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ARCATAUR CAPITAL

Arcataur Capital Management LLC
A Registered Investment Advisor

High Quality Investment Management
For Individuals and Institutions

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Inside This Issue:

A Balanced Approach

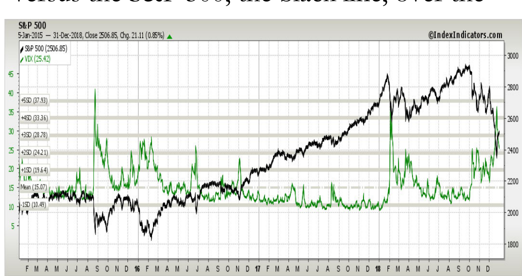
The Perfect Storm of Volatility puts Investors on Edge

Investors were taken on a wild ride in 2018. The year started out with a bang as the S&P 500 increased nearly 8% in January on prospects of strong corporate earnings fueled by tax cuts. This was on top of a steady rise in stock prices in 2017 with uncharacteristically low volatility. The concerns of higher inflation and interest rates in early 2018 led to a return of more normal market volatility in February and a 10% correction in broader stock averages. The correction was short-lived as corporate earnings exceeded expectations and drove the U.S. stock market up to new highs through September. International stock markets lagged due to slowing economic growth and fears of a trade war stemming from the implementation of new tariffs. Expectations for market volatility in the fall held true to normal seasonal patterns and drove stock prices lower into the mid-term election.

The correction in October was based upon fears of rising inflation and potentially slowing economic trends as housing in the U.S. softened. It has been a long time since investors were concerned about stagflation, but the initial concern over the inflation side diminished quickly as oil prices declined dramatically.

Through the mid-term elections, stocks recovered more than half of the October decline, but the market tone switched course quickly, defying normal historical patterns of post-midterm and holiday rallies. Market commentary not only focused on stagnating economic growth, but outright declining growth and an increased probability of future recessionary risks. The extreme decline in stock prices the last six weeks of the year was exacerbated by reports of hedge fund liquidity problems combined with the rising prominence of program/algorithmic-type trading activity in overall market trading volumes.

In the following chart, the CBOE Volatility Index (VIX) is illustrated by the green line versus the S&P 500, the black line, over the last three years. The VIX is primarily used in option pricing; however, investors view it as a fear indicator as well. This chart reflects the current extreme high reading versus abnormal low readings in 2017 and during the summer of 2018. After the ups and downs of the rollercoaster-like ride, the S&P 500 ended the year down 4.4% on a total return basis (including dividends).



Although the renewed market volatility is uncomfortable, it perhaps feels worse after six years of ultra-low volatility which culminated in 2017's record low levels. Until a number of issues are resolved, we would expect elevated market volatility to continue.

The U.S. economy remains robust (although the rate of growth is slowing from peak levels), driven by strength from both consumers and corporations. With the unemployment rate below 4%, it is near a 50 year low level. This, along with wage growth and lower taxes, drove holiday sales up over 5%, the strongest in the last six years.

Earnings growth for the third quarter remained strong, up a hefty 27%, similar to levels in previous quarters. Positive earnings per share revisions were ahead of historical trends as well. Although some companies pulled back their projected guidance, fourth quarter earnings are expected to be up 14 to 16%, and if normal revisions hold, could push closer to 20%. Economic indicators are still solid and are not suggesting a recession is imminent.

Despite the strong domestic economy, the stock market experienced the worst month of December since 1946, pushing the fourth quarter to the third worst, only behind 1987 and 2008. This dichotomy between current economic trends and weak stock prices has increased the concerns for investors.

The Federal Reserve remains a focus for investors, the press, and even the President. The December increase in the Federal Funds rate was the fourth during the year, and has raised the prospect of a monetary policy mistake. Stocks fell and bond prices rose during Fed Chairman Powell's remarks. There is some evidence the market sell-off was driven by liquidating hedge funds with forced sales that gave preference to speed and liquidity over price. Once technical support levels were breached, program and algorithmic trading kicked in as well. The intra-day volatility, while not captured by the VIX which uses closing prices, was massive, indicating traditional fundamentals were not driving the markets.

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Arcataur Large Capitalization Equity Portfolio - This portfolio offers investors a separately managed account consisting of high quality, blue chip stocks. Our strategy focuses on maximizing expected return through constructing diverse portfolios covering most major industry sectors. On average, this portfolio could hold 55 stocks; however, the largest 15 could account for as much as 45% of the portfolio.

Arcataur Investment Grade Fixed Income Portfolio - This portfolio offers investors a separately managed account focusing on Treasuries, Agencies, corporate bonds and municipal bonds, with an average portfolio credit rating of A or better. Our approach is to actively manage interest rate risk and credit risk while minimizing liquidity risk to generate conservative risk-adjusted total return.

Arcataur Managed Balance Portfolio - This portfolio offers investors a separately managed account which seeks to preserve capital during difficult market periods while allowing growth opportunity in good market conditions. Arcataur has developed a model that assists us in determining the relative attractiveness of stocks versus bonds. When our models and fundamental analysis indicate stocks are more attractive, we will be near our upper end of the range for stocks (75%). Conversely, when bonds are favored, we will be near the lower end of the stated range for stocks (45%).

The Perfect Storm of Volatility puts Investors on Edge (cont.)

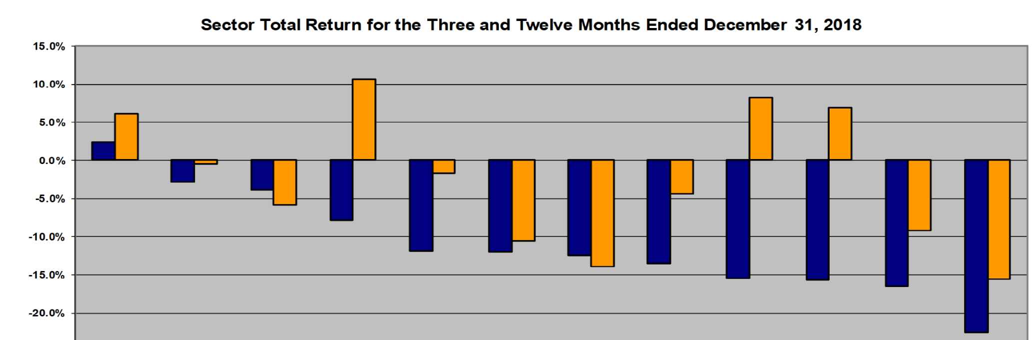
Oil prices and the overall energy markets were an additional destabilizing factor in the last four to five months. Global oil prices rose to a four year high in early October with WTI crude above $76 per barrel. This was a significant rise, as the thought of a coordinated global expansion was developing in 2017 and 2018. The initial economic weakness in October pushed oil lower, but the price decline accelerated after the Trump Administration allowed 8 waivers for Iranian oil to be sold. Oversupply and weakening demand fueled the decline. Oil traders were positioned assuming all Iranian oil would be off the global market, which accelerated the decline to $43 per barrel in late December. The OPEC decision to cut production, along with additional reductions announced by Saudi Arabia post the OPEC meeting, has recently stemmed the tide of selling. While lower energy prices are a benefit to consumers and many businesses, the potential earnings impact to the energy producers was a tough lesson learned during the 2014 to 2016 decline in oil prices.

Economic expansions typically don't die of old age, but expire from unexpected shifts in inflation, policy (monetary or fiscal) errors, or external events that destabilize business and consumer confidence. Prior to the last few months, the probability of a domestic recession was extremely low, but the course of events recently cannot be ignored as the potential risk has modestly risen. A Federal Reserve that exhibits patience, meaningful progress on trade and tariffs, and better economic growth in Europe and Asia could quickly improve the outlook. Importantly, the Fed has signaled a more market friendly path and recent communication of progress between the U.S. and China offers hope that a reasonable agreement can be reached.

Upcoming earnings reports and future earnings guidance will be extremely important to investor sentiment. At current stock prices, valuations appear attractive assuming earnings growth remains positive. The broader indices are now trading at price-earnings ratios slightly below long-term averages, as well as at levels reached during the first quarter 2018 correction. Future earnings trajectory and growth will be critical to determine if there is significant upside in stock prices from current levels or if the recent decline was foretelling of slower growth. However, lower valuations potentially mitigate some of the downside risk going forward.

The S&P 500 (total return) was down 13.5%, while the Dow Jones Industrial Average was down 11.3% in the quarter. The smaller capitalization (illustrated by the S&P 600 Small Cap Index) issues were down 20.1%, and the technology-heavy NASDAQ Composite was down 17.3%. Developed international markets were down 12.9% or in line with the domestic averages, while emerging markets fell less for the quarter, down 7.9%, but still lagged for the year.

Of the eleven primary industry sectors, only the utility sector was positive in the quarter. Defensive or interest sensitive sectors (consumer staples, healthcare, real estate and financials) outperformed, as they fell less than the S&P 500. The energy sector was the worst performing sector in the quarter and the year as a result of the dramatic 40% decline of oil prices since mid-October. Other economically sensitive sectors (industrial and consumer discretionary) were weak in the fourth quarter. The recently reformulated Technology sector led the market lower, but was dominated by large high profile companies, such as Apple, which was down nearly 30% in the quarter. Facebook, Alphabet/Google, Amazon, and Netflix, along with Apple, are the famed previous market leading "FAANG" stocks that faltered and led the market lower. The 4th quarter represented the first report after the Global Industry Standard Classification changes were adopted in the U.S. The chart below is based upon the revised GISC standards and illustrates how all the sectors performed in the quarter and for the trailing twelve months.



	Utilities	Real Estate	Consumer Staples	Healthcare	Communication Services	Financials	Materials	S&P 500	Consumer Discretion	Info.Tech	Industrials	Energy
3 Months	2.4%	-2.8%	-3.9%	-7.9%	-11.9%	-12.0%	-12.5%	-13.5%	-15.5%	-15.7%	-16.5%	-22.6%
12 Months	6.1%	-0.5%	-5.8%	10.6%	-1.7%	-10.5%	-13.9%	-4.4%	8.3%	6.9%	-9.2%	-15.6%

Source: FactSet

Two Steps Forward and One Step Back to Normal Yields

Yields on short- and long-term Treasury bonds continued to rise until early November, then began moving lower to close the year. Yields were still above levels at the beginning of the year, as 2-year yields rose from 1.91% to 2.50% and the 10-year rose from 2.43% to 2.68%. The spread between the 2-year and 10-year Treasury Bond has narrowed to 0.18%, compared to 0.58% at the start of 2018. The 2-year Treasury note yield fell from 2.97% in early November, which was a ten-year peak, to end down 0.47% by year end. The 10-year Treasury bond fell from 3.23%, a seven year peak in early November as well, to end down 0.55% by year end.

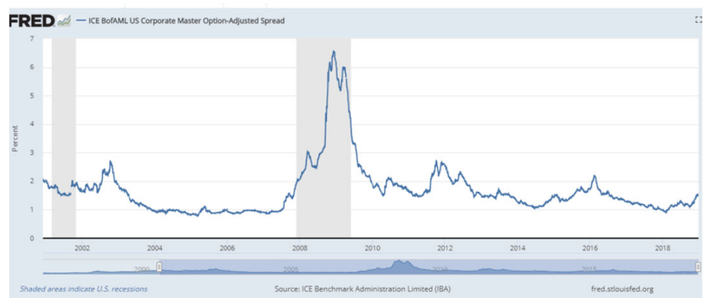
Source: Factset

Investors were focused on rising inflation and yields most of the year, but sentiment shifted quickly late in the fourth quarter to decelerating global economic growth and concerns of a yield curve inversion (short-term yields higher than long-term and a historical indicator of a recession). While an inversion has not occurred yet, the differential or spread has narrowed. The extraordinary monetary stimulus of Quantitative Easing (QE, the Fed buying bonds to lower interest rates) after the credit crisis in 2008, and the current plans to reverse QE, complicates historical comparisons in relationship to yield curve inversion. The spread between shorter-term rates did invert, as the 2-year bond did rise above the 5-year bond during the quarter and came close to rising above the 7-year offering, but a full and more significant inversion has yet to occur. However, fears of an inversion and whether it signals a recession will continue to be a focus for investors in 2019.

One of the major market moving events was the decision of the December Federal Open Market Committee (FOMC) to raise the Fed Funds rate again another 0.25% to a range of 2.25% - 2.50%. It was the fourth interest rate hike in 2018 and investors became more concerned that the Fed had pushed rates too high, possibly causing future economic growth to slow more than desired. Equity markets sold off on these concerns, despite Fed Chairman Powell's view that the economy is gradually slowing as expected and indicating a more moderate approach going forward. The Fed's expectation for future interest rate increases in 2019 was reduced from three to two. The Fed will continue to be data dependent on its future monetary policy moves, but will monitor economic conditions before proceeding on future interest rate increases and planned balance sheet reductions (QE reversal plans). The Fed's stated plan is to continue to sell Treasuries off its balance sheet ($50 billion a month), as it continues to return its balance sheet to a more normal level after years of quantitative easing. Investors were incrementally unnerved by President Trump's criticism of the Fed and the possibility he might attempt to remove Chairman Powell. More recently, the Administration has toned down its criticism.

Most economic indicators remain positive, as wage growth continues to be strong, with inflation nearing 2%, and unemployment at a low 3.9%. Future economic data and Fed decisions will continue to weigh on the markets and give investors a sense of opportunity and risk going into 2019 and beyond.

Investment Grade Corporate Bond yields have risen in 2018. This was driven by the combination of higher Treasury yields and increased premium or spreads above Treasuries for incremental risk. 2018 began with Investment Grade Corporate Bond spreads close to historic lows near 0.90% and widened to above 1.50% near year end. Much of the widening occurred in the fourth quarter, as the potential of slowing global growth, fears of a trade war, and the likelihood of slowing domestic growth in 2019 had bond investors requiring more yield to cover potential risks. The chart below illustrates that spreads are now closer to the median of the last 5 years, but not as wide as in previous recessionary periods.



The lack of consistent economic growth outside of North America was evident during the year. Increased tariff disputes have impacted the nascent recovery in Europe and Asia more significantly. This has continued to keep yields low on higher quality Euro and Japanese government bonds as the ECB and BOJ have been hesitant to raise rates in this environment. With their interest rates barely above 0%, U.S. yields continue to look meaningfully more attractive relative to similar quality international options. It is also likely that this helps keep U.S. yields from rising too quickly.

Source: Factset

Global growth, inflation trends, and monetary policy are at a crossroads. With the long domestic expansion, fixed income investors are expecting mixed opportunities in the New Year. 2018 was the first year where investors earned positive real yields (nominal yields over inflation) in the last 8 years. Viewed another way, safer investments have just begun to offer a reasonable return. Arcataur continues to focus on high quality, diversified bonds with the overall quality rating of the fixed income portfolio at mid-single A. Aggregate weighted average duration remains short (about 4 years) and liquidity is sufficient to take advantage of the current fluid environment.

First Quarter 2019 Investment Outlook

As stock and bond prices gyrated in 2018, investors faced a level of uncertainty about global economic growth that hasn't been seen for the last ten years. The confluence of events domestically and abroad has forced investors to consider reducing risk into unfavorable market conditions. Fortunately, we incrementally took profits in stocks late in the summer and allocated more to Treasury bonds as yield levels reached ten-year highs.

This incremental repositioning was driven on slightly elevated valuations in stocks and bonds offering positive real returns (adjusting for inflation) for the first time in eight years. While anticipating increased market volatility in the fourth quarter, the movement in the last six weeks of the year was more severe than our expectations.

As we begin 2019, the significant correction in stock prices and bond yields appears somewhat overdone. The potential risks of trade disputes, political disarray, monetary/fiscal mistakes and deteriorating global growth are somewhat reflected in financial asset prices. Based upon current data, the long-term opportunities in general outweigh the near-term risk for investors, but elevated volatility should be expected.

The potential actions that could change investor sentiment in the coming months include a more direct shift by the Federal Reserve on interest rate policy and balance sheet reduction, as well as a reasonable trade agreement with China. Upcoming earnings releases and management commentaries should also serve to alleviate fears. While stock prices now reflect a meaningful deceleration in future earnings growth, managements' guidance of their companies' future prospects will help resolve an unusually high level of investor uncertainty.

Assuming reasonable earnings growth of mid to high single digits for 2019, the significant decline in stock prices has quickly shifted valuations from slightly overvalued in September to somewhat undervalued today based on a historical comparisons. Individual sectors and companies vary, but based upon current future estimates, the S&P 500 is near a 14 times P/E ratio, which is now below the longer-term average of 15. The 4th quarter earnings growth expectations are for a 14 to 16% rise. One would need to assume that earnings growth declines more than anticipated (closer to flat) in 2019 for a fundamentally driven decline in markets based on current valuation levels.

With the current domestic expansion now the second longest in our nation's history, the softening of housing and durable goods purchases cannot be ignored. Rising interest rates, higher house prices and tax law changes have changed the game for an important segment of the economy. The recent pull-back in mortgage rates could boost the spring housing market if sustained in the coming months. Auto sales have also plateaued at historical high levels, while general retail sales (including a strong Christmas selling season) have continued to rise, which reflects favorable consumer sentiment and a broader base of working Americans.

While the favorable trade agreement with Mexico and Canada was a win for the Administration, the current trade negotiations with China could provide a positive catalyst on many fronts. As the trade dispute has been more problematic to China's economy than the U.S.'s, we believe the odds of an agreements are good; however, a delay, along with weak economic growth in Europe and Japan, increases the potential risk to the domestic economy. The unresolved Brexit decision also adds to uncertainty over the global economic picture.

Resolving some of these issues could shift investor psychology. International investments under-performed for the year, but fell less than domestic stocks in the quarter. The uneven growth in Europe and Asia has caused relative weak stock performance in 4 of the last 5 years. More consistent economic growth outside North America is critical for a positive global expansion and positive stock returns.

Our asset allocation discipline has served us well in the current market environment. Small and mid-capitalization exposure provided a source of funds earlier in 2018 but, after a decline of 20%, they now offer more attractive valuations assuming favorable economic conditions.

Within our large capitalization direct common stock portfolio, we utilized the market weakness to establish some new positions to improve diversification and took advantage of improved valuations.

The recent decline in yields and rise in bond prices have caused more of a pause for new bond purchases in the near-term. Looking for more clarity on inflation, economic growth and future Fed action will be critical to fixed income valuation. Liquidity remains adequate to take advantage of future market opportunities. We remain disciplined in finding appropriate value in our fixed income portfolios.

Historical Market Performance for the Period Ended 12/31/18

		Total Return (%)		Annualized Total Return (%)		
	Close	Quarter-to-Date	One Year	Three Year	Five Year	Ten Year
DJ Industrial Average	23327.46	(11.31)	(3.48)	12.94	9.70	13.16
S&P 500	2506.85	(13.52)	(4.38)	9.26	8.49	13.12
S&P 100	1113.87	(13.47)	(3.87)	9.30	8.61	12.49
S&P Mid Cap 400	1663.04	(17.28)	(11.08)	7.66	6.03	13.68
S&P Small Cap 600	844.94	(20.10)	(8.48)	9.46	6.34	13.61
NASDAQ Composite Index	6635.28	(17.30)	(2.80)	11.10	10.97	16.76
Russell 2000	3816.13	(20.20)	(11.01)	7.36	4.41	11.97
MSCI EAFE*	1719.88	(12.86)	(16.14)	0.07	(2.13)	3.35
MSCI EM* (Emerging Markets)	965.67	(7.85)	(16.64)	6.74	(0.75)	5.45
Barclays US Aggregate	107.20	1.64	0.01	2.06	2.52	3.48
ICE BofA US Treasury (1-3 Yr)	100.04	1.32	1.56	0.95	0.81	0.96
Barclays US Interm/Gov/Credit	100.34	1.65	0.88	1.70	1.86	2.90

Source: FactSet, DJ, S&P, WSJ, ICE, Nasdaq, MSCI, and ishares * price return only

Arcataur Composite Investment Performance for the 3 Months, 12 Months, 3 Years and 5 Years Ended December 31, 2018

Arcataur Composite Portfolio	Total Return 3 months	12 months	3 yr. annualized	5 yr. annualized
	12/31/2018			
Large Cap Equity	-13.43%	-5.20%	8.68%	7.71%
Benchmarks				
Lipper Large Cap Core	-13.45%	-5.64%	7.91%	6.93%
S&P 500	-13.52%	-4.38%	9.26%	8.49%
S&P 100	-13.47%	-3.87%	9.30%	8.61%

Arcataur Composite Portfolio	Total Return 3 months	12 months	3 yr. annualized	5 yr. annualized
	12/31/2018			
Fixed Income	0.31%	-0.18%	1.80%	2.80%
Benchmarks				
Citi BIG 1-5 (T/G/C)	1.43%	1.37%	1.41%	1.31%
Citi BIG (T/G/C)	1.47%	-0.39%	2.22%	2.51%
Lipper Bond MF Avg.	-0.86%	-1.11%	2.79%	1.89%

Arcataur Composite Portfolio	Total Return 3 months	12 months	3 yr. annualized	5 yr. annualized
	12/31/2018			
Small Cap Equity	-20.03%	-9.26%	8.66%	5.65%
International Equity	-10.30%	-14.39%	4.68%	0.23%
Total Equity*	-12.67%	-5.68%	8.61%	6.58%
Benchmarks				
Lipper Small Cap Core	-19.16%	-12.67%	5.86%	3.41%
S&P 600	-20.10%	-8.48%	9.46%	6.34%
EAFE	-12.86%	-16.14%	0.07%	-2.13%
S&P 500	-13.52%	-4.38%	9.26%	8.49%

Arcataur Composite Portfolio	Total Return 3 months	12 months	3 yr. annualized	5 yr. annualized
	12/31/2018			
Managed Balance	-9.94%	-4.96%	6.26%	5.06%
Benchmark				
Lipper Balanced	-8.15%	-5.52%	4.51%	3.60%
60/40 Custom Index	-8.48%	-4.16%	5.29%	4.29%

*Total Equity is not an actual composite portfolio; rather, Total Equity represents a weighted average return of the Large Cap, Small Cap and International composites, and is only shown as an indication of potential overall equity performance. Total Equity does not represent any actual portfolio because it is made up of a weighted average return of all equity classes. Please review complete disclosure information below.

Appendix: Disclosure Information Regarding Composite Performance

General

Arcataur Capital Management LLC is an investment advisor. Arcataur has prepared this report. The information in this report has been developed internally and/or obtained from sources which Arcataur believes are reliable; however, Arcataur does not guarantee the accuracy, adequacy or completeness of such information nor do we guarantee the appropriateness of any strategy referred to for any particular investor. Index information has been taken from public sources. Past performance is not indicative of future results, as investment returns will vary from time to time depending upon market conditions and the composition of the composite portfolio. Returns for individual investors will vary based on factors such as the account type, market value, cash flows and fees.

Calculation Methodology

The composites reflect dollar-weighted returns of individual accounts. Arcataur composites may include some discounted or non-fee paying accounts, which could cause the net return to be higher than it would be otherwise. Arcataur uses the time-weighted internal rate of return formula (i.e., returns that include reinvested dividends and other income) to calculate performance for the accounts included in the composite. Individual account returns are calculated on a time-weighted basis, linked monthly, and include reinvestment of dividends and other such earnings. Total return (return) is defined as the percentage change in market value (including interest and dividend income) adjusted for any client-directed cash flows. A time-weighted, monthly-linked method is used to calculate composite calendar quarter, annual, cumulative and annualized returns. No leverage or derivatives have been used. Cash is not included in the performance calculations for the Arcataur Large Capitalization Equity Portfolio Composite or the Arcataur Investment Grade Fixed Income Composite; Arcataur also does not allocate cash in the Arcataur Managed Balance Portfolio Composite to the equity or fixed income components when calculating performance for those components. Cash is, however, included in the overall performance calculation for the Arcataur Managed Balance Portfolio Composite.

Composites

Mutual fund holdings are not included in composite results. Exchange traded funds (ETFs) are included in composite results. Mutual fund holdings typically are "unmanaged assets" and, therefore, are not included in composite results. Exchange traded funds are designated as "managed assets" and, therefore, are included in the composite results.

The Arcataur Large Capitalization Equity Composite consists of portions of all client accounts invested in accordance with the Arcataur Large Capitalization Equity Portfolio strategy (including ETFs).

The Arcataur Small Capitalization Equity Composite consists of portions of all client accounts invested in small capitalization equity securities

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Appendix: Disclosure Information Regarding Composite Performance (cont.)

The Arcataur International Equity Composite consists of portions of all client accounts invested in international securities (including ETF's).

The Arcataur Investment Grade Fixed Income Composite consists of portions of all client accounts invested in accordance with the Arcataur Investment Grade Fixed Income strategy.

The Arcataur Managed Balance Composite consists of portions of all client accounts invested in accordance with the Arcataur Managed Balance strategy.

Fees

The Composite performance figures shown above are "net" of advisory fees including any brokerage fees or commissions that have been incurred within the account. Arcataur composites may include some discounted or non-fee paying accounts which could cause the net return to be higher than it would otherwise be. The S&P 500® Index, S&P 100® Index, S&P 600® Index, the EAFE® index, the FTSE US BIG Broad Investment Grade Index total Treasury/Government/Credit (T/G/C), and the FTSE US BIG Broad Investment Grade Index 1-5 Years Treasury/Government/Credit (T/G/C) returns do not include any fees; the Lipper Large Cap Core, Small Cap Core, Balanced Fund and Bond Fund Averages are net of fees.

Indices and Benchmark Funds

The Indices and Benchmark Funds are referred to for comparative purposes only and are not necessarily intended to parallel the risk or investment approach of the accounts included in the composites. Arcataur believes that the Indices and Benchmark Funds selected for comparative purposes are appropriate measures given the investment approach. However, the investment portfolios underlying the indices are different from the investment portfolios managed by Arcataur. The Indices and Benchmark Funds shown are unmanaged, and investors are not able to invest directly in them. The Indices and Benchmark Funds are considered to be generally representative, in terms of risk and exposure, of the various components as follows:

Arcataur Large Capitalization Equity Portfolio - the S&P 500® Index, the S&P 100® Index and Lipper Large-Cap Core Average

Arcataur Investment Grade Fixed Income Portfolio - the FTSE US BIG Broad Investment Grade Index total (T/G/C) and 1-5 Years (T/G/C) and the Lipper Bond Mutual Fund Average.

Arcataur Managed Balance Portfolio - Lipper Balanced Fund Average and 60/40 custom total return index which includes: 18% S&P 500, 18% S&P 100, 9% S&P 400, 6% S&P 600, 8% EAFE, 1% MSCI-EM, 27% FTSE US BIG 1-5 years (T/G/C) and 13% FTSE US BIG total (T/G/C).

If a client's portfolio contains small cap exposure, the small cap performance is measured against the S&P 600® Index and Lipper Small Cap Core Average. If a client's portfolio contains international exposure, the performance is measured against the EAFE index.

With the exception of the Lipper Balanced Fund Average, the Lipper Large Cap Core Average, the Lipper Bond Mutual Fund Average and the Lipper Small Cap Core Average, indices and benchmark funds shown reflect the reinvestment of dividends and other earnings, but do not include transaction costs, management fees or other expenses of investing.

The S&P 500 and S&P 100 are indices of Large-Cap domestic core companies as produced by Standard and Poor's. The S&P 400 and S&P 600, respectively, are indices of Mid-Cap and Small Cap domestic core companies as produced by Standard and Poor's. The MSCI EAFE (Europe, Australasia and Far East) Index is a stock market index that is designed to measure the equity market performance of developed markets outside of the U.S. & Canada. MSCI Emerging Markets ETF is an index composed of large- and mid-capitalization emerging market equities. Both are maintained by MSCI Barra.

The FTSE US BIG Broad Investment grade total and 1-5 year T/G/C indices tracks the performance of U.S. Dollar-denominated bonds issued in the U.S. investment-grade bond market. It was introduced in 1985 by Saloman Brothers and subsequently renamed when purchased by Citigroup. The indices includes U.S. Treasury, government sponsored, collateralized, and corporate debt providing a reliable representation of the U.S. investment grade bond market. The FTSE Bond Indices were purchased by the London Stock Exchange in 2017 and renamed after purchase from Citigroup.

Lipper, Inc., a subsidiary of Thomson Reuters, provides mutual fund comparisons for similar investment profiles. The Lipper Large Cap core universe of mutual funds represents large-cap blend discipline of domestic companies compiled by Lipper, Inc. The Lipper Small Cap core universe of mutual funds represents small-cap blend discipline of domestic companies compiled by Lipper, Inc. The Lipper Balanced Fund universe of mutual funds represents funds that include multi-assets including stocks and bonds compiled by Lipper, Inc. The Lipper taxable bond universe of mutual