

# MARKET INDEX SOLUTION

For Retirement Plans  
8 Models

MODEL PORTFOLIO PERFORMANCE

For Period Ending  
6/30/20

*Investment advisory services offered through Phillips Financial Management, LLC, doing business as Phillips Financial, an SEC Registered Investment Adviser*

Date of First Use:

July 7, 2020

## Model Portfolio Asset Allocation

Model Portfolios												
Investment Objective				Conservative Income	Moderate Income	Conservative Balanced	Balanced	Moderate Balanced	Moderate Growth	Growth	Aggressive Growth	
Fixed Income Allocation				90%	70%	60%	50%	40%	30%	20%	0%	
Equity Allocation				10%	30%	40%	50%	60%	70%	80%	100%	
ASSET CLASS	FUND COMPONENT	INDEX COMPONENT	10-YEAR Idx STD DEVIATION									
Domestic Investment Grade Bonds	Vanguard Total Bond Index Fund Admiral	Bloomberg Barclays Agg. Bond Index	3.40	72%	56%	48%	40%	32%	24%	16%	0%	
International Investment Grade Bonds	Vanguard International Bond Index Fd Admiral	Bloomberg Barclays Global Agg. Ex-US Bond Index	2.58	18%	14%	12%	10%	8%	6%	4%	0%	
LargeCap US Equities	Vanguard 500 Index Fund Admiral	S&P 500 Index	11.63	2%	6%	8%	10%	12%	14%	16%	20%	
LargeCap US Equities-Value	Vanguard Value Index Fund Admiral	Spliced MSCI/CRSP Index	11.31	2%	6%	8%	10%	12%	14%	16%	20%	
MidCap US Equities	Vanguard Mid Cap Index Fund Admiral	Spliced MSCI/CRSP Index	13.94	2%	6%	8%	10%	12%	14%	16%	20%	
SmallCap US Equities-Value	Vanguard Sm Cap Val Index Fund Admiral	Spliced MSCI/CRSP Index	14.90	1%	3%	4%	5%	6%	7%	8%	10%	
International Equities	Vanguard Total International Stock Index Fund Admiral	Spliced International Index	14.07	2%	6%	8%	10%	12%	14%	16%	20%	
Real Estate	Vanguard Real Estate Index Fund Admiral	Spliced MSCI Real Estate Index	12.24	1%	3%	4%	5%	6%	7%	8%	10%	
				10-YEAR Portfolio Std Deviation	3.22	4.47	5.37	6.34	7.37	8.42	9.50	11.70

### Notes:

- The above asset allocation models do not include cash. Adequate cash and equivalents should be set aside, usually in an account separate from your investment portfolio, to meet near-term expenses and to provide an emergency reserve.
- The models are for portfolios with a long-term time horizon, generally seven years or more. The above models were adopted by associates who are managing members of Phillips Financial in January 2001 and were modified to nine models in November 2009.
- To determine if the above index funds are an appropriate investment for you, carefully consider the funds' investment objectives, risk factors and charges and expenses before investing. This and other information can be found in the funds' prospectuses. Prospectuses may be obtained by contacting Phillips Financial. Read the prospectus carefully before investing. Also, refer to an additional discussion of investment considerations and risks on page 5 of this document.
- Refer to page 3 for a discussion of stock and bond indices.
- This presentation does not constitute a recommendation to buy, sell or hold assets used in the model.
- Standard Deviation is a widely used statistical measure of performance volatility above and below the performance mean (average) for a defined period of time at set intervals (annual). The above reflects ten years of index performance for the period ending the most recently completed calendar year. The higher the standard deviation, the greater the performance volatility and associated risk.

## Model Portfolio Fund and Index Returns

As of 06/30/20			Performance Figures -- Funds and Indices											
Product Name	Ticker Symbol	Expense Ratio	Last Quarter Return		Year To Date Return		Cumulative One Year Average Return		Cumulative Three Year Average Return		Cumulative Five Year Average Return		Cumulative Ten Year Average Return	
			4/1/20 - 6/30/20		1/1/20 - 6/30/20		7/1/19 - 6/30/20		7/1/17 - 6/30/20		7/1/15 - 6/30/20		7/1/10 - 6/30/20	
			Fund	Index	Fund	Index	Fund	Index	Fund	Index	Fund	Index	Fund	Index
Vanguard Total Bond Market Index Fund Admiral Share	VBTLX	0.05%	2.98%	3.03%	6.35%	6.30%	8.96%	8.92%	5.34%	5.40%	4.31%	4.37%	3.78%	3.87%
Vanguard International Bond Index Fund Admiral Share	VTABX	0.11%	2.19%	2.31%	2.34%	2.53%	4.04%	4.34%	4.98%	5.21%	4.41%	4.66%	3.95%	4.16%
Vanguard 500 Index Fund Admiral Share	VFIAX	0.04%	20.54%	20.54%	-3.10%	-3.08%	7.47%	7.51%	10.69%	10.73%	10.69%	10.73%	13.95%	13.99%
Vanguard Value Index Fund Admiral Share	VVIAX	0.05%	12.73%	12.73%	-15.43%	-15.46%	-7.42%	-7.45%	3.88%	3.89%	6.44%	6.47%	11.22%	11.27%
Vanguard Mid Cap Index Fund Admiral Share	VIMAX	0.05%	24.96%	24.97%	-7.18%	-7.20%	-0.20%	-0.20%	6.45%	6.47%	6.99%	7.01%	12.47%	12.52%
Vanguard Small Cap Value Index Fund Admiral Share	VSIAX	0.07%	20.78%	20.75%	-21.34%	-21.37%	-16.48%	-16.54%	-2.56%	-2.58%	2.00%	2.00%	9.32%	9.39%
Vanguard Total International Stock Index Fund Admiral Share	VTIAX	0.11%	18.11%	17.05%	-10.59%	-11.05%	-4.09%	-4.42%	1.09%	1.10%	2.42%	2.42%	5.07%	5.18%
Vanguard Real Estate Index Fund Admiral Share	VGSLX	0.12%	13.46%	13.50%	-13.88%	-13.82%	-6.93%	-6.82%	2.23%	2.32%	5.36%	5.47%	9.71%	9.79%

Source: Bloomberg, S&P, Morningstar, MSCI and Vanguard

Bloomberg Barclays U.S. Aggregate Float Adjusted Bond Index - An index managed by Bloomberg to track the general performance of the domestic investment-grade, taxable bond market.

Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index (USD Hedged) - An index developed as a broad measure of global, investment-grade, fixed debt markets including government, government agency, corporate, and securitized non-US investment grade fixed-income investments, all issued in currencies other than the U.S. dollar. Exposure capped at 20% for any particular bond issuer. Fund hedged to offset currency exchange rate fluctuations.

S&P 500 Index - An index that measures the large-capitalization sector including roughly 500 leading companies representing over 80% of the largest market capitalization in the U.S. equity markets. It is a capitalization-weighted index from a range of securities chosen by Standard & Poor's for liquidity and industry group representation.

Spliced Value Index: MSCI US Prime Market Value Index through April 16, 2013, CRSP US Large Cap Value Index thereafter. MSCI index contains the value companies of the MSCI US Prime Market 750 Index, market cap weighted. CRSP Value Index includes over 300 large cap securities, market cap weighted.

Spliced Mid Cap Index: MSCI US Mid Cap 450 Index through January 30, 2013, CRSP US Mid Cap Index thereafter. MSCI index contains 450 medium cap companies in the US equity market, market cap weighted. CRSP Index contains roughly 340 mid cap securities, market cap weighted.

Spliced Small Cap Value Index: MSCI US Small Cap Value Index through April 16, 2013, CRSP US Small Cap Value Index thereafter. MSCI index contains the value companies of the MSCI US Small Cap 1750 Index, market cap weighted. CRSP Index contains over 800 small cap securities, market cap weighted.

Spliced International Index: MSCI EAFE + Emerging Markets Index through December 15, 2010, MSCI ACWI ex USA IMI Index through June 2, 2013, and FTSE Global All Cap ex US Index thereafter.

Spliced MSCI US Real Estate Index: MSCI US REIT Index adjusted to include a 2% cash position (Lipper Money Market Average) through April 30, 2009; MSCI US REIT Index through January 31, 2018; MSCI US Investable Market Real Estate 25/50 Index thereafter.

Index returns are for illustrative purposes only. Index performance returns do not reflect any management fees, transaction costs or expenses. Fund performance is net of fund expense ratios, but not of any investment management fees or brokerage commissions. The fund performance results include the reinvestment of dividends and capital gains. The performance of an unmanaged index is not indicative of the performance of any particular investment. It is not possible to invest directly in any index. Past performance is not a guarantee of future results.

## Model Portfolio Returns

As of 06/30/20														
Performance Figures														
Model Portfolios	Equity/Fixed	Wt Avg Exp Ratio	Last Quarter		Year To Date		Cumulative One Year Average Return		Cumulative Three Year Average Return		Cumulative Five Year Average Return		Cumulative Ten Year Average Return	
			4/1/20 - 6/30/20	1/1/20 - 6/30/20	7/1/19 - 6/30/20	7/1/17 - 6/30/20	7/1/15 - 6/30/20	7/1/10 - 6/30/20						
			MIS	Index	MIS	Index	MIS	Index	MIS	Index	MIS	Index	MIS	Index
Conservative Income	10/90	0.06%	4.30%	4.45%	3.69%	3.90%	6.41%	6.88%	4.73%	5.27%	4.05%	4.59%	4.03%	4.59%
Moderate Income	30/70	0.06%	7.47%	7.57%	0.42%	0.62%	4.18%	4.63%	4.55%	5.08%	4.39%	4.92%	5.35%	5.90%
Conservative Balanced	40/60	0.06%	9.06%	9.12%	-1.21%	-1.02%	3.06%	3.50%	4.47%	4.98%	4.57%	5.09%	6.02%	6.56%
Balanced	50/50	0.07%	10.64%	10.68%	-2.84%	-2.67%	1.94%	2.38%	4.38%	4.89%	4.74%	5.25%	6.68%	7.22%
Moderate Balanced	60/40	0.07%	12.23%	12.24%	-4.48%	-4.31%	0.83%	1.25%	4.29%	4.79%	4.91%	5.42%	7.34%	7.88%
Moderate Growth	70/30	0.07%	13.82%	13.80%	-6.11%	-5.95%	-0.29%	0.13%	4.20%	4.70%	5.08%	5.58%	8.01%	8.54%
Growth	80/20	0.07%	15.41%	15.36%	-7.74%	-7.59%	-1.41%	-1.00%	4.11%	4.60%	5.25%	5.74%	8.67%	9.19%
Aggressive Growth	100/0	0.07%	18.58%	18.48%	-11.01%	-10.88%	-3.64%	-3.25%	3.94%	4.41%	5.59%	6.07%	10.00%	10.51%

### Model Portfolio Performance Calculations

Phillips Financial offers nine model portfolios with asset allocations varying from mostly fixed income to all equity index mutual funds and various combinations thereof. The model portfolios are managed with a view towards income or capital appreciation or a combination thereof based on the allocation percentages between the fixed income and equity index mutual funds. The model results include the reinvestment of dividends and capital gains. Additionally, the model results reflect the internal expense ratios of the various mutual funds that make up the model portfolios.

Phillips Financial's model portfolio **results are shown after deduction of the highest investment advisory fee charged by Phillips Financial** . An investment advisory fee of .40% per annum, prorated and charged quarterly, is currently the highest management fee charged for these model portfolios. An additional .05% is charged by the third party plan administrator for custodial and trading fees associated with these model portfolios and is also deducted in determining the above performance results. If your plan sponsor has arranged to cover the cost of either of these fees, the above performance would be increased accordingly. Phillips Financial's investment advisory fees are described in further detail in the disclosure statement of Form ADV Part 2A, which is available upon request. Additional fees charged through the plan sponsors for various administrative costs such as recordkeeping and set-up fees are not included in the performance results shown and plan participants are encouraged to contact their individual plan sponsor for further details regarding these fees.

The model portfolio results shown are based on the actual performance of the various mutual funds. When a fund did not exist for the entire period, index returns are used to closely approximate results. The index results used are reduced by the current expense ratio applicable to the mutual fund designed to track the index as well as the investment management and custodial fees discussed above. While the results using this method are reasonably correlated, the comparisons used here are strictly for illustrative purposes.

Past model performance may not be indicative of future results and the performance of a specific individual client account may vary substantially from the model results shown in part because of timing of deposits or withdrawals from accounts. Different types of investments involve varying degrees of risk and there can be no assurance that any specific investment will be profitable.

**Index returns are for illustrative purposes only. Index performance returns do not reflect any management fees, transaction costs or expenses. Model index performance is the weighted average of index performance. The model performance results include the reinvestment of dividends and capital gains. The performance of an unmanaged index is not indicative of the performance of any particular investment. It is not possible to invest directly in any index. Past performance is not a guarantee of future results.**

## Model Portfolios Returns Year-By-Year

As of 06/30/20											
Performance Figures											
Model Portfolios	6/30/20	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Conservative Income	3.69%	9.95%	-0.80%	4.43%	3.49%	-0.10%	6.52%	0.88%	4.95%	6.25%	7.28%
Moderate Income	0.42%	13.67%	-2.61%	7.52%	5.34%	-0.45%	7.49%	6.59%	7.46%	4.27%	9.66%
Conservative Balanced	-1.21%	15.53%	-3.52%	9.07%	6.26%	-0.63%	7.98%	9.45%	8.72%	3.28%	10.86%
Balanced	-2.84%	17.39%	-4.43%	10.62%	7.19%	-0.81%	8.47%	12.31%	9.97%	2.29%	12.05%
Moderate Balanced	-4.48%	19.25%	-5.34%	12.17%	8.11%	-0.98%	8.96%	15.16%	11.23%	1.30%	13.24%
Moderate Growth	-6.11%	21.11%	-6.25%	13.72%	9.04%	-1.16%	9.45%	18.02%	12.48%	0.31%	14.43%
Growth	-7.74%	22.97%	-7.16%	15.27%	9.96%	-1.34%	9.94%	20.87%	13.74%	-0.68%	15.62%
Aggressive Growth	-11.01%	26.68%	-8.97%	18.37%	11.81%	-1.70%	10.92%	26.58%	16.25%	-2.66%	18.00%
Barclays Aggregate Bond Index	6.30%	8.87%	-0.08%	3.63%	2.75%	0.44%	5.85%	-1.97%	4.32%	7.92%	6.54%
S&P 500 Index	-3.08%	31.49%	-4.38%	21.83%	11.96%	1.38%	13.69%	32.39%	16.00%	2.11%	15.05%
Wilshire 5000 Index	-3.30%	31.02%	-5.27%	20.99%	13.37%	0.67%	12.71%	33.07%	17.59%	0.98%	17.16%

### Model Portfolio Performance Calculations

Phillips Financial offers nine model portfolios with asset allocations varying from mostly fixed income to all equity index mutual funds and various combinations thereof. The model portfolios are managed with a view towards income or capital appreciation or a combination thereof based on the allocation percentages between the fixed income and equity index mutual funds. The model results include the reinvestment of dividends and capital gains. Additionally, the model results reflect the internal expense ratios of the various mutual funds that make up the model portfolios.

Phillips Financial's model portfolio **results are shown after deduction of the highest investment advisory fee charged by Phillips Financial** . An investment advisory fee of .40% per annum, prorated and charged quarterly, is currently the highest management fee charged for these model portfolios. An additional .05% is charged by the third party plan administrator for custodial and trading fees associated with these model portfolios and is also deducted in determining the above performance results. If your plan sponsor has arranged to cover the cost of either of these fees, the above performance would be increased accordingly. Phillips Financial's investment advisory fees are described in further detail in the disclosure statement of Form ADV Part 2A, which is available upon request. Additional fees charged through the plan sponsors for various administrative costs such as recordkeeping and set-up fees are not included in the performance results shown and plan participants are encouraged to contact their individual plan sponsor for further details regarding these fees.

The model portfolio results shown are based on the actual performance of the various mutual funds. When a fund did not exist for the entire period, index returns are used to closely approximate results. The index results used are reduced by the current expense ratio applicable to the mutual fund designed to track the index as well as the investment management and custodial fees discussed above. While the results using this method are reasonably correlated, the comparisons used here are strictly for illustrative purposes. Because of inadequate historical data, modeled performance results prior to 2014 do not include the international bond component but instead reflect the Vanguard Total U.S. Bond Market Index Fund results for the entire bond component of the allocations.

Past model performance may not be indicative of future results and the performance of a specific individual client account may vary substantially from the model results shown in part because of timing of deposits or withdrawals from accounts. Different types of investments involve varying degrees of risk and there can be no assurance that any specific investment will be profitable.

**Investment Considerations and Risks**

VANGUARD MUTUAL FUNDS. For more complete information, including potential risks and costs, read the prospectus before you invest. Investment returns may fluctuate and are subject to market volatility, so that an investor's shares, when redeemed or sold, may be worth more or less than their original cost. Investments in foreign securities may incur greater risks than domestic investments. Past performance is no guarantee of future results.

INTERNATIONAL/GLOBAL INVESTMENTS. The risks associated with investing on a worldwide basis include differences in regulation of financial data and reporting, currency exchange differences, as well as economic and political systems that may be different from those in the United States.

SMALL CAPITALIZATION INVESTMENTS. Small cap stocks may be subject to a higher degree of risk than more established companies' securities. The illiquidity of the small cap market may adversely affect the value of these investments so that shares, when redeemed, may be worth more or less than their original cost.

REITS. In addition to normal risks associated with equity investing, investment in REITs involve interest rate and illiquidity risk, may be affected by adverse economic and regulatory changes. Additionally, properties owned or financed by REITs may be difficult to sell or lease.

GENERAL. Mutual fund investment products are not a bank deposit, not FDIC insured, and not insured by any government agency. They may go down in value; and when you sell your shares or units, they could be worth less than what you paid for them.

**Phillips Financial**

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For additional information about *Phillips Financial*, including fees and services, send for our disclosure statement as set forth on Form ADV and from *Phillips Financial* using the contact information herein. Please read the disclosure statement carefully before you invest or send money.

If you would like a copy of the Phillips Financial Management, LLC Form ADV Part 2A and 2B, please send a written request to:

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If you wish to modify or impose reasonable restrictions concerning the management of your account, or if your financial situation, investment objectives, or risk tolerance have changed, please contact your Phillips Financial Management investment advisor representative or contact Jo Meija (Communications Coordinator) at 260-420-7732. We will contact you at least annually to determine if your investment goals, objectives, and risk tolerance have changed.

We urge you to advise us immediately if you have not received your custodian or brokerage statement, which is required to be delivered to you no less frequently than quarterly. In addition, please compare any account information provided by us with account statements from your broker-dealer or custodian and to advise us of any discrepancies. The official record of your account is maintained by your broker-dealer or custodian. Thank you.

# Why Diversify? Because Winners Rotate

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	6/30/20
<b>Best</b>	REIT 36.13%	EM 39.39%	Intl Bond 5.75%	EM 78.51%	REIT 28.60%	REIT 9.24%	EM 18.68%	Small Cap Growth 42.69%	REIT 31.78%	Large Cap Growth 5.52%	Small Cap Value 31.32%	EM 37.28%	Intl Bond 3.16%	Large Cap Value 31.93%	Large Cap Growth 7.93%
	EM 29.18%	Commod 16.23%	US Bonds 5.24%	Mid Cap 37.38%	Small Cap Growth 27.99%	US Bonds 7.84%	Small Cap Value 18.21%	Small Cap Value 39.98%	Large Cap Growth 14.89%	REIT 4.23%	Small Cap Growth 22.16%	Large Cap Growth 27.44%	US Bonds 0.01%	S&P 500 31.49%	US Bonds 6.14%
	EAFE 26.34%	EAFE 11.17%	G & MI Portfolio (20.95%)	EAFE 31.78%	Mid Cap 26.64%	Large Cap Growth 4.65%	Mid Cap 17.88%	Mid Cap 33.50%	S&P 500 13.69%	Small Cap Growth 2.78%	Mid Cap 20.74%	EAFE 25.03%	Large Cap Growth (0.01)%	Large Cap Growth 31.13%	Intl Bond 2.53%
	Large Cap Value 20.80%	Large Cap Growth 9.13%	Small Cap Value (29.51%)	Large Cap 31.57%	Small Cap Value 24.72%	Intl Bond 3.94%	Large Cap Value 17.68%	Large Cap Growth 32.75%	Large Cap Value 12.36%	S&P 500 1.38%	Large Cap Value 17.40%	S&P 500 21.83%	Small Cap Growth (4.05)%	Mid Cap 26.20%	S&P 500 (3.08)%
	Small Cap Value 19.57%	Mid Cap 7.98%	Small Cap Growth (32.95%)	REIT 28.46%	EM 18.88%	Small Cap Growth 3.62%	EAFE 17.64%	S&P 500 32.39%	Mid Cap 9.77%	Intl Bond 1.34%	Commod 12.65%	Mid Cap 16.24%	S&P 500 (4.38)%	REIT 25.76%	G & MI Portfolio (4.97)%
	S&P 500 15.79%	US Bonds 6.97%	Large Cap Growth (34.92%)	Small Cap Growth 28.35%	Commod 16.83%	S&P 500 2.11%	REIT 17.59%	Large Cap Value 31.99%	Intl Bond 9.14%	US Bonds 0.55%	S&P 500 11.96%	Large Cap Value 15.36%	REIT (4.84)%	Small Cap Value 24.54%	EM (9.78)%
	G & MI Portfolio 13.87%	Small Cap Growth 5.60%	Commod (35.65%)	S&P 500 26.46%	Large Cap Value 15.1%	G & MI Portfolio 1.70%	S&P 500 16.00%	EAFE 22.78%	G & MI Portfolio 7.79%	G & MI Portfolio (0.46%)	EM 11.19%	Small Cap Growth 14.79%	G & MI Portfolio (5.78)%	EAFE 22.01%	EAFE (11.34)%
	Large Cap Growth 11.01%	S&P 500 5.49%	Mid Cap (36.23%)	Small Cap Value 22.85%	S&P 500 15.06%	Large Cap Value (0.48%)	Large Cap Growth 14.61%	G & MI Portfolio 16.13%	Small Cap Value 7.54%	EAFE (0.81%)	G & MI Portfolio 8.98%	G & MI Portfolio 12.21%	Large Cap Value (8.95)%	Small Cap Growth 21.13%	Small Cap Growth (11.54)%
	Small Cap Growth 10.54%	G & MI Portfolio 5.14%	S&P 500 (37.00%)	Large Cap Value 21.18%	Large Cap Growth 15.05%	Small Cap Value (1.38%)	Small Cap Growth 14.56%	REIT 1.86%	US Bonds 5.97%	Mid Cap (2.18%)	REIT 7.24%	Small Cap Value 11.51%	Mid Cap (11.08)%	G & MI Portfolio 19.74%	Mid Cap (12.78)%
	Mid Cap 10.14%	Intl Bond 4.27%	REIT (39.20%)	G & MI Portfolio 19.70%	G & MI Portfolio 13.11%	Mid Cap (1.73%)	G & MI Portfolio 12.13%	Intl Bond 1.18%	Small Cap Growth 3.87%	Large Cap Value (3.13%)	Large Cap Growth 6.89%	REIT 4.18%	Commod (11.25)%	EM 18.42%	Large Cap Value (15.52)%
	US Bonds 4.33%	Large Cap Value 1.99%	Large Cap Value (39.22%)	Commod 18.91%	EAFE 7.75%	EAFE (12.14%)	Intl Bond 6.46%	US Bonds (2.02%)	EM (2.19%)	Small Cap Value (6.67%)	Intl Bond 4.90%	US Bonds 3.54%	Small Cap Value (12.64)%	US Bonds 8.72%	REIT (17.77)%
	Intl Bond 3.19%	Small Cap Value (5.54%)	EAFE (43.38%)	US Bonds 5.93%	US Bonds 6.54%	Commod (13.32%)	US Bonds 4.22%	EM (2.60%)	EAFE (4.90%)	EM (14.92%)	US Bonds 2.65%	Intl Bond 2.57%	EAFE (13.79)%	Intl Bond 8.06%	Commod (19.40)%
<b>Worst</b>	Commod 2.07%	REIT (17.55%)	EM (53.33%)	Intl Bond 4.23%	Intl Bond 3.28%	EM (18.42%)	Commod (1.06%)	Commod (9.52%)	Commod (17.01%)	Commod (24.66%)	EAFE 1.00%	Commod 1.70%	EM (14.58)%	Commod 7.69%	Small Cap Value (24.46)%

Date of First Use : July 7, 2020

Annual Total Returns of Key Asset Classes From:

2006 - June 30, 2020

# Why Diversify? Because Winners Rotate

Information Sources: Morningstar, MSCI, Vanguard, Wilshire, Standard & Poor, Dow Jones

<u>Asset Class Abbreviation</u>	
<b>S&amp;P 500</b>	Standard & Poor's 500 Index
<b>Large Cap Value</b>	Standard & Poor's 500 Value Index
<b>Large Cap Growth</b>	Standard & Poor's 500 Growth Index
<b>Mid Cap</b>	Standard & Poor's MidCap 400 Index
<b>Small Cap Value</b>	Standard & Poor's SmallCap 600 Value Index
<b>Small Cap Growth</b>	Standard & Poor's SmallCap 600 Growth Index
<b>EAFE</b>	MSCI EAFE (Developed International) Index
<b>EM</b>	MSCI Emerging Markets Index
<b>REIT</b>	Wilshire REIT (Real Estate Investment Trust) Index
<b>Commod</b>	Bloomberg Commodity Index
<b>Bonds</b>	Bloomberg Barclays U.S. Aggregate Bond Index
<b>International Bond</b>	Bloomberg Barclays Global Agg Bond Index ex-U.S. Hdq
<b>G &amp; MI Portfolio</b>	Model Portfolio w/ 60% Equity & 40% Fixed

Model includes 40% bonds, 12% S&P 500, 11% S&P 500 Val., 12% S&P MC 400, 5% SC 600 Val., 15% EAFE, 5% REIT

Bloomberg Barclays US Aggregate Bond Index An index managed by Bloomberg to track the general performance of the domestic taxable bond market.

Bloomberg Barclays Global Aggregate Bond Index An index managed by Bloomberg to track the general performance of non-US investment grade bonds and hedged to eliminate currency value changes.

S&P 500 Index An index that measures the large-capitalization sector including roughly 500 leading companies representing over 80% of the largest market capitalization in the U.S. equity markets. It is a capitalization-weighted index from a range of securities chosen by Standard & Poor's for liquidity and industry group representation. S&P 500 Value Index contains those securities from the S&P 500 Index with lower-than-average sales and earnings growth rates and that generally reflect lower price-to-earnings and price-to-book ratios. S&P 500 Growth Index contains those securities from the S&P 500 Index with above average rates of growth in sales and earnings and that generally reflect higher price-to-earnings and price-to-book ratios.

S&P MidCap 400 Index An index that measures the mid-capitalization sector including roughly 400 leading companies representing about 7% of the U.S. equity market. It is a capitalization-weighted index from a range of securities chosen by Standard & Poor's for liquidity and industry group representation.

S&P SmallCap 600 Index An index that measures the small-capitalization sector including roughly 600 leading companies representing about 3% of the U.S. equity markets. It is a capitalization-weighted index from a range of securities chosen by Standard & Poor's for liquidity and industry group representation. S&P SmallCap 600 Value Index contains those securities from the S&P SmallCap 600 Index with lower than average sales and earnings growth rates and that generally reflect lower price-to-earnings and price-to-book ratios. S&P SmallCap 600 Growth Index contains those securities from the S&P SmallCap 600 Index with above average rates of growth in sales and earnings and that generally reflect higher price-to-earnings and price-to-book ratios.

MSCI EAFE Index An index developed by Morgan Stanley Capital International, Inc. as an equity benchmark for international stock performance. Reflects over 900 securities in Developed Markets around the world excluding the U.S. and Canada.

MSCI Emerging Markets Index An index developed by Morgan Stanley Capital International Inc. as an equity benchmark for performance of publicly traded securities in emerging markets.

Wilshire REIT Index An index developed by Wilshire Associates to track the general performance of Real Estate Investment Trusts (REITs) traded on domestic equity markets.

Bloomberg Commodity Index An index managed by Bloomberg to provide a diversified, economically rational and liquid benchmark for commodities as an asset class. The index is currently composed of the price of exchange traded futures contracts on physical commodities.

Index returns are for illustrative purposes only, and do not reflect any management fees, transaction costs or expenses. The performance of an unmanaged index is not indicative of the performance of any particular investment. It is not possible to invest directly in any index. Past performance is not a guarantee of future results.

**Annual Total Returns of Key Asset Classes From: 2006 - June 30, 2020**



Date of First Use : July 7, 2020																		
Index Name	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	6/30/20	Average	CAGR	STD DEV
S&P 500 Growth Index	11.01%	9.13%	-34.92%	31.57%	15.05%	4.65%	14.61%	32.75%	14.89%	5.52%	6.89%	27.44%	-0.01%	31.13%	7.93%	12.25%	10.83%	16.20%
S&P 500 Index	15.79%	5.49%	-37.00%	26.46%	15.06%	2.11%	16.00%	32.39%	13.69%	1.38%	11.96%	21.83%	-4.38%	31.49%	-3.08%	10.29%	8.73%	16.79%
S&P SmallCap 600 Growth Index	10.54%	5.60%	-32.95%	28.35%	27.99%	3.62%	14.56%	42.69%	3.87%	2.78%	22.16%	14.79%	-4.05%	21.13%	-11.54%	10.31%	8.70%	17.70%
S&P Mid Cap 400 Index	10.14%	7.98%	-36.23%	37.38%	26.64%	-1.73%	17.88%	33.50%	9.77%	-2.18%	20.74%	16.24%	-11.08%	26.20%	-12.78%	9.83%	7.90%	19.05%
S&P 500 Value Index	20.80%	1.99%	-39.22%	21.18%	15.10%	-0.48%	17.68%	31.99%	12.36%	-3.13%	17.40%	15.36%	-8.95%	31.93%	-15.52%	8.17%	6.27%	18.43%
S&P SmallCap 600 Value Index	19.57%	-5.54%	-29.51%	22.85%	24.72%	-1.38%	18.21%	39.98%	7.54%	-6.67%	31.32%	11.51%	-12.64%	24.54%	-24.46%	8.28%	6.24%	19.94%
Grwth w/Mod Inc Portfolio (60/40)	13.87%	5.14%	-20.95%	19.70%	13.11%	1.70%	12.13%	16.13%	7.79%	-0.46%	8.98%	12.21%	-5.78%	19.74%	-4.97%	6.78%	6.18%	10.71%
Wilshire REIT Index	36.13%	-17.55%	-39.20%	28.46%	28.60%	9.24%	17.59%	1.86%	31.78%	4.23%	7.24%	4.18%	-4.84%	25.76%	-17.77%	7.98%	5.68%	20.63%
MSCI Emerging Markets Index	29.18%	39.39%	-53.33%	78.51%	18.88%	-18.42%	18.68%	-2.60%	-2.19%	-14.92%	11.19%	37.28%	-14.58%	18.42%	-9.78%	9.36%	4.71%	30.14%
Bloomberg US Aggregate Bond Index	4.33%	6.97%	5.24%	5.93%	6.54%	7.84%	4.22%	-2.02%	5.97%	0.55%	2.65%	3.54%	0.01%	8.72%	6.14%	4.60%	4.56%	2.94%
Bloomberg Global Agg Bond Idx ex-US	3.19%	4.27%	5.75%	4.43%	3.28%	3.94%	6.46%	1.18%	9.14%	1.34%	4.90%	2.57%	3.16%	8.06%	2.53%	4.43%	4.41%	2.21%
MSCI EAFE Index	26.34%	11.17%	-43.38%	31.78%	7.75%	-12.14%	17.64%	22.78%	-4.90%	-0.81%	1.00%	25.03%	-13.79%	22.01%	-11.34%	5.46%	3.26%	19.64%
Bloomberg Commodity Index	2.07%	16.23%	-35.65%	18.91%	16.83%	-13.32%	-1.06%	-9.52%	-17.01%	-24.66%	12.65%	1.70%	-11.25%	7.69%	-19.40%	-3.85%	-5.30%	16.05%

"CAGR" is an abbreviation for compound annual growth rate

"STD DEV" is an abbreviation for standard deviation - a widely used statistical measure of performance volatility above and below the performance mean (average) for a defined period of time at set intervals (annual).

The above reflects up to 15 years of index performance for the period ending the most recent completed calendar year. The higher the standard deviation, the greater the performance volatility and associated risk.

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