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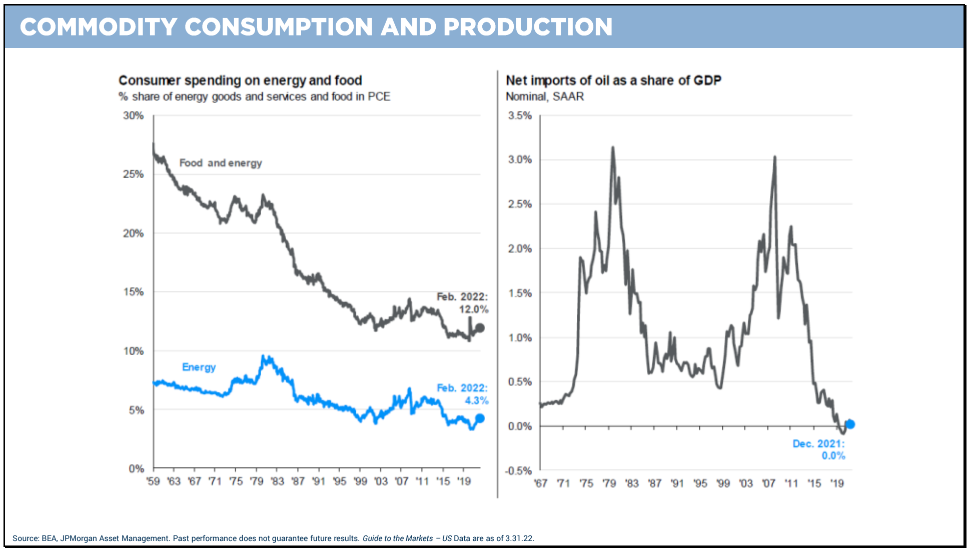

Early in the year, just as the latest COVID-19 wave began to fade, the world was hit by another shock – Russia's invasion of Ukraine. And while the financial implications of Russia's actions pale in comparison to the suffering of the people of Ukraine, there are still significant effects. For the US, the biggest impact we have seen is via higher energy prices, because Russia is a major global supplier of oil and natural gas. But while those higher energy prices could slow the European economy, they should have a smaller impact on the US. Part of that is because the energy share of household budgets has been declining for years - in February of this year, it accounted for just over 4% of US consumer spending. But the growth is US shale oil in recent years means the US now essentially self-sufficient in oil. In the 1970s, when oil prices spiked, American consumers got poorer and foreign oil producers got richer. Close to 3% of GDP was devoted to buying foreign oil. But today, when oil prices spike, US producers get richer, allowing the purchasing power to stay in the US. So because we have a lower vulnerability to an oil shock, the economy is likely to keep growing despite the disruptive effects of the war in Ukraine, and the substantial pent-up demand for services and workers helps, too.

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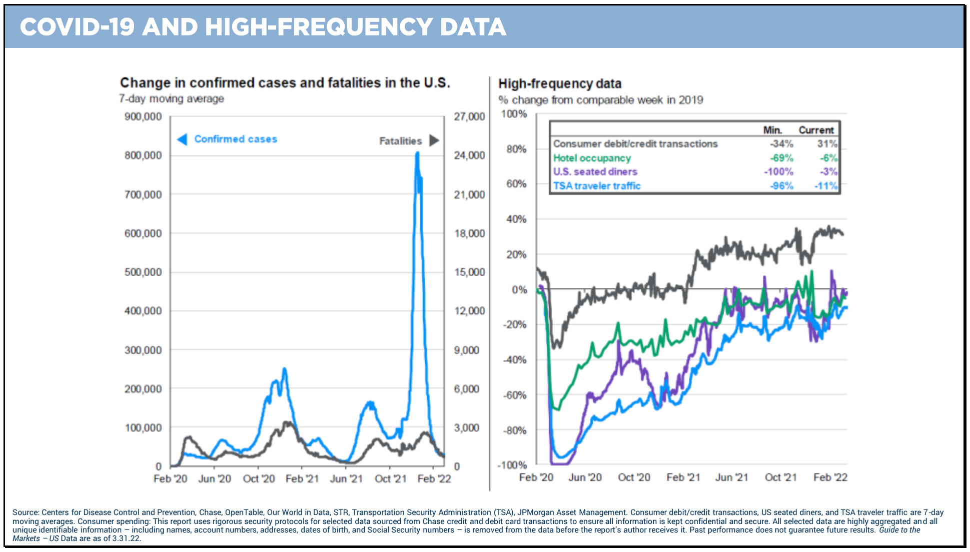

At least in economic impacts, the economic effects of the pandemic appear to be fading. It helps that the vast majority of Americans have either been vaccinated, infected, or both. This immunity is gradually reducing fatalities, even with the prevalent and very contagious strains. In fact, fatalities fell below 1,000 people per day as the first quarter of the year drew to a close. Some of the other effects of the pandemic seem likely to stay, too, like increased remote meetings over Zoom or Teams and a huge spike in online shopping for a wider array of items. And consumer spending in leisure, travel, and entertainment areas continues to recover. You can see that in rising TSA screenings at airports, greater hotel occupancy rates, and even restaurant reservations. This recovery will add extra momentum to the economy over the spring and summer.

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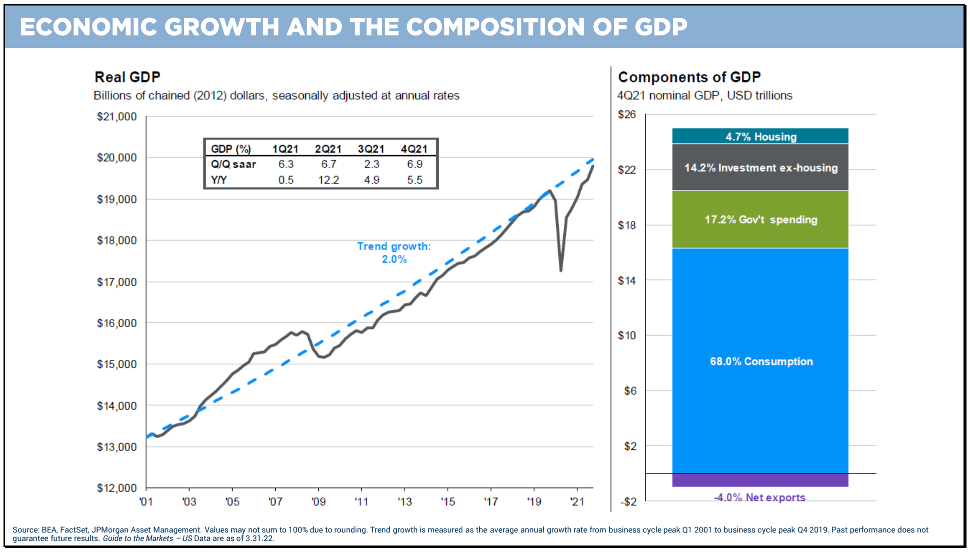

There have been surges in economic output, but then they've been impeded by supply shortages and curtailed by new waves of the virus. Even so, by the end of 2021, the US economy had not only recovered its pre-recession output level but had exceeded it by 3.2%. Part of the recovery is due to productivity gains. Over the past two years, output per worker has grown at an annual rate of 2.7%, more than twice the 1.2% growth seen in the first two decades of this century. Now, the latest wave of the virus seems to have slowed the economy in the first quarter of this year. I would expect to see strong growth in the second quarter. That should be spurred by robust consumer and business spending. After that, growth might fade a bit as the economy reaches capacity limits, primarily due to a shortage of workers and fiscal and monetary policy turning more restrictive. By the fourth quarter, I expect to see real GDP growth of 3% or less, on a year-over-year basis, with growth slowing further to a roughly 2% pace in 2023.

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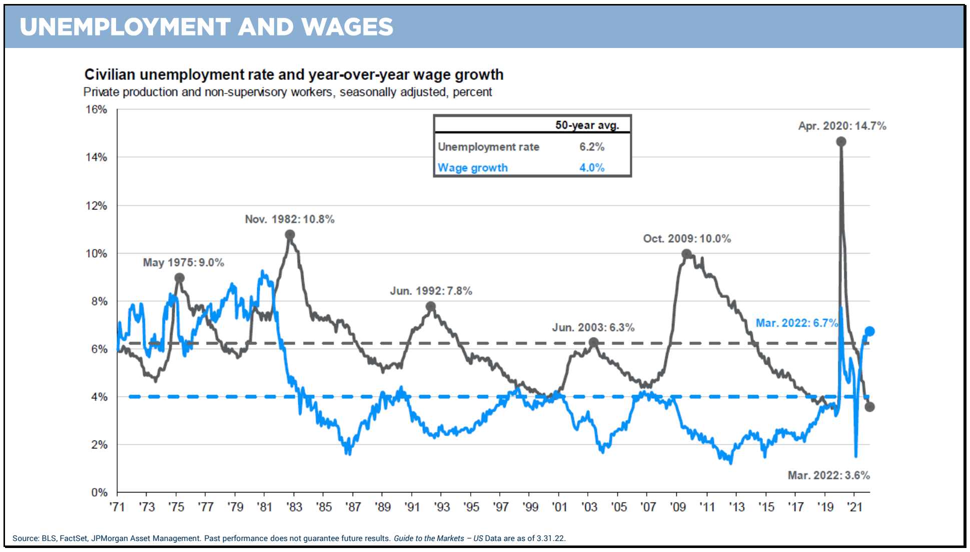

The labor market has been improving pretty rapidly – the unemployment rate fell to 3.8% in February. In February of 2021, the unemployment rate was at 6.2%. Even with this, though, there is a massive excess demand for labor, with the latest data showing roughly 5 million more job openings than unemployed workers. This excess demand, combined with rising wages, fading pandemic effects on labor supply, and the elimination of most pandemic assistance from the government, should lead to further declines in the unemployment rate. It's possible that by the end of the year, the unemployment rate will have fallen below 3.4%, which would be the lowest unemployment rate since 1953. Looking at the circumstances at hand, an aging baby boomer generation and limited immigration will continue to limit labor force growth over the next few years, meaning there is going to be a continued excess demand for labor. And that should maintain strong wage gains and help sustain relatively strong underlying inflation, even as current supply-chain problems ease.

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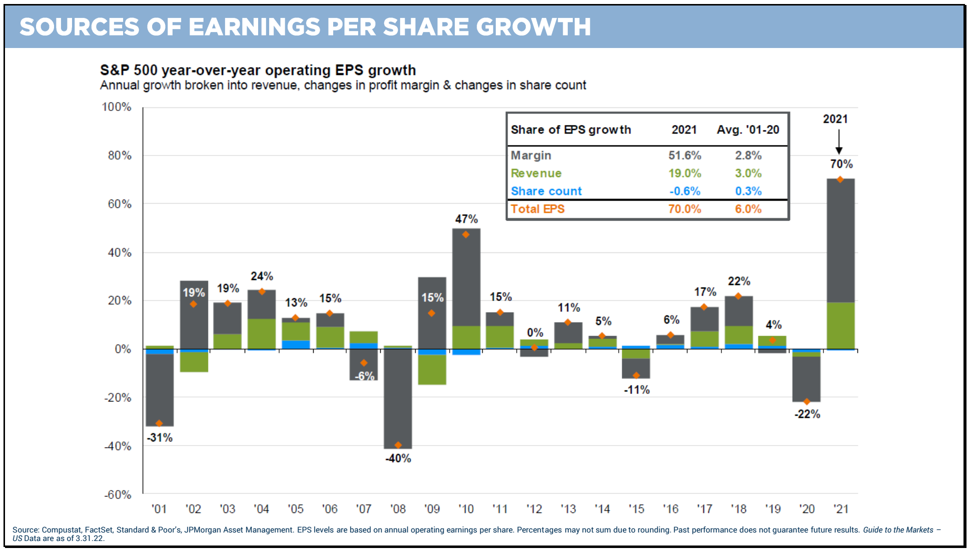

Earnings have recovered spectacularly since the big declines in early 2020. They actually hit a new all-time high in 2021. Now, this partly reflects stellar profits in some of the most important sectors of the US equity market - technology and health care really came through during the pandemic. But there has also been a rebound in many of the cyclical sectors that struggled the most in 2020. And more generally, earnings have been bolstered by powerful consumer demand and higher productivity as businesses have found ways to reduce costs in a more virtual environment. As 2022 proceeds, slower economic growth, higher wage costs, and higher interest rates should slow the growth in profits to single digits.

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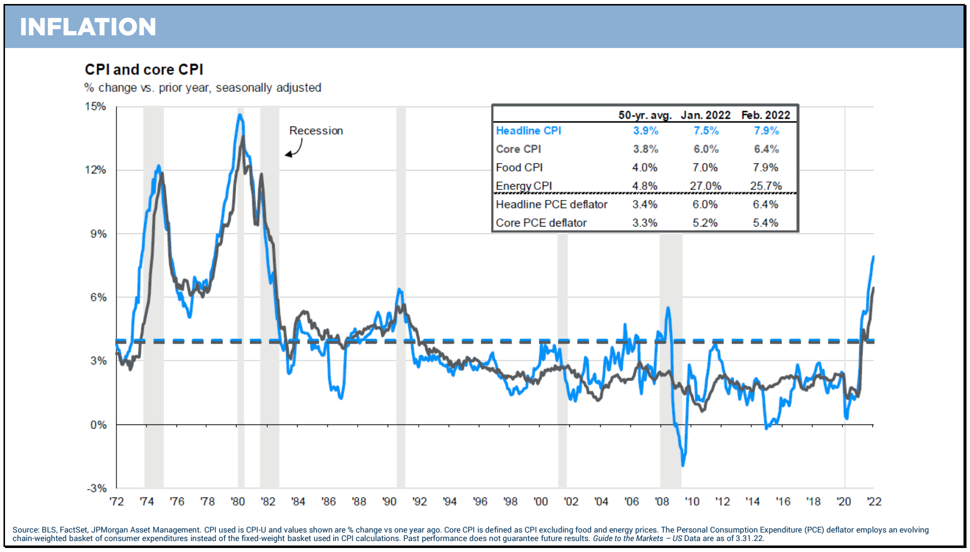

Inflation has heated up significantly over the past year, prompted by surging consumer spending, fueled by fiscal stimulus, collided with supply shortages across major sectors of the economy. And this has been amplified by a general recovery in airfares, hotel rates, and rents from their pandemic lows. Other factors include the Russian invasion of Ukraine and China's attempts to maintain a zero-COVID policy are extending supply chain problems. And year-over-year CPI inflation may not have peaked yet. By the end of 2022, I do expect some of the supply-chain issues to fade, which will allow headline inflation to ease. But the longer high inflation persists, the sticker it gets. Core consumption deflator inflation could remain above 3% both this year and next. While longer-term forces could cut inflation further by the middle of the decade, the potential persistence of inflation well above the Fed's 2% target over the next two years has major implications for monetary policy.

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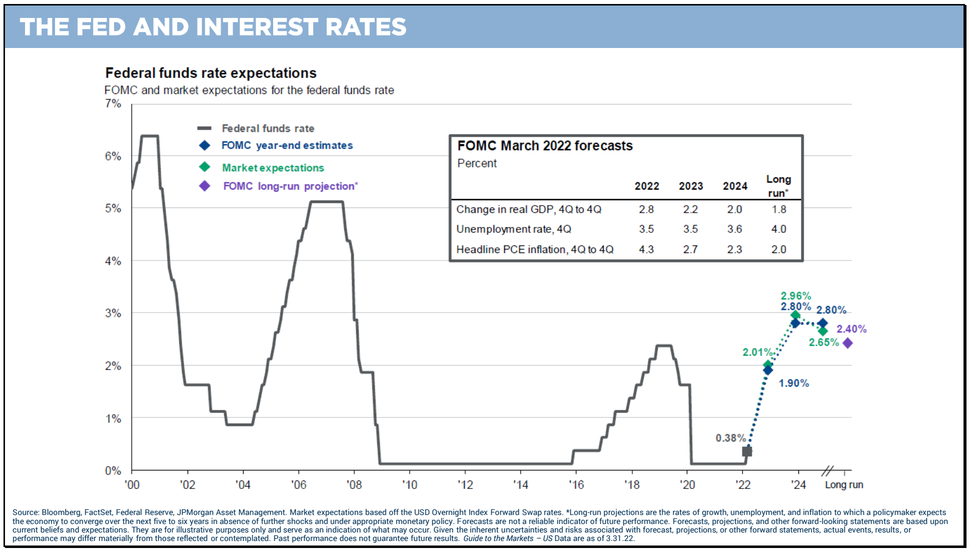

The improving labor market and inflationary pressures have caused the Federal Reserve to adopt a much more hawkish stance than before. In March, the Fed increased the federal funds rate by 0.25% and signaled an intention to raise rates at each of the remaining six meetings in 2022. There is supposedly a plan coming at the May meeting to begin reducing their huge bond holdings. This reduction should boost long-term interest rates and contribute to some softening in home-building and capital spending in 2023. With unemployment likely drifting lower this year but inflation remaining well above their targets, economic data should give the Fed little reason to change their hawkish stance. We're likely to see further increases in long-term interest rates throughout the year. But given the lags in the impact of monetary policy on economic activity and the likely slowing of economic momentum as this year proceeds, a more hawkish Fed adds to potential recession risks for 2023.

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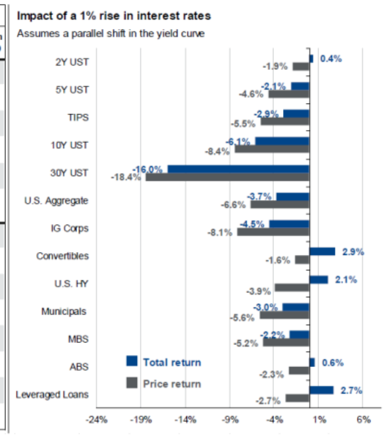
FIXED INCOME MARKET DYNAMICS

	Yield		Return			
U.S. Treasuries	03/31/2022	12/31/2021	2022 YTD	Avg. Maturity	Correlation to 10-year	Correlation to S&P 500
2-Year	2.28%	0.73%	-2.54%	2 years	0.68	-0.37
5-Year	2.42%	1.26%	-5.16%	5	0.92	-0.34
TIPS	-0.52%	-1.04%	-3.02%	10	0.58	0.21
10-Year	2.32%	1.52%	-6.86%	10	1.00	-0.31
30-Year	2.44%	1.90%	-11.41%	30	0.93	-0.30
Sector						
U.S. Aggregate	2.92%	1.75%	-5.93%	8.8	0.85	0.04
IG Corps	3.60%	2.33%	-7.69%	11.9	0.44	0.39
Convertibles	4.44%	3.66%	-5.42%	-	-0.26	0.87
U.S. HY	6.01%	4.21%	-4.84%	6.2	-0.23	0.73
Municipals	2.60%	1.11%	-6.23%	12.9	0.40	0.10
MBS	2.99%	1.98%	-4.97%	7.1	0.81	-0.13
ABS	3.45%	1.96%	-2.11%	2.4	-0.42	0.62
Leveraged Loans	5.41%	4.60%	-0.01%	2.7	0.16	0.13



Source: Bloomberg, FactSet, Standard & Poor's, US Treasury, JPMorgan Asset Management. Sectors shown above are provided by Bloomberg unless otherwise noted and are represented by – US Aggregate; MBS: US Aggregate Securitized – MBS; ABS: JPMorgan ABS Index; Corporates: US Corporates; Municipals: Muni Bond; High Yield: Corporate High Yield; Leveraged Loans: JPMorgan Leveraged Loan Index; TIPS: Treasury Inflation-Protected Securities; Convertibles: US Convertibles Composite. Convertibles yield is as of most recent month end and is based on US portion of Bloomberg Global Convertibles Index. Yield and return information based on bellwethers for Treasury securities. Sector yields reflect yield-to-worst. Convertibles yield is based on US portion of Bloomberg Global Convertibles. Correlations are based on 15-years of monthly returns for all sectors. Past performance does not guarantee future results. *Guide to the Markets – US* Data are as of 3.31.22.

Everything we have touched on so far – high inflation, falling unemployment, and the Fed's more hawkish stance – have all led to a sharp backup in bond yields thus far in 2022. That's caused negative returns across fixed income markets. And the likely persistence of high inflation and falling unemployment in the year ahead suggest continued tightening from the Fed and further broad increases in interest rates. Additionally, long-term Treasury yields remain negative in real terms, and US credit spreads remain tight by historical standard. What does that mean for fixed income investors? 2022 will continue to be a challenging year for fixed income investors, though higher yields and a moderation in economic forecasts by the end of the year may result in a better 2023.

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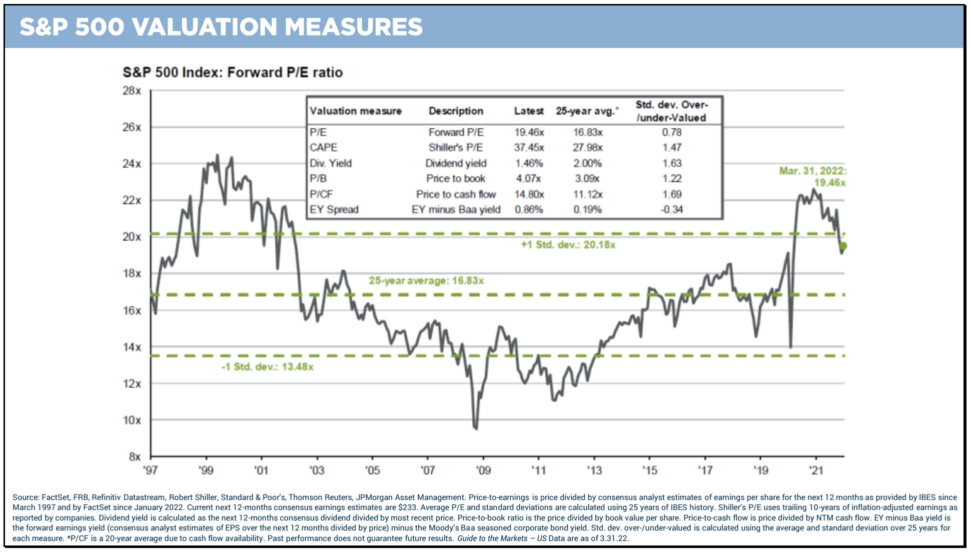

We saw US equity valuations fall back significantly in the first quarter, and this partly reflects a stock market correction due to the impact of Russia's invasion of Ukraine and the Fed's more hawkish tilt. However, it also reflects improved earnings expectations as a strong fourth-quarter earnings season lifted expectations for the year ahead. I think rising interest rates will make it difficult to justify an increase in P/E multiples. Rising wages and interest rates, along with slowing nominal GDP growth should impede earnings gains. It points to a need for a more selective approach to US equities as investors reassess their strategies for a post-pandemic world.

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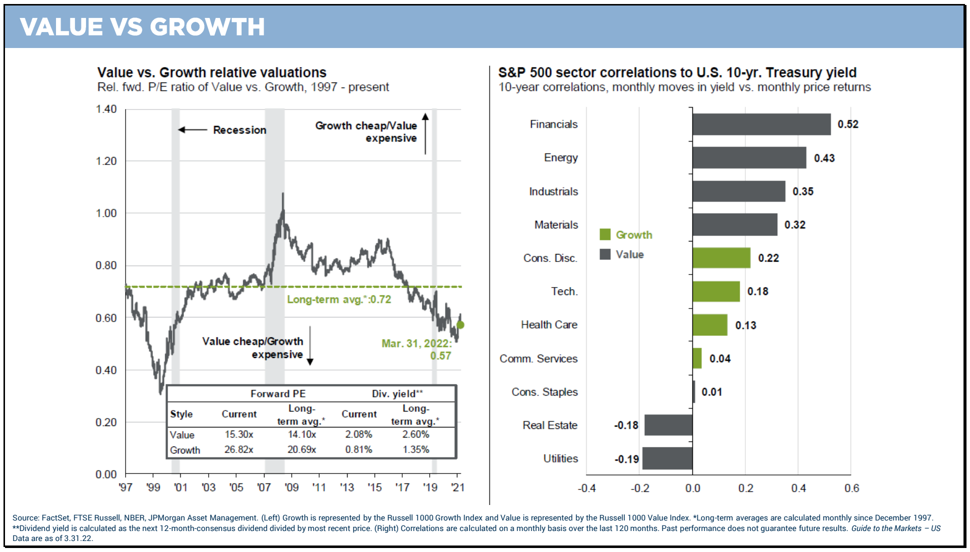

When it comes to value and growth, we've gone back and forth over the past couple of years. There were multiple years of strong outperformance of growth stocks, especially during the pandemic in 2020. But then we saw value begin to recover in the first half of 2021. Growth outperformed in the second half of the year, though, because of the combination of declining interest rates, fears about the Delta variant, and disappointing economic data relative to expectations. But value has begun to recover so far this year. A combination of high commodity prices and rising interest rates should boost the chances of a long-overdue rotation from growth back to value. And, if you look at the chart here, value remains at historically cheap levels relative to growth and provides substantially higher dividends. For investors looking for income and maintain their portfolio diversification, consider adding to value allocations.

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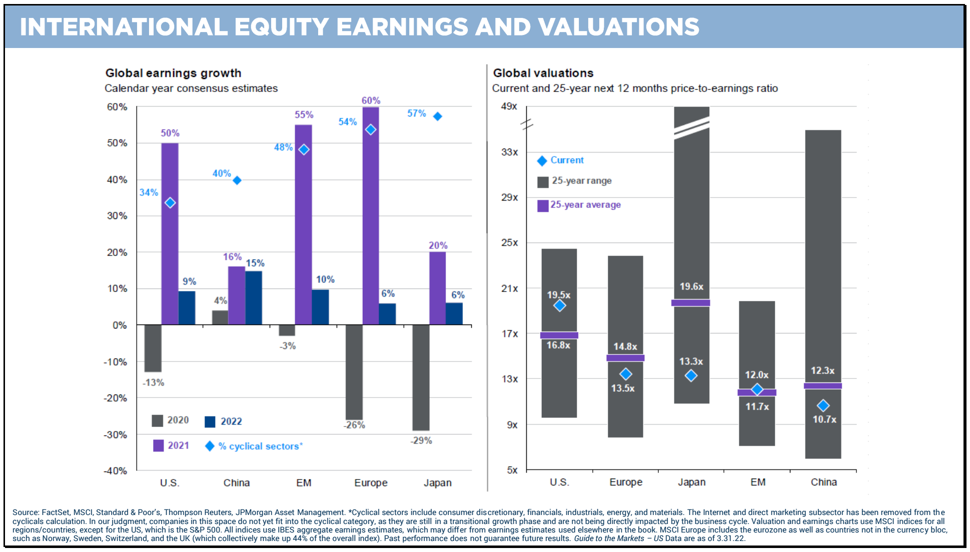

Even though COVID and the Russian invasion of Ukraine have hindered the global economic recovery so far this year, I think the recovery will still continue. It's powered by post-pandemic reopenings and more active fiscal policy in Europe. I'd expect the global economy to continue to grow at a faster-than-trend rate over the next two years. Robust earnings growth should be an important catalyst for international markets. I think valuations remain attractive – both emerging market and developed market stocks are at some of their cheapest levels relative to the US in the last 20 years. And along with lower trade tensions and the prospect of a lower dollar in the long run, I'd say you could argue for a greater allocation to international equities, with a particular focus on East Asia and Europe.

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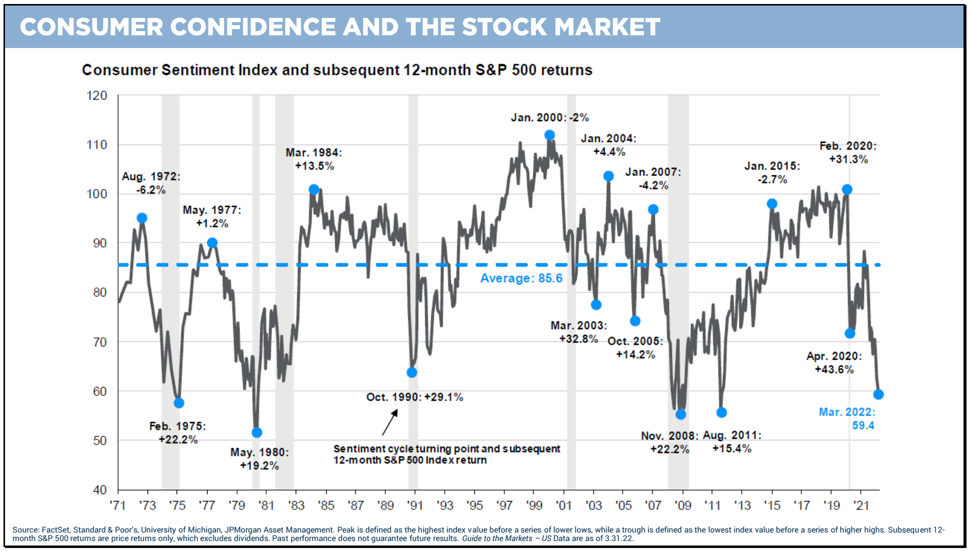

For many Americans, this year began in a troubling and even disappointing way – we've touched on the reasons why. The COVID variants prolonging the pandemic, rising inflation, and Russia's invasion of Ukraine. And when you combine those factors with a very partisan political environment, it's easy to see why consumer sentiment is down to its lowest level in over a decade. I know when investors feel gloomy and worried about the economic outlook, the natural tendency is to sell risk assets, especially stocks, but trying to time the markets is a mistake. This slide shows the University of Michigan Index of Consumer Sentiment stretching back over the past 50 years. There are eight distinct peaks and troughs noted. It also shows how much the S&P 500 Index went up or down in the 12 months following the peaks and troughs. On average, buying at a confidence peak yielded a return of 4.4%, while buying at a trough returns 24.5%. And hear me when I say that we can't predict US stocks will return anything like a 24.5% return in the year ahead. Many other factors will determine that outcome. But it does suggest that in planning for 2022 and beyond, investors should focus on what they own and valuations rather than when to buy and sell and how they feel about the world.

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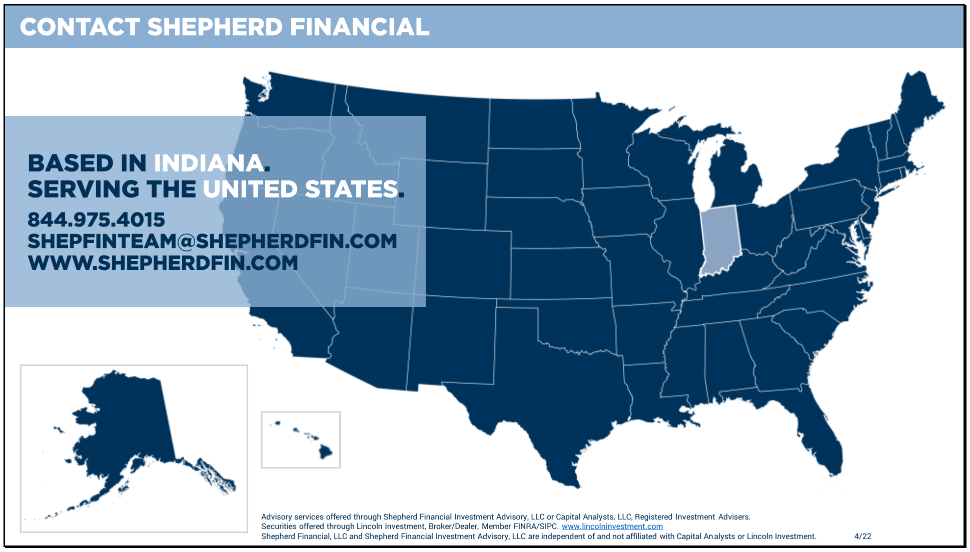

Don’t forget our next Open Phone Day is Tuesday, May 3rd, and you can sign up for that by emailing shepfinteam@shepherdfin.com. If you’d like to talk with one of our team members at any other time, you can always call us at 844.975.4015 or 317.975.5033.

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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.

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.

(Benchmark Definitions continued on the next page.)

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DEFINITIONS AND DISCLOSURES

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.

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.

MSCI World Index ex US: is a free float-adjusted market capitalization weight index that is designed to measure the equity market performance of 22 of 23 Developed Markets countries (excluding the United States). The Index consists of the fo9llowing 23 developed market country indexes: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom.

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.

(Benchmark Definitions continued on the next page.)

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DEFINITIONS AND DISCLOSURES

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.

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DEFINITIONS AND DISCLOSURES

The Federal Reserve System (also known as the Federal Reserve, and informally as the Fed) is the central banking system of the United States. The Federal Reserve System is composed of 12 regional Reserve banks which supervise state member banks. The Federal Reserve System controls the Federal Funds Rate (aka Fed Rate), an important benchmark in financial markets used to influence the supply of money in the U.S. economy.

Inflation is the rise in the prices of goods and services, as happens when spending increases relative to the supply of goods on the market. Moderate inflation is a common result of economic growth. Hyperinflation, with prices rising at 100% a year or more, causes people to lose confidence in the currency and put their assets in hard assets like real estate or gold, which usually retain their value in inflationary times.

Deflation is the decline in the prices of goods and services. Generally, the economic effects of deflation are the opposite of those produced by inflation, with two notable exceptions: 1) prices that increase with inflation do not necessarily decrease with deflation; 2) while inflation may or may not stimulate output and employment, marked deflation has always affected both negatively. A recession is a significant decline in activity across the economy, lasting longer than a few months. It is visible in industrial production, employment, real income, and wholesale-retail trade. The technical indicator of a recession is two consecutive quarters of negative economic growth as measured by a country's gross domestic product (GDP), although the National Bureau of Economic Research (NBER) does necessarily need to see this occur to call a recession.

The Federal Open Market Committee (FOMC), a committee within the Federal Reserve System is charged under United States law with overseeing the nation's open market operations (i.e., the Fed's buying and selling of United States Treasury securities).

S&P 500 Dividend Aristocrats measure the performance S&P 500 companies that have increased dividends every year for the last 25 consecutive years. The Index treats each constituent as a distinct investment opportunity without regard to its size by equally weighting each company.

The Alerian MLP Index is a composite of the 50 most prominent energy Master Limited Partnerships (MLPs) that provides an unbiased, comprehensive benchmark for this asset class.

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.

A yield curve is a curve on a graph in which the yield of fixed-interest securities is plotted against the length of time they have to run to maturity. An inverted yield curve is an interest rate environment in which long-term debt instruments have a lower yield than short-term debt instruments of the same credit quality.

Gross Domestic Product (GDP) is the monetary value of all the finished goods and services produced within a country's borders in a specific time period, though GDP is usually calculated on an annual basis. It includes all of private and public consumption, government outlays, investments and exports less imports that occur within a defined territory.

Earnings per share (EPS) is the portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serves as an indicator of a company's profitability.

Price/Earnings (P/E) ratio is the price of a stock divided by its earnings per share that gives investors an idea of how much they are paying for a company's earning power. High P/E stocks are typically young, fast-growing companies and are far riskier to trade than low P/E stocks.

Price to forward earnings is a measure for the price-to-earning ratio (P/E) using forecasted earnings. Price to book value compares a stock's market value to its book value. Price to cash flow is a measure of the market's expectations of a firm's future financial health. Price to dividends is the ratio of the price of a share on a stock exchange to the dividends per share paid in the previous year, used as a measure of a company's potential as an investment.

Small 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-cap market may adversely affect the value of these investments so those shares, when redeemed, may be worth more or less than their original cost.

Large Cap refers to companies with a market capitalization value of more than $10 billion. Large cap is an abbreviation of the term "large market capitalization." Market capitalization is calculated by multiplying the number of a company's shares outstanding by its stock price per share.

Emerging markets are sought by investors for the prospect of high returns, as they often experience faster economic growth as measured by GDP. Investments in emerging markets come with much greater risk due to political instability, domestic infrastructure problems, currency volatility and limited equity opportunities (many large companies may still be "state-run" or private). Also, local stock exchanges may not offer liquid markets for outside investors.

The unemployment rate percentage of total workforce who are unemployed and are looking for a paid job. Unemployment rate is one of the most closely watched statistics because a rising rate is seen as a sign of a weakening economy that may call for cut in interest rates. A falling rate, similarly, indicates a growing economy, which is usually accompanied by higher inflation rate and may call for increase in interest rates.