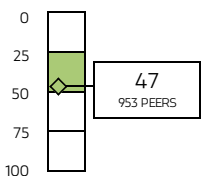


Investment Data last updated 10/31/2017 unless otherwise noted

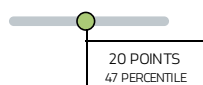
<b>PEER GROUP</b> Intermediate-Term Bond	<b>MANAGER(S)</b> Worah/Kiesel/Mather	<b>LONGEST MANAGER TENURE</b> 3.1 Years	<b>PRODUCT ASSETS (\$MM)</b> Product: 74114.09 Million	<b>INCEPTION DATE</b> Product: 5/11/1987 Share Class: 4/8/1998
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## Fi360 FIDUCIARY SCORE®

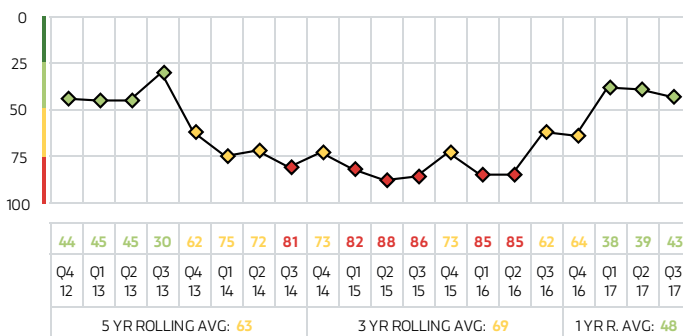
### SCORE



### SHORTFALL



### HISTORICAL SCORES AT CALENDAR QUARTER END



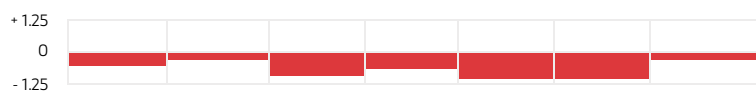
### SCORE CRITERIA

	INVESTMENT	SHORTFALL	MINIMUM CRITERIA
<b>Manager Tenure (longest)</b>	3.10 Years	✓	>= 2 Years
<b>Product Assets</b>	74114.09 Million	✓	>= 75 Million
<b>Composition</b>	144.27 US Bonds	✓	>= 80.00% Allocation to US Bonds
<b>Style Drift</b>	N/A	10	High Qual Mod Dura, Med Qual Mod Dura, Low Qual Mod Dura
<b>Expense Ratio</b>	0.80% (63rd percentile)	✓	Top 75% of peer group
<b>Alpha (3yr)</b>	0.22% (43rd percentile)	✓	Top 50% of peer group
<b>Sharpe (3yr)</b>	0.69% (53rd percentile)	2.5	Top 50% of peer group
<b>1yr Total Return</b>	2.50% (19th percentile)	✓	Top 50% of peer group
<b>3yr Total Return</b>	2.58% (32nd percentile)	✓	Top 50% of peer group
<b>5yr Total Return</b>	2.02% (55th percentile)	7.5	Top 50% of peer group

The Fi360 Fiduciary Score® is a peer percentile ranking of an investment against a set of quantitative due diligence criteria selected to reflect prudent fiduciary management. The Fi360 Fiduciary Score® Average is a one-, three-, five-, or ten-year rolling average of an investment's Fi360 Fiduciary Score®.

## PERFORMANCE

	1 MO	3 MO	YTD	1 YR	3 YR	5 YR	10 YR
◆ <b>Total Return (no load)</b>	-0.22	0.64	4.55	2.5	2.58	2.02	5.18
<b>Total Return (with load)</b>	-0.22	0.64	4.55	2.5	2.58	2.02	5.18
<b>Percentile Rank</b>	97	22	15	19	32	55	11
<b>Number of Peers</b>	1048	1042	1030	1015	953	918	797
<b>Peer Group Median</b>	0.05	0.44	3.5	1.41	2.3	2.09	4.3
<b>+/- Best Fit Index</b>	-0.55	-0.31	-0.88	-0.68	-1.04	-1.05	-0.27



Mutual funds are sold by prospectus. Please consider the investment objectives, risks, charges and expenses carefully before investing. The prospectus, and, if available, the summary prospectus, which contains this and other information, can be obtained by calling your financial advisor. Read the prospectus and, if available, the summary prospectus carefully before you invest. The performance information shown represents past performance and is not a guarantee of future results. Investment returns and principal value of an investment will fluctuate so that when shares are redeemed, they may be worth more or less than their original cost. Current performance may be higher or lower than the data shown. For the most recent month-end performance, visit [www.fi360.com/directory](http://www.fi360.com/directory).

Investment and insurance products: NOT FDIC-INSURED / NO Bank Guarantee / MAY Lose Value

## BENCHMARK LEGEND

◆ Investment	PIMCO Total Return D
▲ Broad Index	BBgBarc US Agg Bond TR USD
■ Peer Group Index	BBgBarc US Agg Bond TR USD
● Best-fit Index	BBgBarc US Credit TR USD

## VOLATILITY METRICS

### Standard Deviation

	% RANK	VALUE
3 YR	92 ( 953 Peers)	3.2
5 YR	93 ( 918 Peers)	3.42

### Sharpe Ratio

	% RANK	VALUE
3 YR	53 ( 953 Peers)	0.69
5 YR	71 ( 918 Peers)	0.53

## MPT STATISTICS

### ▲ Measured Against Broad Index Benchmark

#### Alpha

	% RANK	VALUE
3 YR	43 ( 953 Peers)	0.22
5 YR	68 ( 918 Peers)	-0.14

#### R-Squared

	% RANK	VALUE
3 YR	80 ( 953 Peers)	75.21
5 YR	78 ( 918 Peers)	80.88

#### Beta

	VALUE
3 YR	0.98
5 YR	1.08

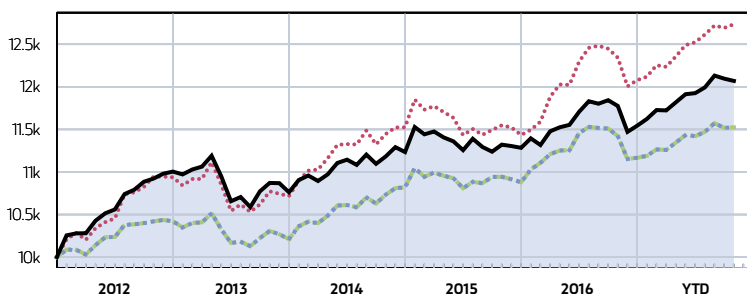
### ● Measured Against Best-Fit Index

	ALPHA	R-SQUARED	BETA
3 YR	-0.21	76.69	0.74

## EXPENSES

Expense Ratio	0.8
Gross Expense Ratio	0.85
Audited Net Expense Ratio	0.75
Management Fee (min)	0.25
Management Fee (max)	0.25
12b-1 Fee	0.25
Initial Investment	1000

## GROWTH OF 10K



	2012	2013	2014	2015	2016	YTD
<b>Investment</b>	10.04 %	-2.21 %	4.39 %	0.44 %	2.30 %	4.55 %
<b>Broad Index</b>	4.21 %	-2.02 %	5.97 %	0.55 %	2.65 %	3.20 %
<b>Peer Group Index</b>	4.21 %	-2.02 %	5.97 %	0.55 %	2.65 %	3.20 %
<b>Best-Fit Index</b>	9.37 %	-2.01 %	7.53 %	-0.77 %	5.63 %	5.43 %

This graph shows a fund's performance based on how \$10,000 invested in the fund would have grown over time with dividends reinvested. The returns used in the graph are not load-adjusted. The growth of \$10,000 begins at the fund's inception, or the first year listed on the graph, whichever is appropriate. Located alongside the fund's graph line are lines that represent the growth of \$10,000 in the fund's Broad Index, Peer Group Index, and Best-fit Index Benchmarks, which are listed in the Benchmarks section. All lines are plotted on a logarithmic scale, so that identical percentage changes in the value of an investment have the same vertical distance on the graph. This provides a more accurate representation of performance than would a simple arithmetic graph.

## WEIGHTINGS & HOLDINGS

as of 6/30/2017

### BOND SECTOR WEIGHTINGS

<b>Government</b>	<b>32.69</b>
Government	9.69
Government related	23
<b>Corporate</b>	<b>7.6</b>
Bank Loan	0.11
Convertible	0
Corporate Bond	7.49
Preferred	0
<b>Securitized</b>	<b>22.44</b>
Agency MBS	6.53
Asset-Backed	2.85
Commercial MBS	12.01
Covered Bond	0
Non-Agency Residential MBS	1.05
<b>Municipal</b>	<b>0.35</b>
Municipal Taxable	0.35
Municipal Tax-exempt	0
<b>Cash &amp; Equivalents</b>	<b>23.81</b>
<b>Other</b>	<b>13.1</b>
Future/Forward	11.52
Option/Warrant	0.02
Swap	1.56

### CREDIT WEIGHTINGS

AAA	
AA	
A	
BBB	
BB	
B	
Below B	
Not Rated	

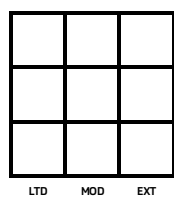
### TOP 10 HOLDINGS

US 5 Year Note (CBT) Sept17	36.52%
US 10 Year Note (CBT) Sept17	23.84%
90 Day Eurodollar Future Dec17	13.39%
Euro OAT Sept17	9.05%
Fed Natl Mort Assc 4%	8.94%
Fed Natl Mort Assc 3.5%	8.75%
90 Day Eurodollar Future Sept17	7.69%
Fed Natl Mort Assc 3%	6.45%
90 Day Eurodollar Future Mar18	6.02%
90 Day Eurodollar Future June18	5.56%
<b>TOTAL</b>	<b>126.21%</b>

**# OF STOCK HOLDINGS: 2**  
**# OF BOND HOLDINGS: 7595**

## STYLE STATISTICS

### MORNINGSTAR STYLE BOX™



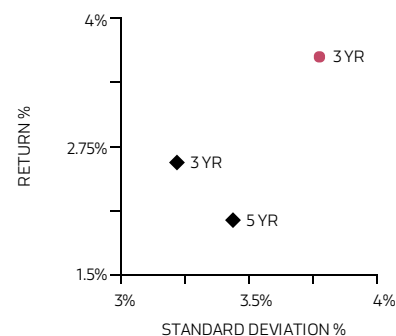
INTEREST-RATE SENSITIVITY

Avg Eff Duration	5.08 years
Avg Eff Maturity	7.64 years
Avg Weighted Coupon	4.41%
Yield To Maturity	-
Average Credit Quality	-

## INVESTMENT STRATEGY

The investment seeks maximum total return, consistent with preservation of capital and prudent investment management. The fund invests at least 65% of its total assets in a diversified portfolio of Fixed Income Instruments of varying maturities, which may be represented by forwards or derivatives such as options, futures contracts, or swap agreements. It invests primarily in investment-grade debt securities, but may invest up to 20% of its total assets in high yield securities. It may invest up to 30% of its total assets in securities denominated in foreign currencies, and may invest beyond this limit in U.S. dollar-denominated securities of foreign issuers.

## RISK/REWARD



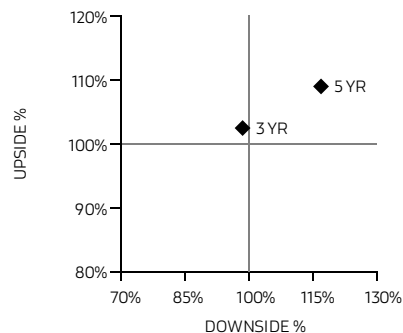
### Investment

	RETURN	STANDARD DEVIATION
<b>3 YR</b>	2.58%	3.2%
<b>5 YR</b>	2.02%	3.42%

### Best-Fit Index

	RETURN	STANDARD DEVIATION
<b>3 YR</b>	3.62%	3.76%
<b>5 YR</b>	3.07%	-

## UP/DOWN CAPTURE RATIO



### Investment

	UP	DOWN
<b>3 YR</b>	102.32%	97.47%
<b>5 YR</b>	108.94%	115.91%

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## STATEMENT OF ADDITIONAL DISCLOSURES

### INTRODUCTION

This investment factsheet is for informational purposes only and does not constitute professional investment advice. Some data in this report was obtained from third parties. Although Fi360 obtains data from sources it deems to be reliable, it does not independently verify the data, and does not warrant or represent that the data is timely, complete, or accurate.

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**Mutual funds are sold by prospectus. Please consider the investment objectives, risks, charges and expenses carefully before investing. The prospectus, and, if available, the summary prospectus, which contains this and other information, can be obtained by calling your financial advisor. Read the prospectus and, if available, the summary prospectus carefully before you invest.**

This Statement of Additional Disclosures includes important information regarding the information provided in the report. If an investor does not understand any term or data presented herein, he/she should consult with his/her financial adviser.

### Fi360 FIDUCIARY SCORE<sup>®</sup> CRITERIA

The Fi360 Fiduciary Score<sup>®</sup> is a peer percentile ranking of an investment against a set of quantitative due diligence criteria selected to reflect prudent fiduciary management. The Rolling Averages are a one-, three-, five- or ten-year equal-weighted average of an investment's Fi360 Fiduciary Scores during that corresponding time period. The rolling average trend chart (if included) displays the Fi360 Fiduciary Score for each calendar quarter-end during that time period.

1. **Inception Date.** The investment must have at least a 3 year track history
2. **Manager Tenure.** The investment manager must have at least a 2 year track history. (Most senior manager's tenure)
3. **Assets.** The investment must have at least 75 million under management (Total across all share classes for funds/etfs)
4. **Composition.** The investment's allocation to its primary asset class should be greater than or equal to 80%. (Not applied to all peer groups)
5. **Style.** The investment's current style box should match the peer group. (Not applied to all peer groups)
6. **Prospectus Net Exp Ratio.** The investment must place in the top 75% of its peer group
7. **Alpha.** The investment must place in the top 50% of its peer group
8. **Sharpe.** The investment must place in the top 50% of its peer group
9. **1 Year Return.** The investment must place in the top 50% of its peer group
10. **3 Year Return.** The investment must place in the top 50% of its peer group
11. **5 Year Return.** The investment must place in the top 50% of its peer group

\* For separately managed accounts, r-squared is used as a replacement criterion for Prospectus Net Exp Ratio. The investment's r-squared must place in the top 75% of its peer group to pass the screen.

### Fi360 FIDUCIARY SCORE<sup>®</sup> CRITERIA STATUS LEGEND

✓	Investment meets the criterion
⊘	Investment does not meet the criterion
N/AV	Investment data is not available
N/APP	Investment is not screened on the criterion
N/S	Investment doesn't have the history to be scored

### PERFORMANCE

**Total Return (No Load).** Expressed in percentage terms, a fund's total return is determined each month by taking the change in monthly net asset value, reinvesting all income and capital gains distributions during that month, and dividing by the starting NAV. Reinvestments are made using the actual reinvestment NAV, and daily payoffs are reinvested monthly. Total Return (No Load) is not adjusted for sales charges (such as front-end loads, deferred loads and redemption fees), but do reflect management, administrative, 12b-1 fees and other costs taken out of fund assets. Total returns for periods longer than one year are expressed in terms of compounded average annual returns (also known as geometric total returns).

**Total Return (With Load).** Expressed in percentage terms, a fund's total return is determined each month by taking the change in monthly net asset value, reinvesting all income and capital gains distributions during that month, and dividing by the starting NAV. Reinvestments are made using the actual reinvestment NAV, and daily payoffs are reinvested monthly. Total Return (With Load) is adjusted for front-end loads, deferred loads and redemption fees, but not taxes. For funds with front-end loads, the full amount of the load is deducted. For deferred loads and redemption fees, the percentage charged often declines the longer the shares are held. Total returns for periods longer than one year are expressed in terms of compounded average annual returns (also known as geometric total returns).

**Percentile Rank.** Percentile Rank shows the rank of this fund for the time period measured. Rankings do not account for a fund's sales charge (if applicable). Rankings will not be provided for periods less than one year.

**Number of Peers.** This is the number of peer funds included in the subject fund's peer group, which is a group of funds with similar investment style.

### BENCHMARKS

A benchmark gives an investor a point of reference for evaluating a fund's performance by comparing benchmark returns to the fund's returns. This report uses the following types of benchmarks:

- **Broad Index.** The index used in the calculation of metrics such as Alpha, Beta, and R-Squared. The Broad Index provides a common comparison point for funds with similar investing styles across different peer groups.
- **Peer Group Index.** The index assigned to the fund's peer group, which is a group of funds with similar investment style. Each peer group has its own index which can be used as a common comparison point between funds.
- **Best-fit Index.** The market index that shows the highest correlation with a fund over the most-recent 36 months, as measured by the highest R-squared. In addition, the Best-fit Index can be used to compare the betas and alphas of similar funds that show the same Best-fit Index. The Best-fit Index may not be the fund's benchmark, nor does it necessarily contain the types of securities that may be held by the fund.

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This report uses the following indices as benchmarks:

## ■ Barclays.

This following indices are part of this family:

- **Barclays US Agg Bond TR USD**. The index measures the performance of investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS. It rolls up into other Barclays flagship indices, such as the multi-currency Global Aggregate Index and the U.S. Universal Index, which includes high yield and emerging markets debt.
- **Barclays US Credit TR USD**. The index measures the performance of the US Corporate and a non-corporate component that includes foreign agencies, sovereigns, supnationals and local authorities. It is a subset of the US Government/Credit Index and the US Aggregate Index.

Indices are unmanaged and cannot be invested in directly.

This report uses the following peer groups:

- **Intermediate-Term Bond**. Intermediate-term bond portfolios invest primarily in corporate and other investment-grade U.S. fixed-income issues and typically have durations of 3.5 to 6.0 years. These portfolios are less sensitive to interest rates, and therefore less volatile, than portfolios that have longer durations. Morningstar calculates monthly breakpoints using the effective duration of the Morningstar Core Bond Index in determining duration assignment. Intermediate-term is defined as 75% to 125% of the three-year average effective duration of the MCB1.

Peer groups are for comparison only, and do not represent any investable products.

## VOLATILITY METRICS

**Standard Deviation.** Standard deviation is a statistical measure of the historical volatility of a fund. It depicts how widely the returns varied over a certain period of time. Investors use standard deviation to try to predict the range of returns that are most likely for a given fund. When a fund has a high standard deviation, the predicted range of performance is wide, implying greater volatility. If the fund is the only holding in an investor's portfolio, then it is an appropriate measure of risk. The figure cannot be easily calculated for more than one fund because the standard deviation for a portfolio of multiple funds is a function of not only the individual standard deviations, but also of the degree of correlation among the fund's returns. If a fund's returns follow a normal distribution, then approximately 68 percent of the time they will fall within one standard deviation of the mean return for the fund, and 95 percent of the time within two standard deviations.

**Sharpe Ratio.** The Sharpe Ratio is a risk-adjusted measure developed by Nobel Laureate William Sharpe. The higher the Sharpe ratio, the better the fund's historical risk-adjusted performance. The Sharpe ratio is calculated for the past three or five-year period by dividing the fund's annualized excess return by the standard deviation of a fund's annualized excess return. Since this ratio uses standard deviation as its risk measure, it is most appropriately applied when analyzing a fund that is an investor's sole holding. The Sharpe ratio can be used to compare two funds directly on how much risk a fund had to bear to earn excess return over the risk-free rate.

## MPT STATISTICS

**Alpha.** Alpha is measure of the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta. Alpha is often seen as a measure of the value added or subtracted by a portfolio manager. A positive alpha figure indicates the fund has performed better than its beta (or expected return) would predict. In contrast, a negative alpha indicates the fund underperformed, given the expectations established by the fund's beta.

**Beta.** Beta is a measure of a fund's sensitivity to market movements. The beta of the market is 1.00 by definition. A fund with a beta greater than 1.00 is more volatile than the market, and a fund with a beta less than 1.00 is less volatile than the market.

**R-Squared.** This statistic reflects the percentage of a fund's movements that can be explained by movements in its benchmark index, showing the degree of correlation between the fund and the benchmark. An R-squared of 100 indicates that all movements of a fund can be explained by movements in the index. Thus, index funds that invest only in S&P 500 stocks will have an R-squared very close to 100. Conversely, a low R-squared indicates that very few of the fund's movements can be explained by movements in its benchmark index. An R-squared measure of 35, for example, means that only 35% of the fund's movements can be explained by movements in the benchmark index. R-squared can be used to ascertain the significance of a particular beta. Generally, a higher R-squared will indicate a more reliable beta figure. If the R-squared is lower, then the beta is less relevant to the fund's performance.

## EXPENSES

**Prospectus Net Expense Ratio.** The percentage of investment assets used to pay for operating expenses and management fees, including 12b-1 fees, administrative fees, and all other asset-based costs incurred by the fund, except brokerage costs. Fund expenses are reflected in the fund's Net Asset Value. Sales charges are not included in the expense ratio. The expense ratio for fund of funds is the aggregate expense ratio defined as the sum of the wrap or sponsor fees plus the estimated weighted average of the underlying fund fees. A higher expense ratio will "drag" on the overall performance of a fund compared to peers with a lower expense ratio.

**Prospectus Gross Expense Ratio.** The total gross expenses (net expenses with waivers added back in) divided by the fund's average net assets. If it is not equal to the net expense ratio, the gross expense ratio portrays the fund's expenses had the manager not waived a portion, or all, of its fees. Thus, to some degree, it is an indication of fee contracts. Some fee waivers have an expiration date; other waivers are in place indefinitely.

**Audited Net Expense Ratio.** The percentage of fund assets paid for operating expenses and management fees, including 12b-1 fees, administrative fees, and all other asset-based costs incurred by the fund, except brokerage costs. Fund expenses are reflected in the fund's NAV. This expense ratio is pulled directly from the fund's annual report. Sales charges are not included in the expense ratio. For fund of funds, the underlying fund expense ratios are not included in the expense ratio.

**Management Fee.** Fee charged for the management of pooled investments such as collective investment funds, insurance/annuity products, mutual funds and individually managed accounts.

**12b-1 Fee.** Maximum annual charge deducted from investment assets to pay for distribution and marketing costs. Although usually shown as a percentage, this amount will occasionally be a flat figure. This information is taken from the fund's prospectus, and includes distribution, service and other expenses incurred.

**Front Load.** The Front Load is a one-time deduction from a purchase made into the fund. The amount is relative to the amount of the investment, so that larger investments incur smaller rates of charge. The sales charge serves as a commission for the broker who sold the fund. Potential fees and sales charges are an important factor to consider before making an investment. The load compensates the broker or financial planner for the service of providing professional investment advice.

**Deferred Load.** The Deferred Load is a one-time charge paid at the time of the sale of the fund. The amount is relative to the amount of the investment, so that larger investments incur smaller rates of charge. The sales charge serves as a commission for the broker who sold the fund. Potential fees and sales charges are an important factor to consider before making an investment. The load compensates the broker or financial planner for the service of providing professional investment advice.

**Redemption Fee.** The redemption fee is an amount charged when money is withdrawn from the fund. This fee does not go back to the investment company, but rather into the fund itself and thus does not represent a net cost to shareholders. Also, unlike contingent deferred sales charges, redemption fees typically operate only in short, specific time clauses, commonly 30, 180, or 365 days. However, some redemption fees exist for up to five years. Charges are not imposed after the stated time has passed. These fees are typically imposed to discourage market timers, whose quick movements into and out of a fund can be disruptive. The charge is normally imposed on the ending share value, appreciated or depreciated from the original value.

**Initial Minimum Investment.** The smallest investment amount accepted for establishing a new investment in the fund. Funds often charge a lower fee for larger initial investments and will have several share classes that provide an alternative initial investment.

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**Fee Waiver/Cap.** The elimination of all or part of a fund's expense or the cap or maximum fee charged by the portfolio manager. Some fee waivers and caps have an expiration date; others are in place indefinitely. Some funds adopt this practice at various times to make their returns more competitive.

## GROWTH OF 10K

The Growth of 10k shows a fund's performance based on how \$10,000 invested in the fund would have grown over time with dividends reinvested. The returns used in the graph are not load-adjusted. The growth of \$10,000 begins at the fund's inception, or the first year listed on the graph, whichever is appropriate. Located alongside the fund's graph line are lines that represent the growth of \$10,000 in the fund's Broad Index, Peer Group Index, and Best-fit Index Benchmarks, which are listed in the Benchmarks section. All lines are plotted on a logarithmic scale, so that identical percentage changes in the value of a fund have the same vertical distance on the graph. This provides a more accurate representation of performance than would a simple arithmetic graph.

## WEIGHTINGS & HOLDINGS

**Sector Weightings.** Calculated for all stock and bond funds based on the securities in the fund's most recent portfolio. For stock funds, this statistic shows the percentage of the fund's stock assets invested in each of the 12 major equity sectors. For taxable bond funds, this statistic shows the percent of the fund's cash and bond assets invested in each of the 14 fixed-income sectors. For municipal bond funds, this statistic shows the percentage of the fund's municipal assets invested in each of the 11 muni sectors.

**Regional Weightings.** This data set provides a broad breakdown of a fund's geographical exposure for a region. Each region's exposure is presented as a percentage of non-cash equity assets held by the fund. Regional exposure information summarizes a portfolio's exposure to geopolitical risk.

## INVESTMENT STRATEGY

A written summary of the Investment Objectives and Policy section found in every fund prospectus. It states the objective of the fund, and how the managers intend to invest to achieve this objective. It includes any limitations as to the fund's investment policies, as well as any share class structure difference, previous names, merger, liquidation, and opening or closing information. This statement is from the fund prospectus.

## STYLE STATISTICS

### Fixed-Income Funds

**Morningstar Style Box™.** The Morningstar Style Box reveals a fund's investment strategy. Morningstar classifies bond funds in its style box based on their interest rate sensitivity as limited, moderate and extensive measured by the average effective duration of the fund's holdings; and their credit quality as high, medium, or low based on letter (or alphanumeric) credit ratings of the long bonds owned by third party credit rating agencies. The nine possible combinations of these characteristics correspond to the nine squares of the Morningstar Style Box -- quality is displayed along the vertical axis and sensitivity to interest rate along the horizontal axis.

Morningstar seeks credit rating information from fund companies on a periodic basis (e.g., quarterly). In compiling credit rating information Morningstar accepts credit ratings reported by fund companies that have been issued by all Nationally Recognized Statistical Rating Organizations (NRSROs). For a list of all NRSROs, please visit <http://www.sec.gov/divisions/marketreg/ratingagency.htm>. Additionally, Morningstar accepts foreign credit ratings from widely recognized or registered rating agencies. If two rating organizations/agencies have rated a security, fund companies are to report the lower rating; if three or more organizations/agencies have rated a security, fund companies are to report the median rating, and in cases where there are more than two organization/agency ratings and a median rating does not exist, fund companies are to use the lower of the two middle ratings. PLEASE NOTE: Morningstar, Inc. is not itself an NRSRO nor does it issue a credit rating on the fund. An NRSRO or rating agency ratings can change from time-to-time.

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

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

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

### Fixed-Income Fund Statistics

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

- **Average Effective Duration** is a weighted average of the duration of the underlying fixed income securities within the portfolio.
- **Average Effective Maturity** is a weighted average of all the maturities of the bonds in a portfolio, computed by weighting each maturity date by the market value of the security.
- **Average Weighted Coupon** is generated from the fund's portfolio by weighting the coupon of each bond by its relative size in the portfolio. Coupons are fixed percentages paid out on a fixed-income security on an annual basis.
- **Average Weighted Price** is generated from the fund's portfolio by weighting the price of each bond by its relative size in the portfolio. This number reveals if the fund favors bonds selling at prices above or below face value (premium or discount securities, respectively). A higher number indicates a bias toward premiums. This statistic is expressed as a percentage of par (face) value.
- **Credit Quality Breakdowns** are shown for corporate-bond holdings and depict the quality of bonds in the underlying portfolio. The report shows the percentage of fixed-income securities that fall within each credit quality rating as assigned by an NRSRO. Bonds not rated by an NRSRO are included in the not rated (NR) category.
- **Turnover Ratio** is a decent proxy for how frequently a manager trades his or her portfolio. The inverse of a fund's turnover ratio is the average holding period for a security in the fund. As turnover increases, a fund's brokerage costs typically rise as well.

## RISK/REWARD

This chart helps to visually review the relative reward (measured by investment return) received by a fund for the risk or volatility (measured by standard deviation) of the fund over a three or five-year period. Relatively speaking, it is preferable for the diamond to fall in the upper left quadrant of the graph. This shows that the fund has lower volatility than the median manager in its peer group (represented by the vertical line) and has a higher return than the median manager in its peer group (represented by the horizontal line).

**Investing involves risk.** Loss of principal is possible. An investment in a fund is not a bank deposit, and it is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. Each fund carries its own specific risks which depend on the types of investments in the fund. Investors should review the fund's prospectus carefully to understand the risks before investing.

In general, some of the risks associated with the Morningstar Categories shown in this report are as follows:

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

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due to general changes in interest rates. Bonds are also subject to prepayment risk, which is the chance that an issuer may exercise its right to prepay its security, if falling interest rates prompt the issuer to do so. Forced to reinvest the unanticipated proceeds at lower interest rates, the fund would experience a decline in income and lose the opportunity for additional price appreciation.

**Taxable Bond.** Investments in taxable bonds such as government bonds, long-term and short-term bonds, bank loans, corporate bonds, preferred stock, high-yield bonds, etc. are subject to numerous risks including those relating to reinvestment, inflation, market, selection, timing, and duration.

## UP/DOWN CAPTURE RATIO

Upside/Downside Capture Ratio shows whether a given fund has outperformed—gained more or lost less than—a broad market benchmark during periods of market strength and weakness, and if so, by how much. Upside capture ratios for funds are calculated by taking the fund's monthly return during months when the benchmark had a positive return and dividing it by the benchmark return during that same month. Downside capture ratios are calculated by taking the fund's monthly return during the periods of negative benchmark performance and dividing it by the benchmark return. Upside and downside capture ratios over three- and five-year periods are determined by calculating the geometric average for both the fund and index returns during the up and down months, respectively, over each time period. An upside capture ratio over 100 indicates a fund has generally outperformed the benchmark during periods of positive returns for the benchmark. Meanwhile, a downside capture ratio of less than 100 indicates that a fund has lost less than its benchmark in periods when the benchmark has been in the red. All stock funds' upside and downside capture ratios are calculated versus the S&P 500, whereas bond and international funds' ratios are calculated relative to the Barclays Capital U.S. Aggregate Bond Index and MSCI EAFE Index, respectively.