

## Diversified Short Term Fixed Income Portfolio

October 09, 2025

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### Prepared for:

Historical Hypothetical Analysis

### Prepared by:

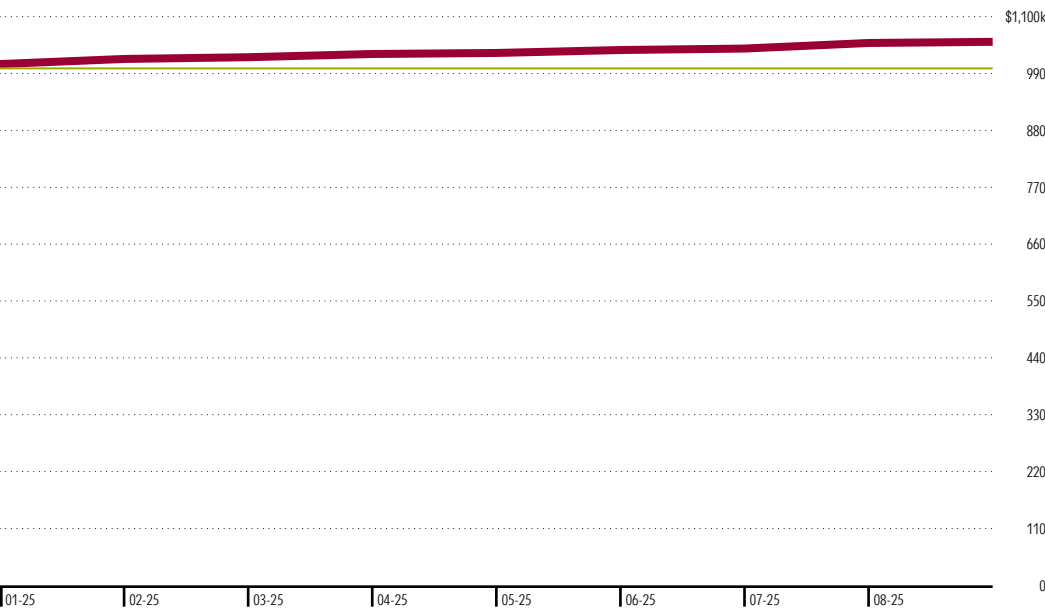
Karen Houghton  
Infinite Giving

# Hypothetical Portfolio Illustration: (Advisory)

01-01-2025 to 09-30-2025

## Portfolio Summary

Portfolio Net    Net Amount Invested



## Planning Assumptions

|                             |                |
|-----------------------------|----------------|
| Currency                    | USD            |
| Rebalance                   | Every 3 Months |
| Rebalance Threshold% +/-    | 5.00%          |
| Allocation Update Frequency | None           |
| Annual Fee Paid             | Sale of Shares |
| Federal Income Tax Rate     | 0%             |
| Capital Gain Tax Rate       | 0%             |
| State Tax Rate              | 0%             |
| Tax Paid                    | Out of Pocket  |

## Performance

|                                 |            |
|---------------------------------|------------|
| Net Amount Invested             | \$1.00 mil |
| Final Market Value Net          | \$1.05 mil |
| Net Average Annualized Return   | —          |
| Gross Average Annualized Return | —          |
| Net Cumulative Return           | 5.13%      |
| Gross Cumulative Return         | 5.64%      |

## Investment Detail

| Period                 | Beginning Balance | New Investment | Distribution/ Withdrawal | Total Reinvest | Charges & Fees | Taxes Due | Market Value | Net Total Return % |
|------------------------|-------------------|----------------|--------------------------|----------------|----------------|-----------|--------------|--------------------|
| Totals                 | 0                 | 1,000,000      | 0                        | 29,415         | 5,059          | 0         | 1,051,299    | 5.13               |
| January-September 2025 | 0                 | 1,000,000      | 0                        | 29,415         | 5,059          | 0         | 1,051,299    | 5.13               |

## Disclosure

The portfolio-level performance returns shown are hypothetical, based on historic economic and market assumptions and the investment and planning assumptions selected by your financial professional. Hypothetical performance is for illustrative purposes only and is not a guarantee of future results. Actual performance returns will vary. If required to do so under applicable regulation, your financial professional has determined that you have the resources and financial expertise to understand the risks and limitations of using such hypothetical performance returns in making investment decisions.

"Net" performance returns are calculated using the fees and expenses input by your financial professional. "Gross" performance returns are calculated before the deduction of all fees and expenses that you have paid or would have paid in connection with your financial professional's services. Such fees may include investment advisory fees; however, not all financial professionals charge investment advisory fees. You should speak with your financial professional to understand the fees and expenses they included and the impact that fees and expenses have on performance returns before making investment decisions. Please refer to the Charges and Fees assumptions of the Hypothetical Illustration for additional information.

If shown, the historical benchmark index performance is selected by your financial professional as a comparison tool and is provided for informational purposes only. Actual performance returns will vary.

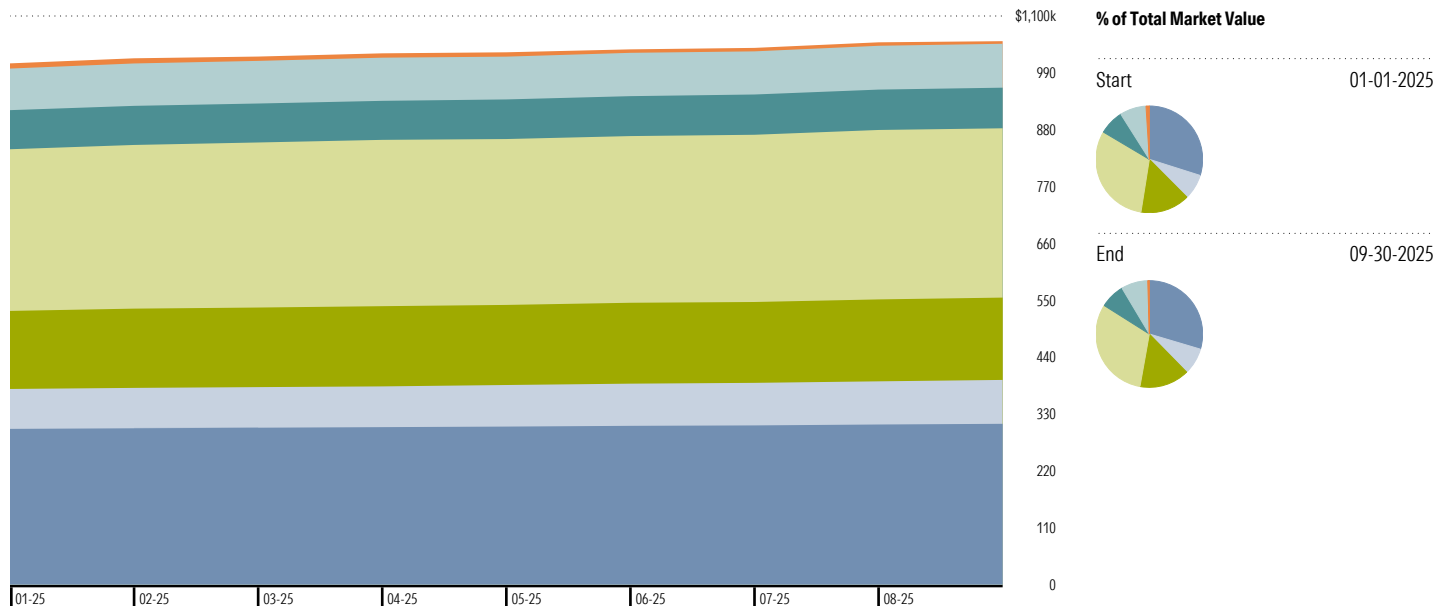
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# Hypothetical Portfolio Illustration Continued : (Advisory)

01-01-2025 to 09-30-2025

## Security Summary



## Investment Assumptions

| Investment Name                                       | Holding Period |         | Initial Investment Amount | Subsequent Invest/Withdwl |      | Reinvest Distributions |           | Liqui-date | Re-balance (%) | Charges and Fees |            |                       |              | Market Value End (\$) |
|-------------------------------------------------------|----------------|---------|---------------------------|---------------------------|------|------------------------|-----------|------------|----------------|------------------|------------|-----------------------|--------------|-----------------------|
|                                                       | Start          | End     |                           | Amount                    | Freq | Income                 | Cap Gains |            |                | Front Load       | Annual Fee | Deferred Load Amount% | Period Years |                       |
| ● Baird Ultra Short Bond Institutional (USD, BUBIX)   | 01-2025        | 09-2025 | 300,000                   | 0                         | —    | Y                      | Y         | N          | 30.00          | \$0.00           | 0.65%      | 0.00-0.00             | —            | 311,127               |
| ● Eaton Vance GIBI Macro Abs Ret Advtg A (USD, EGRAX) | 01-2025        | 09-2025 | 75,000                    | 0                         | —    | Y                      | Y         | N          | 7.50           | \$0.00           | 0.65%      | 0.00-0.00             | —            | 84,926                |
| ● FPA New Income - Institutional (USD, FPNIX)         | 01-2025        | 09-2025 | 150,000                   | 0                         | —    | Y                      | Y         | N          | 15.00          | \$0.00           | 0.65%      | 0.00-0.00             | —            | 159,221               |
| ● iShares 0-5 Year TIPS Bond ETF (USD, STIP)          | 01-2025        | 09-2025 | 310,000                   | 0                         | —    | Y                      | Y         | N          | 31.00          | \$0.00           | 0.65%      | 0.00-0.00             | —            | 327,501               |
| ● Neuberger Berman Floating Rate Inc I (USD, NFIX)    | 01-2025        | 09-2025 | 75,000                    | 0                         | —    | Y                      | Y         | N          | 7.50           | \$0.00           | 0.65%      | 0.00-0.00             | —            | 78,580                |
| ● Vanguard Intmtd-Term Trs ETF (USD, VGIT)            | 01-2025        | 09-2025 | 80,000                    | 0                         | —    | Y                      | Y         | N          | 8.00           | \$0.00           | 0.65%      | 0.00-0.00             | —            | 84,941                |
| Index/Proxy/Category Name                             | Holding Period |         | Initial Investment Amount | Subsequent Invest/Withdwl |      | Reinvest Distributions |           | Liqui-date | Re-balance %   | Charges and Fees |            |                       |              | Market Value End \$   |
|                                                       | Start          | End     |                           | Amount                    | Freq | Income                 | Cap Gains |            |                | Front Load       | Annual Fee | Deferred Load         | Period       |                       |
| ● Cash - 1.000%                                       | 01-2025        | 09-2025 | 10,000                    | 0                         | —    | Y                      | Y         | N          | 1.00           | \$0.00           | 0.65%      |                       |              | 5,003                 |

## Disclosure

The security-level performance data shown represents past performance and does not guarantee future results. The investment return and market value will fluctuate. Current performance and market value will be lower or higher than stated herein. Please refer to the Disclosure Statement and relevant information at the end of the report for additional information.

If shown, the historical benchmark index performance is selected by your financial professional as an appropriate comparison tool and is provided for informational purposes only. Actual performance returns will vary. Please refer to the Benchmark Disclosures for additional information.

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## Standardized and Tax Adjusted Returns

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 and 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:

#### **Institutional Money Market Funds (designated by a "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. The Fund generally must impose a fee when net sales of Fund shares exceed certain levels. An investment in the Fund is not a bank account and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor is not required to reimburse the Fund for losses, and you should not expect that the sponsor will provide financial support to the Fund at any time, including during periods of market stress.

#### **Government Money Market Funds that have chosen to rely on the ability to impose liquidity fees and suspend redemptions (designated by a "L") and Retail Money Market Funds (designated by a "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. An investment in the Fund is not a bank account and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor is not required to reimburse the Fund for losses, and you should not expect that the sponsor will provide financial support to the Fund at any time, including during periods of market stress.

#### **Government Money Market Funds that have chosen not to rely on the ability to impose liquidity fees and suspend redemptions (designated by a "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 a bank account and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor is not required to reimburse the Fund for losses, and you should not expect that the sponsor will provide financial support to the Fund at any time, including during periods of market stress.

#### Annualized returns 09-30-2025

| Standardized Returns (%)                           | 7-day Yield<br>Subsidized<br>as of date | 7-day Yield<br>Unsubsidized<br>as of date | 1Yr   | 5Yr  | 10Yr | Since<br>Inception | Inception<br>Date | Max Front<br>Load % | Max Back<br>Load % | Net Exp<br>Ratio % | Gross Exp<br>Ratio % | Max<br>Redemption % |
|----------------------------------------------------|-----------------------------------------|-------------------------------------------|-------|------|------|--------------------|-------------------|---------------------|--------------------|--------------------|----------------------|---------------------|
| Baird Ultra Short Bond Institutional (USD, BUBIX)  | —                                       | —                                         | 4.89  | 3.26 | 2.56 | 2.31               | 12-31-2013        | NA                  | NA                 | 0.15 <sup>1</sup>  | 0.30                 | NA                  |
| Eaton Vance Gbl Macro Abs Ret Advtg A (USD, EGRAX) | —                                       | —                                         | 11.50 | 6.19 | 5.16 | 4.08               | 08-31-2010        | 3.25                | NA                 | 2.22 <sup>2</sup>  | 2.32                 | NA                  |
| FPA New Income - Institutional (USD, FPNIX)        | —                                       | —                                         | 5.00  | 3.23 | 2.88 | 6.21               | 07-11-1984        | NA                  | NA                 | 0.45 <sup>3</sup>  | 0.58                 | NA                  |
| iShares 0-5 Year TIPS Bond ETF (USD, STIP)-NAV     | —                                       | —                                         | 5.57  | 3.75 | 3.11 | 2.36               | 12-01-2010        | NA                  | NA                 | 0.03               | 0.03                 | NA                  |
| iShares 0-5 Year TIPS Bond ETF (USD, STIP)-Market  | —                                       | —                                         | 5.55  | 3.75 | 3.11 | 2.36               | 12-01-2010        | NA                  | NA                 | 0.03               | 0.03                 | NA                  |
| Neuberger Berman Floating Rate Inc I (USD, NFIIIX) | —                                       | —                                         | 7.17  | 6.63 | 5.01 | 4.93               | 12-30-2009        | NA                  | NA                 | 0.63 <sup>4</sup>  | 0.71                 | NA                  |

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| Annualized returns 09-30-2025                   |                                         |                                           |              |              |              |                    |                   |                     |                    |                    |                      |                     |  |
|-------------------------------------------------|-----------------------------------------|-------------------------------------------|--------------|--------------|--------------|--------------------|-------------------|---------------------|--------------------|--------------------|----------------------|---------------------|--|
| Standardized Returns (%)                        | 7-day Yield<br>Subsidized<br>as of date | 7-day Yield<br>Unsubsidized<br>as of date | 1Yr          | 5Yr          | 10Yr         | Since<br>Inception | Inception<br>Date | Max Front<br>Load % | Max Back<br>Load % | Net Exp<br>Ratio % | Gross Exp<br>Ratio % | Max<br>Redemption % |  |
| Vanguard Intmdt-Term Trs ETF (USD, VGIT)-NAV    | —                                       | —                                         | 3.21         | -0.53        | 1.42         | 2.24               | 11-19-2009        | NA                  | NA                 | 0.03               | 0.03                 | NA                  |  |
| Vanguard Intmdt-Term Trs ETF (USD, VGIT)-Market | —                                       | —                                         | 3.21         | -0.53        | 1.41         | 2.23               | 11-19-2009        | NA                  | NA                 | 0.03               | 0.03                 | NA                  |  |
| <b>Morningstar US Core Bd TR USD</b>            |                                         |                                           | <b>2.87</b>  | <b>-0.48</b> | <b>—</b>     | <b>—</b>           | <b>05-01-2019</b> |                     |                    |                    |                      |                     |  |
| <b>MSCI EAFE NR USD</b>                         |                                         |                                           | <b>14.99</b> | <b>11.15</b> | <b>8.17</b>  | <b>—</b>           | <b>03-31-1986</b> |                     |                    |                    |                      |                     |  |
| <b>S&amp;P 500 TR USD</b>                       |                                         |                                           | <b>17.60</b> | <b>16.47</b> | <b>15.30</b> | <b>—</b>           | <b>01-30-1970</b> |                     |                    |                    |                      |                     |  |
| <b>USTREAS T-Bill Auction Ave 3 Mon</b>         |                                         |                                           | <b>4.47</b>  | <b>3.22</b>  | <b>2.19</b>  | <b>—</b>           | <b>02-28-1941</b> |                     |                    |                    |                      |                     |  |

1. Contractual waiver; Expires 04-30-2026
2. Contractual waiver; Expires 03-01-2026; Interest expense 0.92%
3. Contractual waiver; Expires 01-31-2026
4. Contractual waiver; Expires 10-31-2028

| Return after Tax (%)                               | On Distribution |       |      |                 |                | On Distribution and Sales of Shares |       |      |                 |
|----------------------------------------------------|-----------------|-------|------|-----------------|----------------|-------------------------------------|-------|------|-----------------|
|                                                    | 1Yr             | 5Yr   | 10Yr | Since Inception | Inception Date | 1Yr                                 | 5Yr   | 10Yr | Since Inception |
| Baird Ultra Short Bond Institutional (USD, BUBIX)  | 2.87            | 1.96  | 1.56 | 1.40            | 12-31-2013     | 2.86                                | 1.93  | 1.53 | 1.37            |
| Eaton Vance Gbl Macro Abs Ret Advtg A (USD, EGRAX) | 8.98            | 4.22  | 3.56 | 2.78            | 08-31-2010     | 6.63                                | 3.84  | 3.24 | 2.59            |
| FPA New Income - Institutional (USD, FPNIX)        | 5.00            | 3.18  | 2.28 | 4.24            | 07-11-1984     | 4.64                                | 3.12  | 2.26 | 4.22            |
| iShares 0-5 Year TIPS Bond ETF (USD, STIP)-NAV     | 4.11            | 2.15  | 2.00 | 1.51            | 12-01-2010     | 3.28                                | 2.17  | 1.91 | 1.45            |
| Neuberger Berman Floating Rate Inc I (USD, NFIIX)  | 4.01            | 3.81  | 2.68 | 2.77            | 12-30-2009     | 4.19                                | 3.85  | 2.79 | 2.85            |
| Vanguard Intmdt-Term Trs ETF (USD, VGIT)-NAV       | 1.62            | -1.57 | 0.49 | 1.36            | 11-19-2009     | 1.87                                | -0.83 | 0.69 | 1.38            |

## General Disclosures

All data presented in this report is based on the most recent information available to Morningstar as of the release date of the report and may or may not be an accurate reflection of current data for the portfolio and its underlying holdings. There is no assurance that the data will remain the same.

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### Gross and Net Performance Returns and Fee Types

Investment adviser representatives typically include an annual advisory fee (which may be referred to as an "Annual Fee", "Annual Asset-Based Advisory Fee", or "Advisory Fee" in this report and its disclosures) in net performance calculations, but such fees are generally not applicable to broker/dealer representatives who charge fees based on specific trades.

Gross performance is calculated before the deduction of all fees and expenses an investor paid in connection with advisory fees, brokerage commissions or other expenses. If included, these fees would reduce the gross performance shown. A "net" return is calculated over the same time period, using the same type of return and calculation methodology as the "gross" return. If your financial professional is an investment adviser representative, the impact of fees and expenses paid in connection with your portfolio's advisory services will be reflected in the "net" return calculation. For other financial professionals, or when no associated advisory fees are input, the "gross" and "net" returns will be the same or they may differ only due to the application of sales loads and other security-level fees and expenses. The purpose of showing net performance is to demonstrate the impact of fees and expenses on performance returns.

For example, if the one-year investment performance return before any fees (referred to as true gross return) was 10% and the portfolio was assessed an annual advisory fee of 1.50% that was deducted quarterly, the fee would reduce the portfolio's one-year performance to approximately 8.36%. Any taxes, expenses, costs and/or other fees not included would decrease the performance further. You should speak with your financial professional to understand the impact that fees and expenses have on performance returns, including those shown in this report, before making investment decisions. Additional information on the types of fees, time periods, types of returns, and calculation methodologies that may be used in this report is further provided below.

Your financial professional may choose to show two "net" returns, a "Net of Max Fee" return and a "Net of Proposed Fee" return. The "Net of Max Fee" return reflects the maximum advisory fee that your financial professional could charge for the portfolio. The "Net of Proposed Fee" return reflects the advisory fee your financial professional plans to charge. The Proposed Fee will always be equal to or less than the Max Fee.

If this report includes performance from the Morningstar Model databases, the net performance included for the Model reflects net performance calculated from the application of the advisory fee input in this report by your financial professional or their advisory firm to the model manager's reported gross performance data.

If this report includes performance from a Financial Professional-Created Model, the net performance is calculated by applying the advisory fee to the historical returns of the investment holdings and allocations, which are input by your financial professional.

Your financial professional can provide you with further information about how net performance was calculated for this report.

**You should speak with your financial professional to understand the impact that fees and expenses have on performance returns, including those shown in this report, before making investment decisions.**

**You should refer to the disclosure document of the separate account manager, model manager, and/or your financial professional, as applicable, for specific information regarding fees and expenses and discuss with your financial professional the methodologies used to calculate the performance returns reflected in this report.**

### Performance Return Time Periods

Performance for periods longer than one year is annualized based on the number of years. Performance for periods less than one year is cumulative, based on the number of days between the start and end dates.

### Types of Performance Returns

The following further describes the criteria, methodology, assumptions, risk and limitations used in calculating various types of investment performance returns that may be presented in this report. It may be inappropriate to compare the different types of investment performance returns and you should consult with your financial professional to discuss these differences.

**Benchmark Returns:** Returns for user-created custom benchmarks are calculated by applying weightings supplied by your financial professional to each benchmark's returns every month. Custom benchmarks are rebalanced monthly. Returns for custom benchmarks created by the Auto Benchmark feature uses the portfolio's characteristics to assign a benchmark or blend of benchmarks and appropriate weights for each based on Asset Allocation or Category. Auto Benchmark created benchmarks are rebalanced monthly.

**Alternative Investment Returns:** For alternative investments whose return data is not current to the most recent month end, performance for that portfolio is calculated to the date of the investment with the least current data. If alternative investment returns are reported quarterly to Morningstar, Morningstar converts the returns of each holding in the portfolio to quarterly returns before calculating portfolio-level returns.

**Extracted Performance:** Extracted performance means the performance results of a subset of investments extracted from a portfolio, this includes performance attribution. The performance results of the total portfolio from which the performance was extracted may be obtained by contacting your financial professional.

**Financial Professional-Created Model Returns:** Performance data for these models are not reported to Morningstar's databases. Instead, performance for the model is calculated based on the allocation and investment holdings input by your financial professional, which does not reflect actual trading. Financial professional-created model performance does not reflect the impact that material economic and market factors may have had on your financial professional's decision-making process were actually managing client assets in this financial professional-created model.

The performance and risk information shown for a financial professional-created model will differ from that of an investor account during the same

period for a number of reasons including the model and investor having different trading and rebalancing patterns and fees and expenses. In addition, an investor account could have different holdings because each investor has customized account needs, tax considerations and security preferences. Thus, performance and risk figures for models and investor accounts or even different models may not be fully comparable to each other.

Investors should refer to the investment prospectus or equivalent document for a model's underlying securities, applicable disclosure documents of their financial professional, and fee schedules of their account custodian or similar entity for specific information regarding fees and expenses.

**Hypothetical Performance Returns:** Hypothetical performance is investment performance returns not actually achieved by any portfolio of the financial professional. Hypothetical performance may include, but is not limited to, model performance returns, backtested performance returns, targeted or projected performance returns, and/or pre-inception returns. Additional information on these types of hypothetical performance is further provided in these disclosures.

Hypothetical performance returns are theoretical, for illustrative purposes only, and are not reflective of an investor's actual experience. Hypothetical performance returns are based on historic economic and market assumptions and the investment and planning assumptions selected by you or your financial professional. Actual performance returns will vary. If required under applicable regulation, your financial professional has determined that you have the resources and financial expertise to understand the risks and limitations of using such hypothetical performance returns in making investment decisions.

Hypothetical performance returns do not reflect actual trading and may not reflect the impact that material economic and market factors had on the decision-making process for this portfolio. For example, the ability to withstand losses or adhere to a particular investment strategy in spite of losses are material points which can also adversely affect markets in general or the implementation of any specific investment or investment strategy.

**Morningstar's Model Database Returns:** Model managers can report performance calculated based on the model's underlying holdings over time to Morningstar's Model database. Morningstar's model database consists of model portfolio data submitted by model providers regarding the model portfolio's assets under advisement, asset allocation targets and ranges, and rebalancing frequency. The model provider may also provide, or Morningstar may calculate, analytics, ratings, rankings, and/or hypothetical performance metrics to help financial professionals and investors assess whether a model portfolio is right for them or their clients. Model performance does not reflect actual trading and may not reflect the impact that material economic and market factors may have had on the model manager's decision-making process if the model manager was actually managing client assets. The method for calculating model returns can vary and Morningstar does not review or verify any reported performance or other information submitted for a model.

The performance and risk information shown for a model will differ from that of an investor account during the same period for a number of reasons including the model and investor having different trading and rebalancing patterns and fees and expenses. In addition, an investor account could have different holdings because each investor has customized account needs, tax considerations and security preferences. Since different model managers may use different methods in constructing or computing performance figures, performance of the model may or may not reflect the reinvestment of dividends and capital gains. Thus, performance and risk figures for models and investor accounts or even different models may not be fully comparable to each other.

Model managers have the option to report performance to Morningstar's Model

database on a monthly basis and portfolio data at least quarterly. The investor should refer to the investment prospectus or equivalent document for a model's underlying securities, applicable disclosure documents of the investor's financial professional, and fee schedules of the account custodian or similar entity for specific information regarding fees and expenses.

**Morningstar's Separate Account Database Returns:** Separate account managers can report performance data as a composite of similarly managed accounts to Morningstar's Separate Account database. Composite performance may differ from the returns realized by a specific account in the composite over the same period for a number of reasons. Likewise, performance and risk information of certain separate account managers may include only composites of larger accounts, which may or may not have more holdings, different diversification, different trading patterns and different performance than smaller accounts with the same strategy. Different managers may use different methods in constructing or computing performance figures and may or may not reflect the reinvestment of dividends and capital gains. Thus, the performance and risk figures for different separate account managers may not be fully comparable to each other. Morningstar does not review or verify any reported performance or other information submitted for a separate account.

The investor should refer to the investment prospectus (or equivalent document) for the separate account's underlying securities, applicable disclosure documents of the separate account manager and the investor's financial professional, and fee schedules of the account custodian or similar entity for specific information regarding fees and expenses.

#### Pre-Inception Returns:

#### **Multi-Share Extended Performance**

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 for a Report Share Class, 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.

#### **Predecessor/Successor Extended Performance**

The analysis in this report may be based, in part, on unadjusted historical returns for funds apart of predecessor/successor corporate actions. In these situations, the fund changes its legal structure or domicile for business reasons. In this case, the original portfolio ceases to exist, and all shareholders are transferred into the new structure. An example of this is an open-end to exchange-traded fund conversion. If pre-inception returns are shown for

predecessor/successor situations, the unadjusted performance of the predecessor vehicle is prepended to the successor. For example, if a mutual fund converts into an ETF, the actual NAV total-return of the mutual fund is used to extend the performance of the ETF. Morningstar only grants extended performance for predecessor/successor situations between regulated investments that share the same management and strategy. For more information regarding calculation of pre-inception returns please see the Morningstar Extended Performance Methodology.

There is no visual adjustment of pre-inception performance in predecessor/successor situations. In these cases, the shareholders of the original portfolio structure were transferred into the new structure when the original structure was discontinued. Therefore, the unadjusted performance of the original portfolio best describes what those investors experienced.

**Related Performance:** Related performance means performance results of one or more related portfolios, either on a portfolio-by-portfolio basis or as a composite aggregation of all portfolios falling within stated criteria. All or some related portfolios, those with substantially similar investment policies, objectives, and strategies, may be excluded from the related performance, so long as in doing so the related performance is not materially higher than if all related portfolios had been included in the reported performance returns. For additional information, contact your financial professional.

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

#### **Calculation Methodologies**

**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 experienced if the security was purchased at the beginning of the period and sold at the end, incurring transaction charges. If applicable, the advisory fee input by your financial professional is not applied to standardized returns.

For mutual funds, standardized return is total return adjusted for sales charges, and reflects all ongoing fund expenses. Standardized returns for each portfolio holding are shown in this report.

For money-market mutual funds, standardized return is total return adjusted for sales charges and reflects all ongoing fund expenses. Current 7-day yield more closely reflects the current earnings of the money-market fund than the total return quotation.

For Variable Annuity subaccounts, standardized return is total return based on the inception date within the separate account and is adjusted to reflect recurring and non-recurring charges such as surrender fees, contract charges, maximum front-end load, maximum deferred load, maximum M&E risk charge, administration fees and actual ongoing fund-level expenses.

For ETFs, the standardized returns reflect performance, both at market price and NAV price, without adjusting for the effects of taxation or brokerage commissions. These returns are adjusted to reflect all ongoing ETF expenses and assume reinvestment of dividends and capital gains. If adjusted, the effects of taxation would reduce the performance quoted.

The charges and expenses used in the standardized returns are obtained from the most recent prospectus and/or shareholder report available to Morningstar. For mutual funds and VAs, all dividends and capital gains are assumed to be reinvested. For stocks, stock acquired via divestitures is assumed to be liquidated and reinvested in the original holding.

**After-Tax Returns:** In the Standardized and Tax-Adjusted Returns section, Morningstar calculates after-tax returns for individual securities using the highest applicable federal marginal income tax rate plus the investment income tax and Medicare surcharge. As of 2018, this rate is 37% plus 3.8% investment income plus 0.9% Medicare surcharge, or 41.7%. This rate changes periodically in accordance with changes in federal law.

## Data Definitions

### 7-day Yield

The 7-day yield is a measure of performance in the interest rates of money market funds.

### Back 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 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, 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.

### 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).

## Hypothetical Portfolio Illustration, Hypothetical Portfolio Comparison Illustration, Hypothetical Holding Illustration, and Hypothetical Holdings Comparison Illustration Report Disclosure Statement

All data presented in this report is based on the most recent information available to Morningstar as of the release date of the report and may or may not be an accurate reflection of current data for the portfolio and its underlying

holdings. 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.

Financial professionals creating this report can choose to include the effects of applicable sales loads, taxes, cash flows, and specific investment dates. An investment's history is used to calculate market values and returns. The investment returns are internal rate-of-return calculations that reflect the timing and dollar size of all purchases and sales.

### General Disclosures

These disclosures provide you (the investor) and your financial professional with important information regarding the key terms, criteria, methodology, assumptions, risks and limitations presented in this report.

There are many resources available to assist you and your financial professional with evaluating a particular investment or investment strategy. This report, alone, should not be used to make an investment decision. Investing involves numerous risks, and there is always the potential of losing money. You should consult with legal, tax, or other advisors, including your financial professional, prior to making any investment decisions.

Your financial professional may provide you with investment advisory services, brokerage services or both. Those services and fees differ; therefore, it is important for you to understand the differences. Free and simple tools are available to research firms and financial professionals at the SEC's investor education website, [Investor.gov/CRS](http://Investor.gov/CRS), which also provides educational materials about investment advisers, broker/dealers, and investing. You should carefully read the information provided by your financial professional that more fully describes the services, fees, costs, and conflicts of interest specific to your financial professional and situation.

The report contains information, data, analyses and opinions that (1) include the confidential and proprietary information of Morningstar, (2) may include, or be derived from, account information provided by you or your financial professional, and (3) may include, or be derived from, information provided by other third-parties. This report is provided for information purposes only and therefore is not an offer to buy or sell a security, and is not warranted to be correct, complete, or accurate. Morningstar has not reviewed or verified any information input by your financial professional, nor can Morningstar guarantee the completeness or accuracy of this data. Except as otherwise provided by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from the use of this report.

The underlying holdings of the portfolio are not federally or FDIC insured and are not deposits or obligations of, or guaranteed by, any financial institution. Investing in securities involves investment risks including possible loss of principal and fluctuation in value.

### Use of this Report

Your financial professional is responsible for complying with various regulations and Morningstar's terms of use when using this report and other information or data provided by Morningstar.

The content shown and calculations used for this report will vary depending on the Morningstar product used to generate the report, the role of your financial professional, how the product was used, how data was input, and other variables. For example:

- Investment adviser representatives typically include an annual advisory fee (which may be referred to as an "Annual Fee", "Annual Asset-Based Advisory Fee", or "Advisory Fee" in this report and its disclosures) in net performance calculations, but such fees are generally not applicable to broker/dealer representatives who charge fees based on specific trades;
- Certain Morningstar tools can be used as an "interactive analysis tool" or "investment analysis tool" where you, alone or with the support of your financial professional, use the tool to produce simulations and statistical analyses that present the likelihood of various investment outcomes if certain investments are made or certain investment strategies or styles are undertaken; and/or
- The performance shown in this report could be calculated based on portfolio holdings and allocations entered by you and/or your financial professional or could be input from Morningstar's Separate Account or Model database, and may take into account various fees and expenses, portfolio changes over time, and other assumptions such as rebalances or subsequent contributions/withdrawals.

Your financial professional can explain how this report was created and which disclosures apply to this report.

This report is supplemental sales literature and therefore must be preceded or accompanied by the investment's current prospectus or equivalent disclosure documents. Please read this information carefully. In all cases, this disclosure statement should accompany this report.

While your financial professional may use this report to provide information on, or as a solicitation for, a security, investment or investment-related service, Morningstar, Inc. is not itself a FINRA-member firm or a registered investment adviser in any jurisdiction. Nothing in this report should be considered a solicitation by Morningstar, Inc. to buy or sell a security, investment or investment-related service to any person in any jurisdiction.

You should consult with legal, tax, or other advisors, including your financial professional, prior to making any investment decisions.

### Investment Performance Disclosures

It is important that you understand the risks and limitations of using investment performance returns in making investment decisions. The performance data given represents past performance and should not be considered indicative of future results. Furthermore, fees, expenses, and other costs, including any applicable trading commissions, short-term fees, or taxes, negatively impact investment performance return. The purpose of including such fees and expenses is to illustrate the effect they have on investment returns for the time periods shown. For additional information, please refer to the Fee Schedule (if applicable) and related disclosures contained in this report and those provided by your financial professional.

### Gross and Net Performance Returns and Fee Types

Gross performance is calculated before the deduction of all fees and expenses an investor paid in connection with advisory fees, brokerage commissions or other expenses. If included, these fees would reduce the gross performance shown. A "net" return is calculated over the same time period, using the same type of return and calculation methodology as the "gross" return. If your financial professional is an investment adviser representative, the impact of fees and expenses paid in connection with your portfolio's advisory services will be reflected in the "net" return calculation. For other financial professionals, or when no associated advisory fees are input, the "gross" and "net" returns will be the same or they may differ only due to the application of sales loads and other security-level fees and expenses. The purpose of showing net performance is to demonstrate the impact of fees and expenses on performance returns.

For example, if the one-year investment performance return before any fees (referred to as true gross return) was 10% and the portfolio was assessed an annual advisory fee of 1.50% that was deducted quarterly, the fee would reduce the portfolio's one-year performance to approximately 8.36%. Any taxes, expenses, costs and/or other fees not included would decrease the performance further. You should speak with your financial professional to understand the impact that fees and expenses have on performance returns, including those shown in this report, before making investment decisions. Additional information on the types of fees, time periods, types of returns, and calculation methodologies that may be used in this report is further provided below.

Your financial professional may choose to show two "net" returns, a "Net of Max Fee" return and a "Net of Proposed Fee" return. The "Net of Max Fee" return reflects the maximum advisory fee that your financial professional could charge for the portfolio. The "Net of Proposed Fee" return reflects the advisory fee your financial professional plans to charge. The Proposed Fee will always be equal to or less than the Max Fee.

If this report includes performance from the Morningstar Separate Account or Model databases, the net performance included for the Separate Account or Model reflects the net performance calculated from the application of the advisory fee input in this report by your financial professional or their advisory firm to the separate account or model manager's reported gross performance data.

If this report includes performance from a Financial Professional-Created Model, the net performance is calculated by applying the advisory fee to the historical returns of the investment holdings and allocations, which are input by your financial professional.

Your financial professional can provide you with further information about how net performance was calculated for this report.

**You should speak with your financial professional to understand the impact that fees and expenses have on performance returns, including those shown in this report, before making investment decisions.**

**You should refer to the disclosure document of the separate account manager, model manager, and/or your financial professional, as applicable, for specific information regarding fees and expenses and discuss with your financial professional the methodologies used to calculate the performance returns reflected in this report.**

### Performance Return Time Periods

Performance for periods longer than one year is annualized based on the number of years. Performance for periods less than one year is cumulative, based on the number of days between the start and end dates.

### Types of Performance Returns

The following further describes the criteria, methodology, assumptions, risk and limitations used in calculating various types of investment performance returns that may be presented in this report. It may be inappropriate to compare the different types of investment performance returns and you should consult with your financial professional to discuss these differences.

**After-Tax Returns:** In the Standardized and Tax-Adjusted Returns section, Morningstar calculates after-tax returns for individual securities using the highest applicable federal marginal income tax rate plus the investment income tax and Medicare surcharge. As of 2018, this rate is 37% plus 3.8% investment income plus 0.9% Medicare surcharge, or 41.7%. This rate changes periodically in accordance with changes in federal law.

**Benchmark Returns:** Benchmark returns assume a similar pattern of contributions/withdrawals as that of the portfolio or investment, but do not apply any taxes or transaction costs. The benchmark can be an index or a custom benchmark. Custom benchmarks are rebalanced monthly. Your financial professional may create a custom benchmark by allocating to various indexes to create a blended benchmark. Custom benchmarks may also be created by the Auto Benchmark feature, which uses the portfolio's characteristics to assign a benchmark or blend of benchmarks and appropriate weights for each based on Asset Allocation or Category.

**Extracted Performance:** Extracted performance means the performance results of a subset of investments extracted from a portfolio, this includes performance attribution. The performance results of the total portfolio from which the performance was extracted may be obtained by contacting your financial professional.

**Financial Professional-Created Model Returns:** Performance data for these models are not reported to Morningstar's databases. Instead, hypothetical performance for the model is calculated based on the allocation and investment holdings input by your financial professional, which does not reflect actual trading. Financial professional-created model performance does not reflect the impact that material economic and market factors may have had on your financial professional's decision-making process were actually managing client assets in this financial professional-created model.

The performance and risk information shown for a financial professional-created model will differ from that of an investor account during the same period for a number of reasons including the model and investor having different trading and rebalancing patterns and fees and expenses. In addition, an investor account could have different holdings because each investor has customized account needs, tax considerations and security preferences. The performance of the financial professional-created model may or may not reflect the reinvestment of dividends and capital gains, based on the criteria input by your financial professional. Thus, performance and risk figures for models and investor accounts or even different models may not be fully comparable to each other.

Investors should refer to the investment prospectus or equivalent document for a model's underlying securities, applicable disclosure documents of their financial professional, and fee schedules of their account custodian or similar entity for specific information regarding fees and expenses.

**Hypothetical Performance Returns:** Hypothetical performance is investment performance returns not actually achieved by any portfolio of the financial professional. Hypothetical performance may include, but is not limited to, model performance returns, back-tested performance returns, targeted or projected performance returns, and/or pre-inception returns. Additional information on these types of hypothetical performance is further provided in these disclosures.

Hypothetical performance returns are theoretical, for illustrative purposes only, and are not reflective of an investor's actual experience. Hypothetical performance returns are based on historic economic and market assumptions and the investment and planning assumptions selected by you or your financial professional. Actual performance returns will vary. If required under applicable regulation, your financial professional has determined that you have the resources and financial expertise to understand the risks and limitations of using such hypothetical performance returns in making investment decisions.

Hypothetical performance returns do not reflect actual trading and may not reflect the impact that material economic and market factors had on the decision-making process for this portfolio. For example, the ability to withstand

losses or adhere to a particular investment strategy in spite of losses are material points which can also adversely affect markets in general or the implementation of any specific investment or investment strategy.

**Morningstar's Model Database Returns:** Model managers can report hypothetical performance calculated based on the model's underlying holdings over time to Morningstar's Model database. Model performance does not reflect actual trading and may not reflect the impact that material economic and market factors may have had on the model manager's decision-making process if the model manager was actually managing client assets. Morningstar has informed model managers that back-tested performance, which is created with the benefit of hindsight and does not reflect the impact material economic and market factors may have had on the model manager decision-making process, should not be submitted to the Model database. The method for calculating model returns can vary and Morningstar does not review or verify any reported performance or other information submitted for a model.

The performance and risk information shown for a model will differ from that of an investor account during the same period for a number of reasons including the model and investor having different trading and rebalancing patterns and fees and expenses. In addition, an investor account could have different holdings because each investor has customized account needs, tax considerations and security preferences. Since different model managers may use different methods in constructing or computing performance figures, the performance of the model may or may not reflect the reinvestment of dividends and capital gains. Thus, performance and risk figures for models and investor accounts or even different models may not be fully comparable to each other.

Model managers have the option to report gross and net performance to Morningstar's Model database on a monthly basis and portfolio data at least quarterly. The investor should refer to the investment prospectus or equivalent document for a model's underlying securities, applicable disclosure documents of the investor's financial professional, and fee schedules of the account custodian or similar entity for specific information regarding fees and expenses.

**Morningstar's Separate Account Database Returns:** Separate account managers can report performance data as a composite of similarly managed accounts to Morningstar's Separate Account database. Composite performance may differ from the returns realized by a specific account in the composite over the same period for a number of reasons. Likewise, performance and risk information of certain separate account managers may include only composites of larger accounts, which may or may not have more holdings, different diversification, different trading patterns and different performance than smaller accounts with the same strategy. Different managers may use different methods in constructing or computing performance figures and may or may not reflect the reinvestment of dividends and capital gains. Thus, the performance and risk figures for different separate account managers may not be fully comparable to each other. Morningstar does not review or verify any reported performance or other information submitted for a separate account.

When reporting performance data to Morningstar's Separate Account database, the separate account manager has the option to report both gross and net performance. The investor should refer to the investment prospectus (or equivalent document) for the separate account's underlying securities, applicable disclosure documents of the separate account manager and the investor's financial professional, and fee schedules of the account custodian or similar entity for specific information regarding fees and expenses.

**Predecessor Performance:** Predecessor performance means investment performance achieved by a group of investments consisting of an account (or a private fund) that was not advised at all times during the period by the investment adviser reporting the performance. Additional information may be

obtained by contacting your financial professional.

**Pre-Inception Returns:** Pre-inception returns are theoretical, for illustrative purposes only, and are not reflective of an investor's actual experience. 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, and does 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.**

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.

**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. If applicable, the advisory fee input by your financial professional is not applied to standardized returns.

For mutual funds, standardized return is the total return adjusted for sales charges, and reflects all ongoing fund expenses. Standardized returns for each portfolio holding are shown in this report.

For money-market mutual funds, standardized return is total return adjusted for sales charges and reflects all ongoing fund expenses. The current 7-day yield more closely reflects the current earnings of the money-market fund than the total return quotation.

For Variable Annuity subaccounts, standardized return is total return based on the inception date within the separate account and is adjusted to reflect recurring and non-recurring charges such as surrender fees, contract charges, maximum front-end load, maximum deferred load, maximum M&E risk charge, administration fees and actual ongoing fund-level expenses.

For ETFs, the standardized returns reflect performance, both at market price and NAV price, without adjusting for the effects of taxation or brokerage commissions. These returns are adjusted to reflect all ongoing ETF expenses and assume reinvestment of dividends and capital gains. If adjusted, the effects of taxation would reduce the performance quoted.

The charges and expenses used in the standardized returns are obtained from the most recent prospectus and/or shareholder report available to Morningstar.

For mutual funds and VAs, all dividends and capital gains are assumed to be reinvested. For stocks, stock acquired via divestitures is assumed to be liquidated and reinvested in the original holding.

**Related Performance:** Related performance means performance results of one or more related portfolios, either on a portfolio-by-portfolio basis or as a composite aggregation of all portfolios falling within stated criteria. All or some related portfolios, those with substantially similar investment policies, objectives, and strategies, may be excluded from the related performance, so long as in doing so the related performance is not materially higher than if all related portfolios had been included in the reported performance returns. For additional information, contact your financial professional.

### Calculation Methodology

Portfolio-level performance returns are calculated using an Internal Rate of Return method. The Morningstar Internal Rate of Return is the discount rate at which the present value of the cost of the investment equals the present value of the return of the investment. It helps estimate or evaluate investor-related return as it takes into account the timing and size of initial investment/beginning balance, dividends/capital paid out, subsequent contributions/withdrawals, investment ending value, etc. Performance is affected by large additions or withdrawals into the portfolio. In other words, Internal Rate of Return is highly affected by cash flows and is a complex calculation that typically requires the use of computers and calculators, using a trial-and-error technique by applying a base estimation method and an iterative process.

For collective investment trusts, model manager-created models, and separate accounts reported to Morningstar's databases, the reported total gross performance returns are used to derive the price ("synthetical price"), which are in turn used in the Morningstar Internal Rate of Return calculation. As a result, dividend/income and capital gain values are not shown in this report for these investments.

When the Morningstar Internal Rate of Return calculation is used, you or your financial professional input the portfolio's holdings and allocations, plus assumptions about time periods, initial investments, subsequent contributions/withdrawals, the reinvestment or payment of distributions, rebalancing activities, transfers, tax rates, fees, and other factors that would have affected portfolio performance. This information is used to calculate final market values and returns. Fees, tax rates, dividends, and capital gains distributions are taken into account as specified by you or your financial professional. If applicable, dividends and capital gains are reinvested on the excluding date in which they are made at the reinvestment date price. This can cause discrepancies between calculated returns and actual investor experience. Portfolios whose returns are calculated using this method were previously known as "Scheduled Portfolios".

The trailing returns for portfolios calculated using the Morningstar Internal Rate of Return calculation commence at the end of the day on the investment start date. All front-load fees are deducted at the start of the day, therefore these fees will not be incorporated within the trailing return time period that matches the whole investment time period. For example, an investor pays \$10,000 for security A with a 5% front-load and generates a 5-year Hypothetical Illustration that shows an end value of \$12,000. Assuming no cash inflows or outflows aside from the initial investment and end value, the whole investment time period return will be 4.56% ( $((\$12,500/\$10,000)^{(1/5)}-1)$ ) while the 5-year trailing return will be 5.65% ( $((\$12,500/\$9,500)^{(1/5)}-1)$ ).

### Risk and Return Statistics

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. The monthly returns used to calculate alpha, beta, R-squared, standard deviation, Sharpe ratio and best/worst time-period data are calculated using the Morningstar Internal Rate of Return method.

### Interactive Analysis Tool/Investment Analysis Tool Disclosures

The purpose of an interactive analysis tool/investment analysis tool ("IA Tool") is to establish a clear understanding between an investor and a financial professional as to the investment goals and policies applicable to the investor's investment portfolio. If this report was generated from the use of an IA Tool, it was prepared by you (the investor) or in direct consultation between you and your financial professional to establish reasonable objectives and guidelines in the investment of the investor's assets, set forth a target portfolio indicative of the risk levels, allocations and return targets that the investor's assets will typically be invested to achieve. The customized investment strategy and target portfolio allocation illustrated for you are approximate based on individual cash requirements, re-balancing tolerance, economic and market conditions. This has been developed from an evaluation of many key factors which impact the investor's specific situation, risk tolerance and investment objectives. This is only a summary of the investment philosophy that the financial professional may seek to pursue on your behalf.

Use of an IA Tool: If this report was generated from the use of an IA Tool, this report includes simulated analyses including certain limitations and assumptions, that present the likelihood of various outcomes of an investment in the offered strategy. IA Tools alone cannot determine which securities to buy or sell, or which investment strategy to invest in. **IMPORTANT: The projections or other information generated regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results.** All such analyses, projections and estimates in this presentation were prepared solely by you and/or your financial professional and not by any other person. Please note that results may vary with each use of the tool and over time, reflecting any changed circumstances, assumptions or variables upon which the analysis is based.

Also note that the analysis provided by the IA Tool relates only to the investments and investment strategy(ies) presented in this report or shown in the IA Tool, other investments and strategies not considered may have characteristics similar or superior to those being analyzed. Please contact your financial professional if you would like to request alternative analyses using the IA Tool, based on different assumptions and inputs than those described in this report.

## Data Definitions by Report Section

Various Hypothetical Illustration reports can be run, including reports that display a single investment or portfolio and reports that compare two or more investments or portfolios. The data points defined below may not appear in every report.

### **PORTFOLIO SUMMARY GRAPH (Hypothetical Portfolio Illustration), MARKET VALUE GRAPH (Hypothetical Portfolio Comparison Illustration and Hypothetical Holdings Comparison Illustration), and SECURITY SUMMARY GRAPH (Hypothetical Holding Illustration)**

The graph plots the estimated market value of the portfolio, each investment, and/or the benchmark over the investing horizon. It may also display the net amount invested in the portfolio and/or investment. If shown, the net amount invested includes any contributions and withdrawals noted for the portfolio or investment, including any outflows representing taxes and/or annual fees paid out of pocket shown. If a benchmark index is included, it assumes a similar pattern of contributions/withdrawals as that of the portfolio or investment but does not apply any taxes or transaction costs. Note that you cannot invest directly in an index. The benchmark index included in the graph may or may not represent an appropriate or accurate comparison with the portfolio or investment(s) illustrated.

### **RANGE OF PERIOD RETURNS GRAPH (Hypothetical Holdings Comparison Illustration)**

This graph depicts the net total money-weighted return (internal rate of return) for each investment for the period shown, taking into account cash flows, charges, and fees, if included in this report. The investment with the highest net return for each period (Highest Net Return Security) is illustrated as the return range bar chart ceiling, while the investment with the lowest net return for each period (Lowest Net Return Security) is illustrated as the return range bar chart floor. The chart also indicates the median net return for the investments (Median) and each individual investment net return for the period within the return range.

### **PLANNING ASSUMPTIONS (Hypothetical Portfolio Illustration, Hypothetical Portfolio Comparison Illustration, Hypothetical Holding Illustration, and Hypothetical Holding Comparison Illustration)**

**Allocation Update Frequency:** If a custom rebalance schedule is applied, the portfolio can be rebalanced accounting for different underlying holding allocations over time, and the Allocation Update Frequency field indicates the underlying holding allocation change frequency ("Once a Year", "2 Years", "5 Years", "10 Years", or "Custom") and the report will include a Subsequent Allocation Assumptions section that provides more details. If a custom rebalance schedule is not applied, the Allocation Update Frequency shows "None".

**Annual Fee Paid:** This reflects how you plan to pay any annual fees applicable to your portfolio or investment. This could include paying Out of Pocket or by Sales of Shares.

**Capital Gain Tax Rate:** This is the percentage rate of any capital gains taxes applicable to the portfolio or investment.

**Currency:** This reflects the currency used for this analysis.

**Federal Income Tax Rate:** This is the percentage rate of any federal taxes applicable to the portfolio or investment.

**Rebalance:** Indicates whether rebalancing is applied to the portfolio, and its frequency. "No" indicates no rebalancing. Options for rebalancing include "Once a Month", "Every 3 Months", "Twice a Year", "Once a Year", and "Twice a

Year".

**Rebalance Threshold:** Thresholds are used to align the allocation of an underlying holding of a portfolio within a target range. For example, if you set an underlying holding's target allocation to 10% with a 5% threshold, the holding will be rebalanced to the target allocation if the actual allocation is more than 15% or less than 5%.

**State Tax Rate:** This is the percentage rate of any state taxes applicable to the portfolio or investment.

**Tax Paid:** This reflects how you plan to pay any taxes due on the portfolio or investment, which could include Out of Pocket or Sales of Shares.

**Note:** Federal income tax rate, capital gain tax rate and state tax rate are entered by the user and assumed in the performance calculation.

For dividend and interest income distributions, federal income tax rate is applied for non-qualified distributions, capital gain tax rate is applied for qualified distributions, and zero tax rate is applied for tax free distributions. If data is unavailable to distinguish non-qualified, qualified and tax free distributions, hinger federal income tax rate will be applied, and it will result in lower net of tax performance.

For capital gains either from selling shares or from capital gain distributions, capital gain tax rate is applied. Short-term and long-term capital gains are not distinguished, and both are taxed with the same capital gain tax rate, and it will result in higher net of tax performance if short-term capital gains are taxed at the lower long-term capital gain tax rate. Capital losses can be carried over to offset the capital gains and up to \$3,000 of income in subsequent years. No tax credit will be provided if there are losses only or if losses are greater than gains. First in first out is assumed to calculate cost.

If state tax rate is entered, state taxes are applied in addition to federal taxes.

Taxes are paid out annually on following year April 15. If the illustration ends before April 15, taxes will be paid out on that end date. Though taxes are generally paid out in the following year, based on the accrued accounting principles, return net of tax is calculated in tax accrued calendar year end (or illustration end if illustration ends before tax accrued calendar year end).

### **PERFORMANCE (Hypothetical Portfolio Illustration, Hypothetical Holding Illustration, and Hypothetical Holdings Comparison Illustration) and PERFORMANCE ANALYSIS (Hypothetical Portfolio Comparison Illustration)**

**7-day Yield:** The 7-day yield is a measure of performance in the interest rates of money market funds.

**Average Annualized Return:** Average annualized money-weighted return (internal rate of return) of the portfolio or investment for the period. Returns for periods longer than one year are expressed as annualized returns. This is equivalent to the compound rate of return which, over a period of time, would produce a portfolio or investment's total return over that same period. Average annualized return is not provided for time periods less than one year.

**Cumulative Return:** The total money-weighted return of the portfolio, investment, and/or Benchmark over the entire time period of the illustration.

**Ending Market Value Net Breakdown:** For an investment, this chart shows how much of the ending market value to attributable to principal from new investments, income attributable to the reinvestment of income or dividend distributions, and/or capital gains attributable to the reinvestment of capital gains distributions.

**Final Market Value:** Final Market Value shows an estimated balance in the portfolio or investment at the Period end date, assuming the assumptions shown in this report are implemented and accurate. Remember: all investing involves risk that stands to impact forecasts of future results.

**INVESTMENT DETAIL (Hypothetical Portfolio Illustration, Hypothetical Portfolio Comparison Illustration, and Hypothetical Holding Comparison Illustration)**

The Investment Detail chart provides details about projected changes to a portfolio or investment over time. For each time period ("Period") shown, the chart displays:

- The amount of assets in a portfolio or investment as of the start of the Period ("Beginning Balance"),
- Expected contributions or withdrawals from the portfolio or investment ("New Investment" or "Distribution/Withdrawal"),
- Expected additions to the portfolio or investment related to the reinvestment of dividends and/or capital gains ("Total Reinvest"),
- Fees and expenses the portfolio or investment is expected to incur ("Charges & Fees"),
- Taxes expected to apply to the portfolio or investment ("Taxes Due"),
- The value of the portfolio or investment at the end of each Period after taking into account any additions or withdrawals ("Market Value"), and
- The portfolio or investment's Net Total Return for the period.

**Net Total Return:** The total money-weighted return (internal rate of return) of the portfolio or investment over the time period shown, taking into account cash flows, charges, and fees.

**MARKET VALUE (Hypothetical Portfolio Comparison Illustration, Hypothetical Holdings Comparison Illustration)**

**Final Market Value:** Final Market Value shows an estimated balance in the portfolio, investment, and/or benchmark at the Period End, assuming the assumptions shown in this report are implemented and accurate. Remember: all investing involves risk that stands to impact forecasts of future results.

**TOTAL RETURNS (Hypothetical Portfolio Comparison Illustration and Hypothetical Holdings Comparison Illustration)**

**Total Returns:** The total money-weighted return (internal rate of return) of the portfolio or investment over the time period shown. Total returns for periods longer than one year are expressed as annualized returns. This is equivalent to the compound rate of return which, over a period of time, would produce a portfolio's total return over that same period.

**SECURITY SUMMARY (Hypothetical Portfolio Illustration)**

**% of Total Market Value:** Reflects the relative weighting of the investments in the portfolio based on their percentage of the portfolio's total market value, shown over time in a graph and as a pie chart for the starting and ending weightings.

**INVESTMENT ASSUMPTIONS (Hypothetical Portfolio Illustration, Hypothetical Portfolio Comparison Illustration, and Hypothetical Holdings Comparison Illustration) and SECURITY SUMMARY (Hypothetical Holdings Comparison Illustration and Hypothetical Holding Illustration)**

Data points in the Investment Assumption and Security Summary sections were input with information provided by you and/or your financial professional. These data points represent your intentions for each investment in a portfolio:

- Length of time to maintain the investment ("Holding Period", showing the "Start" and "End" date of each period),
- The initial amount you plan to invest in each investment ("Initial Investment"),
- Whether and how often you expect to purchase or sell ("Subsequent Investment/Withdrawal" respectively) shares of the investment. Systematic

investments and withdrawals may be made "Once a Month", "Every 3 Months", "Twice a Year", "Once a Year", "Twice a Year", or "Custom". If "Custom", a custom schedule of purchases or sales was used,

- Whether you plan to automatically reinvest income and/or capital gains payments into that investment ("Y" for "yes" and "N" for "no"),
- Whether you plan to cash out your entire investment in the future ("Liquidate"),
- The percentage of the portfolio to be maintained in each investment through rebalancing or the percentage of the investment to be maintained through rebalancing ("Rebalance"),
- The value of the investment at the end date of the Holding Period after taking into account any additions or withdrawals ("Market Value - End"), and Expenses your investment may incur ("Charges and Fees") including
  - o A deduction made from each investment in a fund, generally based on the amount of the investment that is applied at the point of sale ("Front Load"),
  - o A brokerage firm commission for the purchase of shares ("Purchase")
  - o An asset-based fee applied to the balance of the investment to compensate your financial professional for their services ("Annual Fee"),
  - o A sales charge imposed when an investor redeems shares of a fund ("Deferred Load"). The percentage of the load charged generally declines the longer the fund's shares are held by the investor ("Period Years"). This charge, coupled with 12b-1 fees, commonly serves as an alternative to a traditional Front Load, and
  - o A deferred load that is applied to an investment when you sell it ("Deferred Load Amount").
- Yearly fees charged to compensate the insurance company for the cost of maintaining and administering a variable annuity policy ("Contract Charge").
- "Surrender Charges" are deducted from an annuity policy if an investor makes a withdrawal prior to a specified time. Not all variable annuity contracts have surrender charges.

**STANDARDIZED AND TAX ADJUSTED RETURNS (All Reports)**

**7-day Yield:** The 7-day yield is a measure of performance in the interest rates of money market funds.

**Back 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 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, 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.

**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).

## 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, publicly 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.

**Closed-End Funds:** 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.

**Exchange-Traded Funds:** 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 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.

**Money Market Funds:** 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.

**Open-End Funds:** 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.

**Unit Investment Trusts:** 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.

## Comparison of Other Investment Types

**Variable Annuities:** Variable annuities are tax-deferred investments structured to convert a sum of money into a series of payments over time. Variable annuity policies have limitations and are not viewed as short-term liquid investments. An insurance company's fulfillment of a commitment to pay a minimum death benefit, a schedule of payments, a fixed investment account guaranteed by the insurance company, or another form of guarantee depends on the claims-paying ability of the issuing insurance company. Any such guarantee does not affect or apply to the investment return or principal value of the separate account and its subaccount. The financial ratings quoted for an insurance company do not apply to the separate account and its subaccount. The insurance company offering a variable annuity will charge several fees to investors, including annual contract charges that compensate the insurance company for the cost of maintaining and administering the variable annuity contract, mortality and expense risk (M&E Risk) charges based on a percentage of a subaccount's assets to cover costs associated with mortality and expense risk, and administration fees that are based on a percentage of a subaccount's assets to cover the costs involved in offering and administering the subaccount. A variable annuity investor will also be charged a front-end load by the insurance company on their initial contribution, ongoing fees related to the management of the fund, and surrender charges if the investor makes a withdrawal prior to a specified time. If the variable annuity subaccount is invested in a money-market fund, the money market fund is not FDIC-insured, may lose money, and is not guaranteed by a bank or other financial institution.

**Variable Life Insurance:** Variable life insurance is a cash-value life insurance that has a variable cash value and/or death benefit depending on the investment performance of the subaccount into which premium payments are invested. Unlike traditional life insurance, variable life insurance has inherent risks associated with it, including market volatility, and is not viewed as a short-term liquid investment. For more information on a variable life product, including each subaccount, please read the current prospectus. Please note, the financial ratings noted on the report are quoted for an insurance company and do not apply to the separate account and its subaccount. The insurance company offering a variable life contract will charge several fees to investors, including annual contract charges that compensate the insurance company for the cost of maintaining and administering the variable life contract, mortality and expense risk (M&E Risk) charges based on a percentage of a subaccount's assets to cover costs associated with mortality and expense risk, and administration fees that are based on a percentage of a subaccount's assets to cover the costs involved

in offering and administering the subaccount. A variable life investor will also be charged a front-end load by the insurance company on their initial contribution, ongoing fees related to the management of the fund, and surrender charges if the investor makes a withdrawal prior to a specified time. If the variable life subaccount is invested in a money-market fund, the money market fund is not FDIC-insured, may lose money, and is not guaranteed by a bank or other financial institution.

**Fixed Annuities:** Fixed annuities have a predetermined rate of return an investor earns and a fixed income payout that is guaranteed by the issuing investment company and may be immediate or deferred. Payouts may last for a specific period or for the life of the investor. Investments in a deferred fixed annuity grow tax-deferred with income tax incurred upon withdrawal, and do not depend on the stock market. However, the insurance company's guaranteed rate of return and payments depends on the claims-paying ability of the insurance company. Fixed annuities typically do not have cost-of-living payment adjustments. Fixed annuities often have surrender charges if the event you need to withdraw your investment early. Fixed annuities are regulated by state insurance commissioners.

**Fixed Indexed Annuities:** Fixed indexed annuities, also called equity index annuities, are a combination of the characteristics of both fixed and variable annuities. Fixed indexed annuities offer a predetermined rate of return like a fixed annuity, but they also allow for participation in the stock market, like a variable annuity. Fixed indexed annuities are typically riskier and offer the potential for greater return than fixed annuities, but less so than a variable annuity. Investments in a fixed indexed annuity grow tax-deferred with income tax incurred upon withdrawal. The insurance company's guaranteed rate of return and ability to make payments depends on the claims-paying ability of the insurance company. While fixed indexed annuities may limit an investor's gains in an up market, they are also designed to help limit losses in a down market. Fixed indexed annuities can be complicated and an investor in a fixed indexed annuity should carefully read the insurance company's offering material to understand how a specific annuity's return will be determined. Fixed indexed annuities often have surrender charges in the event you need to withdraw your investment early and are regulated by state insurance commissioners.

**Stock (Equity):** A stock is an ownership interest in a company. When an investor purchases a stock, they become a business owner, and the value of their ownership stake will rise and fall according to the underlying business. Stockholders are entitled to the profits, if any, generated by the company after everyone else – employees, vendors, lenders – get paid. Companies usually pay out their profits to investors in the form of dividends, or they reinvest the money back into the business. Stocks trade on exchanges throughout the day, through a brokerage firm who will charge a commission for the purchase or sale of shares. Income distributions and capital gains of the stock are subject to income tax upon their sale, if held in a taxable account.

**Bond (Debt, Fixed Income):** A bond is a debt security. When an investor purchases a bond, the purchase amount is lent to a government, municipality, corporation or other entity known as an issuer. The issuer promises to pay a specified rate of interest during the life of the bond and repay the face value of the bond when it matures. U.S. Treasuries can be purchased directly from the Treasury or through a brokerage firm. Most other newly issued bonds are offered through an underwriter. Older bonds are traded throughout the day on the secondary market and can be purchased through a brokerage firm, who will charge transaction fees and commission for the purchase or sale. Price evaluations are provided by Interactive Data Corporation (IDC).

**Preferred Stock:** Preferred stock usually offers a fixed dividend payment, which is paid out before variable dividends that may be paid to investors in a company's common stock. Therefore, preferred stock is typically less risky in

terms of principal loss, but there is also less potential for return when compared to a company's common stock. If a company fails, their obligations to preferred stockholders must be met before those of the company's common stockholders, but after bondholders are reimbursed.

**Separate Accounts:** A separate account is a portfolio of securities (such as stocks, bonds, and cash) that follows a specified investment strategy and is managed by an investment professional (typically referred to as a separate account manager). Separate accounts are unregistered investment vehicles; therefore, they do not have the same performance and holding reporting responsibilities that registered securities have. The securities in a separate account portfolio are directly owned by the separate account's owner. As such, investors in the same separate account may have slightly different portfolio holdings because each investor has customized account needs, tax considerations and security preferences.

**Models:** A model, as defined by Morningstar, is a portfolio of securities such as mutual funds, ETFs, and cash created by your financial professional (a "Financial Professional-Created Model) or an investment manager such as a broker-dealer, investment adviser, or asset manager (collectively referred to as a model manager) that is distributed through centralized platforms to various types of investors or financial professionals. Models created by model managers do not take into account the investment objectives, financial situation, or particular needs of any specific investor. A model is intended to provide information to assist investors in making their own investment decisions; investors must exercise their own independent judgment as to the suitability of a model and its holdings in light of their own investment objectives, experience, taxation status, and financial position.

The performance of a model or its underlying holdings, or that a model's objective will be achieved, are not guaranteed. An investor using a model can incur a loss. Unless the model manager and an investor enter in an agreement stating otherwise, the model manager is not responsible for an investor's decision to invest in accordance with a model, the suitability of the model for a specific investor, or trading decisions, and does not manage or have access to the investor account. Instead, the investor or their financial professional chooses whether and how to implement the model and is ultimately responsible for related investment decisions. If an investor chooses to invest in accordance with a model, the securities in the account are directly owned by the investor. Models are not registered investment vehicles; therefore, they do not have the same performance and holding reporting responsibilities that registered securities have.

Before using a model as an investment template, investors should obtain the disclosure documents and other relevant information about the model manager and the model, including any material conditions, objectives, or strategies used to obtain the performance provided or whether the performance provided does not relate to all potential investors and how this impacts the performance shown. Investors should inquire whether the objective or strategy of the model changed materially during the time period shown in this report, and the effect of those changes. If the model manager offers this same strategy in other forms such as a separate account, a fund, or as a discretionary investment manager, investors should compare the performance shown here to that obtained by the manager's clients.

**Collective Investment Trusts:** A collective investment trust (CIT) may also be called a commingled or collective fund. CITs are tax-exempt, pooled investment vehicles maintained by a bank or trust company exclusively for qualified plans, including 401(k)s, and certain types of government plans. CITs are unregistered investment vehicles subject to banking regulations of the Office of the Comptroller of the Currency (OCC), which means they are typically less expensive than other investment options due to lower marketing, overhead, and

compliance-related costs. CITs are not available to the general public but are managed only for specific retirement plans.

**529 Portfolios:** A 529 Portfolio is a specific portfolio of securities created from a 529 plan's available investments. In general, the data presented for a 529 Portfolio uses a weighted average of the underlying holdings in the portfolio. Most 529 plans are invested in open-end mutual funds; however, other investment types are possible such as stable value funds, certificates of deposit, and separate accounts.

Before investing, an investor should consider whether the investor's or designated beneficiary's home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in such state's 529 qualified tuition program.

**Offshore Funds:** Offshore funds are funds domiciled in a country outside the one the investor resides in. Many banks have offshore subsidiaries that are under the standards and regulations of the particular country, which can vary considerably. Companies may establish headquarters offshore because of lower tax rates. Offshore funds are not regulated by the SEC and may have tax implications.

**Hedge Funds:** Hedge funds are aggressively managed portfolios which make extensive use of unconventional investment tools such as derivatives as well as long and short positions. Managers of hedge-funds typically focus on specific areas of the market and/or trading strategies. Strategies may include the use of arbitrage, derivatives, leverage, and short selling, and may hold concentrated positions or private securities, which can make them riskier than other investment types.

Hedge funds are typically pooled investment vehicles available to sophisticated investors that meet high investing minimums. Many hedge funds are unregistered and are not subject to the same regulations as registered investment vehicles, such as mutual funds. Funds of hedge funds are pooled investment vehicles that invest in multiple unregistered hedge funds and may be registered with the SEC. Registered funds of hedge funds typically have lower investment minimums than hedge funds, but they are usually not registered on an exchange and can be illiquid. Fund of hedge fund fees are generally higher than those of other pooled investments (like mutual funds) and may have tax consequences.

**Cash:** Cash is a short-term, highly liquid investment. Cash typically doesn't earn as much as other investments, such as stocks or bonds, but is less risky.

**Benchmark or Indexes:** Benchmarks or indexes are unmanaged and not available for direct investment. Indexes are created to measure a specified area of the stock market using a representative portfolio of securities. If a security is not available in Morningstar's database, your financial professional may choose to show a representative index. Please note that indexes vary widely, and it is important to choose an index that has similar characteristics to the security it is being used to represent. In no way should the performance of an index be considered indicative or a guarantee of the future performance of an actual security, be considered indicative of the actual performance achieved by a security or viewed as a substitute for the actual security in your portfolio. Actual results of a security may differ substantially from the historical performance shown for an index and may include an individual client incurring a loss. Past performance is no guarantee of future results. For additional information, see the Benchmark Disclosure in this report.

**Morningstar Category:** Morningstar assigns each security in its database to a Morningstar Category using the underlying securities in the security's portfolio. If a security is not available in Morningstar's database, your financial

professional may choose to show the security's category. Please note that a category will not be an exact match to your securities. In no way should the performance of a category be considered indicative or a guarantee of the future performance of an actual security, be considered indicative of the actual performance achieved by a security or viewed as a substitute for the actual security in your portfolio. Actual results of a security may differ substantially from the historical performance shown for a category and may include an individual client incurring a loss. Past performance is no guarantee of future results.

**Structured Products:** Structured products are unsecured debt securities of an issuer that are linked to the performance of an underlying asset, such as a security, basket of securities, index, commodity, interest rate, yield, exchange rate, debt issuance, or a foreign currency or a combination of these assets. Structured products are typically the combination of a note (or other corporate bond) and a derivative (such as an option). Structured products include range accruals, trigger notes, dual directionals, barriers, buffers, and income notes.

Structured products are generally designed to be held until maturity and are not intended for short-term trading. Structured products may not be appropriate for investors seeking current income, as they may not pay interest or the interest they pay may vary in amount or timing. It may be possible to lose the entire amount of principal invested in a structured product. Some structured products result in the investor owning the underlying asset at maturity.

Each structured product may differ greatly from another structured product. Some offer full principal protection while others offer limited or no protection. The note portion of the structured product may pay regular interest payments, interest payments that vary according to certain conditions, or may not pay interest at all. Investors should be aware of any attributes related to limits on the upside or downside potential of returns, call options, income, risk reduction strategies, early termination events, tax consequences, and market events that impact the structured product or its underlying asset. Before investing in a structured product, investors should carefully read its offering documents and make sure they fully understand the specific terms and conditions for that product.

Investors should fully understand the underlying assets upon which a structured product is based on and how events that affect the underlying assets, like mergers or rebalances, may affect the structured product. The return on a structured product may not align with its underlying asset. The structured product may not provide a return, and/or the return may be significantly less than what an investor could have received by investing directly in the underlying asset or other security. Underlying assets are subject to market and other risks that may impact the structured product. Structured products are complex and may use advanced trading techniques such as leverage, options, futures, swaps, and other derivatives which lead to additional risks. Investing in a structured product should not be compared to investing in the underlying asset, as the features and risks may differ significantly.

As unsecured debt securities, structured products are not backed by collateral and they are subject to the creditworthiness of the issuer to make interest payments and repay principal. If the issuer of a structured product were to default or go into bankruptcy, an investor may lose some or all of their invested principal. An investor should carefully consider the credit rating, financial condition, and stability of the issuer before investing in a structured product, however, the credit rating of the issuer is not a reflection of the risk of the structured product or its underlying asset.

Structured products may not be listed on a national securities exchange and those that are may be thinly traded. A structured product's issuer may maintain a secondary market but is not required to do so. Even if a secondary market is

maintained, an investor may not be able to sell the structured product prior to maturity and is unlikely to receive the full amount invested. An investor should be prepared to hold a structured product until maturity.

As structured products are typically not traded on a national securities exchange and they are linked to an underlying asset, it is difficult to value a structured product.

Structured products may use barriers, caps, participation rates, or other limits that impact their return potential. Certain structured products may not offer any return if a barrier is crossed or certain thresholds are reached. Caps impose maximum return limits, regardless of the return reached by the underlying asset. Participation rates limit the amount of return an investor can realize.

The costs and fees of a structured product are typically included within the product and will vary.

Structured products have an uncertain tax treatment due to limited guidance. The Internal Revenue Service may change how structured products are treated at any time. Investors should consult with a tax financial professional prior to investing in a structured product.

**Important Note:** In this report, if a structured product is included, it is reflected as a 100% allocation to bonds. No return information, fees or risk, return, or portfolio statistics for a structured product are included in the data shown in this report.

## Investment Risk Disclosures

Morningstar makes no representation concerning the appropriateness of any investment or investment strategy. Other types of investments or investment strategies may be more appropriate depending upon an investor's specific situation, including the investor's investment objectives, financial status, tax situation, and risk tolerance. These disclosures cannot and do not list every conceivable factor that may affect the results of any investment or investment strategy. Additional risks will arise, and an investor must be willing and able to accept those risks. You should speak with your financial professional to understand the risks and limitations on investing in any particular investment or investment strategy, including those that are shown in this report, before making investment decisions.

Principal value and investment return will fluctuate, so that an investor's shares/units, when sold or redeemed, may be worth more or less than the original investment. Portfolio statistics change over time. Securities are not FDIC-insured, may lose value, and are not guaranteed by a bank or other financial institution. Portfolio statistics change over time.

The risks associated with investing are numerous and include, but are not limited to, those listed below:

**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.

**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). Leveraged ETFs pursue daily leveraged investment objectives which means they are riskier than alternatives which do not use leverage. They seek daily goals and should not be expected to track the underlying index over periods longer than one day. 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. Leveraged ETFs are not suitable for all investors and should be utilized only by sophisticated investors who understand leverage risk and who actively manage their investments.

**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

Benchmarks or indexes are shown for illustrative purposes only. Such benchmarks and indexes are not available for direct investment and the performance does not reflect costs, fees or expenses associated with investing in the instruments that comprise the benchmark or index. Benchmarks and indexes provide historical market data that serves as point of reference to compare the performance of a particular investment and/or investment strategy. No representation is made by Morningstar that any benchmark or index selected by you or your financial professional and/or displayed in this report is an appropriate measure for comparison.

A list of commonly used benchmarks and indexes is provided below; however, this list does not represent all available benchmarks and indexes or may not represent the indexes used in this report. Additional information may be obtained by contacting your financial professional.

### Morningstar US Core Bd TR USD

The index measures the performance of fixed-rate, investment-grade USD-denominated securities with maturities greater than one year. It is market-capitalization weighted. This Index does not incorporate Environmental, Social, or Governance (ESG) criteria.

### 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. The constituents displayed for this index are from the following proxy: Schwab International Index Fund®.

### 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: SPDR® 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.