 25 - 50% equity securities and 50 - 75% debt instruments. The portfolio advisor may review and adjust the Fund's asset class allocations in its sole discretion, based on its assessment of economic conditions and the prospects for each of these asset classes.

#### Symmetry Conservative Port F

The Fund seeks to provide investors with a diversified portfolio designed to provide a steady stream of income and some long-term capital appreciation. The Fund seeks to accomplish its objectives by investing primarily in securities of other mutual funds to gain exposure to Canadian and foreign fixed-income and equity securities and other asset categories.

### Specific Risks

#### DFA Global 40EQ-60FI Portfolio F

The investment return and principal value of a fund will fluctuate; thus, an investor's shares, when sold, may be worth more or less than their original cost. This fund has exposure to international, mid cap and high-yield bond securities.

*International/Emerging Markets:* The investor should note that funds that invest in international securities involve 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.

*Mid Cap Stocks:* The investor should note that funds that invest in companies with capitalizations 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:* The investor should note that funds 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.

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#### Franklin Quotential Bal Income Port F

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*High-Yield Bonds:* The investor should note that funds 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.

#### Symmetry Conservative Port F

The investment return and principal value of a fund will fluctuate; thus, an investor's shares, when sold, may be worth more or less than their original cost. This fund has exposure to international, mid cap and high-yield bond securities.

# Investment Comparison Report

## Fund Strategy and Risk Details continued

### Specific Risks continued

*International/Emerging Markets: The investor should note that funds that invest in international securities involve 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.*

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# Investment Selection Notes

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Investment	Notes
DFA Global 40EQ-60FI Portfolio F	<i>Initial</i>

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# Investment Comparison Report

## Disclosure Statement

The Investment Comparison Report is supplemental sales material, and therefore must be preceded or accompanied by the fund's current prospectus and a disclosure statement. Please read the prospectus carefully. In all cases, this disclosure statement should accompany this report. All data is based on the most recent information available to Morningstar.

Morningstar Investment Management, LLC, both registered investment advisors and wholly owned subsidiaries of Morningstar, Inc., provide various institutional investment consulting services, including asset allocation advice to investment advisers who have or will be creating a fund-of-fund/asset allocation product. However, despite the fact that such a relationship may exist, the information displayed for those products will not be influenced as they are objective measures and/or are derived by quantitative driven formulas (i.e., Morningstar Rating). For more information on these Morningstar relationships, please visit the Help section of this product.

### Comparing Investments

Comparison of investments with different objectives or categories may produce differences that are not meaningful, or even misleading. If this report contains funds from two different Morningstar categories, this will be prominently disclosed at the bottom of the report. Note that there are times when it may be appropriate to compare funds from different categories; for example, when you are interested in changing the fundamental strategy undertaken by a fund you hold currently.

However, note that return behavior of funds from different categories may be expected to exhibit different risk and return characteristics, without regard to manager quality. Morningstar star ratings are assessed against other funds in that category, so a fund with a particular star rating within one category may not be directly comparable with a fund's star rating from another category. Likewise, Morningstar Risk and Morningstar Return measures are calibrated in relation to the category to which they are assigned. Rankings of the funds within their respective categories may not be directly comparable. The funds may have different primary benchmarks as a result of being from two distinct categories, and direct comparisons of two different funds' performance against two different benchmarks may not be meaningful.

### Asset Allocation

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

In the table, allocation to the classes is shown for long positions, short positions, and net (long positions net of short) positions. These statistics summarize what the managers are buying and how they are positioning the portfolio. When short positions are captured in these portfolio

statistics, investors get a more robust description of the funds' exposure and risk.

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

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

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

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

### Investment Style

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

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

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

Morningstar seeks credit rating information from fund companies on a periodic basis (e.g., quarterly). In compiling credit rating information, Morningstar instructs fund companies to only use ratings that have been assigned by the following Nationally Recognized Statistical Rating Organizations (NRSROs): Moody's, Standard & Poor's, Fitch, and Egan-Jones. If two NRSROs have rated a security, fund companies are to report the lowest rating; if three or more NRSROs have rated the same security differently, fund companies are to report the rating that is in the middle. For example, if NRSRO X rates a security AA-, NRSRO Y

rates the same security an A and NRSRO Z rates it a BBB+, the fund company should use the credit rating of 'A' in its reporting to Morningstar. PLEASE NOTE: Morningstar, Inc. is not itself an NRSRO nor does it issue a credit rating on the fund. An NRSRO rating on a fixed-income security can change from time-to-time.

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

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

For Canadian taxable and Canadian domiciled fixed income funds static duration breakpoints are used: (i) Limited: less than or equal to 3.5 years; (ii) Moderate: greater than 3.5 and less than equal to 6 years; (iii) Extensive: greater than 6 years.

The Morningstar Ownership Zone provides a graphic representation of the size and investment style of stocks in an equity portfolio. The Ownership Zone is derived by plotting each stock in the portfolio within the Morningstar Style Box. The Ownership Zone is the shaded area that represents 75% of the assets in the portfolio and indicates the level of concentration in the holdings. The "centroid" in the middle of the Ownership Zone represents the weighted average of all the holdings. The Ownership Zone helps investors differentiate between portfolios that may otherwise look similar. Investors can also use the Ownership Zone to construct diversified portfolios and model how multiple funds complement one other in a portfolio.

The Morningstar Equity Style Box is a grid that provides a graphical representation of the investment style of stocks and portfolios. It classifies securities according to market capitalization (the vertical axis) and 10 growth and value factors (the horizontal axis) and allows us to provide analysis on a 5-by-5 Style Box - as well as providing the traditional style box assignment, which is the basis for the Morningstar Category. Two of the style categories, value and growth, are common to

both stocks and portfolios. However, for stocks, the central column of the style box represents the core style (those stocks for which neither value or growth characteristics dominate); for portfolios, it represents the blend style (a mixture of growth and value stocks or mostly core stocks). Furthermore, the core style for stocks is wider than the blend style for portfolios.

#### Bond Portfolio Statistics

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

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

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

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

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

#### Quick Stats

##### Morningstar Rating

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

Morningstar Risk evaluates a mutual fund's downside volatility relative to that of other funds in its Morningstar Category. It is an assessment of the variations in a fund's monthly returns, with an emphasis on downside variations, in comparison with the mutual funds in its Morningstar Category. In each Morningstar Category, the 10% of funds with the lowest measured risk are described as Low Risk (LOW), the next 22.5% Below Average (-AVG), the middle 35% Average (AVG), the next 22.5% Above Average (+AVG), and the top 10% High (HIGH). Morningstar Risk is measured for up to three time periods (three-, five-, and 10 years). These separate measures are then weighted and averaged to produce an overall measure for the mutual fund.

Funds with less than three years of performance history are not rated.

Morningstar Return rates a mutual fund's performance relative to other funds in its Morningstar Category. It is an assessment of a fund's excess return over a risk-free rate (the return of the 90-day Treasury Bill), after adjusting for all applicable loads and sales charges, in

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

#### Expense Ratios

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

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

#### Risk Measures

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

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

Mean represents the annualized geometric return for the period shown.

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

Upside/Downside Capture Ratio measures a manager's performance in up/down markets relative to the market (benchmark) itself. It is calculated by taking the security's upside/downside capture return and dividing it by the benchmark's upside/downside capture return.

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

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

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

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

#### Growth of \$10,000

The graph compares the growth of \$10,000 for funds included in the report. The graph assumes that the investment is made at the beginning of the period, and liquidated at the end. Sales charges associated with purchase and/or sale are reflected in the graph.

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

#### Performance

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

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.

Quartile Rank in category is split into four quartiles. The graphic visually depicts the range of returns for the entire category. The top quartile represents the top 25% of funds, the 2nd quartile represents the next 25%, the 3rd quartile represents the next 25%, and the bottom quartile represents the bottom 25% of all funds in the same category.

The Quartile Rank (in cat) data point reflects fund's ranking for a particular period depending on the category at the time. It is important to note that funds may change categories from time to time, which could potentially affect their new quartile rank in the corresponding category.

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

#### 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.

#### **Down Capture Ratio %**

Down Capture Ratio measures a fund's performance in down markets. A down-market is defined as those periods (months or quarters) in which market return is less than 0. In essence, it tells you what percentage of the down-market was captured by the fund. For example, if the ratio is 110%, the fund captured 110% of the down-market and therefore underperformed the market on the downside.

#### **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.

#### **Growth of 10,000 – Fund Comparison**

This graph compares the growth of an investment of 10,000 (in the base currency of the fund) in one fund with that of an investment of 10,000 (in the base currency of the fund) with another fund. 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-emption 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.

#### **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 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 Ownership Zone**

The Morningstar Ownership Zone provides a graphic representation of the size and investment style of long stocks in fund's portfolio. The Ownership Zone is derived by plotting each stock in the portfolio within the Morningstar Style Box™. The Ownership Zone is the shaded area that represents 75% of the assets in the portfolio and indicates the level of concentration in the holdings. The "centroid" in the middle of the Ownership Zone represents the weighted average of all the holdings. The Ownership Zone helps investors differentiate between portfolios that may otherwise look similar. Investors can also use the Ownership Zone to construct diversified portfolios and model how multiple funds complement one another in a 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/](http://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 MCB's average effective duration; funds whose average effective duration is between 75% to 125% of the MCB will be classified as Moderate; and those that are at 125% or greater of the average effective duration of the MCB 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.

#### **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.

#### **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**

Equity 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.

Fixed-income Super Sectors represent Morningstar's broadest classification of fixed-income sectors. Securities held in domestic taxable-bond portfolios are mapped into one of 14 fixed-income sectors, which in turn, roll up to five super sectors. The Government Super

Sector includes all conventional debt issued by governments, bonds issued by a Central Bank or Treasury, and bonds issued by local governments, cantons, regions, and provinces. The Municipal Super Sector includes taxable and tax-exempt debt obligations issued under the auspices of states, cities, counties, provinces, and other non-federal government entities. The Corporate Super Sector includes bank loans, convertible bonds, conventional debt securities issued by corporations, and preferred stock. The Securitized Super Sector includes all types of mortgage-based securities, covered bonds, and asset-backed securities. The Cash & Equivalents Super Sector includes cash in the bank, certificates of deposit, currency, and money market holdings. Cash can also be any fixed-income securities that mature in certain short time frames, commercial paper, and repurchase agreements. The Derivatives Super Sector includes the common types of fixed-income derivative contracts: futures and forwards, options, and swamps. This sector may be displayed as "Other" in certain reports.

#### 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.

#### Up Capture Ratio %

Up Capture Ratio measures a fund's performance in up markets relative to the market (benchmark) itself. It is calculated by taking the fund's upside capture return and dividing it by the benchmark's upside capture return.

## Investment Risks

**International/Emerging Market Equities:** Investing in international securities involve 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 as junk bonds) involve additional risks because of the lower credit quality of the securities in the portfolio. The investor should be aware of the possible higher level of volatility, and increased risk of default.

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

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

**HOLDERS:** 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 are subject to the issuer's ability to repay its obligations. ETNs do not typically pay interest.

**Leveraged ETFs:** Levered 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 Fund objective). The leverage/gearing ratio is the amount of excess return that a levered 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 ETF's 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 of when investors expect to begin withdrawing their money. 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 anytime, including at the fund's target date.

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.