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GET TO KNOW OUR TEAM

David Bauer is the Director of Investment Management at Shepherd Financial. He's been with our team since 2015 and has over 20 years of experience in the financial services industry.

David and his family love to vacation in Michigan where they enjoy kayaking and other outdoor activities.

Holly Willman is the Director of Creative and Strategic Operations at Shepherd Financial. She's been with our team since 2013, utilizing a variety of skills in different roles.

Holly's first science fair project was about where mold grew best in her house.

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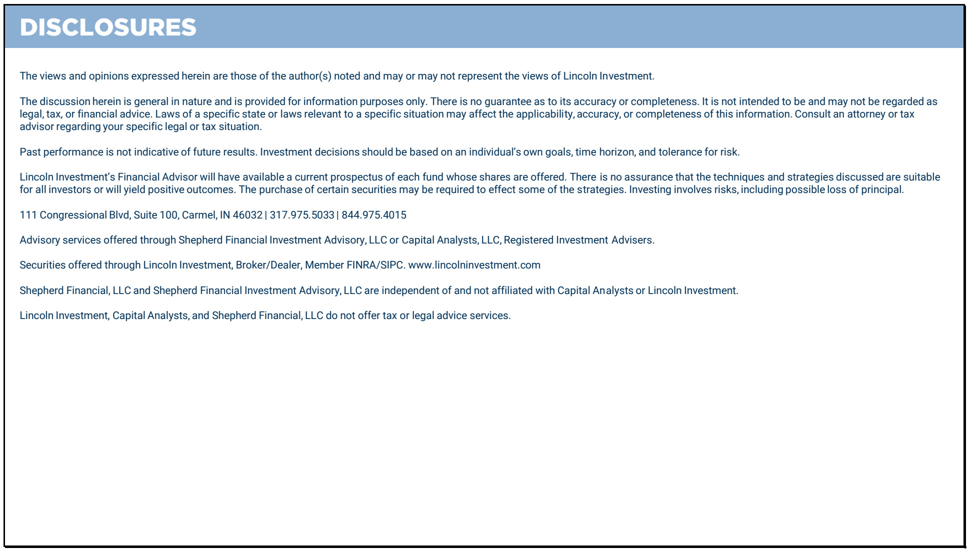
YEAR-END REVIEW & A LOOK AHEAD

January 23, 2020

Shepherd FINANCIAL

Slide 3



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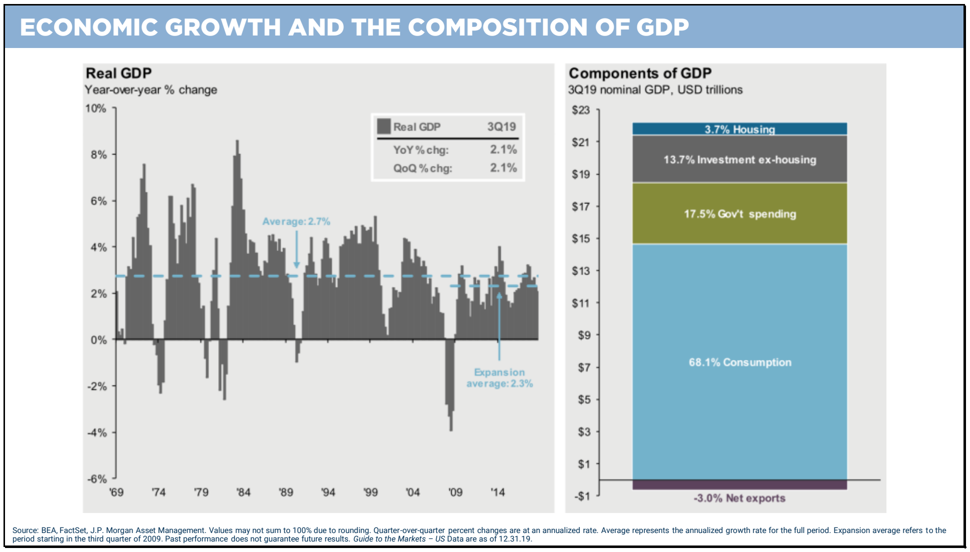

2019 turned out to be a good year for the US economy and an excellent year for investment returns. While economic growth slowed over the course of the year, unemployment remained close to a 50-year low. Inflation stayed slow and steady. Declining interest rates led to surprisingly positive bond market returns, while stocks bounced back strongly from their slump at the end of last year. While the global economy remains weak, the US still looks more likely to see slow growth. However, current valuations and economic fundamentals suggest lower investment returns going forward.

We discussed many times last year how political forces in the US and around the world are limiting economic growth and increasing risks for investors. As we look forward into an election year, it's undeniable that political choices will have a large impact on investment returns. And given the uncertainty that surrounds these choices, investors should probably adopt a cautious and diversified strategy. For much of the last year, we have been forecasting a moderation in economic growth. Third quarter GDP numbers confirmed that this slowdown is now here, with real GDP growth downshifting to roughly 2.0% year-over-year compared to 3.2% in the spring of 2018. Early evidence from the fourth quarter suggests a continuation of this roughly 2.0% year-over-year growth.

The slowdown reflects weakness in business investment spending, exports, and inventory accumulation. All of these, to some extent, have been triggered by heightened trade tensions. I also think consumer spending should begin to grow more slowly as the effects of the 2017 tax cut fade. But the general expectation is that we'll avoid recession and sustain slow growth this year. None of the cyclical sectors of the economy, such as autos, housing, business investment spending or inventories appear over-extended, nor does there appear to be a particularly dangerous area of financial excess.

Despite a very tight labor market and stable inflation, the Federal Reserve has eased rates and long-term interest rates are very low. Normally, this late into an expansion, high interest rates would be curtailing both business investment and home-buying, but this isn’t the case today. I’ve talked about how political polarization could be helpful and provide the economy with some stability today. Recessions usually involve a general collapse in confidence. However, political divisions are so wide today that many consumers and business people wouldn’t believe reports of economic weakness coming from the media sources they distrust. So we could potentially avoid recession psychology running rampant, which would allow this economic expansion, the longest the US has had, to continue.

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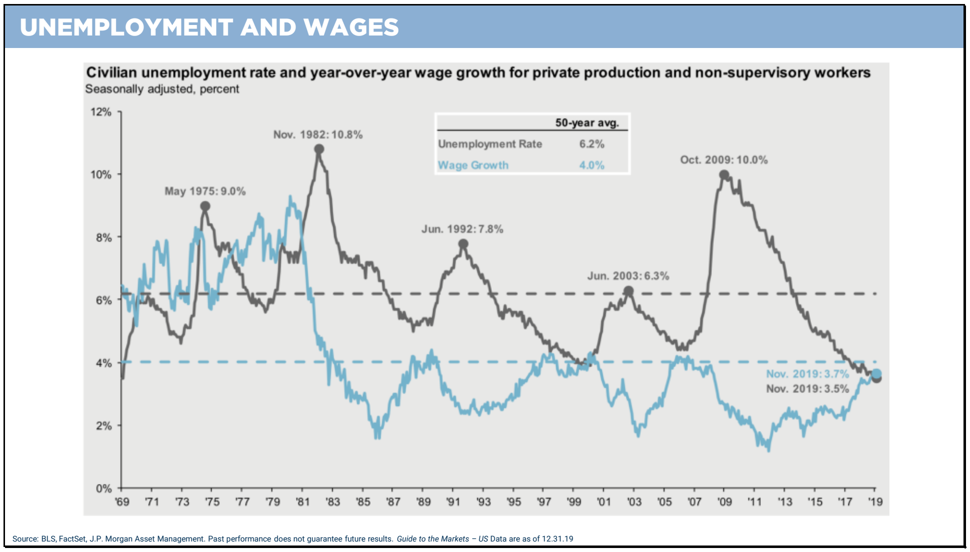

Economic growth creates job growth, though its strongest impacts lag by one to two quarters. With slower economic growth, the demand for new workers will likely grow more slowly. However, this softening of labor demand will be matched with an equal moderation in labor supply. There are a couple of things limiting the labor force growth - the demographic drag of retiring baby boomers and tighter restrictions on immigration. In addition, the unemployment rate has fallen much more slowly over the past year than earlier in the expansion, suggesting that reemploying unemployed workers will not be a source of significant employment growth going forward.

In recent months, the economy has seen some wage growth acceleration in response to this very tight labor market, with wages for production and non-supervisory workers climbing 3.7% year-over-year in November. But businesses continue to find it very difficult to attract qualified workers and are finding it harder to hold the line on wages. It should be noted that productivity growth has improved somewhat since earlier in the expansion, so this pace of wage growth should still be consistent with relatively stable inflation at the consumer level.

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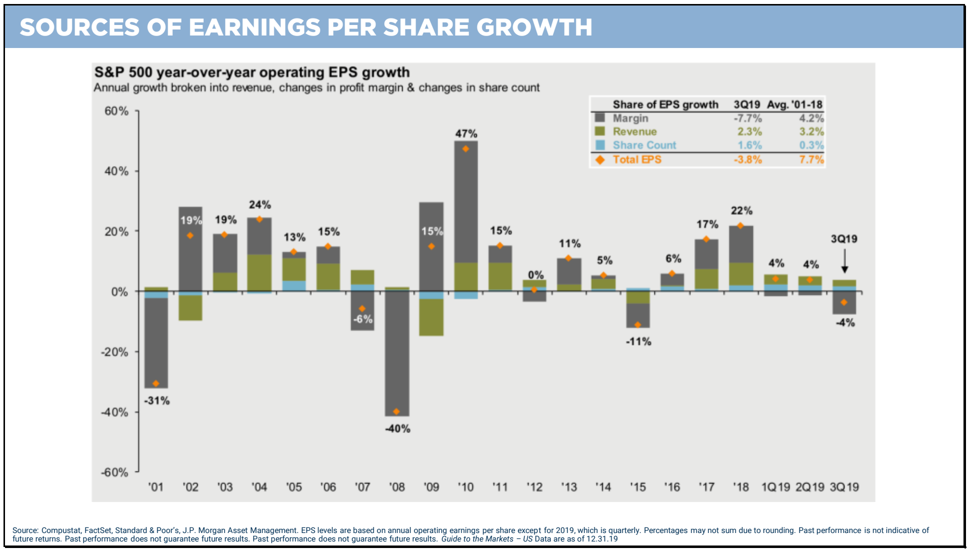

Profit growth was extremely strong for most of 2018 but slowed appreciably in 2019. Operating earnings per share actually fell in the third quarter. I expect profits to rebound in the fourth quarter but only achieve low single-digit growth in 2020 as margins continue to come under pressure.

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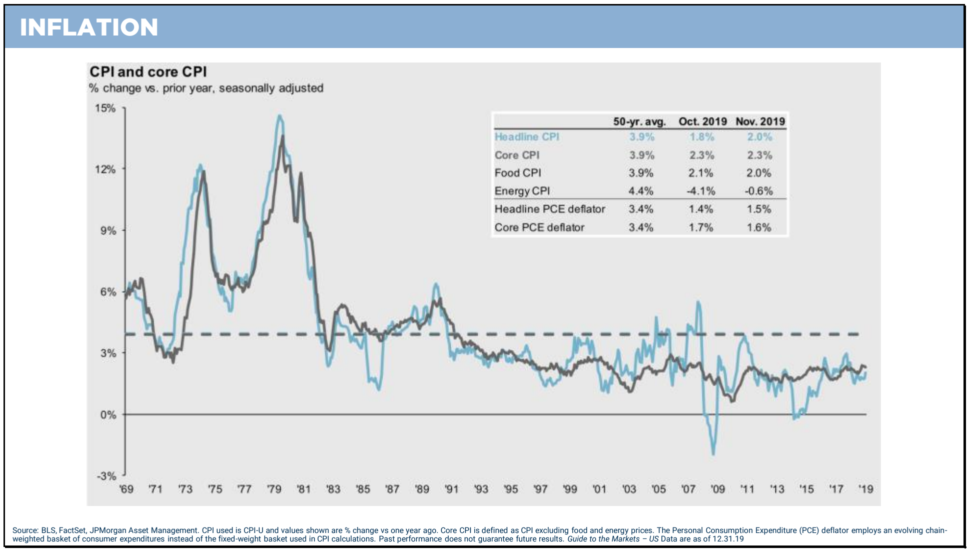

We’ve seen 10 years of monetary stimulus, economic growth and falling unemployment, and they’ve succeeded in boosting home prices, bond prices and stock prices. But they haven’t had a meaningful impact on consumer prices – in November, the overall consumer price index rose by 2.0% year-over-year, while CPI excluding food and energy was up by 2.3% year-over-year. Meanwhile, headline PCE and core PCE both remain well below 2%. The main difference between the two measures of CPI comes from the behavior of energy prices, which surged and then retreated over the past year.

Overall inflation seems pretty stable, and I still think oil prices may move sideways over the next year. Combining that with the slow-growing US and global economies should keep overall inflation subdued, although it may rise slowly in the next couple of months.

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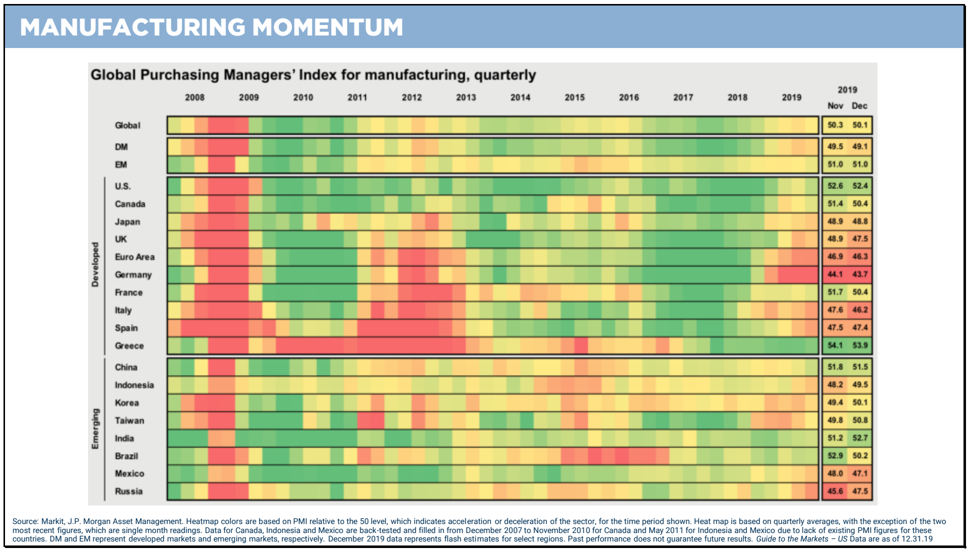

Let's turn to the rest of the world. The pace of the global expansion has slowed over the past 18 months. Among developed countries, Europe continues to limp along after political turmoil in France and Italy. There are those manufacturing weakness in Germany in the auto and petrochemicals industries. And of course, Brexit. The Eurozone, Japan, Korea, and Taiwan have also been caught in the trade tensions cross-fire between the US and China, causing a fall in global trade and a deterioration in manufacturing activity, indicated by PMI readings. And we've talked about how a general China slowdown has had ripple effects on both developed and emerging market economies alike.

December saw progress on trade with an agreement to ratify a replacement for NAFTA. That's a decisive result in the UK election, potentially paving the way for a relatively smooth Brexit and a 'Phase One' agreement on reducing tariffs between the US and China. It could increase the likelihood of a modest rebound in global economic growth and a modest fall in the dollar in 2020.

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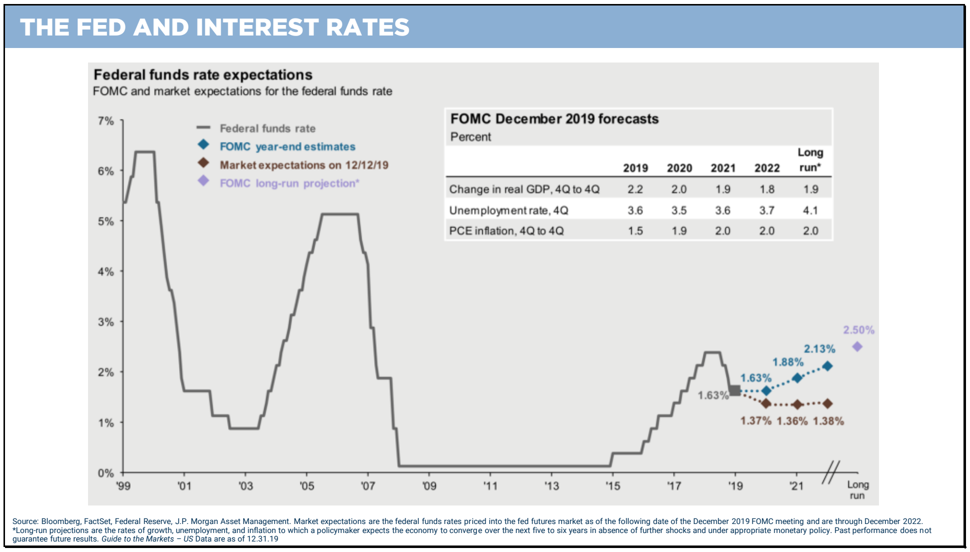

The Fed has raised rates slowly for three years, but now they've reversed course, cutting the federal funds rate at three consecutive meetings in July, September, and October. The change in strategy was viewed it as a prudent response to low inflation, economic weakness overseas and rising trade tensions. In addition, had the Fed not cut rates, monetary easing by other central banks might well have boosted the dollar in a way that would have increased problems for US exporters.

The Fed has now made it clear it now believes it has completed what Chairman Powell described as a 'mid-cycle adjustment.' That means it would take a material change in the outlook for the Fed to either tighten or loosen monetary policy in 2020. Because of this and given the relatively steady outlook for the US economy in 2020, I don't expect any further Fed moves in the year ahead.

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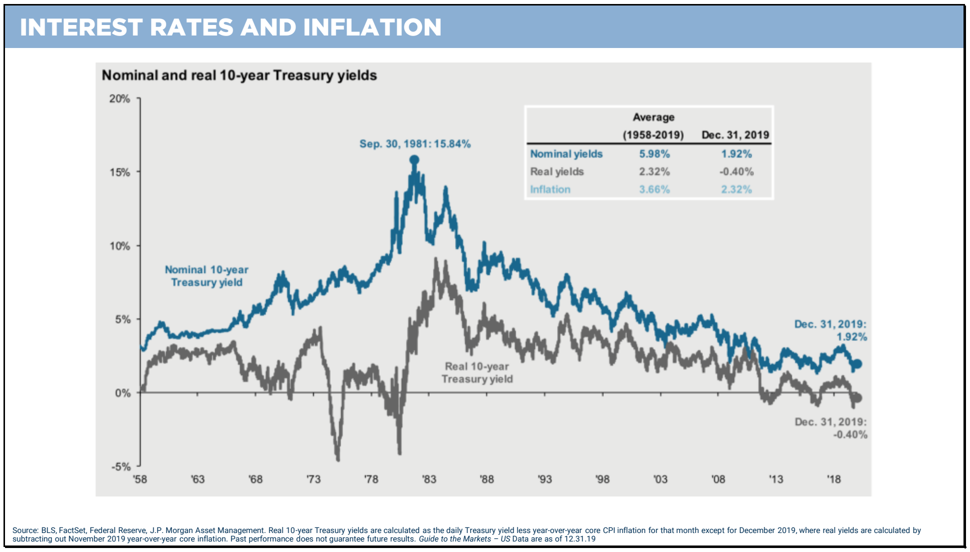

The end of Fed easing left us with a relatively flat yield curve, and it's possible the yield curve will see short periods where long-term interest rates are below short rates in the year ahead. But I still don't think a yield curve inversion would be a clear recession signal. As I've said, the yield curve itself has been distorted by unprecedented central bank buying of long-term bonds. And I also don't believe an inverted yield curve would harm the economy. It could even boost demand by pushing up consumer income from short-term accounts while limiting the rise in mortgage rates.

In the short run, low rates within a growing economy means three things: one, stocks are favored over bonds, although investors should have a heightened awareness of economic risks. Two, within the bond market, core fixed income still plays a critical role in a properly diversified portfolio. And three, while there may still be opportunities in higher yielding sectors, investors should consider dialing back on some of the riskier sectors.

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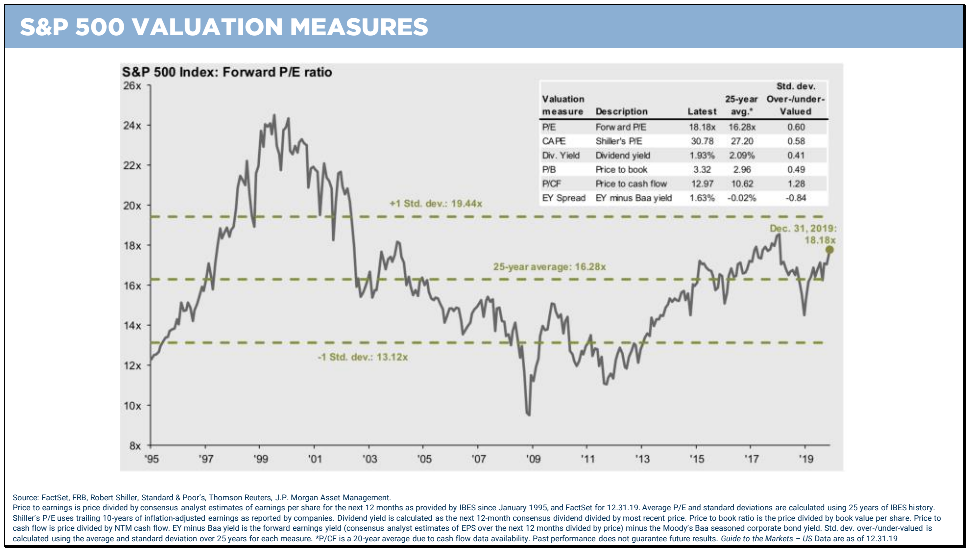

So what does this mean for equity markets? 2019 saw very strong returns for stocks, bouncing back from a difficult 2018. Going forward, earnings should grow slowly and valuations, as measured by forward P/E ratios, are now modestly above average levels relative to history.

With profit margins only slightly below record levels, there is some danger that a future federal government might try to battle a growing budget deficit through some increase in corporate taxation. Changes in market structure and particularly the growth in passive strategies may be favoring growth stocks over value stocks.

But it's still important for investors to remain balanced – momentum can go in either direction, and valuation is usually a better guide to long-term returns.

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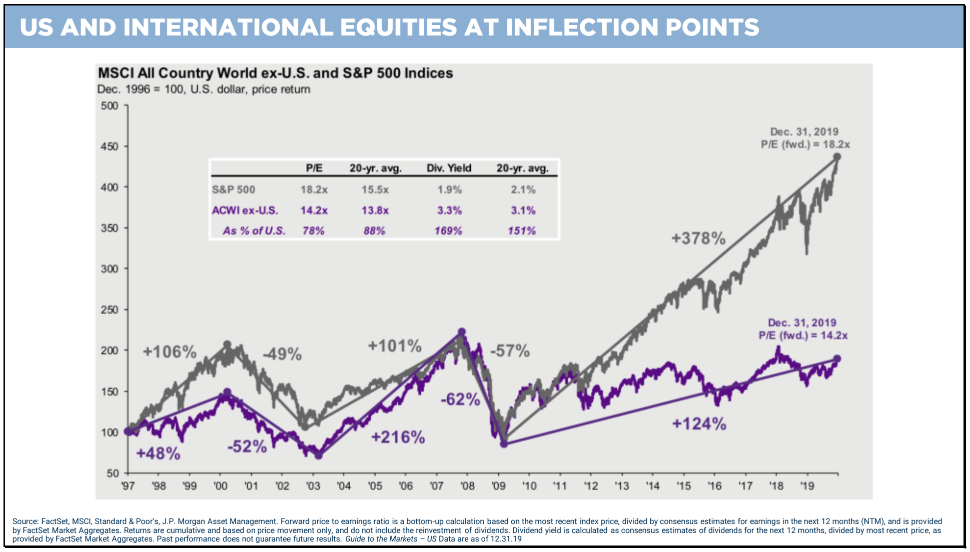

This isn't new information, but international stocks once again lagged behind US equities in 2019. That was due in part to the stronger US dollar and investor caution about the potential impact of a trade war on corporate profits overseas. But I still believe it's important for investors to have a significant allocation towards international equities. In the long run, slowing growth in the US and a rising trade deficit could cause the dollar to fall, amplifying the return on international equities.

And short-term, I still don't think prospects for European growth look that great, but as I've said, they're in an earlier stage of economic expansion. And they could see a turnaround with the resolution of trade tensions and Brexit. Emerging markets still have the most favorable long-term growth prospects. In addition, they should experience some relief in the wake of the pause in raising US interest rates.

Broad valuation measures suggest prices for international stocks are cheaper, both relative to US stocks and relative to their own long-term history. So even though international stocks have disappointed recently, I believe it is important for long-term investors not to under-weight this asset class relative to a normal portfolio.

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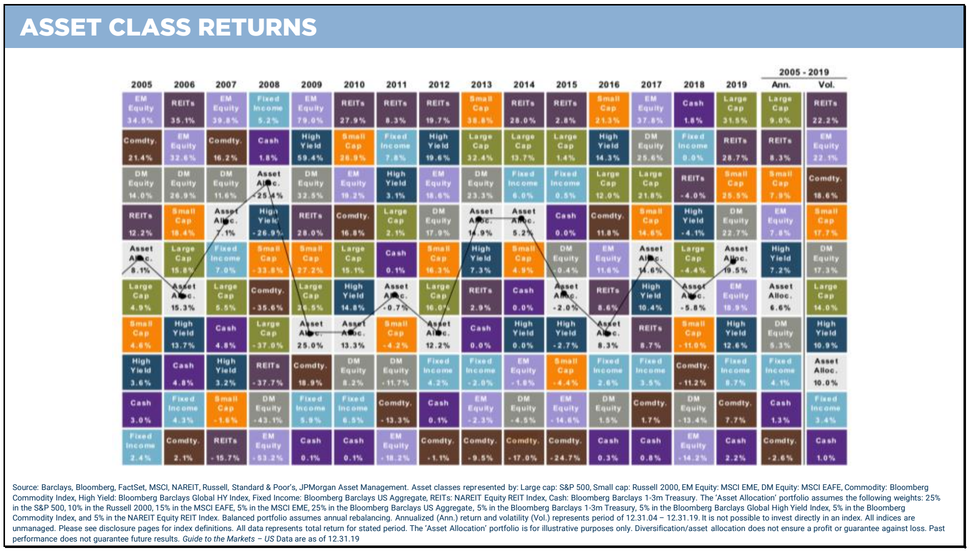

Let's wind down with asset class returns. Can you believe it's been more than 11 years since the global financial crisis? While both financial markets and economies have fully recovered from this trauma, it has, in retrospect, fostered more extreme political forces. These forces, in turn, are shaping the investment environment in unpredictable ways and inducing a more cautious attitude among investors. And investors need to maintain balance in order to be prepared for the next downturn, whenever it occurs.

In addition, investors should recognize that a low interest rate environment, combined with a long bull market in stocks, limits potential portfolio returns going forward. With both the US and global economies growing, opportunities remain across the spectrum of global financial markets. Also, while the bull market in equities is old, it has no particular expiration date. Equally relevant is the fact that real yields on cash remain close to zero. So investors no longer get paid for saving – they only get paid for investing.

Looking forward, I still think the global economy and current valuations justify a diversified approach to long-term investing. But an older expansion and bull market call for a more disciplined approach, with smaller over-weights and under-weights relative to a normal portfolio and a heightened willingness to adjust asset allocation as valuation differences diminish and late-cycle risks gradually rise.

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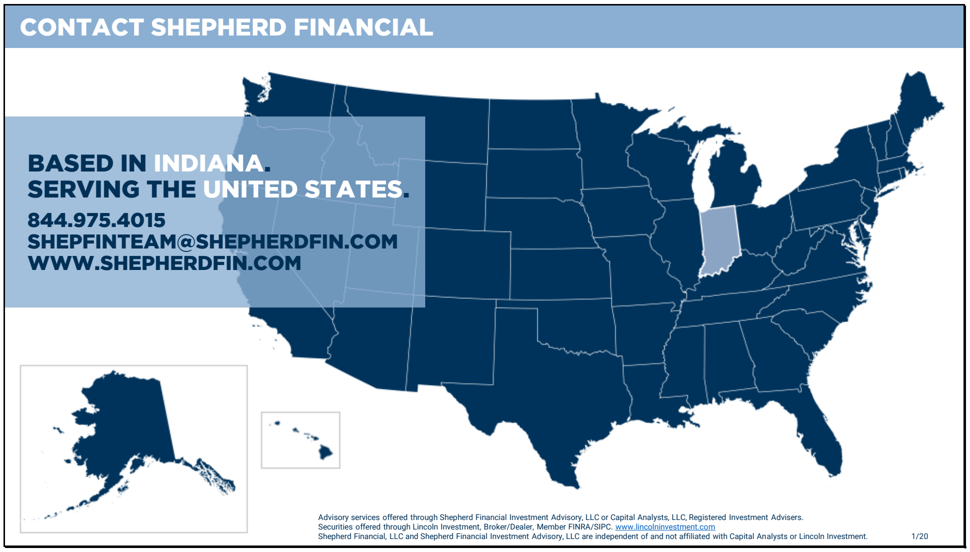

Thank you very much for joining us today.

Don’t forget our next Open Phone Day is Tuesday, February 4th, and you can sign up for that by emailing shepfinteam@shepherdfin.com.

If you’d like to chat with one of our team members at any other time, you can always call us at 844.975.4015 or 317.975.5033.

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DEFINITIONS AND DISCLOSURES

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Investing involves risk including the potential loss of principal. No investment strategy can guarantee a profit or protect against loss in periods of declining values. There are some risks associated with investing in the stock markets: 1) Systematic risk - also known as market risk, this is the potential for the entire market to decline; 2) Unsystematic risk - the risk that any one stock may go down in value, dependent of the stock market as a whole. This also incorporates business risk and event risk; and 3) Opportunity risk and liquidity risk. International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. An investment concentrated in sectors and industries may involve greater risk and volatility than a more diversified investment. Small and mid-cap stocks may be subject to a higher degree of risk than larger, more established companies' securities, including higher risk of failure and higher volatility. The illiquidity of the small and mid-cap markets may adversely affect the value of these investments so those shares, when redeemed, may be worth more or less than their original cost. In general, the bond market is volatile, and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities).

Fixed income securities also carry inflation risk, liquidity risk, call risk and credit and default risks for both issuers and counterparties. Lower-quality fixed income securities involve greater risk of default or price changes due to potential changes in the credit quality of the issuer. Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate. Treasury bills (T-bills) are short-term securities with maturities of one year or less issued at a discount from face value. Treasury bills are the primary instrument used by the Federal Reserve in its regulation of money supply through open market operations. Treasury notes (T-notes) are intermediate securities with maturities of 1 to 10 years. Denominations range from $1000 to $1 million or more. The notes are sold by cash subscriptions, in exchange for outstanding or maturing government issues, or at auction. Treasury bonds (T-bonds) are long-term debt instruments with maturities of ten years or longer issued in minimum denominations of $1,000. Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features. Any fixed-income security sold or redeemed prior to maturity may be subject to loss.

Prior to rolling over assets from an employer-sponsored retirement plan into an IRA, it's important that you understand your options and do a full comparison on the differences in the guarantees and protections offered by each respective type of account as well as the differences in liquidity loans, types of investments, fees, and any potential penalties. A variable annuity is an insurance contract which offers three basic features not commonly found in mutual funds: (1) annuity payout options that can provide guaranteed income for life; (2) a death benefits; and (3) tax-deferred treatment of earnings. When applicable, the tax deferred accrual feature is already provided by the tax-qualified retirement plan (e.g. 403(b), IRA, etc.) The U.S. Securities and Exchange Commission (Investor Tips: Variable Annuities) has suggested that for most investors, it would be advantageous to make the maximum allowable contribution to a tax-qualified retirement plan before investing in a variable annuity. The separate account of a variable annuity is not a mutual fund. While separate accounts may have a name similar to a mutual fund, it is not the same pool of funds and will experience difference performance than the mutual fund of the same or similar name. In addition, the financial ratings of the issuing insurance company do not apply to any non-guaranteed separate accounts. The value of the separate accounts that are not guaranteed will fluctuate in response to market changes and other factors. Variable annuities are designed to be long-term investments and early withdrawals may be subject to tax penalties and charges. None of the information in this document should be considered as tax advice. You should consult your tax advisor for information concerning your individual situation.

Treasury inflation protected securities (TIPS) refer to a treasury security that is indexed to inflation in order to protect investors from the negative effects of inflation. TIPS are considered an extremely low-risk investment since they are backed by the U.S. government and because the par value rises with inflation, as measured by the consumer price index (see below), while the interest rate remains fixed.

Growth investments focus on stocks of companies whose earnings/profitability are accelerating in the short-term or have grown consistently over the long-term. Such investments may provide minimal dividends which could otherwise cushion stock prices in a market decline. Stock value may rise and fall significantly based, in part, on investors' perceptions of the company, rather than on fundamental analysis of the stocks. Investors should carefully consider the additional risks involved in growth investments. Value investments focus on stocks on income-producing companies whose price is low relative to one or more valuation factors, such as earnings or book value. Such investments are subject to risks that their intrinsic values may never be realized by the market, or such stock may turn out not to have been undervalued. Investors should carefully consider the additional risks involved in value investments.

The consumer price index (CPI) measures price of a fixed basket of goods bought by a typical consumer, widely used as a cost-of-living benchmark, and uses January 1982 as the base year. Core CPI is the consumer price index (CPI) excluding energy and food prices.

The purchasing managers' index (PMI) is an index of the prevailing direction of economic trends in the manufacturing and service sectors. It consists of a diffusion index that summarizes whether market conditions, as viewed by purchasing managers, are expanding, staying the same, or contracting.

Consult your financial professional before making any investment decision.

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DEFINITIONS AND DISCLOSURES

A commodity is a basic good used in commerce that is interchangeable with other commodities of the same type. Commodities are most often used as inputs in the production of other goods or services. The quality of a given commodity may differ slightly, but it is essentially uniform across producers. When they are traded on an exchange, commodities must also meet specified minimum standards, also known as a basis grade.

A mortgage-backed security (MBS is a type of asset-backed security that is secured by a mortgage, or more commonly, a collection("pool") of sometimes hundreds of mortgages.

The U.S. Treasury yield is the return on investment, expressed as a percentage, on the U.S. government's debt obligations (bonds, notes, and bills). The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.

The information shown does not constitute investment advice and does not consider the investment objectives, risk tolerance or financial circumstances of any specific investor. Data obtained from the sources cited is believed to be reliable and accurate at the time of compilation. Asset allocation and diversification do not ensure a profit or protect against loss. There is no assurance that any investment process will consistently lead to successful results. There are risks associated with investing, including the risk of loss of principal.

The information provided is not intended to be a complete analysis of every material fact respecting any portfolio, security, or strategy and has been presented for educational purposes only.

Specific Risk Considerations

Fixed income investing involves interest rate risk. When interest rates rise, bond prices generally fall. Stock investments are subject to market risk, which means that the value of the securities may go up or down in response to the prospects of individual companies, particular sectors and/or general economic conditions. Investments in real estate companies, including REITs or similar structures are subject to volatility and additional risk, including loss in value due to poor management, lowered credit ratings and other factors. Below investment grade (high yield) bonds are more at risk of default and are subject to liquidity risk.

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Benchmark Definitions

All indexes are unmanaged; it is not possible to invest directly in an index.

30-Day U.S. Treasury Bill Index: is an index based upon the average monthly yield of 30-Day Treasury Bills. Treasury Bills are secured by the full faith and credit of the U.S. Government and offer a fixed rate of return.

Barclays Aggregate Bond Index: is an index compromised of approximately 6,000 publicly traded bonds including U.S. government, mortgage-backed, corporate and Yankee bonds with an average maturity of approximately 10 years. This index is weighed by the market value of the bonds included in the index. This index represents asset types which are subject to risk, including the loss of principal.

Barclays Capital US Government Inflation-Linked Bond Index (US TIPS): measures the performance of the TIPS market. TIPS form the largest component of the Barclays Capital Global Inflation-Linked Bond Index.

Barclays Global High Yield Index: is a multi-currency flagship measure of the global high yield debt market. The index represents the union of the US HIGH Yield, the Pan-European High Yield, and Emerging Markets Hard Currency High Yield Indices. The high yield and emerging markets sub-components are mutually exclusive. Until January 1, 2011, the index also included CMBS high yield securities.

Barclays Inflation Linked US TIPS: measures the performance of the US Treasury Inflation Protected Securities ("TIPS") market. The index includes TIPS with one or more years remaining maturity with total outstanding issue size of $500m or more.

Barclays Long High Yield Corporate Bond Index: measures the longer duration component of the USD-denominated, non-investment grade, fixed-rate, taxable corporate bonds.

Barclays US Govt/Credit 1-3 Yr: measures the performance of short-term government bonds issued by the US Treasury. Bonds must be fixed rate coupon and bullet maturity. They should be denominated in USD and pay coupon and principal in USD. Zero coupon bonds, inflation-Linked bonds and callable bonds are excluded.

(Benchmark Definitions continued on the next page.)

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DEFINITIONS AND DISCLOSURES

Barclays US Govt Interm Index: measures the performance of U.S. Dollar denominated U.S. Treasuries, government-related and investment grade U.S. corporate securities that have a remaining maturity of greater than one year and less than ten years.

Barclays US Interm Credit Index: measures the performance of investment grade corporate debt and agency bonds that are dollar denominated and have a remaining maturity of greater than one year and less than ten years.

BofA ML US HY Master II: BofA Merrill Lynch US High Yield Index tracks the performance of US dollar denominated below investment grade corporate debt publicly issued in the US domestic market. Qualifying securities must have a below investment grade rating (based on an average of Moody's, S&P and Fitch), at least 18 months to final maturity at the time of issuance, at least one year remaining term to final maturity as of the rebalancing date, a fixed coupon schedule and a minimum amount outstanding of $100 million.

BofA ML US Treasury Bill 3 Month: Is a subset of The Bank of America Merrill Lynch 0-1 Year US Treasury Index including all securities with a remaining term to final maturity less than 3 months.

Bloomberg Barclays 1-3 Month US Treasury Bill Index: includes all publicly issues zero-coupon US Treasury Bills that have a remaining maturity of less than 3 months and more than 1 month, are rated investment grade, and have $250 million or more of outstanding face value. In addition, the securities must be denominated in US dollars and must be fixed rate and non convertible.

Bloomberg Barclays Global Aggregate Corporate Bond Index: tracks the performance of investment-grade corporate bonds publicly issued in the global market and found in the Global Aggregate.

Bloomberg Barclays Global Treasury: Euro Bond Index: includes fixed-rate, local-currency sovereign debt that makes up the Euro Area Treasury sector of the Global Aggregate Index.

Bloomberg Barclays Global Treasury: Japan Bond Index: includes fixed-rate, local-currency sovereign debt that makes up the Japanese Treasury sector of the Global Aggregate Index.

Bloomberg Barclays Municipal Bond Index: a rules-based, market value-weighted index engineered for the long-term tax-exempt bond market.

Bloomberg Barclays US Corporate High-Yield Bond Index: represents the corporate component of the Bloomberg Barclays US High Yield Index.

Bloomberg Barclays US Treasury Index: includes fixed-rate, local-currency sovereign debt that makes up the US Treasury sector of the Global Aggregate Index.

Bloomberg Commodity Index: measures the performance of the commodities market. It consists of exchange-traded futures contracts on physical commodities that are weighted to account for the economic significance and market liquidity of each commodity.

Chicago Board Options Exchange (CBOE) Volatility Index (VIX): shows the market's expectation of 30-day volatility. It is constructed using the implied volatilities of a wide range of S&P 500 index options. This volatility is meant to be forward looking and is calculated from both calls and puts. The VIX is a widely used measure of market risk.

Citi 1-3 Year Treasury Index: computes returns for the current or most recently issued 1-year, 2-year, and 3-year U.S. Treasury bills that have been in existence for the entire month.

Citi Non-US World Government Bond Index: is a benchmark index that includes institutionally traded bonds other than U.S. issues that have a fixed rate and a remaining maturity of one year or longer.

Goldman Sachs Commodity Index: is a world-production weighted total return index, including reinvested dividends, measuring investor returns from a fully-collateralized commodity futures investment. Due to market fluctuation, the commodities represented by this index may experience loss of invested principal and are subject to investment risk.

JPMorgan Emerging Market Bond Index Global: a benchmark index for measuring the total return performance of government bonds issued by emerging-market countries that are considered sovereign (issued in something other than local currency) and that meet specific liquidity and structural requirements. In order to qualify for index membership, the debt must be more than one year to maturity, have more than $500 million outstanding, and meet stringent trading guidelines to ensure that pricing inefficiencies do not affect the index.

Merrill Lynch High Yield Bond Index: is an index consisting of all domestic and Yankee high-yield bonds with a minimum outstanding amount of $100 million and maturing over 1 year. The quality range is less than BBB-/Baa3 but not in default (DDD1 or less). Split rated issues (investment grade by one rating agency and high-yield by another) are included in this index based on the bond's corresponding composite rating. This index represents asset types which are subject to risk, including the loss of principal.

MSCI ACWI (All Country World Index): is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets.

(Benchmark Definitions continued on the next page.)

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DEFINITIONS AND DISCLOSURES

MSCI EAFE Index: is the Morgan Stanley Capital International Europe, Australia, Far East index, a total return index, reported in U.S. dollars, based on share prices and reinvested gross dividends of approximately 1,100 companies (only those securities deemed sufficiently liquid for trading by investors) from twenty countries. The securities represented in this index may experience loss of invested principal and are subject to investment risk. In exchange for greater growth potential, investments in foreign securities can have added risks. These include changes in currency rates, economic and monetary policy, differences in auditing standards and risks related to political and economic developments.

MSCI Emerging Markets Index: is a U.S. dollar denominated index comprised of stocks of countries with below average per capita GDP as defined by the World Bank, foreign ownership restrictions, a lax regulatory environment, and greater perceived market risk than in the developed countries. Within this index, MSCI aims to capture an aggregate of 60% of local market capitalization. Prior to 1988, the data represents the IFC Global Emerging Markets index. The securities represented by this index involve investment risks which may include the loss of principal invested.

NAREIT Equity REIT Index: is comprised of real estate investment trusts which own or have an equity interest in rental real estate (rather than making loans secured by real estate collateral). REITs involve risk, including the loss of principal and the possible lack of liquidity.

Russell 1000 Index: measures the performance of the 1000 largest companies in the Russell 3000 index, which represent 92% of the total market capitalization of the Russell 3000 index. The stocks represented by this index involve investment risk which may include the loss of principal invested.

Russell 1000 Growth Index: measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. These stocks are selected from the 1,000 largest companies in the Russell 3000 index, which represent 92% of the total market capitalization of the Russell 3000 index. The stocks represented by this index involve investment risks which may include the loss of principal invested.

Russell 1000 Value Index: measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. These stocks are selected from the 1,000 largest companies in the Russell 3000 index, which represent 92% of the total market capitalization of the Russell 3000 index. The stocks represented by this index involve investment risks which may include the loss of principal invested.

Russell 2000 Index: measures the performance of the 2000 smallest companies in the Russell 3000 index, which represent 8% of the total market capitalization of the Russell 3000 index. The stocks represented by this index involve investment risk which may include the loss of principal invested.

Russell 2000 Growth Index: measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values. These stocks are selected from the 2,000 smallest companies in the Russell 3000 index, which represent about 8% of the total market capitalization of the Russell 3000 index. The stocks represented by this index involve investment risks which may include the loss of principal invested.

Russell 2000 Value Index: measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. These stocks are selected from the 2,000 smallest companies in the Russell 3000 index, which represent about 8% of the total market capitalization of the Russell 3000 index. The stocks represented by this index involve investment risks which may include the loss of principal invested.

Russell 3000 Growth Index: measures the performance of the broad growth segment of the US equity market. It includes those Russell 3000 Index companies with high price-to-book ratios and higher forecasted growth rates.

Russell 3000 Value Index: measures the performance of the small to mid-cap value segment of the US equity market. It includes those Russell 3000 Index companies with lower price-to-book ratios and lower forecasted growth rates.

S&P 500 Index: is an index of the largest exchange-traded stocks in the US from a broad range of industries whose collective performance mirrors the overall stock market. Investors cannot invest directly in an index.