Investment Review

The Episcopal Diocese of Vermont

December 31, 2018

Prepared by:

Michael McCormack, CFP®
Registered Representative, RJFS

B. Peter Trottier
Registered Principal, RJFS

Brigette White, CFP®
Registered Representative, RJFS

Advisors in Financial Planning, Inc.
An Independent Registered Investment Advisor
346 Shelburne Road, P.O. Box 1064
Burlington, VT 05402-1064
Tel: (802) 863-5534

Quarterly Performance Summary

The Episcopal Diocese Unit fund was down 8.75% in the fourth quarter, resulting in investment losses of approximately $2,376,169. There were a number of sales during October and November to increase cash levels. In mid-October, two changes were made within the domestic stock exposure. With the exception of the International Equity Account's modest underperformance, the various equity assets outperformed their respective benchmarks by a noticeable margin. The Bond Account underperformed in relation to its benchmark due in part to the preferred stock exposure.

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.

Fourth Quarter 2018	
September 30, 2018 Value:	$27,592,561
Net Cash Flows:	($357,663)
Investment Loss:	($2,376,169)
December 31, 2018 Value:	$24,858,729
Fourth Quarter Return:	-8.75%
Basic Benchmark Return:*	-8.76%
Alternative Benchmark Return:*	-7.91%
Year-to-Date Period (12/31/2017 - 12/31/2018)	
Investment Loss:	($818,958)
Year-to-Date Return:	-3.83%
Basic Benchmark Return:*	-2.57%
Alternative Benchmark Return:*	-3.74%
One-Year Period (12/31/2017 - 12/31/2018)	
Investment Loss:	($818,958)
One-Year Return:	-3.83%
Basic Benchmark Return:*	-2.57%
Alternative Benchmark Return:*	-3.74%

*The Basic Benchmark is weighted to the Standard & Poor's 500 Index and the Barclays US Aggregate Bond Index based on the actual portfolio allocation. The Alternative Benchmark is weighted among the Standard & Poor's 500 Index, the Barclays US Aggregate Bond Index, the Russell 2000 Index, the MSCI EAFE Index, the Barclays US Intermediate Credit Index, the 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.

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.

Account Activity Summary

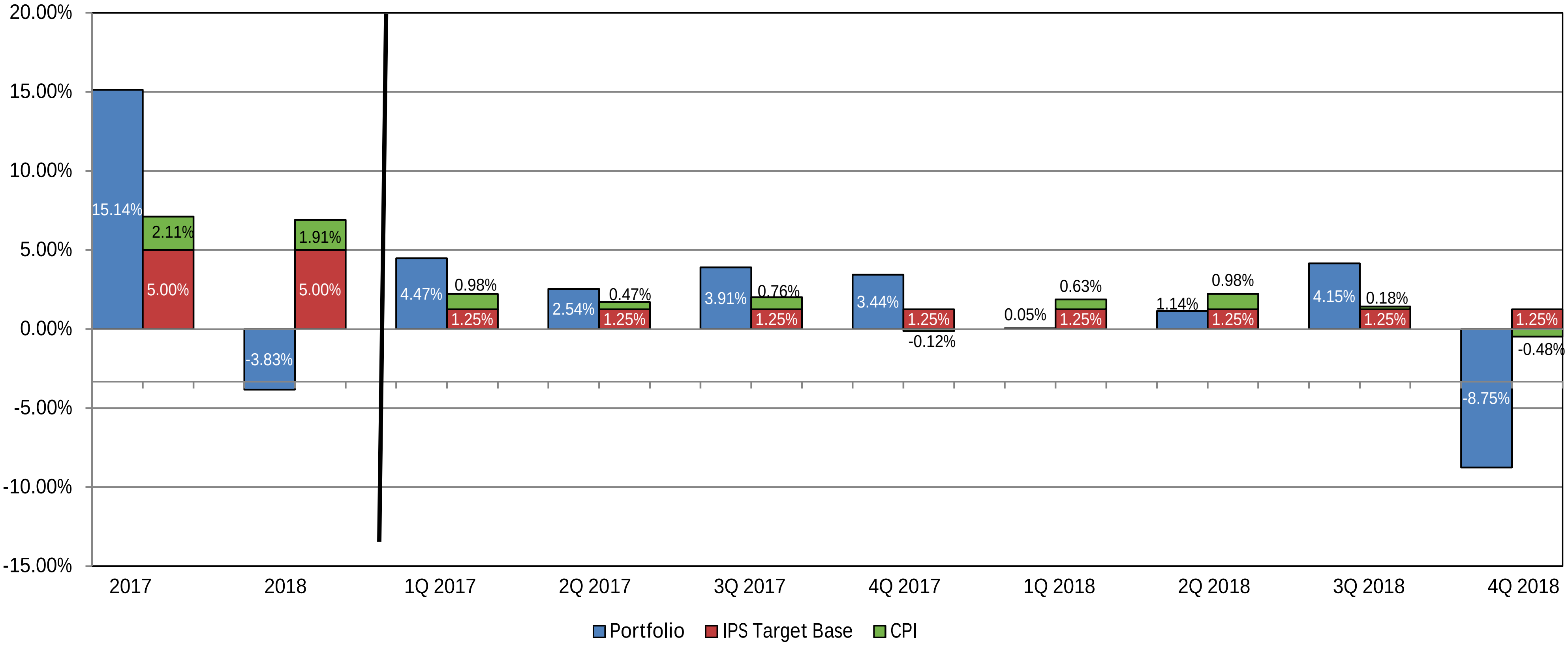
Due to the IPS change in March 2016, periods beginning prior to 3/31/16 do not reflect current investments and are omitted.

	Fourth Quarter	YTD	One-Year	Three-Year	Five-Year	Ten-Year
Beginning Market Value	$27,592,561	$26,798,502	$26,798,502	-	-	-
Contributions						
Parish Deposits	$16,617	$339,246	$339,246	-	-	-
Withdrawals						
Parish Withdrawals	($36,044)	($136,339)	($136,339)	-	-	-
Parish Dividends	($292,205)	($1,133,234)	($1,133,234)	-	-	-
Foreign Taxes Withheld	($1,202)	($10,130)	($10,130)	-	-	-
Management Expenses	($44,829)	($180,358)	($180,358)	-	-	-
Net Cash Flows	($357,663)	($1,120,815)	($1,120,815)	-	-	-
Income						
Interest / Dividends	$218,027	$797,557	$797,557	-	-	-
Gains (Losses)	($2,594,196)	($1,616,515)	($1,616,515)	-	-	-
Total Earnings	($2,376,169)	($818,958)	($818,958)	-	-	-
Ending Market Value	$24,858,729	$24,858,729	$24,858,729	-	-	-
Portfolio Return (Gross of Fees)	-8.61%	-3.26%	-3.26%	-	-	-
Management Expenses	-0.180%	-0.726%	-0.726%	-	-	-
Portfolio Return (Net of Fees)	-8.75%	-3.83%	-3.83%	-	-	-
Basic Benchmark Return	-8.76%	-2.57%	-2.57%	-	-	-
Alternative Benchmark Return	-7.91%	-3.74%	-3.74%	-	-	-

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 Barclays US Aggregate Bond Index based on the actual portfolio allocation. The Alternative Benchmark is weighted among the Standard & Poor's 500 Index, the Barclays US Aggregate Bond Index, the Russell 2000 Index, the MSCI EAFE Index, the Barclays US Intermediate Credit Index, the 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.

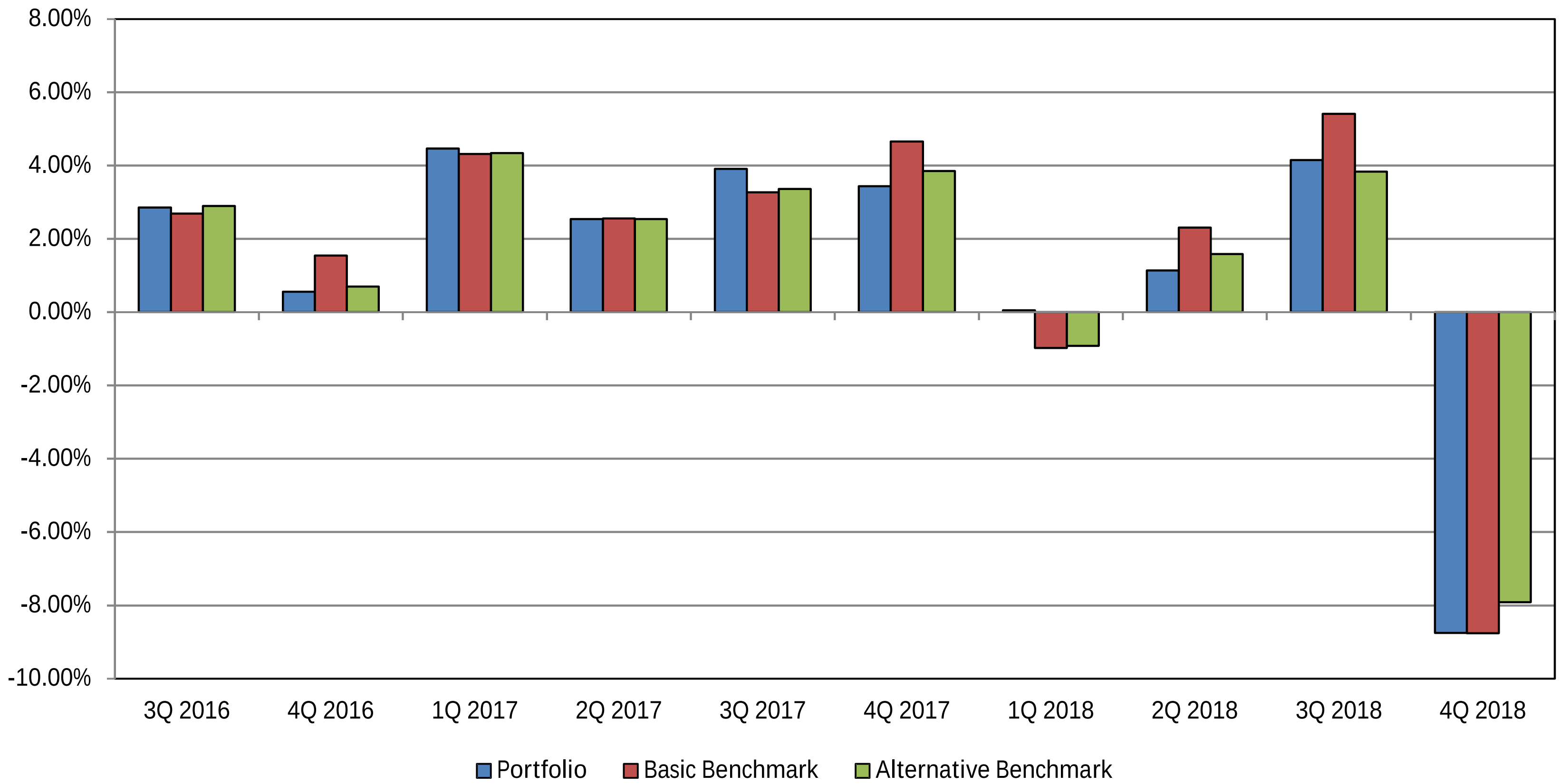
Quarterly Portfolio and IPS Target Returns

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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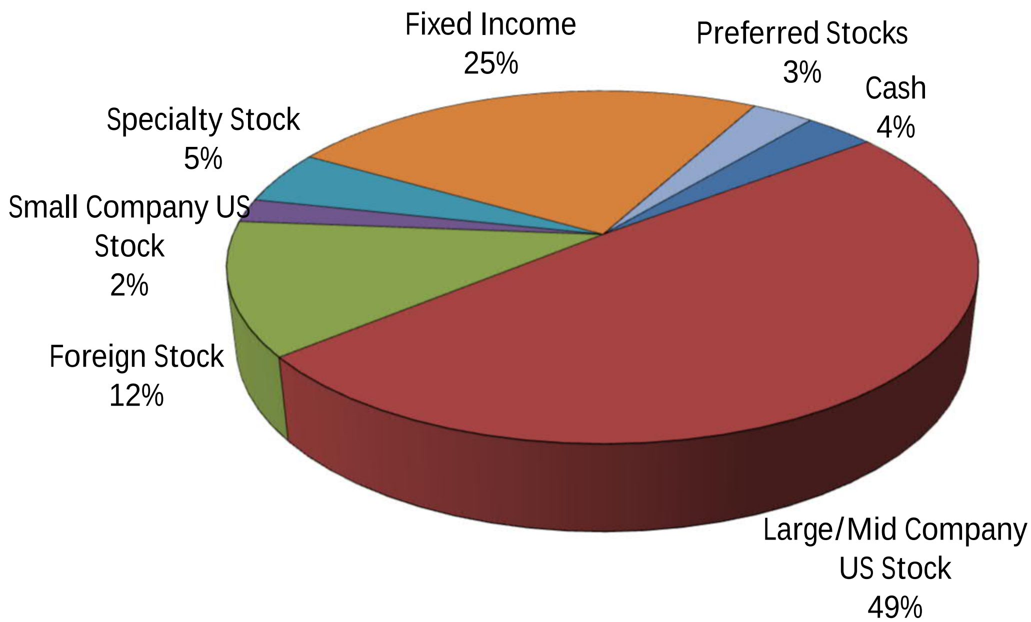
Portfolio Allocation

(69% Equities, 31% Fixed Investments)



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GLOBAL MARKET OBSERVATIONS

Quarterly Economic & Market Commentary
Q4 2018

Taylor Krystkowiak, Investment Strategy Analyst

IN THIS ISSUE:

RAYMOND JAMES

FOURTH QUARTER HIGHLIGHTS

DOMESTIC MARKETS

The ghosts of past trade and monetary policy, which had long beleaguered markets around the globe, seemed to have finally come back to visit domestic markets. The collateral damage caused by tariffs and a heavy-handed Federal Reserve seem to have finally caught up with American stocks.

Ghost of Market Past…
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DEVELOPED MARKETS

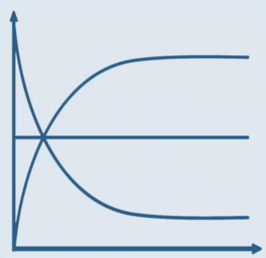
UK Prime Minister Theresa May has suffered yet another stunning (though unsurprising) setback in her bid to formalize Britain's exit from the European Union. In spite of the certainty of the vote, the path forward remains as uncertain as ever. Yet, Europe now faces a much more pervasive threat: slowing economic growth.

May-Day
Page 5

EMERGING MARKETS

Throughout the year, emerging markets have been facing the collateral consequences of hawkish Federal Reserve policy and the trade war between the U.S. and China. Since the U.S. government announced its first round of tariffs in February, share prices across the emerging world have come under significant pressure, particularly those in China.

Collateral Consequences
Page 6



CREDIT MARKETS

As volatility gripped the markets at the end of the year, investors fled from equities and flocked to government bonds. The Federal Reserve has raised its benchmark interest rate four times throughout 2018, which has flattened the yield curve substantially. While hawks have previously prevailed, it appears that a dovish détente has come home to roost.

Dovish Détente?
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ASSET CLASS RETURNS OVER Q4 2018 (%)

Returns for Key Indices – Trailing 12 Months and the Fourth Quarter of 2018 – Ranked in Order of Performance (Best to Worst)

BEST ↔ WORST

Broad Asset Class Total Returns

T12	Q4
Cash & Cash Alternatives **1.86**	U.S. Fixed Income **1.64**
U.S. Fixed Income **0.01**	Cash & Cash Alternatives **0.57**
Blended Portfolio **-4.03**	Global Real Estate **-5.01**
U.S. Equity **-5.24**	Blended Portfolio **-6.82**
Global Real Estate **-6.37**	Commodities **-9.41**
Commodities **-11.25**	Non-U.S. Equity **-11.46**
Non-U.S. Equity **-14.20**	U.S. Equity **-14.30**

Domestic Equity Total Returns

T12	Q4
Large Growth **-1.51**	Large Value **-11.72**
Mid Growth **-4.75**	Large Blend **-13.82**
Large Blend **-4.78**	Mid Value **-14.95**
Large Value **-8.27**	Mid Blend **-15.37**
Mid Blend **-9.06**	Large Growth **-15.89**
Small Growth **-9.31**	Mid Growth **-15.99**
Small Blend **-11.01**	Small Value **-18.67**
Mid Value **-12.29**	Small Blend **-20.20**
Small Value **-12.86**	Small Growth **-21.65**

S&P 500 Equity Sector Total Returns

T12	Q4
Health Care **6.47**	Utilities **1.36**
Utilities **4.11**	Real Estate **-3.83**
Cons Disc **0.83**	Cons Staples **-5.21**
Info Tech **-0.29**	Health Care **-8.72**
Real Estate **-2.22**	Materials **-12.31**
S&P 500 **-4.38**	Financials **-13.11**
Cons Staples **-8.38**	Comm. Serv. **-13.19**
Comm. Serv. **-12.53**	S&P 500 **-13.52**
Financials **-13.03**	Cons Disc **-16.42**
Industrials **-13.29**	Industrials **-17.29**
Materials **-14.70**	Info Tech **-17.34**
Energy **-18.10**	Energy **-23.78**

International Equity Total Returns

T12	Q4
EM Eastern Europe **-4.36**	EM Latin America **0.36**
U.S. Large Cap **-4.38**	EM Eastern Europe **-6.86**
EM Latin America **-6.57**	Emerging Markets **-7.47**
Pacific ex-Japan **-10.30**	Pacific ex-Japan **-7.94**
Japan **-12.88**	EM Asia **-9.29**
Developed Markets **-13.79**	United Kingdom **-11.78**
United Kingdom **-14.15**	Developed Markets **-12.54**
Emerging Markets **-14.58**	Europe ex-UK **-13.08**
Europe ex-UK **-15.14**	U.S. Large Cap **-13.52**
EM Asia **-15.45**	Japan **-14.23**

Fixed Income Total Returns

T12	Q4
T-Bill **1.86**	Treasury **2.57**
Short-Term Bond **1.60**	MBS **2.08**
Agency **1.34**	Agency **1.90**
Municipal **1.28**	Municipal **1.69**
MBS **0.99**	Aggregate Bond **1.64**
Treasury **0.86**	Short-Term Bond **1.18**
Aggregate Bond **0.01**	Global Bond ex-U.S. **0.91**
U.S. Tips **-1.26**	Long-Term Bond **0.78**
High Yield **-2.08**	T-Bill **0.57**
Credit **-2.11**	Credit **0.01**
Global Bond ex-U.S. **-2.15**	U.S. Tips **-0.42**
Long-Term Bond **-4.68**	Emerging Mkt Bond **-0.66**
Emerging Mkt Bond **-5.33**	High Yield **-4.53**

Assume all asset classes are U.S. unless otherwise noted | Data as of 12/31/2018 | Ranked in order of performances (best to worst)

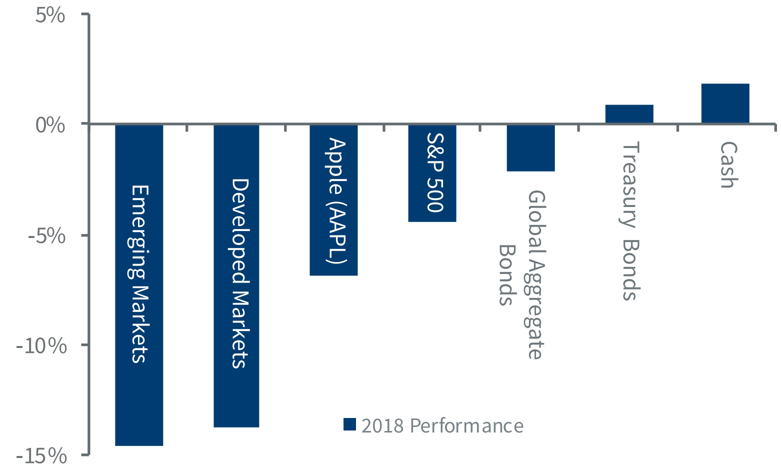
GHOST OF MARKETS PAST…

’Twas the night before Christmas, as investors were confronted with a clatter and a rush to see what was the matter. Alas, it was neither a visit from St. Nick nor a dusting of snow, but a bruising bout of volatility for global stock markets that saw the S&P 500 fall 65 points on Christmas Eve, closing at its lowest level since April 2017. The fall, which began in October and crescendoed in December, wiped out 2018 market gains across the board and dragged down nearly every asset class with the exception of cash and government bonds (see charts). Given that December has traditionally been a relatively reliable month for positive market momentum (December 2018 proved to be the worst December for stock market returns since 1931), it is little surprise that end-of-year cheer was in short supply. As they woke up on Christmas morning, bewildered investors wondered who stole the Santa rally.

The ghosts of past trade and monetary policy, which had long beleaguered markets around the globe, seemed to have finally come back to visit domestic markets. The collateral damage caused by tariffs and a heavy-handed Federal Reserve (see *Dovish Détente,* p. 7) seem to have finally caught up with American stocks. Despite the volatility it faced at the beginning of 2018, the S&P 500 index appeared to possess an air of invulnerability relative to its global index peers as it marched higher through October. No longer. As noted and anticipated by every edition of this commentary throughout 2018, markets continue to be bridled by the ongoing fallout of protectionist trade policy and the dangerous duel between China and the U.S. Though both nations are engaged in renewed trade talks under the guise of a temporary truce brokered in the wake of the recent G20 summit (which postponed an increase in U.S. tariffs from January to March), much uncertainty remains.

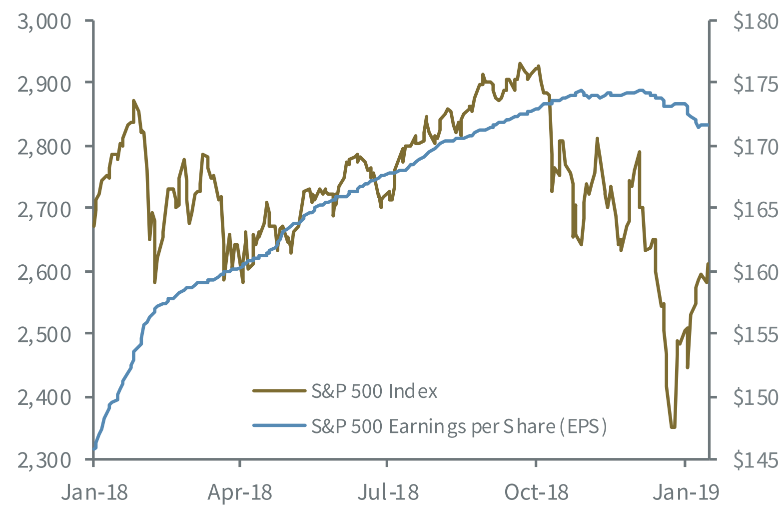
Such uncertainty is now manifest in falling key economic data (see *Collateral Consequences*, p. 6), prompting fears of a worldwide economic slowdown. Even Apple, easily one of the most dominant technology titans, was felled amidst the turmoil. Though it was briefly the world’s first publicly traded company valued at $1 trillion and has long buoyed markets with its performance, it too was no longer impervious. Apple’s most recent quarterly earnings report lowered its future sales estimates, citing both the trade war and the subsequent economic slowdown as causes. Although U.S. tax cuts had broadly boosted corporate earnings growth, their one-time effect is waning (see chart). Given that markets are priced on forward looking expectations rather than present circumstances, future returns will be dependent upon certainty surrounding trade policy and its economic impact.

PRESENT…



Source: Morningstar Direct as of 01/15/2019

YET TO COME…?



Source: FactSet as of 01/15/2019

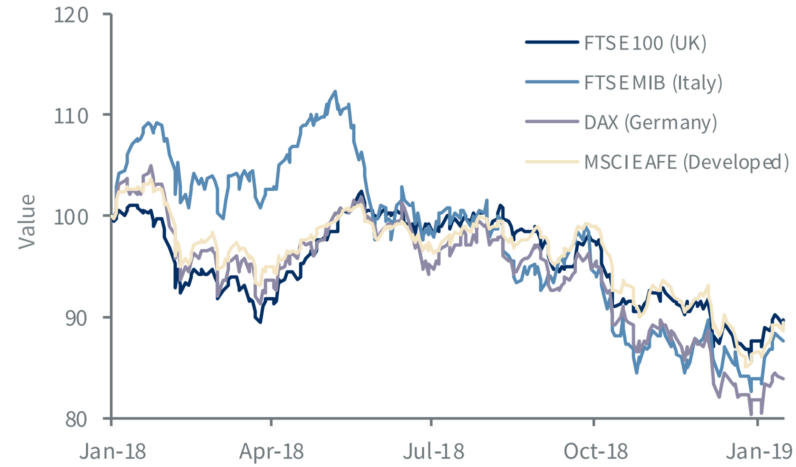
MAY-DAY

UK Prime Minister Theresa May has suffered yet another stunning (though unsurprising) setback in her bid to formalize Britain's exit (Brexit) from the European Union (EU). On 15 January, Parliament delivered a resounding rejection of May's beleaguered Brexit deal. 230 members of parliament (MPs) voted down the proposal (118 from May's own Conservative party). While the margin of defeat was noteworthy (it was the widest suffered by a sitting prime minister in modern British history), the result was not. The vote was widely expected to fail, which was confirmed by the rather muted market reaction in the immediate aftermath of the result. In spite of the certainty of the vote, the path forward remains as uncertain as ever.

Barring an extension of the current deadline, Britain will exit the EU on 29 March, with or without a deal. Without one, the effects of leaving are widely considered to be catastrophic to the British economy. As a result, there is impetus to rework the existing deal or reengineer a new one altogether. Alternatively, the government could seek an extension of the 29 March deadline from the EU, or hold a second referendum. Given the sheer number of Conservative MPs who voted down the deal brokered by their own prime minister, the government's course of action remains anything but clear. However, if the market's muted reaction augurs anything, it is that most investors believe that the government will find a solution that precludes a 'no deal' Brexit (the likeliest outcome favored by most MPs). Then again, most investors also believed that Brexit itself was not supposed to happen either.

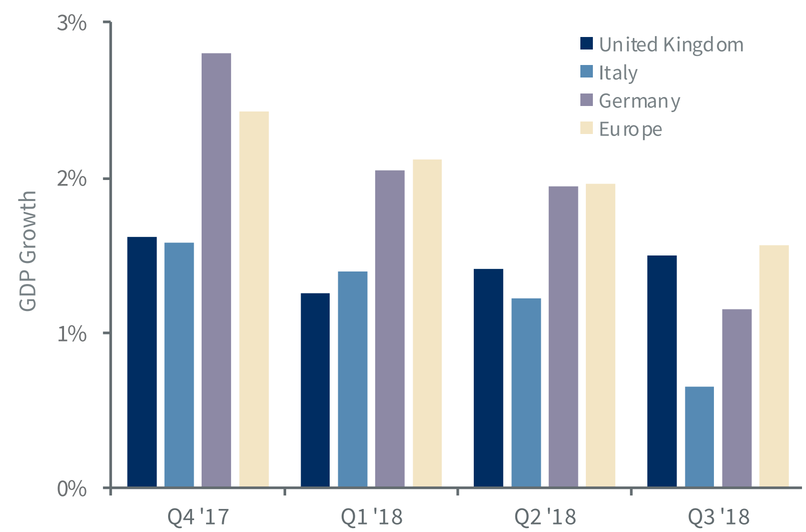
Separately, the other major story out of the continent was a positive resolution between the EU and Italy, which had long remained at loggerheads concerning the latter's budget. On 19 December, Italy agreed to trim its government budget deficit from 2.4% to 2.0% of GDP, an arrangement the EU ultimately found acceptable. The most recent performance of British and Italian stock indices would suggest that most government-induced mischief now remains somewhat managed (see chart). Yet, Europe now faces a much more pervasive threat: slowing economic growth (see chart). The German economy (Europe's largest) has slowed substantially, narrowly avoiding a recession in Q4 2018. Given that Germany has remained immune to much of the political turmoil that has plagued its neighbors (including the recent 'gilets jaunes' protests in France), its slowdown suggests the economic malaise is much more broad-based. Without a significant stimulus to spur a rebound in growth, it remains unclear how Europe will break free from its long streak of stagnation.

MISCHIEF MANAGED?



Source: FactSet as of 01/15/2019 (100 = 1 January 2018 Value)

GROWING, GROWING… GONE?



Source: FactSet as of 01/15/2019

COLLATERAL CONSEQUENCES

While the U.S. was recently and rudely reacquainted with the reality of the trade war and its pervasive impact on share prices (see *Ghosts of Markets Past*, p. 4), emerging markets have already been facing the fallout throughout the year. Since the U.S. government announced its first round of tariffs in February, share prices across the emerging world have come under significant pressure, particularly those in China (see chart). Given that China (by virtue of its sheer size) accounts for an outsized portion of emerging market indices, its underperformance has placed a significant drag on overall emerging market returns.

While emerging economies (including China's) have had to contend with the effects of more hawkish Federal Reserve policy (see *A Vexing Vassalage*, Q3 2018 Global Market Observations), the proximate cause of China's underperformance has been the trade war with its largest trading partner. The U.S. is far and away the largest market for Chinese exports (China's exports to the U.S. totaled over $500 billion in 2017). Although the U.S. set tariffs on a number of its trading partners in 2018, its primary target has been China. For a time, President Trump threatened to place tariffs on the entirety of China's exports to the U.S. Such rhetoric has come at a cost. The interconnected nature of global supply chains necessitates a dependence upon certainty, especially in regards to trade policy. While recent negotiations have shown encouraging progress, trade policy was anything but certain throughout the majority of 2018. Signs are now emerging that economic damage has already been done as a result.

One of the collateral consequences of ongoing trade tensions has been a significant reduction in purchasing managers' indices (PMIs), an important indicator of overall economic health (see chart). While the extent of its economic effects may not have been readily evident at the outset of hostilities, the trade war is beginning to take its toll on the global economy. The recent decline would suggest that uncertainty surrounding trade policy has begun to beget widespread malaise throughout manufacturing. Whereas 2017 witnessed a rather synchronized ascent in global PMIs, 2018 has marked a considerable reversal. As evinced by the increased volatility at the close of the year, investors remain concerned that falling PMIs portend a global economic slowdown. A PMI reading below 50 is considered to be a recessionary indicator. PMIs for China and emerging markets as a whole currently stand at 49.71 and 50.30, respectively. Should a lasting resolution to the trade war come to fruition, it would go a long way towards restoring lost certainty.

DRAGGING DRAGON

Source: FactSet as of 01/15/2019 (100 = 1 January 2018 Value)

MANUFACTURING MALAISE

Source: FactSet as of 01/15/2019 (100 = 1 January 2016 Value)

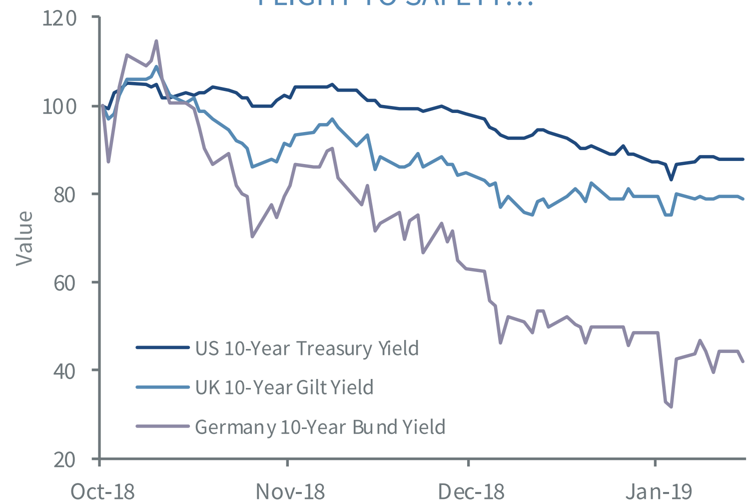
DOVISH DÉTENTE?

As volatility gripped the markets at the end of the year, investors fled from equities and flocked to government bonds. This 'flight to safety' precipitated a corresponding fall in global bond yields (see chart). Since bond prices rise as yields fall, government securities were one of the few assets that ended the year with positive performance (see *Ghosts of Markets Past*, p. 4). And there are yet more reasons why yields on government bonds may not have much more room to go up.

Throughout 2018, the Federal Reserve (Fed), America's central bank, raised its benchmark discount rate four times. This was the highest number of hikes the Fed has made since 2006. While each increase was only 0.25% (25 basis points), the moves have flattened the yield curve substantially. In fact, the yield curve flattened to the point of inversion in between the 2- and 5-year maturity mark. That is to say, the 2-year Treasury Note had a higher yield than the 5-year Treasury Note. Given that longer maturity bonds should yield more than those with shorter maturities, yield curve inversions are considered irregular. When an inversion occurs in between the 2- and 10-year maturity mark (i.e., the 2-year Treasury Note yields more than the 10-year Treasury Note) it has historically heralded an oncoming recession (see chart). When the spread between the 2- and 10-year Treasury Note yield (dark blue line) falls below zero (indicating that an inversion has occurred), a recession follows (light grey bars). While the curve has not yet inverted in this case, it is only 0.18% (18 basis points) above zero.

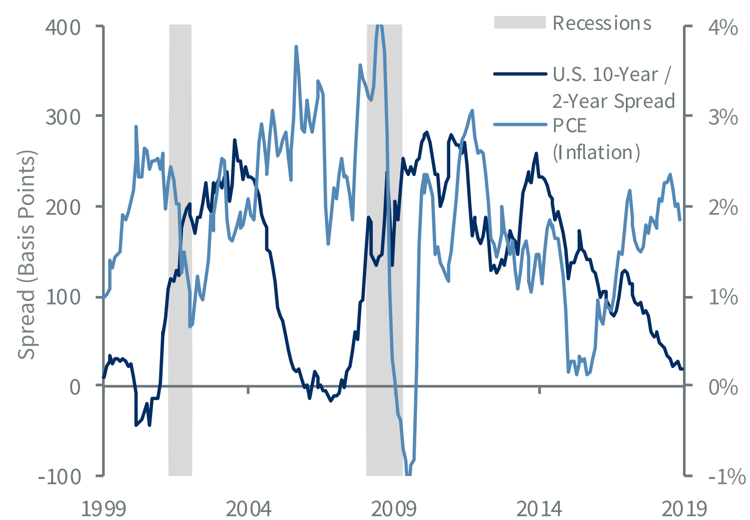
Until recently, the Fed and its chairman, Jerome Powell, have struck a decidedly hawkish tone, meaning that they have been keen to raise interest rates. With unemployment falling to record low levels amidst a strengthening economy, the Fed is tasked with staving off runaway inflation, which would 'overheat' the economic expansion. Yet, in recent months, inflation (light blue line) has remained at (or slightly above) the Fed's 2% target (see chart). This would seem to suggest that the Fed has successfully contained inflation without the need for a significant number of additional rate hikes. However, at its December meeting (during which it raised the discount rate for the fourth time in 2018), the Fed voiced a commitment to further gradual increases. This announcement came amidst an intensifying market selloff, which only worsened after the news. Seeming to recognize the need to temper the central bank's future approach to further increases, Powell later indicated that mild inflation would indeed afford the Fed additional flexibility in setting policy. This more dovish tone (indicating a softer approach to rate hikes) was welcomed by the market. Barring an unexpected rise in inflation, it would appear that this dovish détente has come home to roost.

FLIGHT TO SAFETY…



Source: FactSet as of 01/15/2019 (100 = 1 October 2018 Value)

HOME TO ROOST?



Source: FactSet as of 01/15/2019

ECONOMIC SNAPSHOT

Recent data suggest that the economic expansion continued at a moderately strong pace in 4Q18, with low and stable inflation. Trade tariffs initially had a significant impact on some sectors, but only a modest impact on overall economic growth and inflation. However, the impact is broadening and there are risks of a further escalation of trade tensions in 2019. Fiscal stimulus (deficit spending) should continue to provide support in early 2019, but the impact will fade. Federal Reserve (Fed) officials expect that some further increases in short-term interest rates will be warranted, but the pace of tightening should slow.

DR. SCOTT BROWN
Chief Economist

	ECONOMIC INDICATOR	COMMENTARY
FAVORABLE	GROWTH	GDP growth is expected to remain moderately strong, although somewhat slower in 2019, reflecting job market constraints, trade disruptions, and the fading impact of fiscal stimulus.
	EMPLOYMENT	Demand for workers should remain strong and there may be some slack remaining in the labor market, but the pace of job growth is likely to slow as constraints become more binding.
	CONSUMER SPENDING	Job growth remains supportive. The drop in gasoline prices should add to purchasing power.
	THE DOLLAR	Trade policy conflicts and concerns about global economic risks have led to a flight to safety into U.S. Treasuries and the dollar. However, there is some risk of a softening as the Fed nears the peak of its tightening cycle.
	INFLATION	Inflation moderated in the second half of 2018, but should pick up somewhat in early 2019, reflecting higher labor costs (minimum wage increases in some states) and tariffs.
NEUTRAL	BUSINESS INVESTMENT	Sentiment remains strong, although there are some concerns about the negative impact of tariffs. Orders and shipments of capital goods have improved into 3Q18.
	MANUFACTURING	New orders and production have been mixed, but the pace has been generally moderate. Trade tariffs are a concern, disrupting supply chains and dampening expectations for growth in exports.
	HOUSING AND CONSTRUCTION	Builders continue to note supply constraints (a lack of skilled labor, and higher construction costs). Demand remains strong, but customers have balked at higher home prices.
	MONETARY POLICY	Fed policy is closer to neutral, but not there yet. Fed officials expect to raise rates further in 2019, but the pace of tightening should slow.
	LONG-TERM INTEREST RATES	There are a number of factors that would normally put some upward pressure on bond yields. However, investor anxiety has led to a flight to safety, pushing long-term interest rates lower (that may be transitory).
	FISCAL POLICY	Tax cuts and added spending provided support for economic growth in 2018 (a bit more than expected), but budget deficit projections have risen sharply (a long-term concern given the expected strains on Social Security and Medicare funding).
	REST OF THE WORLD	Fed rate increases have had a negative impact on emerging market economies and trade policy has disrupted supply chains. Nationalistic tendencies, Brexit, and Italy are concerns. China should do okay.

SECTOR SNAPSHOT

This report is intended to highlight the dynamics underlying the 11 S&P 500 sectors, with a goal of providing a timely assessment to be used in developing your personal portfolio strategy. Our time horizon for the sector weightings is not meant to be short-term oriented. Our goal is to look for trends that can be sustainable for several quarters; yet, given the dynamic nature of financial markets, our opinion could change as market conditions dictate. Most investors should seek diversity to balance risk versus reward. For this reason, even the least-favored sectors may be appropriate for portfolios seeking a more balanced equity allocation.

J. MICHAEL GIBBS
Managing Director of Equity Portfolio & Technical Strategy

	SECTOR	S&P WEIGHT	TACTICAL COMMENTS
OVERWEIGHT	INFORMATION TECHNOLOGY	20.3%	Earnings revisions continue to tick lower; a trend that may persist in the near term. If trade talks fail to improve and tariffs move to 25% and expand, the sector will suffer adversely. Valuation does not provide the support it did during the last rough spot for the equity market (2015-2016). Nonetheless, with little evidence suggesting the current fundamental weakness is nothing more than slowing as opposed to outright contraction, we maintain an overweight position.
OVERWEIGHT	HEALTH CARE	15.7%	The top performing sector in 2018 remains favorable. Still, we feel the sector is vulnerable to short-term underperformance given that significant market declines often end with leading sectors collapsing. Despite this near-term risk, the defensive characteristics, generally healthy fundamental trends, and reasonable valuation support an overweight stance.
OVERWEIGHT	INDUSTRIALS	9.1%	Our overweight stance will continue to suffer if the flattening yield curve and equity market volatility are accurately forecasting slowing macro trends in the months ahead. However, if the current healthy economic data does not roll over, the sector is likely set-up for strong relative performance over the next 12-months. Valuation is compelling and current earnings growth projected for 2019 (+10.8%) is well ahead of overall growth expected for the S&P 500.
OVERWEIGHT	ENERGY	5.5%	This overweight position is suffering as crude oil moves lower. With the sector deeply oversold, negative sentiment, and the equity market near (in our opinion) a decent bounce, we remain overweight. Additionally, supply and demand for this commodity-influenced sector will eventually move in favor of higher prices as low price levels will ultimately result in less supply and hence higher prices; assuming global demand holds up.
EQUAL WEIGHT	FINANCIALS	12.9%	Tight correlation to the flattening yield curve keeps us equal weight despite attractive valuation and expectations for solid earnings gains in 2019. Technical trends are weak and also justify an equal weight.
EQUAL WEIGHT	COMM. SERVICES	10.0%	Potential increased government scrutiny of social media companies (largest weighting in the sector) influence an equal weight despite compelling qualities of the sector (valuation and improving relative technical trading trends).
EQUAL WEIGHT	CONSUMER DISCRETIONARY	9.9%	Expensive valuation along with sluggish technical trading trends for the equal weight index (average consumer discretion stock) cause us to remain equal weight, despite what should be a favorable fundamental back-drop of ample jobs and low energy prices.
UNDERWEIGHT	CONSUMER STAPLES	7.6%	The defensive sectors, such as consumer staples, are performing relatively well in the risk-off mode of the equity market. Given our belief (an oversold bounce and eventually higher equity prices will transpire), we are not chasing the fundamentally-challenged sectors that are working now.
UNDERWEIGHT	UTILITIES	3.3%	Given our belief (an oversold bounce and eventually higher equity prices will transpire), we are not chasing the fundamentally-challenged sectors, such as utilities, that are working now. Q4 earnings are expected to grow by 0.15%, slowest of all sectors and downwardly revised from 9.84% on 9/30.
UNDERWEIGHT	REAL ESTATE	3.0%	The defensive sectors, such as real estate, are performing relatively well in the risk-off mode of the equity market. Given our belief (an oversold bounce and eventually higher equity prices will transpire), we are not chasing the fundamentally-challenged sectors that are working now. Q4 estimates have held steady at 8.9% expected earnings growth, although 2019 estimated growth is slowest of all sectors at 3.7%.
UNDERWEIGHT	MATERIALS	2.6%	The deeply cyclical materials are suffering in the market decline, and for now, we remain underweight. Sharp downward earnings estimate revisions for Q4, now reflecting 9.1% growth (from 17.7% expected on 9/30). 2019 earnings estimate is 5.9%.

DISCLOSURES

All content written and assembled by Taylor Krystkowiak, Investment Strategy Analyst.

ADDITIONAL DISCLOSURES

Any charts and tables presented herein are for illustrative purposes only and should not be considered as the sole basis for an investment decision. There can be no assurance that the future performance of any specific investment or investment strategy made reference to be profitable or equal any corresponding indicated historical performance level(s). This information should not be construed as a recommendation.

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International investing involves additional risks such as currency fluctuations, differing financial accounting standards, and possible political and economic instability. These risks are greater in emerging markets.

High-yield bonds are not suitable for all investors. The risk of default may increase due to changes in the issuer's credit quality. Price changes may occur due to changes in interest rates and the liquidity of the bond. When appropriate, these bonds should only comprise a modest portion of your portfolio.

Investing in small- and mid-cap stocks are riskier investments which include price volatility, less liquidity and the threat of competition.

Not FDIC or NCUA Insured • No Bank Guarantee • May Lose Value

INDEX DECRIPTIONS

BROAD ASSET CLASS RETURNS

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.

DOMESTIC EQUITY RETURNS

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 RETURNS (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 RETURNS

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, supranationals 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, supranationals, 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).

INDEX DECRIPTIONS

FIXED INCOME RETURNS (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 RETURNS

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 SECTOR RETURNS

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.

INDEX DECRIPTIONS

EQUITY SECTOR RETURNS (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.

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.

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

MISC.

STOXX 600 | The STOXX Europe 600 Index is derived from the STOXX Europe Total Market Index (TMI) and is a subset of the STOXX Global 1800 Index. With a fixed number of 600 components, the STOXX Europe 600 Index represents large, mid and small capitalization companies across 17 countries of the European region: Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

CAC 40 | The CAC 40® is a free float market capitalization weighted index that reflects the performance of the 40 largest and most actively traded shares listed on Euronext Paris, and is the most widely used indicator of the Paris stock market. The index serves as an underlying for structured products, funds, exchange traded funds, options and futures.

DAX | The DAX® index, the best known German stock exchange barometer, measures the performance of the 30 largest and most liquid companies on the German stock market. It represents around 80 percent of the market capitalization of listed stock corporations in Germany.

NIKKEI 225 | Japan's Nikkei 225 is a price-weighted index comprised of Japan's top 225 blue-chip companies traded on the Tokyo Stock Exchange. The Nikkei is equivalent to the Dow Jones Industrial Average Index in the United States.

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.

Information as of: 12/31/2018

	Market Value	Current Allocation	One-Month	Three-Month	Six-Month	YTD	One-Year	Two-Year	Three-Year	Five-Year	Seven-Year	Inception
Overall Portfolio	$24,858,730		-4.88%	-8.75%	-4.96%	-3.83%	-3.83%	10.73%	-	-	-	-
Basic Benchmark*			-5.62%	-8.76%	-3.83%	-2.57%	-2.57%	6.17%	-	-	-	-
Alternative Benchmark*			-4.62%	-7.91%	-4.37%	-3.74%	-3.74%	5.17%	-	-	-	-
Individual Stock Account	$13,289,469	53%	-6.88%	-10.90%	-4.78%	-2.37%	-2.37%	17.86%	-	-	-	-
Index: S&P 500			-9.03%	-13.52%	-6.85%	-4.38%	-4.38%	7.93%	-	-	-	-
Clarkston SMID-Cap Equity	$2,790,582	11%	-7.44%	-11.02%	-9.97%	-7.06%	-7.06%	5.10%	-	-	-	-
Index: Russell 2000			-11.88%	-20.20%	-17.35%	-11.01%	-11.01%	1.01%	-	-	-	-
Boston Company Int'l Equity	$2,481,374	10%	-4.97%	-13.75%	-12.33%	-14.11%	-14.11%	9.10%	-	-	-	-
Index: MSCI EAFE			-4.85%	-12.54%	-11.35%	-13.79%	-13.79%	3.82%	-	-	-	-
Individual Bond Account	$6,297,305	25%	0.73%	-0.61%	0.15%	-1.05%	-1.05%	1.16%	-	-	-	-
Index: Bloomberg Barclays US Int Credit			1.10%	0.75%	1.48%	0.01%	0.01%	1.83%	-	-	-	-

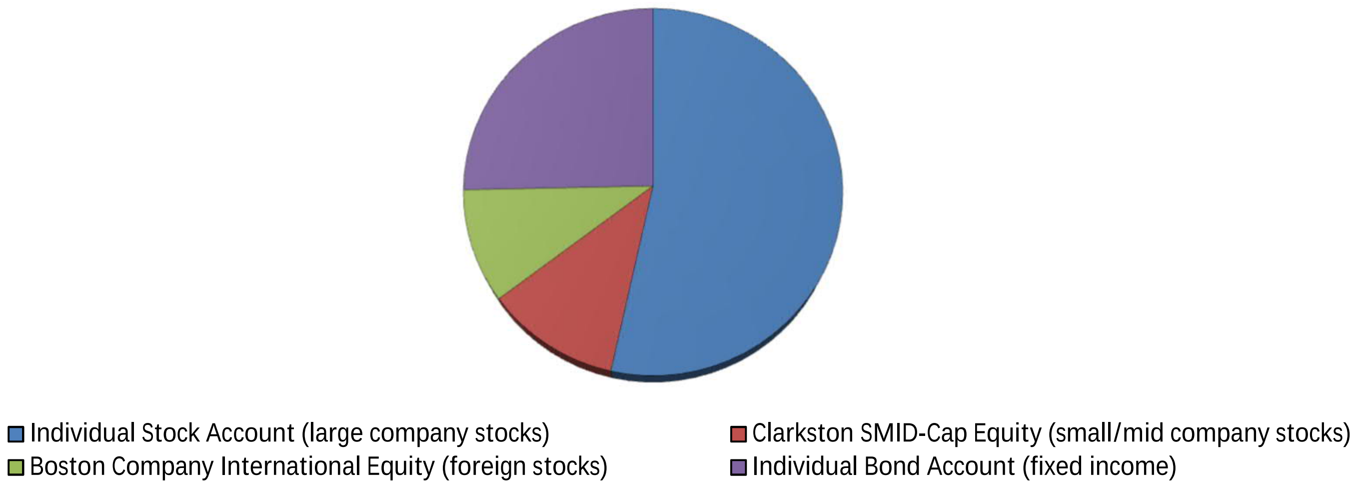
*The Basic Benchmark is weighted to the Standard & Poor's 500 Index and the Barclays US Aggregate Bond Index based on the actual portfolio allocation. The Alternative Benchmark is weighted among the Standard & Poor's 500 Index, the Barclays US Aggregate Bond Index, the Russell 2000 Index, the MSCI EAFE Index, the Barclays US Intermediate Credit Index, the 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.

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.

Investment Returns By Account

Account	Value	Weighting	Contribution to Overall Portfolio Return: Fourth Quarter	Year-to-Date	One-Year
Individual Stock Account (large company stocks)	$13,289,469	53%	-5.83%	-1.27%	-1.27%
Clarkston SMID-Cap Equity (small/mid company stocks)	$2,790,582	11%	-1.24%	-0.79%	-0.79%
Boston Company International Equity (foreign stocks)	$2,481,374	10%	-1.37%	-1.41%	-1.41%
Individual Bond Account (fixed income)	$6,297,305	25%	-0.15%	-0.27%	-0.27%
Overall Portfolio	$24,858,730		-8.75%	-3.83%	-3.83%

Composition by Account



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IMPORTANT INFORMATION ABOUT IDENTIFYING CLIENTS

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who becomes a client.

What this means for you: When you become a client of Advisors in Financial Planning, we will ask for your name, address, date of birth and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

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An Independent Registered Investment Advisor
Hickok & Boardman Financial Planning is not a registered broker/dealer and is independent of Raymond James Financial Services, Inc., member FINRA/SIPC
346 Shelburne Road, PO Box 1064 Burlington, Vermont 05402-1064
Tel: (802) 863-5534 Fax: (802) 658-0538
www.hbplanning.com

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We restrict access to non-public personal information about you to those employees who have need for that information to provide investment services to you, or to employees who assist those who provide these services to you. We maintain physical, electronic and procedural safeguards to protect your non-public personal information.

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

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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.

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.

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.

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 an 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-incpetion 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 subacc-ounts 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.