

Investment Review

The Episcopal Diocese of Vermont

September 30, 2019

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Quarterly Performance Summary

The Episcopal Diocese Unit Fund gained 2.12% in the third quarter, resulting in investment gains of \$647,381. This compares favorably to the basic benchmark return of 1.87% and the alternative (customized) benchmark return of 1.30%. This outperformance was driven by exceptional results from the large company US stock exposure, which gained 2.83% during the quarter compared to the Standard & Poor's 500 return of 1.70%. Additionally, US SMID-Cap stock exposure gained 1.49% during the quarter compared to the Russell 2000 loss of 2.40%.

Year to date, the Unit Fund gained 18.81%, or \$4.75 million. Again, this is favorable compared to the basic benchmark, which gained 16.62%, and the alternative (customized) benchmark, which gained 14.69%. The large company US stock exposure gained 24.95% on a year-to-date basis compared to the Standard & Poor's 500 return of 20.55%.

During the quarter, there was a large reduction in gold exposure in order to profit take after a great run through Q2. Microchip Technology was sold and Comcast was purchased in its place. Additional changes to the portfolio during the quarter included an increase in preferred stock exposure, an increase in the CVS position and a decrease in the Apple position.

Investment Return Summary

Due to the IPS change in March 2016, periods beginning prior to 3/31/16 do not reflect current investments and are omitted.

Third Quarter 2019

June 30, 2019 Value:	\$28,646,297
Net Cash Flows:	(\$467,536)
Investment Gain:	\$647,381
September 30, 2019 Value:	\$28,826,142
Third Quarter Return:	2.12%
Basic Benchmark Return:*	1.87%
Alternative Benchmark Return:*	1.30%

Year-to-Date Period (12/31/2018 - 09/30/2019)

Investment Gain:	\$4,747,537
Year-to-Date Return:	18.81%
Basic Benchmark Return:*	16.62%
Alternative Benchmark Return:*	14.69%

One-Year Period (09/30/2018 - 09/30/2019)

Investment Gain:	\$2,371,369
One-Year Return:	8.41%
Basic Benchmark Return:*	6.40%
Alternative Benchmark Return:*	5.61%

*The Basic Benchmark is weighted to the Standard & Poor's 500 Index and the Bloomberg Barclays US Aggregate Bond Index based on the actual portfolio allocation. The Alternative Benchmark is weighted among the Standard & Poor's 500 Index, the Bloomberg Barclays US Aggregate Bond Index, the Russell 2000 Index, the MSCI EAFE Index, the Bloomberg Barclays US Intermediate Credit Index, the Bloomberg Barclays US 1-3 Year Government/Credit Index, the Citi 1-Month Treasury Bill Index, the S&P GSCI Gold Spot Index, and the PHLX Gold & Silver Index based on the actual portfolio allocation.

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Account Activity Summary

Due to the IPS change in March 2016, periods beginning prior to 3/31/16 do not reflect current investments and are omitted.

	Third Quarter	YTD	One-Year	Three-Year	Five-Year	Ten-Year
Beginning Market Value	\$28,646,297	\$24,858,729	\$27,592,561	\$24,666,546	-	-
Contributions						
Parish Deposits	\$358,069	\$706,523	\$723,140	\$1,351,120	-	-
Withdrawals						
Parish Withdrawals	(\$137,473)	(\$164,141)	(\$200,185)	(\$835,858)	-	-
Parish Dividends	(\$630,036)	(\$1,211,119)	(\$1,503,324)	(\$3,722,057)	-	-
Foreign Taxes Withheld	(\$3,567)	(\$9,544)	(\$10,746)	(\$30,583)	-	-
Management Expenses	(\$54,530)	(\$101,844)	(\$146,673)	(\$472,034)	-	-
Net Cash Flows	(\$467,536)	(\$780,124)	(\$1,137,787)	(\$3,709,413)	-	-
Income						
Interest / Dividends	\$428,354	\$893,723	\$1,111,750	\$2,456,761	-	-
Gains (Losses)	\$219,028	\$3,853,814	\$1,259,618	\$5,412,248	-	-
Total Earnings	\$647,381	\$4,747,537	\$2,371,369	\$7,869,009	-	-
Ending Market Value	\$28,826,142	\$28,826,142	\$28,826,142	\$28,826,142	-	-
Portfolio Return (Gross of Fees)	2.26%	19.15%	8.89%	10.33%	-	-
Management Expenses	-0.189%	-0.353%	-0.509%	-1.638%	-	-
Portfolio Return (Net of Fees)	2.12%	18.81%	8.41%	9.75%	-	-
Basic Benchmark Return	1.87%	16.62%	6.40%	10.11%	-	-
Alternative Benchmark Return	1.30%	14.69%	5.61%	8.50%	-	-

Parish Deposits: The total amount deposited by the parishes for investment into the Unit Fund subaccounts.

Parish Withdrawals: The total principal amount withdrawn by the parishes from the Unit Fund subaccounts.

Parish Dividends: The total Unit Fund dividends paid directly to the parishes and not reinvested or used for loan repayment.

Foreign Taxes Withheld: The total foreign income taxes automatically withheld on dividends paid by non-US companies.

Management Expenses: The total expenses paid by the Unit Fund for investment, accounting, account maintenance, statement preparation, and reporting purposes. The percentage is calculated as the expense amount divided by the beginning value.

Interest / Dividends: The total interest and dividends generated by the investments of the Unit Fund.

Gains (Losses): The total rise or fall of the market value of the investments in the Unit Fund.

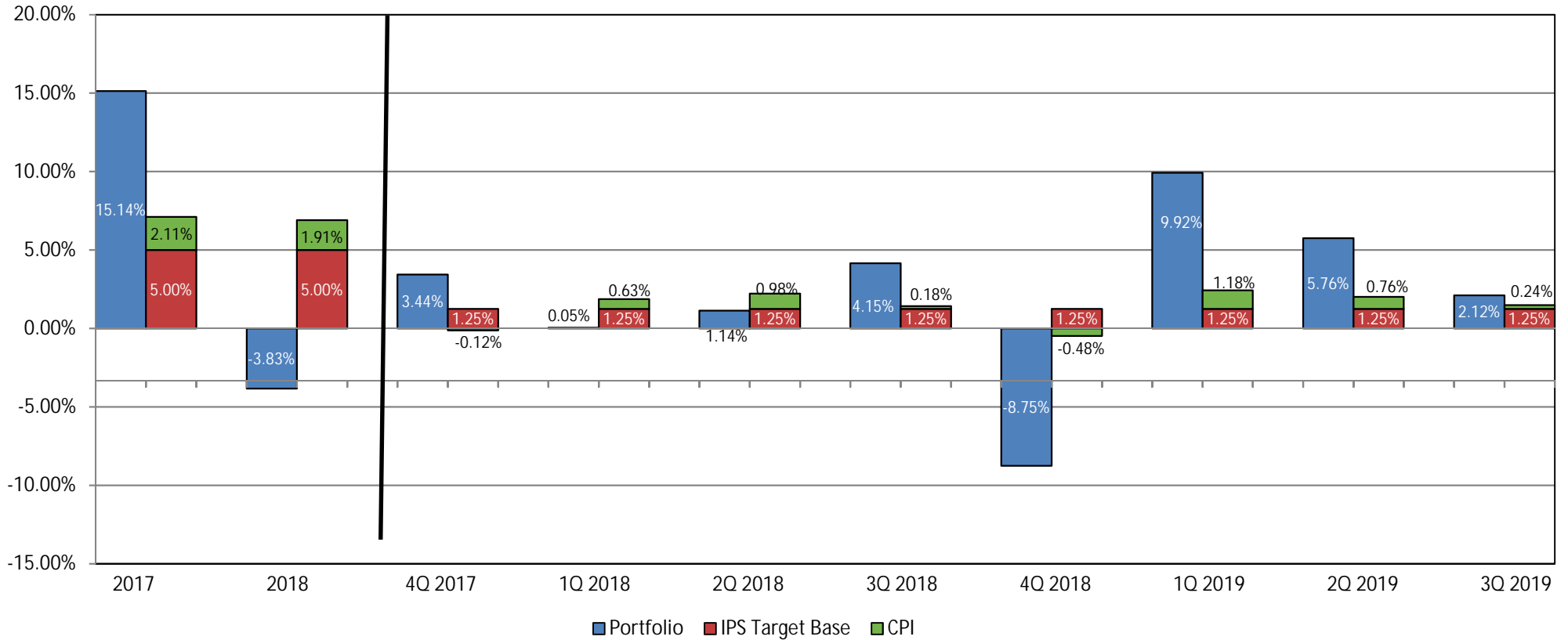
Portfolio Return: The time-weighted rate of return earned by the Unit Fund investments before (gross) and after (net) the management expenses are deducted.

*The Basic Benchmark is weighted to the Standard & Poor's 500 Index and the Bloomberg Barclays US Aggregate Bond Index based on the actual portfolio allocation. The Alternative Benchmark is weighted among the Standard & Poor's 500 Index, the Bloomberg Barclays US Aggregate Bond Index, the Russell 2000 Index, the MSCI EAFE Index, the Bloomberg Barclays US Intermediate Credit Index, the Bloomberg Barclays US 1-3 Year Government/Credit Index, the Citi 1-Month Treasury Bill Index, the S&P GSCI Gold Spot Index, and the PHLX Gold & Silver Index based on the actual portfolio allocation.

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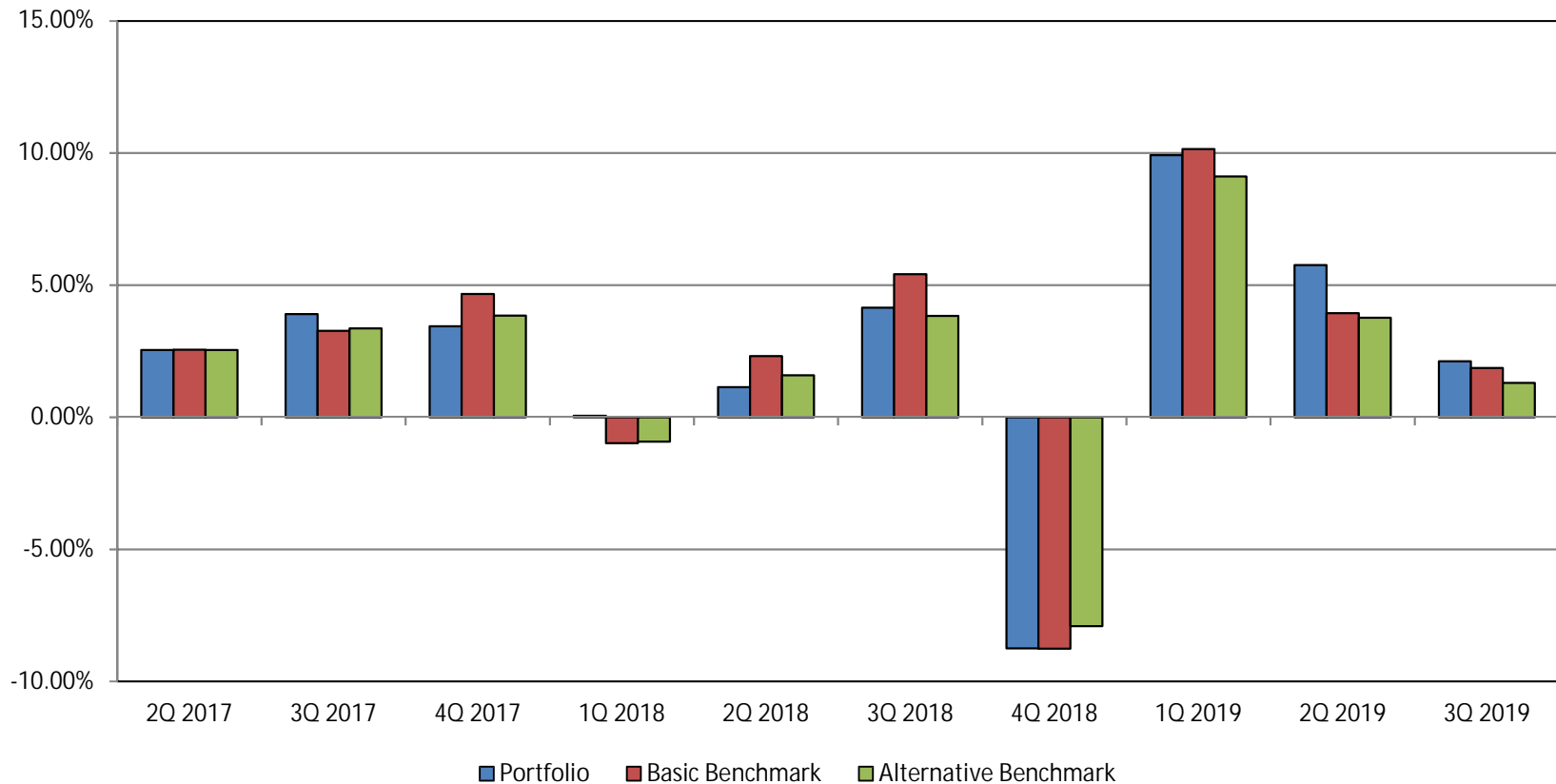
Quarterly Portfolio and IPS Target Returns

The IPS changed in March 2016. Periods prior to 3/31/16 reflect the former investment strategy.



The IPS Target Return is comprised of the quarterly non-seasonally-adjusted (NSA) CPI + 1.25%. This equates to an annual target return of CPI + 5%. The CPI figure is not available until the 15th of the month or later. Portfolio returns are calculated net of fees. This report is not a replacement for the official customer account statements from Raymond James or other custodians. Investors are reminded to compare the findings in this report to their official customer account statements. In the event of a discrepancy, the custodian's valuation shall prevail. This data is furnished to you as a courtesy and for informational purposes only. This report may include assets that the firm does not hold on your behalf and which are not included on the firm's books and records. Although this data is derived from information which we believe to be accurate (including, in some cases information provided to us by you) we cannot guarantee its accuracy. This information is not intended and should not be used for any official tax, lending, legal, or other non-financial planning purposes and should not be relied upon by third parties. Performance data quoted represents past performance and does not guarantee future results. The investment return and principal of an investment will fluctuate so that an investor's shares when redeemed may be worth more or less than the original cost. The values represented in this report may not reflect the true original cost of the client's initial investment. Please contact your financial representative if there has been a change in your investment objectives, special restrictions, or financial circumstances.

Comparative Returns for the Last 10 Quarters

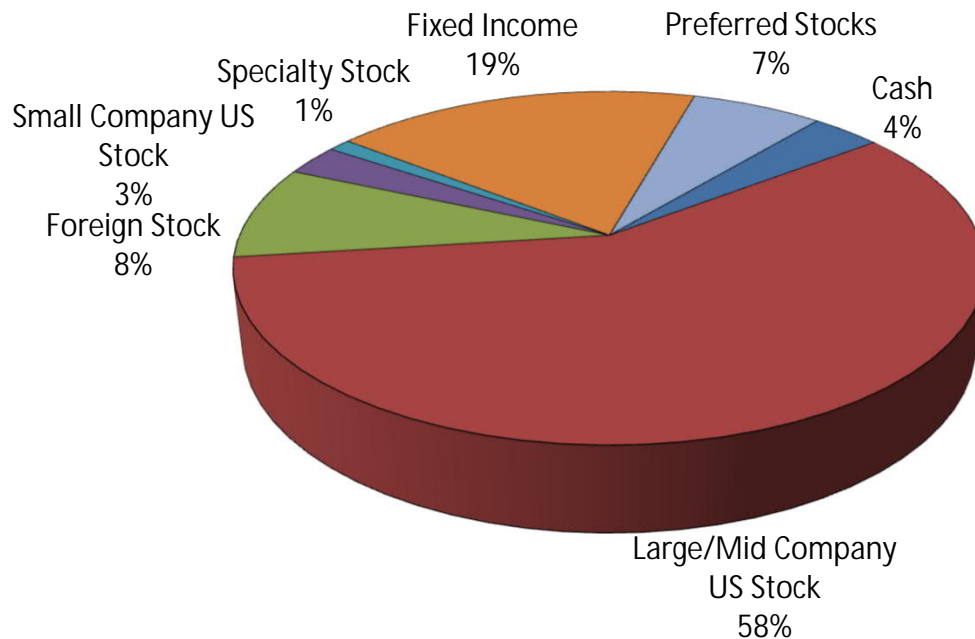


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Portfolio Allocation

(71% Equities, 29% Fixed Investments)



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GLOBAL MARKET OBSERVATIONS

Quarterly Economic & Market Commentary
Q3 2019

Taylor Krystkowiak, Investment Strategy Analyst

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RAYMOND JAMES

DOMESTIC MARKETS



After reaching a new all-time high, US equities were promptly shaken by fears of an escalating trade war with China perpetuated by President Trump and recessionary warning signals sent by bond markets. While relative calm has returned, the trade war remains unresolved. Terms of a deal have not been finalized, let alone signed.

Déjà Volatility
Page 4

DEVELOPED MARKETS



Since assuming office, UK Prime Minister Boris Johnson has injected yet more uncertainty into the already muddled Brexit process. His renegotiated Brexit deal will still need to pass Parliament. In Rome, Matteo Salvini’s misguided mutiny precipitated his ousting from Italian politics, a move cheered by bond markets.

Down to the Wire in Westminster & Il Capitano Goes Down with the Ship
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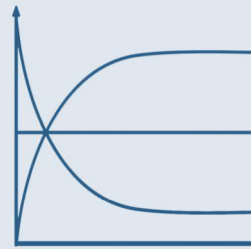
EMERGING MARKETS



The ongoing trade war between the US and China and the resilient strength of the US dollar has continued to exact a crippling toll on emerging market equity performance. The trade war has also dragged much of the global economy down with it. Elsewhere, Turkey remains roiled in geopolitical and currency crises.

Greying Global Growth & Kurds and Weighing Sanctions
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CREDIT MARKETS



In the US, yields on Treasuries with long-term maturities fell more than those with short-term maturities, causing several key points along the Treasury yield curve to invert. An inverted yield curve is widely considered to be an indicator of a looming economic recession. Though two recessions are never the same and the circumstances surrounding their rise never repeat, history has shown that they often rhyme.

Giving Rise to Recession
Page 7

ASSET CLASS RETURNS OVER Q3 2019 (%)

GLOBAL MARKET OBSERVATIONS – Q3 2019

Returns for Key Indices – Trailing 12 Months and the Third Quarter of 2019 – Ranked in Order of Performance (Best to Worst)

Broad Asset Class Total Returns		Domestic Equity Total Returns		S&P 500 Equity Sector Total Returns		International Equity Total Returns		Fixed Income Total Returns	
T12	Q3	T12	Q3	T12	Q3	T12	Q3	T12	Q3
Global Real Estate 12.64	Global Real Estate 3.23	Mid Growth 5.20	Large Growth 1.49	Utilities 27.10	Utilities 9.33	EM Eastern Europe 9.42	Japan 3.13	Long-Term Bond 21.88	Long-Term Bond 6.58
US Fixed Income 10.30	US Fixed Income 2.27	Large Value 4.00	Large Blend 1.42	Real Estate 24.74	Real Estate 7.71	EM Latin America 6.70	US Large Cap 1.70	Credit 12.63	Credit 2.98
Blended Portfolio 6.01	Blended Portfolio 1.25	Large Blend 3.87	Large Value 1.36	Cons Staples 16.85	Cons Staples 6.11	US Large Cap 4.25	Developed Markets -1.07	Treasury 10.48	Treasury 2.40
US Equity 2.92	US Equity 1.16	Large Growth 3.71	Mid Value 1.22	Info Tech 8.59	Info Tech 3.34	Pacific ex-Japan 3.01	Europe ex-UK -1.55	Aggregate Bond 10.30	Aggregate Bond 2.27
Cash & Cash Alternatives 2.36	Cash & Cash Alternatives 0.56	Mid Blend 3.19	Mid Blend 0.48	Comm Serv 5.69	Comm Serv 2.22	Europe ex-UK 0.02	United Kingdom -2.49	Municipal 8.55	Agency 1.74
Non-US Equity -1.23	Non-US Equity -1.80	Mid Value 1.60	Small Value -0.57	S&P 500 4.25	Financials 2.01	Developed Markets -1.34	EM Asia -3.41	Emerging Mkt Bond 8.20	Municipal 1.58
Commodities -6.57	Commodities -1.84	Small Value -8.24	Mid Growth -0.67	Financials 3.92	S&P 500 1.70	Emerging Markets -2.02	EM Eastern Europe -3.92	Agency 7.99	MBS 1.37
		Small Blend -8.89	Small Blend -2.40	Materials 2.70	Industrials 0.99	United Kingdom -2.88	Emerging Markets -4.25	MBS 7.80	US Tips 1.35
		Small Growth -9.63	Small Growth -4.17	Cons Disc 2.36	Cons Disc 0.51	EM Asia -3.87	Pacific ex-Japan -5.20	US Tips 7.13	High Yield 1.33
				Industrials 1.39	Materials -0.12	Japan -4.69	EM Latin America -5.61	High Yield 6.36	Short-Term Bond 0.69
				Health Care -3.57	Health Care -2.25			Global Bond ex-US 5.34	T-Bill 0.56
				Energy -19.21	Energy -6.30			Short-Term Bond 4.64	Global Bond ex-US 1.48
								T-Bill 2.36	Emerging Mkt Bond -1.68

Assume all asset classes are US unless otherwise noted | Data as of 09/30/2019 | Ranked in order of performances (best to worst)

All investing involves risk and you may incur a profit or a loss. Past performance is not a guarantee of future results. This material is for informational purposes only and should not be used or construed as a recommendation regarding any security. Indices are unmanaged and cannot accommodate direct investments. An individual who purchases an investment product which attempts to mimic the performance of an index will incur expenses such as management fees and transaction costs which reduce returns. Returns are cumulative total return for stated period, including reinvestment of dividends. Dividends are not guaranteed and a company's future ability to pay dividends may be limited. Source: Morningstar Direct

DÉJÀ VOLATILITY

As anticipated by the last edition of this commentary, the broad US stock market (as measured by the S&P 500) had indeed gotten ahead of itself (see *Getting Ahead of Itself?* p. 6 Q2 2019 Global Market Observations). Lulled into complacency by a dovish Federal Reserve (Fed) and the hopes of a coming resolution to the ongoing trade war between the US and China, US equities marched to a new all-time high (though this new ‘high’ was only roughly 3.5% above the previous highs reached in September 2018 and again in May 2019). This complacency was quickly shattered by a confluence of tweets from President Trump (which threatened to escalate the trade war with China via increased tariffs) and the inversion of the closely watched 10-year/2-year Treasury yield spread (which is regarded as a sign of an oncoming economic recession).

After several fits and starts, US equities once again marched higher in mid-September, only to fall again on the news that US manufacturing had fallen further into contraction (see chart). As noted in the last edition of this commentary (see *Focus on the Fallout* p. 8 Q2 2019 Global Market Observations), US manufacturing appeared to be the next casualty in the fallout from the ongoing trade war. Markets will be watching future data releases closely in order to assess whether the trade war has caused further damage to the US economy. The International Monetary Fund (IMF) has already lowered its global growth forecasts, citing tariffs (which remain in effect) and increased trade uncertainty as principal headwinds (see *Greying Global Growth*, p. 6).

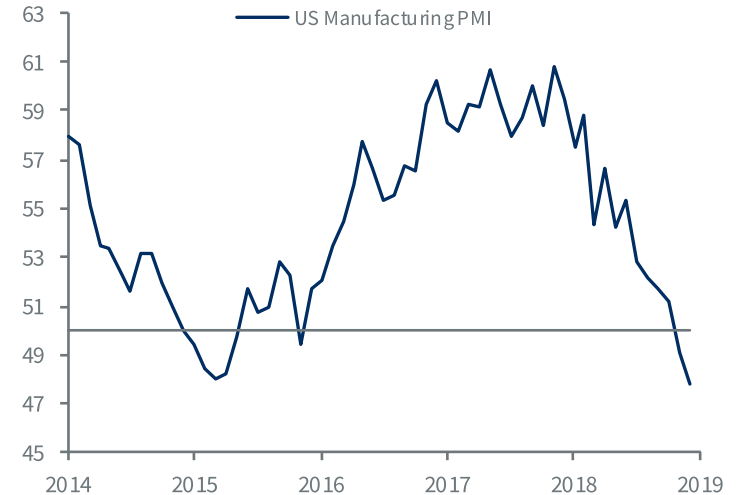
While markets have, at the time of this writing, marched higher, fueled by yet another case of renewed optimism for a resolution to the US-China trade war (and an avoidance of additional US tariffs that were scheduled to be implemented on October 15), it bears mentioning that the terms of a deal have not yet been finalized let alone signed. Should there be any breakdown in negotiations, which has already happened twice in this past year alone, it will induce additional volatility in financial markets yet again. Much will ride on the highly anticipated face-to-face meeting between Presidents Trump and Xi in Santiago, Chile on November 16 at the Asia Pacific Economic Cooperation summit. Yet, as with the G20 summit at Osaka, Japan in June of this year, there is still substantial risk that the two will again fail to reach a lasting armistice and a final agreement. Another bout of déjà vu is not out of the question.

TWEETS TRUMP TRADE



Source: FactSet as of 10/15/2019

MANUFACTURING MALAISE



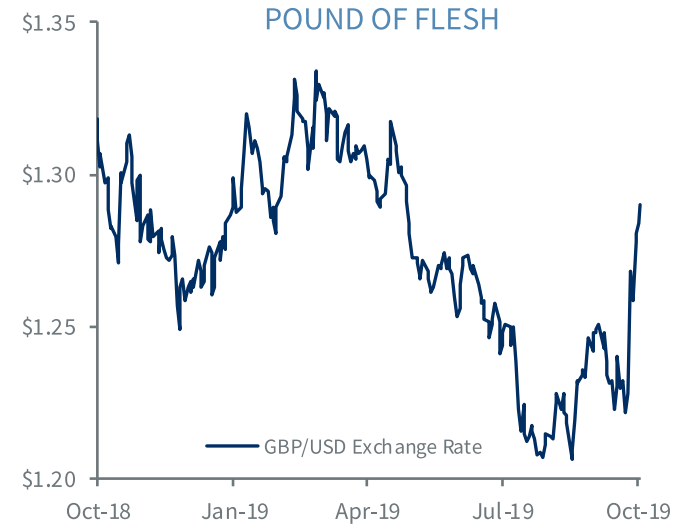
Source: FactSet as of 10/15/2018 (Level below 50 considered ‘recessionary’)

DOWN TO THE WESTMINSTER WIRE & IL CAPITANO GOES DOWN WITH HIS SHIP

As expected, Boris Johnson replaced Theresa May as prime minister of the UK. Also as expected, his ascension precipitated an accession of political tumult, especially in regards to a yet unresolved Brexit outcome. After culling his Conservative party of rebel Members of Parliament (MPs), Mr. Johnson’s working majority dwindled to just one seat before it too was lost when a lone rebel MP rather publicly and defiantly crossed party lines to join the rival Liberal Democrats. This left Mr. Johnson in the awkward position of having no workable majority in Parliament while at the same time lacking the votes required to call new elections. Mr. Johnson sought to suspend Parliament altogether in the hopes of forcing a Brexit resolution, an action that was ultimately overturned by Britain’s highest court. Suffice to say, such uncertainty weighed heavily on the pound, which recently traded at a post-Brexit low (see chart).

Despite the fact that Mr. Johnson has backed himself into a corner by repeatedly promising to deliver Brexit by October 31 and eschewing an extension in any form (“do or die” has continued to be his preferred byword), he might yet be awkwardly forced to ask the EU for another extension in the event that a deal is not passed by October 31 (per the terms of the recently passed Benn Act). As this publication heads to press, UK negotiators once again locked horns with the EU and secured a deal palatable to the prime minister. Yet, it will still need to pass an upcoming vote in Parliament (a hurdle which all past Brexit proposals failed to clear, even with a working majority). As evinced by the recent rise in the pound, markets remain hopeful that either the deal will pass Parliament or an extension will be granted, either of which will avoid the much-dreaded ‘no-deal’ Brexit outcome¹ (see p. 8). If there is one certainty amidst the turmoil, it is that Brexit has once again come down to the wire in Westminster.

Whereas Westminster remains roiled in it, Rome has emerged relatively unscathed from its recent run-in with political uncertainty. In a bid to wrest the power of the premiership for himself, Matteo Salvini staged a coup against his own coalition and put forward a motion of no confidence. Yet, in a twist of irony for the self-styled “Capitano,” the mutiny backfired and Salvini went down with his ship in a rather public political spectacle; both his former coalition allies and foes alike stood in uniform opposition to Salvini’s move. Following a short-lived resignation in opposition to Salvini’s power play, Prime Minister Giuseppe Conte returned to his post. All of this was welcome news to financial markets, which were often spooked by Salvini’s pugnacious rhetoric and willingness to battle Brussels. At the time of this writing, the Italian cabinet has finally passed what appears to be palatable budget proposal, simultaneously avoiding widely unpopular tax hikes while also reining in spending. After spiking last year, Italian bond yields have since returned to some degree of normality, a reflection of the newfound political calm (see chart).



Source: FactSet as of 10/15/2019



Source: FactSet as of 10/15/2019

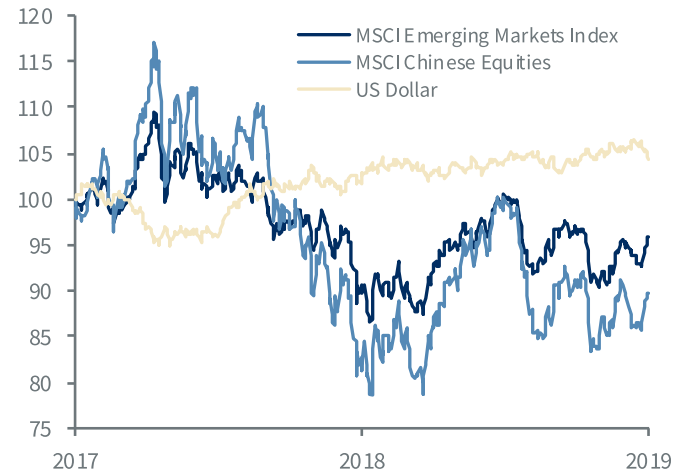
GREYING GLOBAL GROWTH & KURDS AND WEIGHING SANCTIONS

The ongoing trade war between the US and China and the resilient strength of the US dollar has continued to exact a crippling toll on emerging market equity performance. As measured by the MSCI Emerging Markets Index, emerging market stocks are down approximately 40% from the all-time high they reached in January 2018 (see chart). This weakness can largely be attributed to China, which comprises an outsized percentage of most all emerging market allocations (including MSCI). In addition to yet unresolved trade tensions with the US, China has had to contend with a slowdown in its economy (which has long been one of its greatest pillars of support) that has been further exacerbated by ongoing protests in Hong Kong. The growth of the Chinese economy has fallen from 6.6% (2018) to 6.2% (2019, est.), and is now projected to grow by less than 6% in 2020 (its lowest level in over three decades). In an effort to stymie this slowdown, China’s central bank has cut its interest rates, but only marginally. It appears that, for now, China has refrained from implementing full-fledged monetary and fiscal stimulus (either for fear of fueling growth in additional debt, or in preparation for an escalation in the trade war).

Yet, China’s economic slowdown is not an outlier in relation to the rest of the globe; on the contrary, the trade war (which has been raging for nearly two years) has dragged much of the global economy down with it. The International Monetary Fund (IMF) has yet again downgraded its closely-watched forecast for global economic growth to just 3% for 2019, its lowest level since the financial crisis. The magnitude of this slowdown has been even more keenly felt in emerging markets. The Indian economy, the largest emerging economy behind China, is now forecast to grow by only 6.1% according to IMF projections (down from 7%). This is largely due to a cascade of knock-on effects from the trade war, rather than the tariffs themselves. Business confidence, investment spending, and the overall appetite for risk have all been crimped as a result.

Elsewhere, Turkey remains roiled in geopolitical and currency crises. As outlined in the last edition of this quarterly commentary (see *Those Responsible Have Been Sacked*, p. 6 Q2 2019 Global Market Observations) President Recep Tayyip Erdoğan’s sacking of the head of the Turkish central bank ultimately precipitated a fresh fall in the Turkish lira (see chart) which has recently been compounded by increased geopolitical tensions with the US. Following the withdrawal of US troops from Syria, Turkey mounted a military offensive against the Kurds (which have been US allies), prompting the US to impose sanctions. Turkish yields spiked and equities sold off as a result. Turkish regulators have restricted the sale of the lira in an attempt to shore up the currency; it remains to be seen how much further it will fall if trading restrictions are lifted. However, as this publication heads to press, the US has brokered a ceasefire with Turkey and an agreement to lift sanctions, which could yet lift the lira and Turkish assets if further escalation is avoided.

MADE IN CHINA?



Source: FactSet as of 10/15/2019 (100 = 15 October 2018 Value)

LEERY OF THE LIRA



Source: FactSet as of 10/15/2019 (100 = 15 October 2018 Value)

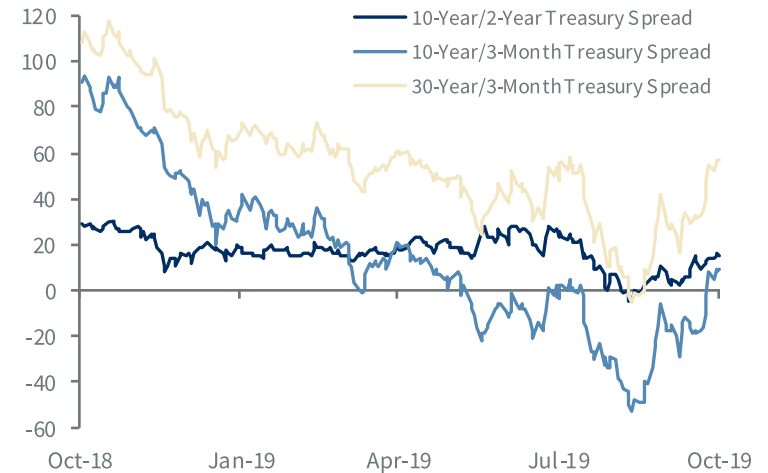
GIVING RISE TO RECESSION

Bond yields have fallen precipitously in recent months as central banks around the world have signaled their increasingly accommodative approach to monetary policy. This has had a significant impact on the US Treasury yield curve, a line which plots the yields of US Treasury securities.

Under most ‘normal’ circumstances, this curve is positively sloped (i.e., when bonds with longer-term maturities have higher yields than those with shorter-term maturities). However, under abnormal circumstances, this curve can become negatively sloped and thus ‘inverted’ (i.e., when bonds with shorter-term maturities have higher yields than those with longer-term maturities). The logic behind the curve is rather intuitive; a creditor lending money for a longer period of time should expect a relatively higher rate of return for the risk assumed, whereas a creditor lending money for a shorter period of time should expect a relatively lower rate of return. When this paradigm is ‘inverted’, it often signals that something is amiss. This is why inverted yield curves are so often considered an indicator of a looming economic recession.

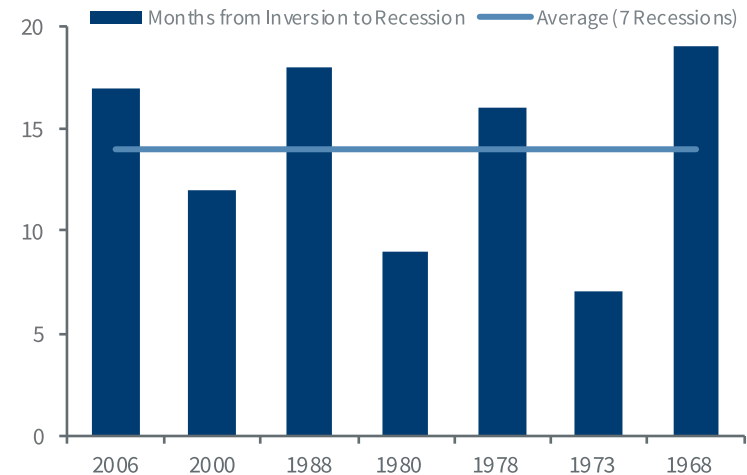
In the US, yields on Treasuries with long-term maturities fell more than those with short-term maturities, causing several key points along the Treasury yield curve to invert. The spreads between the 2-year/10-year, 3-month/10-year, and 30-year/3-month Treasuries all inverted over the course of the last quarter (see chart). While inversions in each of these spreads have all been considered early recessionary signals, the 2-year/10-year spread is the most closely watched and quoted of the three. Unsurprisingly, the inversion of the 2-year/10-year triggered a significant selloff in equities in August (see *Déjà Volatility*, p. 4). Though two recessions are never the same and the circumstances surrounding their rise never repeat, history has shown that they often rhyme. In the case of the 2-year/10-year spread, it has inverted before each of the last seven recessions over the past half century. Following the inversion, a recession begins within 14 months on average over this observation period; however, there have been instances where it has taken as little as 7 months or as long as 19 months (see chart). While many are quick to point out that there are a number of novel factors in play (including the proliferation of negative interest rates in most other developed economies around the globe), deteriorating economic data and the continued fallout of the ongoing trade war between US and China would suggest that both the US and the global economy are on less firm footing than previously believed.

THE PROOF IS IN THE SPREAD



Source: FactSet as of 10/15/2019 (In basis points)

THE FINAL COUNTDOWN?



Source: FactSet, US Treasury, Author’s Calculations as of 10/15/2019 (Dates represent year in which the 10-year/2-year Treasury spread inverted)

¹Update: Despite securing a renegotiated deal with the EU, Prime Minister Boris Johnson's Brexit plan failed to pass a vote in Parliament on October 19. Mr. Johnson was then compelled (under the terms of the Benn Act) to request an extension from the EU, which he ultimately did so begrudgingly. As a result, the state of Brexit remains in limbo.

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BROAD ASSET CLASSES

U.S. EQUITY | Russell 3000 Total Return Index: This index represents 3000 large U.S. companies, ranked by market capitalization. It represents approximately 98% of the U.S. equity market. This index includes the effects of reinvested dividends.

NON-U.S. EQUITY | MSCI ACWI Ex USA Net Return Index: The index is a market-capitalization-weighted index maintained by Morgan Stanley Capital International (MSCI) and designed to provide a broad measure of stock performance throughout the world, with the exception of U.S.-based companies. The index includes both developed and emerging markets.

GLOBAL REAL ESTATE | FTSE EPRA/NAREIT Global Net Return Index: This index is designed to track the performance of listed real estate companies and REITs in both developed and emerging markets. By making the index constituents free-float adjusted, liquidity, size and revenue screened, the series is suitable for use as the basis for investment products. Prior to 2009, this asset class was represented by the NASDAQ Global Real Estate Index.

CASH & CASH ALTERNATIVES | FTSE 3 Month U.S. Treasury-Bill Total Return Index: This index is a measurement of the movement of 3-month T-Bills. The income used to calculate the monthly return is derived by subtracting the original amount invested from the maturity value.

FIXED INCOME | Bloomberg Barclays Capital Aggregate Bond Total Return Index: This index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

COMMODITIES | Bloomberg Commodity Total Return Index: The index tracks prices of futures contracts on physical commodities on the commodity markets. The index is designed to minimize concentration in any one commodity or sector. It currently has 22 commodity futures in seven sectors. No one commodity can compose less than 2% or more than 15% of the index, and no sector can represent more than 33% of the index (as of the annual weightings of the components). The weightings for each commodity included in the Bloomberg Commodity Index are calculated in accordance with rules that ensure that the relative proportion of each of the underlying individual commodities reflects its global economic significance and market liquidity. Annual rebalancing and reweighting ensure that diversity is maintained over time.

BLENDED PORTFOLIO | Blended Portfolio Allocation: 45% U.S. Equity / 15% Non-U.S. Equity / 40% Fixed Income (as defined above).

DOMESTIC EQUITY

LARGE GROWTH | Russell 1000 Growth Total Return Index: This index represents a segment of the Russell 1000 Index with a greater-than-average growth orientation. Companies in this index have higher price-to-book and price-earnings ratios, lower dividend yields and higher forecasted growth values. This index includes the effects of reinvested dividends.

MID GROWTH | Russell Mid Cap Growth Total Return Index: This index contains stocks from the Russell Midcap Index with a greater-than-average growth orientation. The stocks are also members of the Russell 1000 Growth Index. This index includes the effects of reinvested dividends.

SMALL GROWTH | Russell 2000 Growth Total Return Index: This index represents a segment of the Russell 2000 Index with a greater-than-average growth orientation. The combined market capitalization of the Russell 2000 Growth and Value Indices will add up to the total market cap of the Russell 2000. This index includes the effects of reinvested dividends.

LARGE BLEND | Russell 1000 Total Return Index: This index represents the 1000 largest companies in the Russell 3000 Index. This index is highly correlated with the S&P 500 Index. This index includes the effects of reinvested dividends.

MID BLEND | Russell Mid Cap Total Return Index: This index consists of the bottom 800 securities in the Russell 1000 Index as ranked by total market capitalization. This index includes the effects of reinvested dividends.

SMALL BLEND | Russell 2000 Total Return Index: This index covers 2000 of the smallest companies in the Russell 3000 Index, which ranks the 3000 largest U.S. companies by market capitalization. The Russell 2000 represents approximately 10% of the Russell 3000 total market capitalization. This index includes the effects of reinvested dividends.

LARGE VALUE | Russell 1000 Value Total Return Index: This index represents a segment of the Russell 1000 Index with a less-than-average growth orientation. Companies in this index have low price-to-book and price-earnings ratios, higher dividend yields and lower forecasted growth values. This index includes the effects of reinvested dividends.

DOMESTIC EQUITY (CONT.)

MID VALUE | Russell Mid Cap Value Total Return Index: This index contains stocks from the Russell Midcap Index with a less-than-average growth orientation. The stocks are also members of the Russell 1000 Value Index. This index includes the effects of reinvested dividends.

SMALL VALUE | Russell 2000 Value Total Return Index: This index represents a segment of the Russell 2000 Index with a less-than-average growth orientation. The combined market capitalization of the Russell 2000 Growth and Value Indices will add up to the total market cap of the Russell 2000. This index includes the effects of reinvested dividends.

FIXED INCOME

AGGREGATE BOND | Bloomberg Barclays US Agg Bond Total Return Index: The index is a measure of the investment grade, fixed-rate, taxable bond market of roughly 6,000 SEC-registered securities with intermediate maturities averaging approximately 10 years. The index includes bonds from the Treasury, Government-Related, Corporate, MBS, ABS, and CMBS sectors.

HIGH YIELD | Bloomberg Barclays US Corporate High Yield Total Return Index: The index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below.

CREDIT | Bloomberg Barclays U.S. Credit Total Return Index: The index measures the investment grade, US dollar-denominated, fixed-rate, taxable corporate and government related bond markets. It is composed of the US Corporate Index and a non-corporate component that includes foreign agencies, sovereigns, supnationals and local authorities.

SHORT-TERM BOND | Bloomberg Barclays US Govt/Credit 1-3 Yr Total Return Index: The index is the 1-3 year component of the Bloomberg Barclays U.S. Government/Credit Index. The Bloomberg Barclays U.S. Government/Credit Index covers treasuries, agencies, publicly issued U.S. corporate and foreign debentures and secured notes that meet specified maturity, liquidity, and quality requirements.

LONG-TERM BOND | Bloomberg Barclays US Govt/Credit Long Total Return Index: The index is a measure of domestic fixed income securities, including Treasury issues and corporate debt issues, that are rated investment grade (Baa by Moody's Investors Service and BBB by Standard and Poor's) and with maturities of ten years or greater.

MBS | Bloomberg Barclays US MBS Total Return Index: The index tracks agency mortgage backed pass-through securities (both fixed-rate and hybrid ARM) guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). The index is constructed by grouping individual TBA-deliverable MBS pools into aggregates or generics based on program, coupon and vintage.

TREASURY | Bloomberg Barclays US Treasury Total Return Index: The index measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury. Treasury bills are excluded by the maturity constraint, but are part of a separate Short Treasury Index.

U.S. TIPS | Bloomberg Barclays US Treasury US TIPS Total Return Index: The index includes all publicly issued, U.S. Treasury inflation-protected securities that have at least one year remaining to maturity, are rated investment grade, and have \$250 million or more of outstanding face value.

GLOBAL BOND EX U.S. | Bloomberg Barclays Gbl Agg Ex USD Total Return Index: The index provides a broad-based measure of the global investment grade fixed-rate debt markets, excluding the United States. Currency exposure is hedged to the US dollar.

T-BILLS | FTSE Treasury Bill 3 Mon Total Return Index: This index is a measurement of the movement of 3-month T-Bills. The income used to calculate the monthly return is derived by subtracting the original amount invested from the maturity value.

EMERGING MKT BOND | J.P. Morgan EMBI Plus Total Return Index: The index tracks total returns for traded external debt instruments (external meaning foreign currency denominated fixed income) in the emerging markets.

AGENCY | Bloomberg Barclays US Agency Total Return Index: The index includes native currency agency debentures from issuers such as Fannie Mae, Freddie Mac, and Federal Home Loan Bank. It is a subcomponent of the Government-Related Index (which also includes non-native currency agency bonds, sovereigns, supnationals, and local authority debt) and the U.S. Government Index (which also includes U.S. Treasury debt). The index includes callable and non-callable agency securities that are publicly issued by U.S. government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the U.S. government (such as USAID securities).

FIXED INCOME (CONT.)

MUNICIPAL | Bloomberg Barclays Municipal Total Return Index: The index is a measure of the long-term tax-exempt bond market with securities of investment grade (rated at least Baa by Moody's Investors Service and BBB by Standard and Poor's). This index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds.

INTERNATIONAL EQUITY

EMERGING MARKETS EASTERN EUROPE | MSCI EM Eastern Europe Net Return Index: The index captures large and mid cap representation across 4 Emerging Markets (EM) countries in Eastern Europe. With 50 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

EMERGING MARKETS ASIA | MSCI EM Asia Net Return Index: The index captures large and mid cap representation across 8 Emerging Markets countries. With 554 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

EMERGING MARKETS LATIN AMERICA | MSCI EM Latin America Net Return Index: The index captures large and mid cap representation across 5 Emerging Markets (EM) countries in Latin America. With 116 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

EMERGING MARKETS | MSCI Emerging Markets Net Return Index: This index consists of 23 countries representing 10% of world market capitalization. The index is available for a number of regions, market segments/sizes and covers approximately 85% of the free float-adjusted market capitalization in each of the 23 countries.

PACIFIC EX-JAPAN | MSCI Pacific Ex Japan Net Return Index: The index captures large and mid cap representation across 4 of 5 Developed Markets (DM) countries in the Pacific region (excluding Japan). With 150 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

UNITED KINGDOM | MSCI Pacific Ex Japan Net Return Index: The index captures large and mid cap representation across 4 of 5 Developed Markets (DM) countries in the Pacific region (excluding Japan). With 150 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

U.S. LARGE CAP | S&P 500 Total Return Index: The index is widely regarded as the best single gauge of large-cap U.S. equities. There is over USD 7.8 trillion benchmarked to the index, with index assets comprising approximately USD 2.2 trillion of this total. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

JAPAN | MSCI Japan Net Return Index: The index is designed to measure the performance of the large and mid cap segments of the Japanese market. With 319 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan.

FOREIGN DEVELOPED MARKETS | MSCI EAFE Net Return Index: This index is designed to represent the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the U.S. and Canada. The index is available for a number of regions, market segments/sizes and covers approximately 85% of the free float-adjusted market capitalization in each of the 21 countries.

EUROPE EX UK | MSCI Europe Ex UK Net Return Index: The index captures large and mid cap representation across 14 Developed Markets (DM) countries in Europe. With 337 constituents, the index covers approximately 85% of the free float-adjusted market capitalization across European Developed Markets excluding the UK.

EQUITY SECTORS

ENERGY | S&P 500 Sec/Energy Total Return Index: The S&P 500® Energy Index comprises those companies included in the S&P 500 that are classified as members of the GICS® Energy sector.

MATERIALS | S&P 500 Sec/Materials Total Return Index: The S&P 500® Materials Index comprises those companies included in the S&P 500 that are classified as members of the GICS® Materials sector.

UTILITIES | S&P 500 Sec/Utilities Total Return Index: The S&P 500® Utilities Index comprises those companies included in the S&P 500 that are classified as members of the GICS® Utilities sector.

INFO TECH | S&P 500 Sec/Information Technology Total Return Index: The S&P 500® Info Tech Index comprises those companies included in the S&P 500 that are classified as members of the GICS® Info Tech sector.

EQUITY SECTORS (CONT.)

CONS STAPLES | S&P 500 Sec/Cons Staples Total Return Index: The S&P 500® Consumer Staples Index comprises those companies included in the S&P 500 that are classified as members of the GICS® consumer staples sector.

COMM SERVICES | S&P 500 Sec/Comm Services Total Return Index: The S&P 500® Communication Services Index comprises those companies included in the S&P 500 that are classified as members of the GICS® communication services sector.

INDUSTRIALS | S&P 500 Sec/Industrials Total Return Index: The S&P 500® Industrials Index comprises those companies included in the S&P 500 that are classified as members of the GICS® Industrials sector.

HEALTH CARE | S&P 500 Sec/Health Care Total Return Index: The S&P 500® Health Care Index comprises those companies included in the S&P 500 that are classified as members of the GICS® Health Care sector.

S&P 500 | S&P 500 Total Return Index: The index is widely regarded as the best single gauge of large-cap U.S. equities. There is over USD 7.8 trillion benchmarked to the index, with index assets comprising approximately USD 2.2 trillion of this total. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

CONS DISC | S&P 500 Sec/Cons Disc Total Return Index: The S&P 500® Consumer Discretionary Index comprises those companies included in the S&P 500 that are classified as members of the GICS® Consumer Discretionary sector.

REAL ESTATE | S&P 500 Sec/Real Estate Total Return Index: The S&P 500® Real Estate Index comprises those companies included in the S&P 500 that are classified as members of the GICS® Real Estate sector.

FINANCIALS | S&P 500 Sec/Financials Total Return Index: The S&P 500® Financials Index comprises those companies included in the S&P 500 that are classified as members of the GICS® Financials sector.

Appendix

Portfolio and Individual Account Investment Returns

Due to the IPS change in March 2016, periods beginning prior to 3/31/16 do not reflect current investments and are omitted.

	Market Value	Current Allocation	One-Month	Three-Month	Six-Month	YTD	One-Year	Two-Year	Three-Year	Five-Year	Seven-Year	Inception
									Information as of:		9/30/2019	
Overall Portfolio	\$28,826,143		1.16%	2.12%	8.01%	18.81%	8.41%	8.68%	9.75%	-	-	-
Basic Benchmark*			1.17%	1.87%	5.88%	16.62%	6.40%	9.06%	10.11%	-	-	-
Alternative Benchmark*			1.29%	1.30%	5.11%	14.69%	5.61%	7.07%	8.50%	-	-	-
Individual Stock Account	\$16,180,448	56%	0.96%	2.83%	10.98%	24.95%	11.33%	13.12%	14.44%	-	-	-
Index: S&P 500			1.87%	1.70%	6.08%	20.55%	4.25%	10.87%	13.39%	-	-	-
Clarkston SMID-Cap Equity	\$3,176,740	11%	3.67%	1.49%	4.66%	15.87%	3.10%	5.99%	8.16%	-	-	-
Index: Russell 2000			2.08%	-2.40%	-0.36%	14.18%	-8.89%	2.47%	8.23%	-	-	-
Boston Company Int'l Equity	\$2,186,731	8%	2.48%	-1.30%	2.35%	12.46%	-3.01%	0.17%	6.36%	-	-	-
Index: MSCI EAFE			2.87%	-1.07%	2.57%	12.80%	-1.34%	0.68%	6.48%	-	-	-
Individual Bond Account	\$7,282,224	25%	0.07%	1.76%	4.38%	8.77%	8.11%	3.68%	2.35%	-	-	-
Index: Bloomberg Barclays US Int Credit			-0.23%	1.70%	4.74%	8.46%	9.27%	4.21%	3.33%	-	-	-

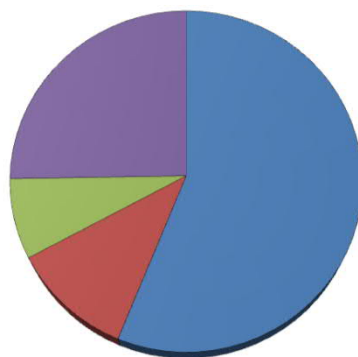
*The Basic Benchmark is weighted to the Standard & Poor's 500 Index and the Bloomberg Barclays US Aggregate Bond Index based on the actual portfolio allocation. The Alternative Benchmark is weighted among the Standard & Poor's 500 Index, the Bloomberg Barclays US Aggregate Bond Index, the Russell 2000 Index, the MSCI EAFE Index, the Bloomberg Barclays US Intermediate Credit Index, the Bloomberg Barclays US 1-3 Year Government/Credit Index, the Citi 1-Month Treasury Bill Index, the S&P GSCI Gold Spot Index, and the PHLX Gold & Silver Index based on the actual portfolio allocation.

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Investment Returns By Account

Account	Value	Weighting	Contribution to Overall Portfolio Return			
			Third Quarter	Year-to-Date	One-Year	Three-Year
Individual Stock Account (large company stocks)	\$16,180,448	56%	1.59%	14.00%	6.36%	8.11%
Clarkston SMID-Cap Equity (small/mid company stocks)	\$3,176,740	11%	0.16%	1.75%	0.34%	0.90%
Boston Company International Equity (foreign stocks)	\$2,186,731	8%	-0.10%	0.95%	-0.23%	0.48%
Individual Bond Account (fixed income)	\$7,282,224	25%	0.44%	2.22%	2.05%	0.59%
Overall Portfolio	\$28,826,143		2.12%	18.81%	8.41%	9.75%

Composition by Account



- Individual Stock Account (large company stocks)
- Clarkston SMID-Cap Equity (small/mid company stocks)
- Boston Company International Equity (foreign stocks)
- Individual Bond Account (fixed income)

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Hickok & Boardman Financial Planning is not a registered broker/dealer and is independent of Raymond James Financial Services, Inc., member FINRA/SIPC

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You should discuss any tax or legal matters with the appropriate professional.

RAYMOND JAMES®

Securities offered through Raymond James Financial Services, Inc. Investment advisory services offered through Hickok & Boardman Financial Planning, Inc. and Raymond James Financial Services Advisors, Inc.



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INDEX DEFINITIONS

S&P 500 - an index that includes 500 leading companies in leading industries of the U.S. economy. Although the S&P 500® focuses on the large cap segment of the market, with approximately 75% coverage of U.S. equities, it is generally considered representative of the U.S. stock market.

MSCI EAFE - an index comprised of stocks in Europe, Australasia, and the Far East and is generally considered representative of the international stock market. International investing involves special risks including currency fluctuations, differing financial accounting standards, and possible political and economic volatility.

MSCI Emerging Markets (EM) - an index comprised of approximately 1,200 large and mid-cap companies across 26 emerging markets countries. International investing involves special risks including currency fluctuations, differing financial accounting standards, and possible political and economic volatility.

Russell 2000 - an index comprised of approximately 2,000 of the smallest companies of the Russell 3000 index (which represents the largest 3,000 companies). Small cap stocks generally involve greater risks, and therefore, may not be appropriate for every investor.

NASDAQ Composite - a market value weighted index of all common stocks listed on the NASDAQ system.

Bloomberg Barclays US Aggregate Bond - The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and nonagency).

S&P MidCap 400 - a market capitalization-weighted index composed of 400 stocks, including reinvestment of dividends, that is generally considered representative of mid-sized US companies.

S&P SmallCap 600 - a market capitalization-weighted index composed of 600 stocks, including reinvestment of dividends, that is generally considered representative of small-sized US companies.

S&P U.S. Preferred Stock - an index of US preferred stocks that trade on various NYSE and NASDAQ exchanges with a market cap of over \$100 million USD. Preferred stocks are a class of capital stock that pays dividends at a specified rate and has a preference over common stock in the payment of dividends and the liquidation of assets.

FTSE Global All Cap ex US - an index comprised of large, mid and small cap stocks global excluding the US. The index is derived from the FTSE Global Equity Index Series (GEIS), which covers 98% of the world's investable market capitalization. International investing involves special risks including currency fluctuations, differing financial accounting standards, and possible political and economic volatility.

PHLX Gold & Silver - an index comprised of thirty precious metal mining companies that are traded on the Philadelphia Stock Exchange. Gold is subject to the special risks associated with investing in precious metals, including but not limited to: price may be subject to wide fluctuation; the market is relatively limited; the sources are concentrated in countries that have the potential for instability; and the market is unregulated.

Balanced Benchmark - a calculated weighted benchmark comprised of 60% S&P 500 Index and 40% Bloomberg Barclays US Aggregate Bond Index. Inclusion of indexes is for illustrative purposes only. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investor's results will vary. Past performance does not guarantee future results.

SECURITIES DEFINITIONS

U.S. Government Bonds and Treasury Bills - Debt obligations issued and guaranteed by the U.S. government which, if held to maturity, offer a fixed rate of interest and guaranteed principal value. U.S. government bonds are issued and guaranteed as to the timely payment of principal and interest by the federal government. Treasury bills are certificates reflecting short-term (less than one-year) obligations of the U. S. government.

CDs - Time deposits offering FDIC insurance and a fixed rate of interest. Both principal and yield of investment securities will fluctuate with changes in market conditions. The current FDIC deposit insurance amount is \$250,000 per depositor, per insured bank, for each account ownership category.

Corporate Bonds - Debt obligations of the issuing corporation offering a fixed rate of interest. Both principal and yield of investment securities will fluctuate with changes in market conditions. There is an inverse relationship between interest rate movements and bond prices. Generally, when interest rates rise, bond prices fall and when interest rates fall, bond prices generally rise.

INVESTMENT STYLE DESCRIPTIONS

Growth Investing - A style of investment strategy. Those who follow this style, known as *growth investors*, invest in companies that exhibit signs of above-average growth, even if the share price appears expensive in terms of metrics such as price-to-earning or price-to-book ratios.

Value Investing - A style of investment strategy from the so-called "Graham & Dodd" School. Followers of this style, known as *value investors*, generally invest in companies whose shares appear underpriced by some forms of fundamental analysis

Blend Investing - Some mutual funds invest in stocks from both the growth and the value styles. This may provide style diversification within one fund.

RAYMOND JAMES®

Portfolio Snapshot Report

Disclosure Statement

General

Investment portfolios illustrated in this report can be scheduled or unscheduled. With an "unscheduled" portfolio, the user inputs only the portfolio holdings and their current allocations. Morningstar calculates returns using the given allocations assuming monthly rebalancing. Taxes, loads, and sales charges are not taken into account.

With "scheduled" portfolios, users input the date and amount for all investments into and withdrawals from each holding, as well as tax rates, loads, and other factors that would have affected portfolio performance. A hypothetical illustration is one type of scheduled portfolio.

Both scheduled and unscheduled portfolios are theoretical, for illustrative purposes only, and are not reflective of an investor's actual experience. For both scheduled and unscheduled portfolios, the performance data given represents past performance and should not be considered indicative of future results. Principal value and investment return of stocks, mutual funds, and variable annuity/life products will fluctuate, and an investor's shares/units when redeemed will be worth more or less than the original investment. Stocks, mutual funds, and variable annuity/life products are not FDIC-insured, may lose value, and are not guaranteed by a bank or other financial institution. Portfolio statistics change over time.

Used as supplemental sales literature, the Portfolio Snapshot report must be preceded or accompanied by the fund/policy's current prospectus or equivalent. In all cases, this disclosure statement should accompany the Portfolio Snapshot report. Morningstar is not itself a FINRA-member firm.

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. Investment in securities involve investment risks including possible loss of principal and fluctuation in value.

The information contained in this report is from the most recent information available to Morningstar as of the release date, and may or may not be an accurate reflection of the current composition of the securities included in the portfolio. There is no assurance that the weightings, composition and ratios will remain the same.

Items to Note Regarding Certain Underlying Securities

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 such as the New York Stock Exchange. 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.

An exchange-traded fund (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, ETFs can be traded on a secondary market and thus have a market price that may be higher or lower than its net asset value. If these shares trade at a price

above their NAV, they are said to be trading at a premium. Conversely, if they are trading at a price below their NAV, they are said to be trading at a discount.

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. Although the money market seeks to preserve a stable per share value (i.e. \$1.00 per share), it is possible to lose money by investment in the fund.

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.

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. If the variable annuity subaccount is invested in a money-market fund, although it seeks to preserve a stable per share value (i.e. \$1.00 per share), it is possible to lose money by investment in the fund.

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. If the variable life subaccount is invested in a money-market fund, although it seeks to preserve a stable per share value (i.e. \$1.00 per share), it is possible to lose money by investment in the fund.

Pre-inception Returns

The analysis in this report may be based, in part, on adjusted historical returns for periods prior to the fund's actual inception. These calculated returns reflect the historical performance of the oldest share class of the fund, adjusted to reflect the fees and expenses of this share class. These fees and expenses are referenced in the report's list of holdings and again on the standardized returns page. When pre-inception data are presented in the report, the header at the top of the report will indicate this and the affected data elements will be displayed 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 between a retail share class will vary from that of an institutional share class, as retail shares tend to have higher operating expenses and sales charges. These adjusted historical returns are not actual returns. Calculation methodologies utilized by Morningstar may differ from those applied by other entities, including the fund itself.

Portfolio Snapshot Report Disclosure Statement (continued)

Scheduled Portfolio Trailing Returns

Scheduled Portfolios are customized by the user to account for loads, taxes, cash flows, and specific investment dates. Scheduled portfolios use the portfolio's investment history to calculate final market values and returns. For scheduled portfolios, both individual holding and portfolio returns are internal-rate-of-return calculations that reflect the timing and dollar size of all purchases and sales. For stocks and mutual funds, sales charges and tax rates are taken into account as specified by the user (except in the pre-tax returns, which reflect the impact of sales charges but not taxes). Note that in some scheduled portfolio illustrations, dividends and capital gains distributions, if applicable, are reinvested at the end of the month in which they are made at the month-end closing price. This can cause discrepancies between calculated returns and actual investor experience.

Scheduled Portfolio Returns-Based Performance Data

For scheduled portfolios, the monthly returns used to calculate alphas, betas, R-squareds, standard deviations, Sharpe ratios, and best/worst time-period data are internal rates of return.

Important VA Disclosure for Scheduled Portfolios

For variable annuity products, policy level charges (other than front-end loads, if input by the advisor) are not factored into returns. When withdrawals and liquidations are made, increases in value over the purchase price are taxed at the capital gains rate that currently is in effect. This is not reflective of the actual tax treatment for these products, which requires the entire withdrawal to be taxed at the income tax rate. If adjusted for sales charges and the effects of taxation, the subaccount returns would be reduced.

Scheduled Portfolio Investment Activity Graph

The historic portfolio values that are graphed are those used to track the portfolio when calculating returns.

Unscheduled Portfolio Returns

Monthly total returns for unscheduled portfolios are calculated by applying the ending period holding weightings supplied by the user to an individual holding's monthly returns. When monthly returns are unavailable for a holding (ie. Due to it not being in existence during the historical period being reported), the remaining portfolio holdings are re-weighted to maintain consistent proportions. Inception dates are listed in the Disclosure for Standardized and Tax Adjusted Returns. Trailing returns are calculated by geometrically linking these weighted-average monthly returns. Unscheduled portfolio returns thus assume monthly rebalancing. Returns for individual holdings are simple time-weighted trailing returns. Neither portfolio returns nor holding returns are adjusted for loads or taxes, and if adjusted for, would reduce the returns stated. The returns stated assume the reinvestment of dividends and capital gains. Mutual fund returns include all ongoing fund expenses. VA/VL returns reflect subaccount level fund expenses, including M&E expenses, administration fees, and actual ongoing fund level expenses.

Unscheduled Portfolio Investment Activity Graph

The historic performance data graphed is extrapolated from the ending portfolio value based on the monthly returns.

Benchmark Returns

Benchmark returns may or may not be adjusted to reflect ongoing expenses such as sales charges. An investment's portfolio may differ significantly from the securities in the benchmark.

Returns for custom benchmarks are calculated by applying user-supplied weightings to each benchmark's returns every month. Trailing returns are calculated by geometrically linking these weighted-average monthly returns. Custom benchmark returns thus assume monthly rebalancing.

Standardized Returns

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

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 VA subaccounts, standardized return is total return based on its 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 brokers 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.

Non-Standardized Returns

For mutual funds, total return is not adjusted for sales charges and reflects all ongoing fund expenses for various time periods. These returns assume reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the mutual fund returns would be reduced. Please note these returns can include pre-inception data and if included, this data will be represented in italics.

For money market funds, total return is not adjusted for sales charges and reflects all ongoing fund expenses for various time periods. These returns assume reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the money market returns would be reduced.

For VA and VL subaccounts, non-standardized returns illustrate performance that 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, administrative fees and underlying fund-level expenses for various time periods. Non-Standardized performance returns assume reinvestment of dividends and capital gains. If adjusted for the effects of taxation, the subaccount returns would be significantly reduced. Please note that these returns can include pre-inception data and if included, this data will be represented in italics.

Investment Advisory Fees

The investment(s) returns do not necessarily reflect the deduction of all investment advisory fees. Client investment returns will be reduced if additional advisory fees are incurred such as deferred loads, redemption fees, wrap fees, or other account charges.

Portfolio Snapshot Report Disclosure Statement (continued)

Investment Style

The Morningstar Style Box combines the various funds investment strategies. For the equity style box, the vertical axis shows the market capitalization of the stocks owned and the horizontal axis shows investment style (value, blend, or growth). For the fixed-income style box, the vertical axis shows the average credit quality of the bonds owned and the horizontal axis shows interest rate sensitivity as measured by a bond's duration (short, intermediate, or long).

Risk and Return

Standard deviation is a statistical measure of the volatility of a portfolio's returns around its mean.

Sharpe ratio uses a portfolio's standard deviation and total return to determine reward per unit of risk.

Alpha measures the difference between a portfolio's actual returns and its expected performance, given its beta and the actual returns of the benchmark index. Alpha is often seen as a measurement of the value added or subtracted by a portfolio's manager.

Beta is a measure of the degree of change in value one can expect in a portfolio given a change in value in a benchmark index. A portfolio with a beta greater than one is generally more volatile than its benchmark index, and a portfolio with a beta of less than one is generally less volatile than its benchmark index.

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

Fundamental Analysis

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

The median market capitalization of a subaccount's equity portfolio gives you a measure of the size of the companies in which the subaccount invests.

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

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

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

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

The return on assets (ROA) is the percentage a company earns on its assets in a given year. The calculation is net income divided by end-of-year total assets, multiplied by 100.

The Return on Equity (ROE) is the percentage a company earns on its shareholders' equity in a given year. The calculation is net income divided by end-of-year net worth, multiplied by 100.

Market Maturity shows the percentage of a holding's common stocks that are domiciled in developed and emerging markets.

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

The average credit quality is derived by taking the weighted average of the credit rating for each bond in the portfolio.

Average maturity is used for holdings in the taxable fixed-income category, this 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. Credit quality breakdowns are shown for corporate-bond holdings and depicts the quality of bonds in the underlying portfolio. The analysis reveals the percentage of fixed-income securities that fall within each credit-quality rating as assigned by Standard & Poor's or Moody's. (debt). This figure is not provided for financial companies.

Debt as a percentage of capital is calculated by dividing long-term debt by total capitalization (the sum of common equity plus preferred equity plus long-term debt). This figure is not provided for financial companies.

Duration is a time measure of a bond's interest-rate sensitivity.

Net Margin is a measure of profitability. It is equal to annual net income divided by revenues from the same period for the past five fiscal years, multiplied by 100.

Type Weightings divide the stocks in a given holding's portfolio into eight type designations each of which defines a broad category of investment characteristics. Not all stocks in a given holding's portfolio are assigned a type. These stocks are grouped under NA.

The below referenced data elements listed below are a weighted average of the total holdings in the portfolio.

The average expense ratio is the percentage of assets deducted each year for operating expenses, management fees, and all other asset-based costs incurred by the fund, excluding brokerage fees. Please note for mutual funds, variable annuities/life, ETF and closed-end funds we use the gross prospectus ratio as provided in the prospectus. For separate accounts and stocks we pull the audited expense ratio from the annual report.

Potential capital gains exposure is the percentage of a holding's total assets that represent capital appreciation.

Investment Risk

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

Market Risk: The market prices of ETF's can fluctuate as to the 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 ETF market price.

Portfolio Snapshot Report Disclosure Statement (continued)

International Emerging Market Funds/Subaccounts: The investor should note that funds and subaccounts that invest in international securities take on 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 normally accentuates these risks.

Sector Funds/Subaccounts: The investor should note that funds and subaccounts 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 Funds/Subaccounts: The investor should note that funds or subaccounts that invest more of their assets in a single issuer involve additional risks, including share price fluctuations, because of the increased concentration of investments.

Small Cap Funds/Subaccounts: The investor should note that funds and subaccounts 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 price volatility than the overall market average.

Mid Cap Funds/Subaccounts: The investor should note that funds and subaccounts that invest in companies with market capitalizations below \$10 billion involve additional risks. The securities of these companies may be more volatile and less liquid than the securities of larger companies.

High-Yield Bond Funds/Subaccounts: The investor should note that funds and subaccounts 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 Bond Funds: 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.