

**60/40 S&P 500®/Bloomberg Barclays U.S. Aggregate:** This blended benchmark represents an unmanaged portfolio comprised of 60% S&P 500® Index and 40% Bloomberg Barclays U.S. Aggregate Bond Index.

**Active Management (also called *active investing*):** Refers to a portfolio management strategy where the manager makes specific investments with the goal of outperforming an investment benchmark index. Conversely, in passive management, investors expect a return that closely replicates the investment weighting and returns of a benchmark index and will often invest in an index fund.

**Active Share Percentage:** Measures the difference between the asset composition of a fund and its benchmark. A larger difference between composition of the fund and benchmark results in a larger active share percentage. To determine the portfolio's active share, add the absolute differences between the portfolio weights and the benchmark weights and divide by two. Active share is not a predictor of future performance.

**Alpha:** The alpha of a mutual fund describes the difference between a fund's actual return over a period of time and its expected return, given the fund's level of risk. In this case, the risk profile of the fund is measured by the fund's beta.

**Basis Point:** Is a value equaling one one-hundredth of a percent (1/100 of 1%).

**Bear Market:** A period marked with falling stock prices. In a bear market, investor confidence is extremely low. Many investors opt to sell off their stocks during a bear market for fear of further losses.

**Beta:** A measure of the volatility of the fund's total returns relative to the general market as represented by a corresponding benchmark index of the fund. A beta of more than 1.00 indicates volatility greater than the market, and a beta of less than 1.00 indicates volatility less than the market.

**Bloomberg Barclays U.S. Aggregate Bond Index:** Is a broad base index, maintained by Bloomberg L.P. since August 24th 2016. It is often used to represent investment grade bonds being traded in United States. You cannot invest directly in an index.

**Book value:** refers to the total amount a company would be worth if it liquidated its assets and paid back all its liabilities. Book value can also represent the **value** of a particular asset on the company's balance sheet after taking accumulated depreciation into account.

**Bull Market:** A market in which share prices are rising, encouraging buying.

**CBOE Volatility Index:** is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices.

**Case-Shiller National Home Price Index:** measures the change in the value of the U.S. residential housing market by tracking the purchase price and resale value of single-family homes that have undergone a minimum of two arm's-length transactions.

**Cash Flow:** The net amount of cash and cash-equivalents being transferred into and out of a business.

**Compound Annual Growth Rate (CAGR):** The year-over-year growth rate of an investment over a specified period of time. The compound annual growth rate is calculated by taking the nth root of the total percentage growth rate, where n is the number of years in the period being considered.

**Consumer Price Index (CPI):** Is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. The annual percentage change in a CPI is used as a measure of inflation.

**Core CPI:** is a method for measuring core inflation. It is the consumer price index (CPI) excluding energy and food prices. There are many other methods for calculating core inflation, but this is the most popular measurement.

**Core PCE:** is defined as personal consumption expenditures (PCE) prices excluding food and energy prices. The core PCE price index measures the prices paid by consumers for goods and services without the volatility caused by movements in food and energy prices to reveal underlying inflation trends.

**Dividend Yield:** Represents the trailing 12-month dividend yield aggregating all income distributions per share over the past year, divided by the period ending fund or stock share price. It does not reflect capital gains distributions.

**Dow Jones Industrial Average** Is a price weighted index consisting of 30 large, publicly owned companies in the U.S. It is not possible to invest directly in an index.

**Downside Risk:** Is the financial risk associated with losses. That is, it is the risk of the actual return being below the expected return, or the uncertainty about the magnitude of that difference.

**Earnings Growth:** The annual rate of growth of earnings typically measured as Earnings Per Share Growth. **Earnings growth is not a measure of the Fund's future performance.**

**Earnings Per Share (EPS):** The net income of a company divided by the total number of shares it has outstanding.

**EBITDA:** EBITDA, or earnings before interest, taxes, depreciation, and amortization, is a measure of a company's overall financial performance and is used as an alternative to net income in some circumstances.

**Exchange traded fund (ETF):** Is a type of security that tracks an index, sector, commodity, or other asset, but which can be purchased or sold on a stock exchange the same way a regular stock can.

**Expected Long-Term Earnings Growth:** Is based on S&P Global Capital IQ estimates. Most analysts define long term growth as an estimated average rate of earnings growth for the next 3-5 years. The exact time frame will differ from broker to broker. The metric is a compound annual growth rate based on current and projected EPS (earnings per share) values.

**Forward Earnings Per Share or Forward Price/Earnings:** Is a measure of the price-to-earnings ratio (P/E) using forecasted earnings for the P/E calculation. The forecasted earnings used in the formula can either be for the next 12 months or for the next full-year fiscal period.

**Free Cash Flow:** Is equal to the after-tax net income of a company plus depreciation and amortization less capital expenditures.

**Free Cash Yield:** Is an indicator that compares free cash flow and market cap. It is a representation of the income (free cash flow) created by an investment.

**Gross Domestic Product (GDP):** An inflation-adjusted measure that reflects the value of all goods and services produced by an economy or country in a given year, expressed in base-year prices.

**Gross of Fees:** Is the total rate of return on an investment before the deduction of any fees or expenses.

**Housing Affordability Index** is an index that rates housing affordability. One index is published monthly by the National Association of Realtors. A value of 100 means that a family with the median income has exactly enough income to qualify for a mortgage on a median-priced home. An index above 100 signifies that family earning the median income has more

than enough income to qualify for a mortgage loan on a median-priced home, assuming a 20 percent down payment and a qualifying ratio of 25 percent.

**Hurdle Rate:** Is the minimum expected total annual return from an investment over the expected lifetime of the investment.

**Index Fund:** Is a type of mutual fund with a portfolio constructed to match or track the components of a market index, such as the Standard & Poor's 500 Index (S&P 500).

**Inflation:** Is a quantitative measure of the rate at which the average price level of a basket of selected goods and services in an economy increases over a period of time. Often expressed as a percentage, inflation indicates a decrease in the purchasing power of a nation's currency.

**ISM Manufacturing Index, formerly called Purchasing Manager's Index (PMI):** Measures manufacturing activity based on a monthly survey, conducted by Institute for Supply Management (ISM), of purchasing managers at more than 300 manufacturing firms.

**Inverted Yield Curve:** Is a graph that shows that younger treasury bond yields are yielding more interest than older ones. Yield curve is a line that compares the yield of bonds of equal quality but different maturity dates. In general, bonds with longer maturity dates offer higher yields than bonds with shorter maturity dates, thus producing an upward sloping yield curve.

**M&A:** Is short for mergers and acquisitions, a general term that describes the consolidation of companies or assets through various types of financial transactions.

**Margin:** Is the difference between a product or service's selling price and its cost of production or to the ratio between a company's revenues and expenses.

**Margin of Safety:** Is the difference between the intrinsic value of a stock and its market price. Another definition: In break-even analysis, from the discipline of accounting, margin of safety is how much output or sales level can fall before a business reaches its break-even point.

**Market Capitalization:** The total value of the issued shares of a publicly traded company; it is equal to the share price times the number of shares outstanding.

**Momentum Investing:** Is a system of buying stocks or other securities that have had high returns over the past three to twelve months, and selling those that have had poor returns over the same period. Momentum measures the rate of the rise or fall in stock prices.

**MSCI USA Enhanced Value Index:** Captures large and mid-cap representation across the US equity markets exhibiting overall value style characteristics. The index is designed to represent the performance of securities that exhibit higher value characteristics relative to their peers within the corresponding GICS® sector. The value investment style characteristics for index construction are defined using three variables: Price-to-Book Value, Price-to-Forward Earnings and Enterprise Value-to-Cash flow from Operations. It is not possible to invest directly in an index.

**NASDAQ Composite:** Is the market capitalization-weighted index of over 2,500 common equities listed on the Nasdaq stock exchange. The types of securities in the index include American depositary receipts, common stocks, real estate investment trusts (REITs) and tracking stocks, as well as limited partnership interests. The index includes all Nasdaq listed stocks that are not derivatives, preferred shares, funds, exchange-traded funds (ETFs) or debenture securities.

**Normalized earnings:** Are adjusted to remove the effects of seasonality, revenue and expenses that are unusual or one-time influences. Normalized earnings help business owners, financial analysts and other stakeholders understand a company's true earnings from its normal operations.

**Passive investing:** Is an investment strategy to maximize returns by minimizing buying and selling. Index investing in one common passive investing strategy whereby investors purchase a representative benchmark, such as the S&P 500 index, and hold it over a long time horizon.

**The Philadelphia Federal Index (or Philly Fed Survey):** A regional federal-reserve-bank index measuring changes in business growth. It is also known as the "Business Outlook Survey." When the index is above zero, it indicates factory-sector growth, and when below zero, it indicates contraction.

**Price/Book Ratio (P/B), or Price/Book Value Ratio (P/BV):** The price/book ratio of a fund is the weighted average of the price/book ratios of all the stocks in a fund's portfolio.

**Price /Cash Flow Ratio (P/CF):** A stock valuation measure calculated by dividing a firm's cash flow per share into the current stock price. Financial analysts often prefer to value stocks using cash flow rather than earnings because the latter is more easily manipulated.

**Price / Earnings (P/E) Ratio:** Is a common tool for comparing the prices of different common stocks and is calculated by dividing the earnings per share into the current market price of a stock.

**Price/Sales Ratio:** This ratio represents the amount an investor is willing to pay for a dollar generated from a particular company's operations.

**Portfolio Turnover Rate:** The lesser of purchases or sales of portfolio securities for the fiscal year divided by the monthly average of the value of portfolio securities owned during the fiscal year.

**Real Estate Investment Trust (REIT):** Is a company that owns, and in most cases operates, income-producing real estate. REITs own many types of commercial real estate, ranging from office and apartment buildings to warehouses, hospitals, shopping centers, hotels and timberlands.

**Reflation:** Is a fiscal or monetary policy to expand output, stimulate spending, and curb the effects of deflation, which usually occurs after a period of economic uncertainty or a recession. The term may also be used to describe the first phase of economic recovery after a period of contraction.

**Reflation Trade:** Is a term that is used liberally to define an uptick in growth and price pressures after a broad market contraction, often referring to the rate of change rather than the absolute level of prices. Reflationary trades tend to involve assets exposed to faster economic growth, price pressures and higher yields.

**Regional manufacturing indices:** such as the Philadelphia Federal Index (or Business Outlook Survey), are regional federal-reserve-bank indices measuring changes in business growth. When an index is above zero, it indicates factory-sector growth, and when below zero, it indicates contraction.

**Return on Equity (ROE):** Is equal to a company's after-tax earnings (excluding non-recurring items) divided by its average stockholder equity for the year.

**Russell 1000® Index:** An index of approximately 1,000 of the largest companies in the U.S. equity market. The Index is a subset of the Russell 3000 Index, representing the top companies by market capitalization. The Index is unmanaged, and one cannot invest directly in the Index.

**Russell 1000® Growth Index:** Measures the performance of those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values. The Index is unmanaged, and one cannot invest directly in the Index.

**Russell 1000® Value Index:** Measures the performance of the Russell 1000's value segment, which is defined to include firms whose share prices have lower price/book ratios and lower expected long-term mean earnings growth rates.

**Russell 1000 Defensive and Dynamic Indexes:** Russell US Stability Indexes™ are style-based benchmarks that offer more detail and specificity for investors, and adds a third dimension to the Russell US Style Indexes, independent from other definitions of style (i.e. growth and value). The indexes measure a portion of the market based on the sensitivity to economic cycles, credit cycles, and market volatility, referred to as stability. Stability is measured at the company level in terms of volatility (price and earnings), leverage, and return on assets. The more stable half of the index is called the Defensive Index® and the less stable half is called the Dynamic Index®.

**Russell 2000 Index:** The Russell 2000 Index refers to a stock market index that measures the performance of the 2,000 smaller companies included in the Russell 3000 Index. The Russell 2000 is managed by FTSE Russell and is widely regarded as a bellwether of the U.S. economy because of its focus on smaller companies that focus on the U.S. market.

**Russell 3000 Growth Index:** A market capitalization weighted index based on the Russell 3000 index. The Russell 3000 Growth Index includes companies that display signs of above average growth. The Russell 3000 Index was launched on January 1, 1984, is maintained by FTSE Russell, a subsidiary of the London Stock Exchange Group.

**Russell 3000 Value Index:** Stocks from the Russell 3000 Index with lower price-to-book ratios and lower expected growth rates. The Russell 3000 Index was launched on January 1, 1984, is maintained by FTSE Russell, a subsidiary of the London Stock Exchange Group.

**Russell Midcap® Index:** measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Midcap Index is a subset of the Russell 1000® Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap Index represents approximately 31% of the total market capitalization of the Russell 1000 companies. It is not possible to invest directly in an index.

**S&P 500® Index:** Is a market value weighted index consisting of 500 stocks chosen for market size, liquidity and industry group representation. The Index is unmanaged, and one cannot invest directly in the Index.

**S&P 500® Pure Value index:** is a style-concentrated index designed to track the performance of stocks that exhibit the strongest value characteristics by using a style-attractiveness-weighting scheme.

**Tracking Error:** Is reported as a standard deviation percentage difference, which reports the difference between the return an investor receives and that of the benchmark he was attempting to imitate.

**Valuation Spread:** Is the difference between the most expensive stocks and the least expensive stocks.

**Value Investing:** Is an investment strategy where stocks are selected that trade for less than their intrinsic values. Value investors actively seek stocks they believe the market has undervalued.

**Yield Curve:** Is a line that compares the yield of bonds of equal quality but different maturity dates. In general, bonds with longer maturity dates offer higher yields than bonds with shorter maturity dates, thus producing an upward sloping yield curve.

**Z-Score:** Is a numerical measurement of a value's relationship to the mean in a group of values. If a Z-score is 0, it represents the score is identical to the mean score. Z-scores may also be positive or negative, with a positive value indicating the score is above the mean and a negative score indicating it is below the mean. Positive and negative scores also reveal the number of standard deviations the score is either above or below the mean.

**References to other mutual funds should not be interpreted as an offer of these securities.**