

Hypothetical Illustration

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Please see reverse for Disclosure

Prepared for:

Valued Client

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Prepared by:

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Cetera

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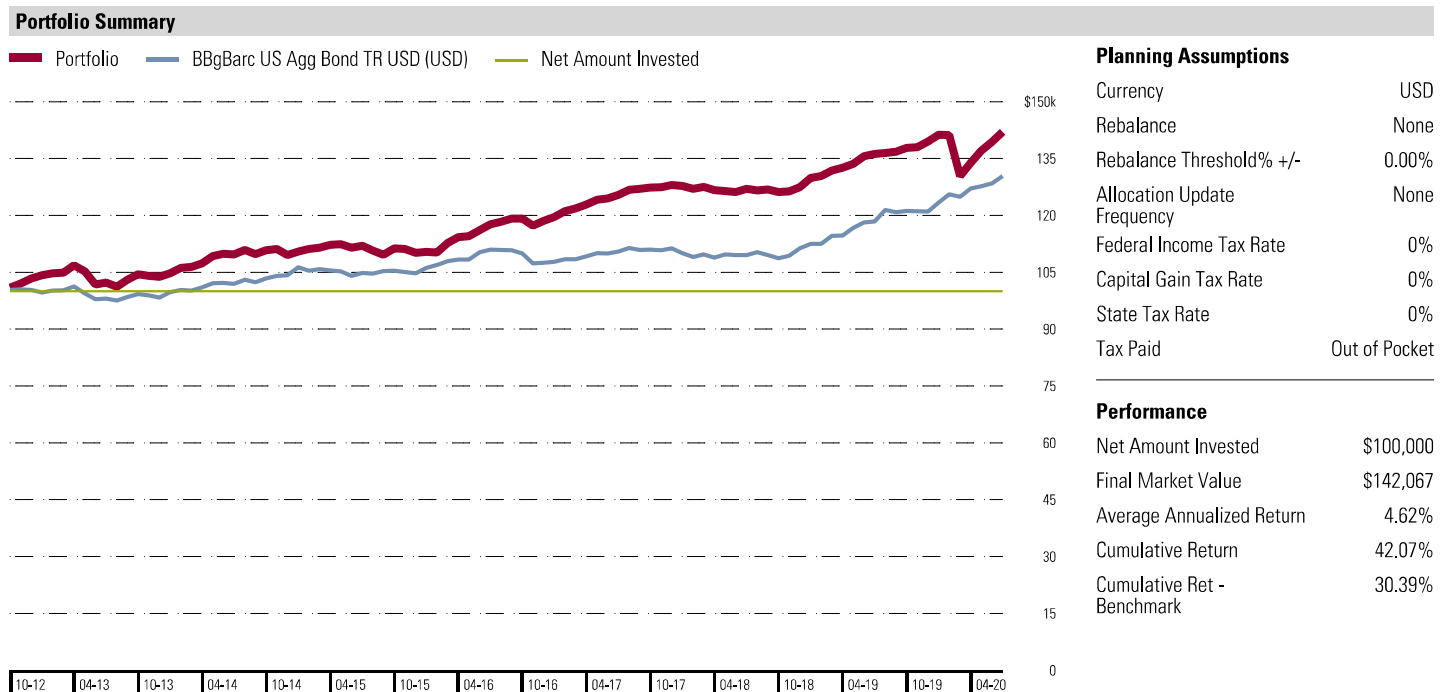
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Hypothetical Portfolio Illustration

10-22-2012 to 07-31-2020



Portfolio-Level Performance Disclosure

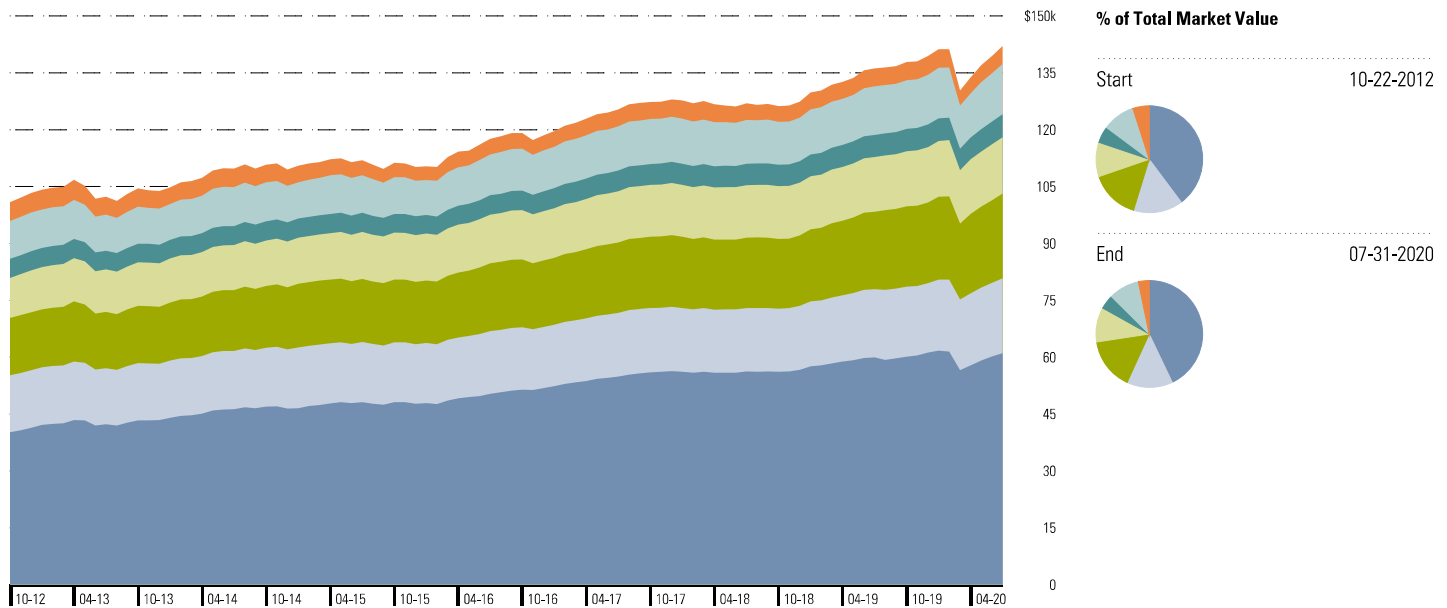
The portfolio-level performance shown is hypothetical and for illustrative purposes only. Investor returns will differ from the results shown.

Investment Detail		Beginning Balance	New Investment	Distribution/Withdrawal	Total Reinvest	Charges & Fees	Taxes Due	Market Value	Total Return %
Totals		0	100,000	0	48,841	0	0	142,067	4.62
October-December	2012	0	100,000	0	2,711	0	0	103,346	3.35
January-December	2013	103,346	0	0	5,383	0	0	103,818	0.46
January-December	2014	103,818	0	0	5,956	0	0	109,501	5.47
January-December	2015	109,501	0	0	7,192	0	0	110,137	0.58
January-December	2016	110,137	0	0	5,515	0	0	118,523	7.61
January-December	2017	118,523	0	0	5,794	0	0	128,006	8.00
January-December	2018	128,006	0	0	5,942	0	0	127,386	-0.48
January-December	2019	127,386	0	0	6,754	0	0	139,482	9.50
January-July	2020	139,482	0	0	3,594	0	0	142,067	1.85

Hypothetical Portfolio Illustration Continued

10-22-2012 to 07-31-2020

Security Summary



Investment Assumptions

Investment Name	Holding Period		Initial Investment Amount	Subsequent Invest/Withdwl		Reinvest Distributions		Liqui-date	Re-balance (%)	Charges and Fees				Market Value End (\$)
	Start	End		Amount	Freq	Income	Cap Gains			Front Load	Annual Fee	Deferred Load Amount%	Period Years	
● PIMCO Income Instl (USD, PIMIX)	10-12	07-20	40,000	0	—	Y	Y	N	—	0.00%	0.00%	0.00-0.00	—	61,064
● PIMCO Total Return Instl (USD, PTTRX)	10-12	07-20	15,000	0	—	Y	Y	N	—	0.00%	0.00%	0.00-0.00	—	19,733
● PIMCO Investment Grade Credit Bond Instl (USD, PIGIX)	10-12	07-20	15,000	0	—	Y	Y	N	—	0.00%	0.00%	0.00-0.00	—	22,359
● PIMCO Mortgage Opportunities and BdInstl (USD, PMZIX)	10-12	07-20	10,000	0	—	Y	Y	N	—	0.00%	0.00%	0.00-0.00	—	14,910
● PIMCO Dynamic Bond Instl (USD, PFIUX)	10-12	07-20	5,000	0	—	Y	Y	N	—	0.00%	0.00%	0.00-0.00	—	6,058
● PIMCO Emerging Markets Bond Instl (USD, PEBIX)	10-12	07-20	10,000	0	—	Y	Y	N	—	0.00%	0.00%	0.00-0.00	—	13,270
● PIMCO Emerging Mkts Lcl Ccy and Bd Instl (USD, PELBX)	10-12	07-20	5,000	0	—	Y	Y	N	—	0.00%	0.00%	0.00-0.00	—	4,674

Performance X-Ray®

Benchmark

BBgBarc US Agg Bond TR USD (USD)

Market Value

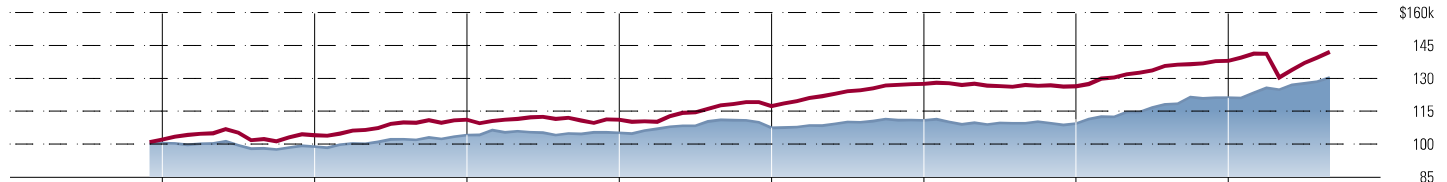
\$142,066.81

Performance 07-31-2020

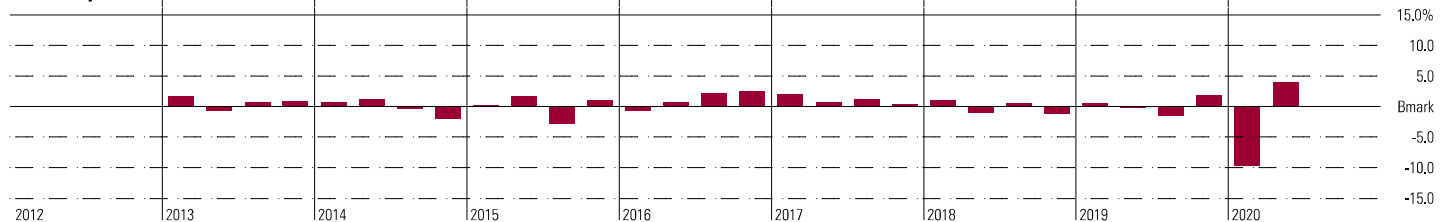
Performance History

● Portfolio

● Benchmark



Quarterly returns +/- Benchmark in %



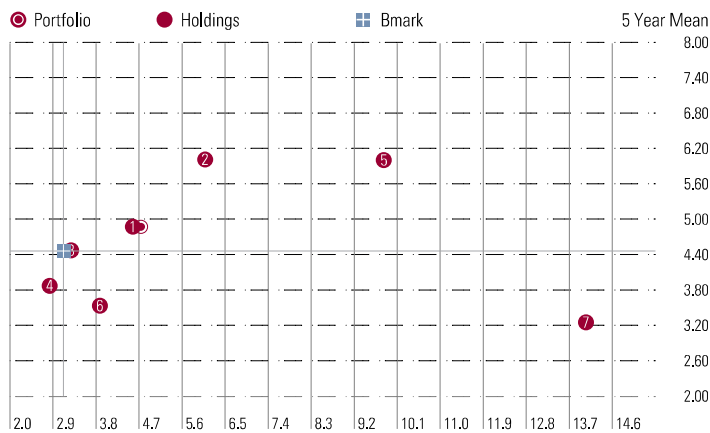
Trailing Returns

	Portfolio %	+/- Benchmark
3 Month	6.17	3.56
6 Month	0.57	-5.12
1 Year	4.31	-5.81
3 Year	4.25	-1.44
5 Year	4.87	0.41
YTD	1.85	-5.87

Trailing Returns

	Best %	Worst %
3 Month	6.93 (Apr 2020-Jun 2020)	-6.52 (Jan 2020-Mar 2020)
6 Month	7.34 (Mar 2016-Aug 2016)	-4.69 (Oct 2019-Mar 2020)
1 Year	9.89 (Mar 2016-Feb 2017)	-1.10 (Apr 2019-Mar 2020)
3 Year	5.77 (Mar 2016-Feb 2019)	1.72 (Mar 2013-Feb 2016)
5 Year	5.03 (Feb 2015-Jan 2020)	3.18 (Apr 2015-Mar 2020)

Risk/Return Analysis 07-31-2020



5 Year Standard Deviation

Risk and Return Statistics

	3 Yr	5 Yr	10 Yr
Standard Deviation	5.55	4.74	—
Mean	4.25	4.87	—
Sharpe Ratio	0.49	0.80	—
12-Month Yield			4.88
Avg Eff Maturity			7.24
Avg Eff Duration			3.73

Top 10 Holdings 07-31-2020

	Assets %	Name	Mean	Std Dev
1	42.98	PIMCO Income Instl (USD, PIMIX)	4.87	4.57
2	15.74	PIMCO Investment Grade Credit Bond Instl (USD, PIGIX)	6.01	6.08
3	13.89	PIMCO Total Return Instl (USD, PTTRX)	4.47	3.28
4	10.50	PIMCO Mortgage Opportunities and BdInstl (USD, PMZIX)	3.87	2.83
5	9.34	PIMCO Emerging Markets Bond Instl (USD, PEBIX)	6.00	9.82
6	4.26	PIMCO Dynamic Bond Instl (USD, PFIUX)	3.53	3.88
7	3.29	PIMCO Emerging Mkts Lcl Ccy and Bd Instl (USD, PELBX)	3.25	14.05

MPT Statistics

	3 Yr	5 Yr	10 Yr
Alpha	-0.10	1.49	—
Beta	0.70	0.68	—
R-Squared	17.80	19.79	—
Information Ratio	-0.28	0.09	—
Tracking Error	5.14	4.36	—

Portfolio-Level Performance Disclosure

The portfolio-level performance shown is hypothetical and for illustrative purposes only. Investor returns will differ from the results shown.

Performance X-Ray®

Portfolio Holdings

Benchmark

BBgBarc US Agg Bond TR USD (USD)

Portfolio Holdings 07-31-2020							
Total: 7 Holdings	Type	30-day SEC Yield Subsidized <i>as of date</i>	30-day SEC Yield Unsubsidized <i>as of date</i>	12-Month Yield	Fund Portfolio Date	Assets %	Market Value \$
PIMCO Income Instl (USD, PIMIX)	MF	3.03 <i>07-31-2020</i>	3.03 <i>07-31-2020</i>	6.03	03-31-2020	42.98	61,064
PIMCO Investment Grade Credit Bond Instl (USD, PIGIX)	MF	2.16 <i>07-31-2020</i>	2.16 <i>07-31-2020</i>	3.67	03-31-2020	15.74	22,359
PIMCO Total Return Instl (USD, PTTRX)	MF	1.54 <i>07-31-2020</i>	1.54 <i>07-31-2020</i>	3.20	03-31-2020	13.89	19,733
PIMCO Mortgage Opportunities and BdInstl (USD, PMZIX)	MF	2.60 <i>07-31-2020</i>	2.60 <i>07-31-2020</i>	4.42	03-31-2020	10.50	14,910
PIMCO Emerging Markets Bond Instl (USD, PEBIX)	MF	3.57 <i>07-31-2020</i>	3.57 <i>07-31-2020</i>	4.43	03-31-2020	9.34	13,270
PIMCO Dynamic Bond Instl (USD, PFIUX)	MF	2.72 <i>07-31-2020</i>	2.72 <i>07-31-2020</i>	4.52	03-31-2020	4.26	6,058
PIMCO Emerging Mkts Lcl Ccy and Bd Instl (USD, PELBX)	MF	4.62 <i>07-31-2020</i>	4.62 <i>07-31-2020</i>	6.00	03-31-2020	3.29	4,674

PIMCO Income Instl (USD, PIMIX)

3 Month Rolling Returns : 10-31-2012 to 07-31-2020

Currency of Security
USD

Report Currency
USD



	Time Period	Period's Cumulative Total Return %	Period's Annualized Total Return %
PIMCO Income Instl (USD, PIMIX)	10-31-2012 to 07-31-2020	52.66	5.59
Highest Historical Return	03-31-2020 to 06-30-2020	6.48	—
Lowest Historical Return	12-31-2019 to 03-31-2020	-7.66	—

Performance Disclosure

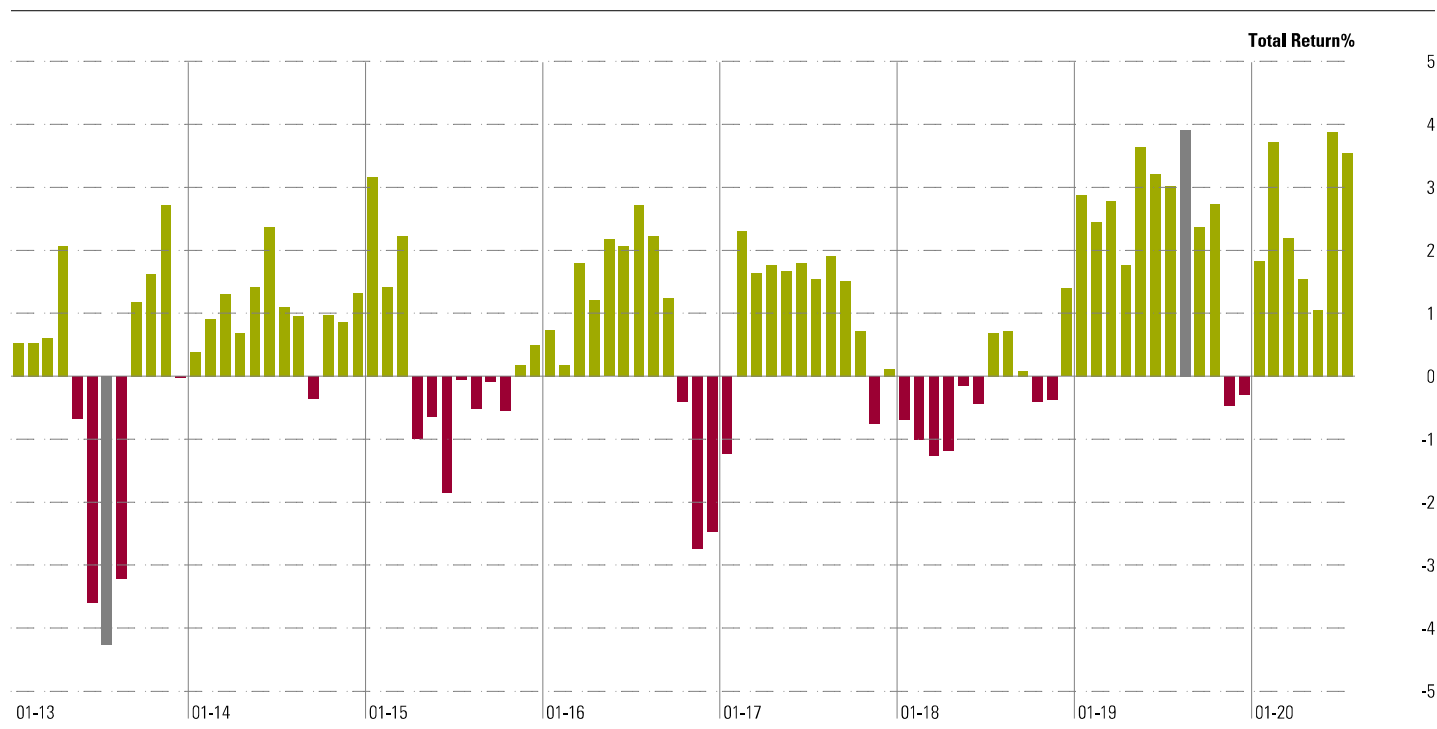
The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please visit <http://advisor.morningstar.com/familyinfo.asp>.

PIMCO Total Return Instl (USD, PTTRX)

3 Month Rolling Returns : 10-31-2012 to 07-31-2020

Currency of Security
USD

Report Currency
USD



	Time Period	Period's Cumulative Total Return %	Period's Annualized Total Return %
PIMCO Total Return Instl (USD, PTTRX)	10-31-2012 to 07-31-2020	31.55	3.59
Highest Historical Return	05-31-2019 to 08-31-2019	3.90	—
Lowest Historical Return	04-30-2013 to 07-31-2013	-4.26	—

Performance Disclosure

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PIMCO Investment Grade Credit Bond Instl (USD, PIGIX)

3 Month Rolling Returns : 10-31-2012 to 07-31-2020

Currency of Security
USD

Report Currency
USD



	Time Period	Period's Cumulative Total Return %	Period's Annualized Total Return %
PIMCO Investment Grade Credit Bond Instl (USD, PIGIX)	10-31-2012 to 07-31-2020	49.06	5.27
Highest Historical Return	03-31-2020 to 06-30-2020	8.59	—
Lowest Historical Return	12-31-2019 to 03-31-2020	-6.03	—

Performance Disclosure

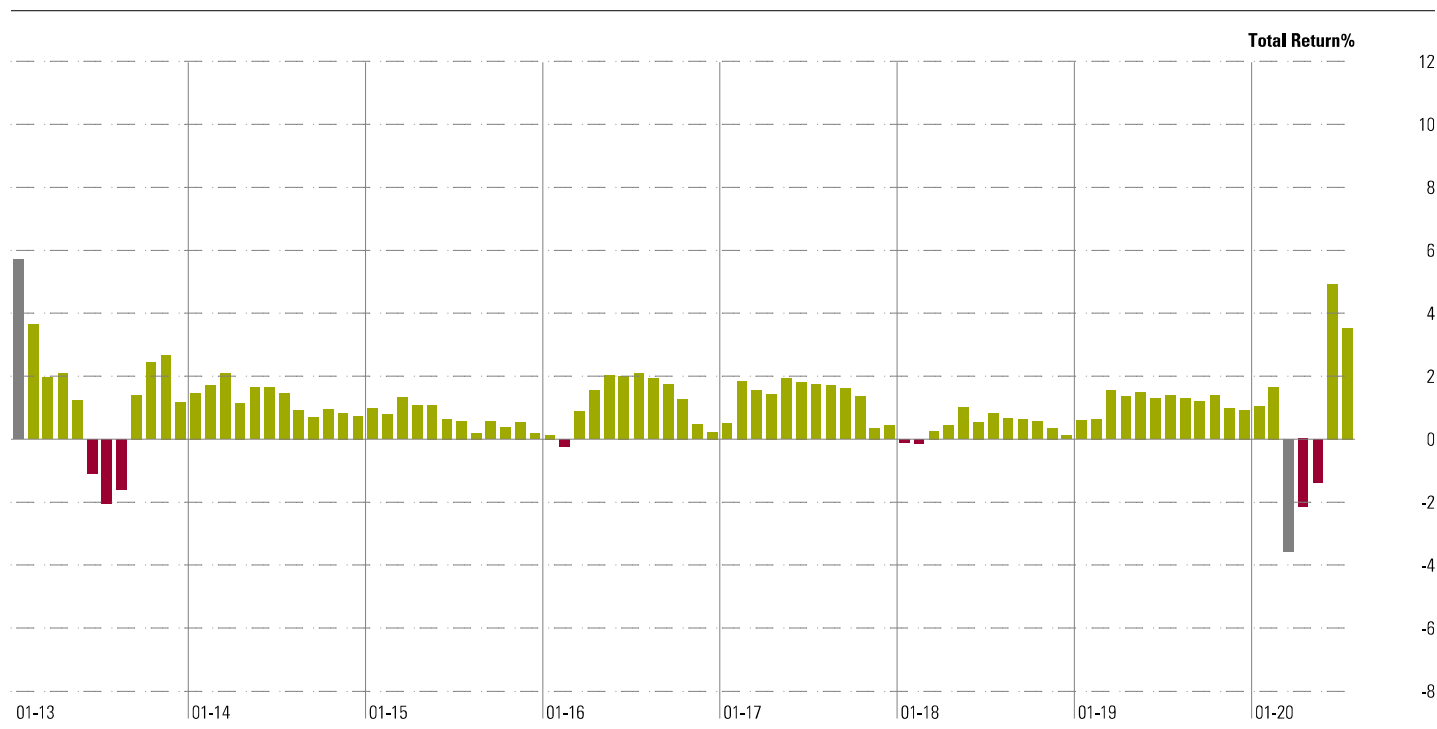
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PIMCO Mortgage Opportunities and BdInstl (USD, PMZIX)

3 Month Rolling Returns : 10-31-2012 to 07-31-2020

Currency of Security
USD

Report Currency
USD



	Time Period	Period's Cumulative Total Return %	Period's Annualized Total Return %
PIMCO Mortgage Opportunities and BdInstl (USD, PMZIX)	10-31-2012 to 07-31-2020	49.10	5.27
Highest Historical Return	10-31-2012 to 01-31-2013	5.70	—
Lowest Historical Return	12-31-2019 to 03-31-2020	-3.55	—

Performance Disclosure

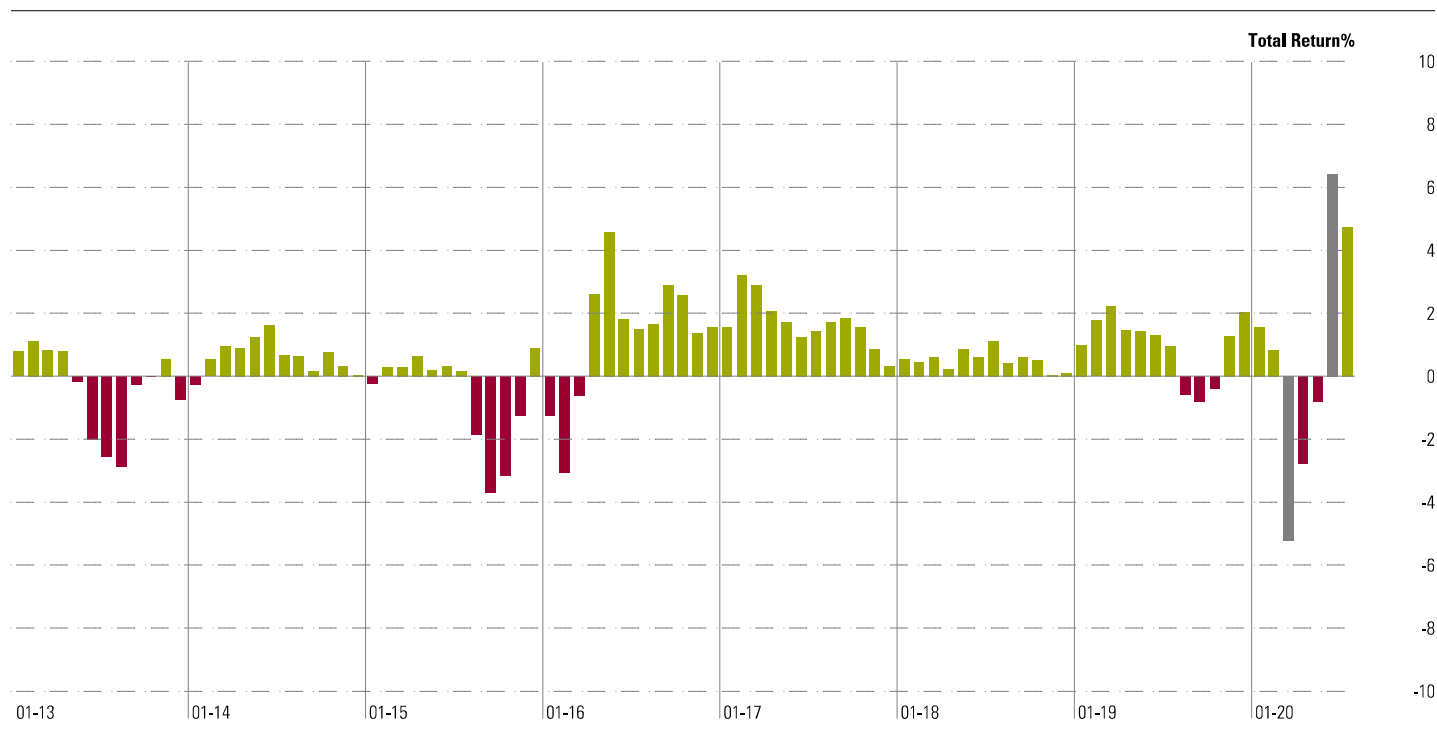
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PIMCO Dynamic Bond Instl (USD, PFIUX)

3 Month Rolling Returns : 10-31-2012 to 07-31-2020

Currency of Security
USD

Report Currency
USD



	Time Period	Period's Cumulative Total Return %	Period's Annualized Total Return %
PIMCO Dynamic Bond Instl (USD, PFIUX)	10-31-2012 to 07-31-2020	21.17	2.50
Highest Historical Return	03-31-2020 to 06-30-2020	6.42	—
Lowest Historical Return	12-31-2019 to 03-31-2020	-5.22	—

Performance Disclosure

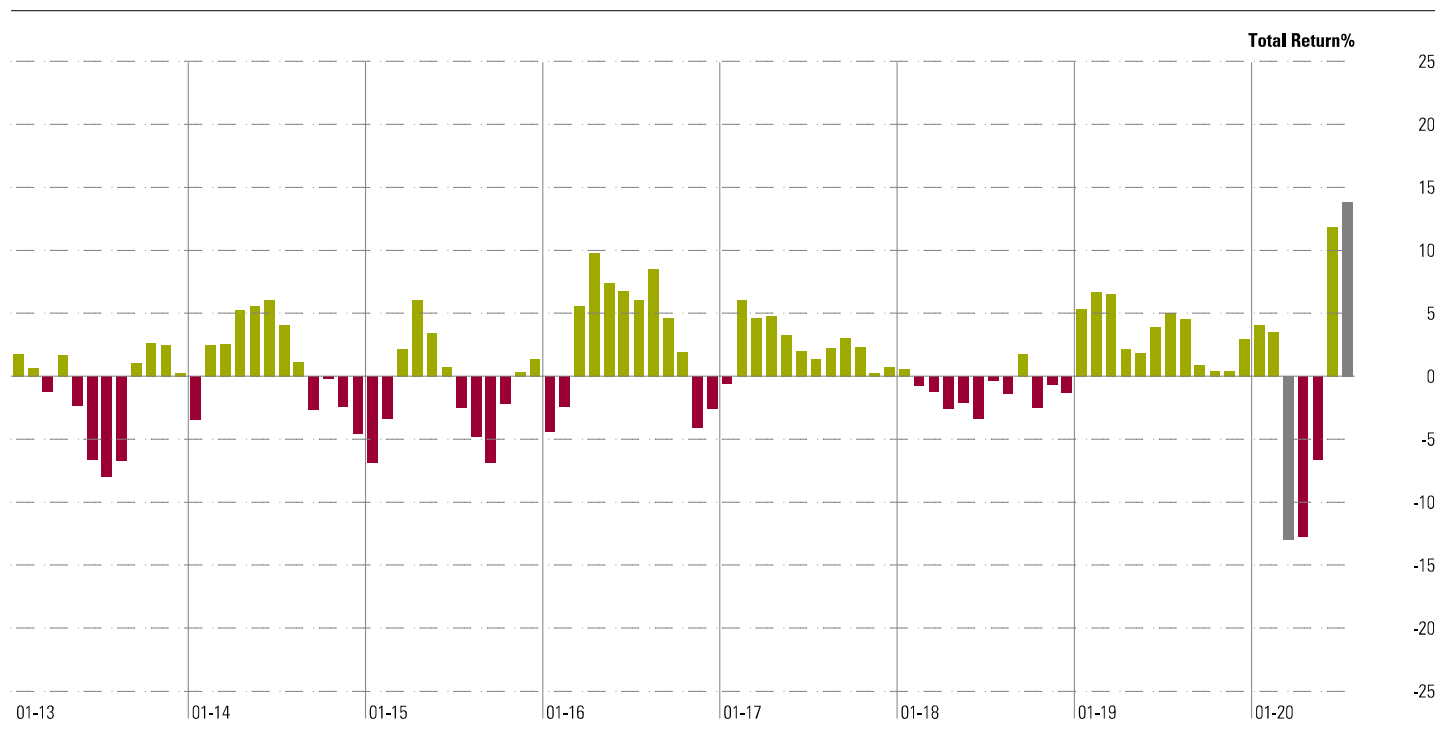
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PIMCO Emerging Markets Bond Instl (USD, PEBIX)

3 Month Rolling Returns : 10-31-2012 to 07-31-2020

Currency of Security
USD

Report Currency
USD



	Time Period	Period's Cumulative Total Return %	Period's Annualized Total Return %
PIMCO Emerging Markets Bond Instl (USD, PEBIX)	10-31-2012 to 07-31-2020	32.70	3.70
Highest Historical Return	04-30-2020 to 07-31-2020	13.83	—
Lowest Historical Return	12-31-2019 to 03-31-2020	-12.98	—

Performance Disclosure

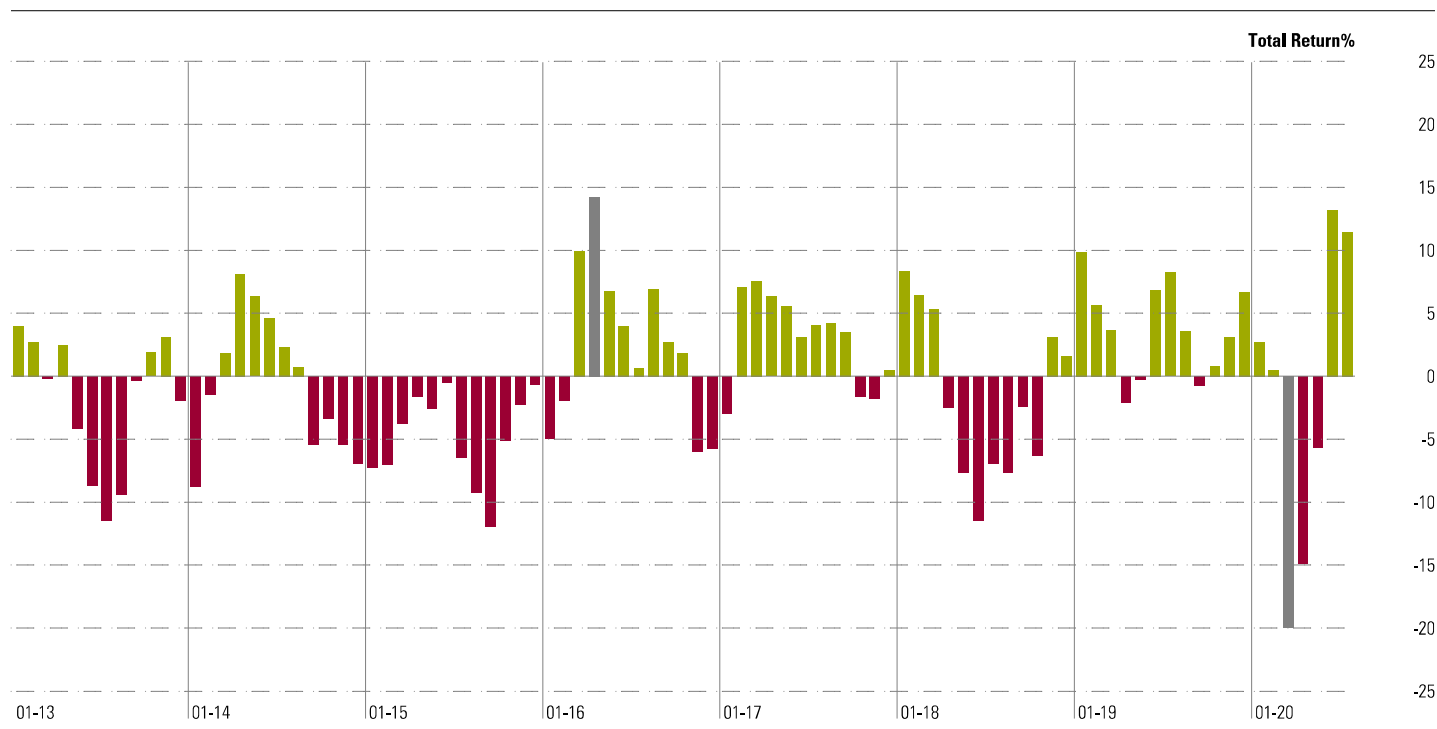
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PIMCO Emerging Mkts Lcl Ccy and Bd Instl (USD, PELBX)

3 Month Rolling Returns : 10-31-2012 to 07-31-2020

Currency of Security
USD

Report Currency
USD



	Time Period	Period's Cumulative Total Return %	Period's Annualized Total Return %
PIMCO Emerging Mkts Lcl Ccy and Bd Instl (USD, PELBX)	10-31-2012 to 07-31-2020	-6.53	-0.86
Highest Historical Return	01-31-2016 to 04-30-2016	14.22	—
Lowest Historical Return	12-31-2019 to 03-31-2020	-19.93	—

Performance Disclosure

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please visit <http://advisor.morningstar.com/familyinfo.asp>.

Standardized and Tax Adjusted Returns Disclosure Statement

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end please visit <http://advisor.morningstar.com/familyinfo.asp>.

Standardized Returns assume reinvestment of dividends and capital gains. They depict performance without adjusting for the effects of taxation, but are adjusted to reflect sales charges and ongoing fund expenses.

If adjusted for taxation, the performance quoted would be significantly reduced. For variable annuities, additional expenses will be taken into account, including M&E risk charges, fund-level expenses such as management fees and operating fees, contract-level administration fees, and charges such as surrender, contract, and sales charges. The maximum redemption fee is the maximum amount a fund may charge if redeemed in a specific time period after the fund's purchase.

After-tax returns are calculated using the highest individual federal marginal income tax rates, and do not reflect the impact of state and local taxes. Actual after-tax returns depend on the investor's tax situation and may differ from those shown. The after-tax returns shown are not relevant to investors who hold their fund shares through tax-deferred arrangements such as 401(k) plans or an IRA. After-tax returns exclude the effects of either the alternative minimum tax or phase-out of certain tax credits. Any taxes due are as of the time the distributions are made, and the taxable amount and tax character of each distribution are as specified by the fund on the dividend declaration date. Due to foreign tax credits or realized capital losses, after-tax returns may be greater than before-tax returns. After-tax returns for exchange-traded funds are based on net asset value.

Money Market Fund Disclosures

If money market fund(s) are included in the Standardized Returns table below, each money market fund's name will be followed by a superscripted letter that links it to the applicable disclosure below:

Institutional Money Market Funds (designated by an "S"):

You could lose money by investing in the fund. Because the share price of the fund will fluctuate, when you sell your shares they may be worth more or less than what you originally paid for them. The fund may impose a fee upon sale of your shares or may temporarily suspend your ability to sell shares if the fund's liquidity falls below required minimums because of market conditions or other factors. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.

Government Money Market Funds that have chosen to rely on the ability to impose liquidity fees and suspend redemptions (designated by an "L") and

Retail Money Market Funds (designated by an "L"):

You could lose money by investing in the fund. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. The fund may impose a fee upon sale of your shares or may temporarily suspend your ability to sell shares if the fund's liquidity falls below required minimums because of market conditions or other factors. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.

Government Money Market Funds that have chosen not to rely on the ability to impose liquidity fees and suspend redemptions (designated by an "N"):

You could lose money by investing in the fund. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.

Annualized returns 06-30-2020

Standardized Returns (%)	30-day SEC Yield Subsidized as of date	30-day SEC Yield Unsubsidized as of date	1Yr	5Yr	10Yr	Since Inception	Inception Date	Max Front Load %	Max Back Load %	Net Exp Ratio %	Gross Exp Ratio %	Max Redemption %
PIMCO Dynamic Bond Instl	2.72	2.72	2.07	3.35	2.89	3.97	06-30-2008	NA	NA	0.85	0.85	NA
PIMCO Emerging Markets Bond Instl	07-31-2020 3.57	07-31-2020 3.57	1.03	5.15	5.16	8.76	07-31-1997	NA	NA	0.88	0.88	NA
PIMCO Emerging Mkts Lcl Ccy and Bd Instl	07-31-2020 4.62	07-31-2020 4.62	-4.08	1.86	1.13	3.09	12-29-2006	NA	NA	1.70	1.70	NA
PIMCO Income Instl	07-31-2020 3.03	07-31-2020 3.03	0.69	4.69	7.51	7.78	03-30-2007	NA	NA	1.09	1.09	NA

Annualized returns 06-30-2020

Standardized Returns (%)	30-day SEC Yield Subsidized as of date	30-day SEC Yield Unsubsidized as of date	1Yr	5Yr	10Yr	Since Inception	Inception Date	Max Front Load %	Max Back Load %	Net Exp Ratio %	Gross Exp Ratio %	Max Redemption %
PIMCO Investment Grade Credit Bond Instl	2.16 <i>07-31-2020</i>	2.16 <i>07-31-2020</i>	6.52	5.68	6.30	7.47	04-28-2000	NA	NA	0.85	0.85	NA
PIMCO Mortgage Opportunities and BdlInstl	2.60 <i>07-31-2020</i>	2.60 <i>07-31-2020</i>	3.35	3.77	—	5.22	10-22-2012	NA	NA	1.82	1.82	NA
PIMCO Total Return Instl	1.54 <i>07-31-2020</i>	1.54 <i>07-31-2020</i>	8.34	4.42	4.22	7.20	05-11-1987	NA	NA	0.70	0.70	NA
BBgBarc US Agg Bond TR USD			8.74	4.30	3.82	—	01-03-1980					
MSCI EAFE NR USD			-5.13	2.05	5.73	—	03-31-1986					
S&P 500 TR USD			7.51	10.73	13.99	—	09-11-1989					
USTREAS T-Bill Auction Ave 3 Mon			1.26	1.17	0.62	—	02-28-1941					

Return after Tax (%)	On Distribution					On Distribution and Sales of Shares				
	1Yr	5Yr	10Yr	Since Inception	Inception Date	1Yr	5Yr	10Yr	Since Inception	
PIMCO Dynamic Bond Instl	0.15	1.48	1.52	2.58	06-30-2008	1.21	1.71	1.62	2.50	
PIMCO Emerging Markets Bond Instl	-0.84	2.93	2.88	5.49	07-31-1997	0.60	2.94	3.00	5.48	
PIMCO Emerging Mkts Lcl Ccy and Bd Instl	-6.39	-0.62	-1.17	0.59	12-29-2006	-2.38	0.34	-0.04	1.42	
PIMCO Income Instl	-1.71	2.07	4.81	5.13	03-30-2007	0.40	2.41	4.69	4.97	
PIMCO Investment Grade Credit Bond Instl	4.88	3.71	3.90	4.92	04-28-2000	3.83	3.48	3.92	4.85	
PIMCO Mortgage Opportunities and BdlInstl	1.51	1.90	—	3.41	10-22-2012	1.96	2.05	—	3.22	
PIMCO Total Return Instl	6.82	2.87	2.52	4.74	05-11-1987	4.90	2.74	2.58	4.71	

Hypothetical Report Disclosure Statement

General

This is an illustration of a simulated investment that assumes the portfolio holding(s) were purchased on the first day of the period indicated. Sales and tax charges, including those required in the event of transfers between assets, are taken into account at the rates shown and may be higher or lower than what an investor would have actually paid had the investments been purchased then or now. The performance data represents past performance and is not indicative of future results. Principal value and investment returns will fluctuate, and an investor's shares/units, when redeemed, may be worth more or less than the original investment.

The underlying holdings of the portfolio are not federally or FDIC-insured and are not deposits or obligations of, or guaranteed by, any financial institution. Investing in securities involves investment risks including possible loss of principal and fluctuation in value.

The investment returns do not reflect active trading and do not necessarily reflect the results that might have been achieved by active management of the account. The investment returns of other clients of the financial professional may differ materially from the investment portrayed.

The information contained in this report is from the most recent information available to Morningstar as of the release date, and may or may not be an accurate reflection of the current composition of the securities included in the portfolio. There is no assurance that the weightings, composition and ratios will remain the same.

Before investing, an investor should consider whether the investor's or designated beneficiary's home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in such state's 529 qualified tuition program.

Comparison of Fund Types

Funds, including closed-end funds, exchange-traded funds (ETFs), money market funds, open-end funds, and unit investment trusts (UITs), have many similarities, but also many important differences. In general, publicly-offered funds are investment companies registered with the Securities and Exchange Commission under the Investment Company Act of 1940, as amended. Funds pool money from their investors and manage it according to an investment strategy or objective, which can vary greatly from fund to fund. Funds have the ability to offer diversification and professional management, but also involve risk, including the loss of principal.

A closed-end fund is an investment company, which typically makes one public offering of a fixed number of shares. Thereafter, shares are traded on a secondary market. As a result, the secondary market price may be higher or lower than the closed-end fund's net asset value (NAV). If these shares trade at a price above their NAV, they are said to be trading at a premium. Conversely, if they are trading at a price below their NAV, they are said to be trading at a discount. A closed-end mutual fund's expense ratio is an annual fee charged to a shareholder. It includes operating expenses and management fees, but does not take into account any brokerage costs. Closed-end funds may also have 12b-1 fees. Income distributions and capital gains of the closed-end fund are subject to income tax, if held in a taxable account.

An ETF is an investment company that typically has an investment objective of striving to achieve a similar return as a particular market index. The ETF will

invest in either all or a representative sample of the securities included in the index it is seeking to imitate. Like closed-end funds, an ETF can be traded on a secondary market and thus have a market price that may be higher or lower than its net asset value. If these shares trade at a price above their NAV, they are said to be trading at a premium. Conversely, if they are trading at a price below their NAV, they are said to be trading at a discount. ETFs are not actively managed, so their value may be affected by a general decline in the U.S. market segments relating to their underlying indexes. Similarly, an imperfect match between an ETF's holdings and those of its underlying index may cause its performance to vary from that of its underlying index. The expense ratio of an ETF is an annual fee charged to a shareholder. It includes operating expenses and management fees, but does not take into account any brokerage costs. ETFs do not have 12b-1 fees or sales loads. Capital gains from funds held in a taxable account are subject to income tax. In many, but not all cases, ETFs are generally considered to be more tax-efficient when compared to similarly invested mutual funds.

Holding company depository receipts (HOLDRs) are similar to ETFs, but they focus on narrow industry groups. HOLDRs initially own 20 stocks, which are unmanaged, and can become more concentrated due to mergers, or the disparate performance of their holdings. HOLDRs can only be bought in 100-share increments. Investors may exchange shares of a HOLDR for its underlying stocks at any time.

A money-market fund is an investment company that invests in commercial paper, banker's acceptances, repurchase agreements, government securities, certificates of deposit and other highly liquid securities, and pays money market rates of interest. Money markets are not FDIC-insured, may lose money, and are not guaranteed by a bank or other financial institution.

An open-end fund is an investment company that issues shares on a continuous basis. Shares can be purchased from the open-end mutual fund itself, or through an intermediary, but cannot be traded on a secondary market, such as the New York Stock Exchange. Investors pay the open-end mutual fund's current net asset value plus any initial sales loads. Net asset value is calculated daily, at the close of business. Open-end mutual fund shares can be redeemed, or sold back to the fund or intermediary, at their current net asset value minus any deferred sales loads or redemption fees. The expense ratio for an open-end mutual fund is an annual fee charged to a shareholder. It includes operating expenses and management fees, but does not take into account any brokerage costs. Open-end funds may also have 12b-1 fees. Income distributions and capital gains of the open-end fund are subject to income tax, if held in a taxable account.

A unit investment trust (UIT) is an investment company organized under a trust agreement between a sponsor and trustee. UITs typically purchase a fixed portfolio of securities and then sell units in the trust to investors. The major difference between a UIT and a mutual fund is that a mutual fund is actively managed, while a UIT is not. On a periodic basis, UITs usually distribute to the unit holder their pro rata share of the trust's net investment income and net realized capital gains, if any. If the trust is one that invests only in tax-free securities, then the income from the trust is also tax-free. UITs generally make one public offering of a fixed number of units. However, in some cases, the sponsor will maintain a secondary market that allows existing unit holders to sell their units and for new investors to buy units. A one-time initial sales charge is deducted from an investment made into the trust. UIT investors may also pay creation and development fees, organization costs, and/or trustee and operation expenses. UIT units may be redeemed by the sponsor at their net asset value minus a deferred sales charge, and sold to other investors. UITs have set termination dates, at which point the underlying securities are sold and the sales proceeds are paid to the investor. Typically, a UIT investment is rolled over into successive trusts as part of a long-term strategy. A rollover fee may be

charged for the exercise of rollover purchases. There are tax consequences associated with rolling over an investment from one trust to the next.

Comparison of Other Security Types

Variable annuities are tax-deferred investments structured to convert a sum of money into a series of payments over time. Variable annuity policies have limitations and are not viewed as short-term liquid investments. An insurance company's fulfillment of a commitment to pay a minimum death benefit, a schedule of payments, a fixed investment account guaranteed by the insurance company, or another form of guarantee depends on the claims-paying ability of the issuing insurance company. Any such guarantee does not affect or apply to the investment return or principal value of the separate account and its subaccount. The financial ratings quoted for an insurance company do not apply to the separate account and its subaccount. The insurance company offering a variable life contract will charge several fees to investors, including annual contract charges that compensate the insurance company for the cost of maintaining and administering the variable life contract, mortality and expense risk (M&E Risk) charges based on a percentage of a subaccount's assets to cover costs associated with mortality and expense risk, and administration fees that are based on a percentage of a subaccount's assets to cover the costs involved in offering and administering the subaccount. A variable life investor will also be charged a front-end load by the insurance company on their initial contribution, ongoing fees related to the management of the fund, and surrender charges if the investor makes a withdrawal prior to a specified time. If the variable annuity subaccount is invested in a money-market fund, the money market fund is not FDIC-insured, may lose money, and is not guaranteed by a bank or other financial institution.

Variable life insurance is a cash-value life insurance that has a variable cash value and/or death benefit depending on the investment performance of the subaccount into which premium payments are invested. Unlike traditional life insurance, variable life insurance has inherent risks associated with it, including market volatility, and is not viewed as a short-term liquid investment. For more information on a variable life product, including each subaccount, please read the current prospectus. Please note, the financial ratings noted on the report are quoted for an insurance company and do not apply to the separate account and its subaccount.

Fixed annuities have a predetermined rate of return an investor earns and a fixed income payout that is guaranteed by the issuing investment company, and may be immediate or deferred. Payouts may last for a specific period or for the life of the investor. Investments in a deferred fixed annuity grow tax-deferred with income tax incurred upon withdrawal, and do not depend on the stock market. However, the insurance company's guaranteed rate of return and payments depends on the claims-paying ability of the insurance company. Fixed annuities typically do not have cost-of-living payment adjustments. Fixed annuities often have surrender charges if the event you need to withdraw your investment early. Fixed annuities are regulated by state insurance commissioners.

Fixed indexed annuities, also called equity index annuities, are a combination of the characteristics of both fixed and variable annuities. Fixed indexed annuities offer a predetermined rate of return like a fixed annuity, but they also allow for participation in the stock market, like a variable annuity. Fixed indexed annuities are typically riskier and offer the potential for greater return than fixed annuities, but less so than a variable annuity. Investments in a fixed indexed annuity grow tax-deferred with income tax incurred upon withdrawal. The insurance company's guaranteed rate of return and ability to make payments depends on the claims-paying ability of the insurance company. While fixed indexed annuities may limit an investor's gains in an up market, they are also designed to help limit losses in a down market. Fixed indexed annuities can be complicated and an investor in a fixed indexed annuity should carefully read the

insurance company's offering material to understand how a specific annuity's return will be determined. Fixed indexed annuities often have surrender charges in the event you need to withdraw your investment early and are regulated by state insurance commissioners.

A stock is an ownership interest in a company. When an investor purchases a stock, they become a business owner, and the value of their ownership stake will rise and fall according to the underlying business. Stockholders are entitled to the profits, if any, generated by the company after everyone else — employees, vendors, lenders — get paid. Companies usually pay out their profits to investors in the form of dividends, or they reinvest the money back into the business. Stocks trade on exchanges throughout the day, through a brokerage firm who will charge a commission for the purchase or sale of shares. Income distributions and capital gains of the stock are subject to income tax upon their sale, if held in a taxable account.

A bond is a debt security. When an investor purchases a bond, the purchase amount is lent to a government, municipality, corporation or other entity known as an issuer. The issuer promises to pay a specified rate of interest during the life of the bond and repay the face value of the bond when it matures. U.S. Treasuries can be purchased directly from the Treasury or through a brokerage firm. Most other newly issued bonds are offered through an underwriter. Older bonds are traded throughout the day on the secondary market and can be purchased through a brokerage firm, who will charge transaction fees and commission for the purchase or sale. Price evaluations are provided by Interactive Data Corporation (IDC).

Preferred stock usually offers a fixed dividend payment, which is paid out before variable dividends that may be paid to investors in a company's common stock. Therefore, preferred stock is typically less risky in terms of principal loss, but there is also less potential for return when compared to a company's common stock. If a company fails, their obligations to preferred stockholders must be met before those of the company's common stock holders, but after bondholders are reimbursed.

A separate account is a portfolio of securities (such as stocks, bonds, and cash) that follows a specified investment strategy and is managed by an investment professional. The securities in the portfolio are directly owned by the separate account's owner. Separate accounts are unregistered investment vehicles; therefore they do not have the same performance and holding reporting responsibilities that registered securities have. Separate account performance data is reported to Morningstar from the investment manager as a composite of similarly managed portfolios. As such, investors in the same separate account may have slightly different portfolio holdings because each investor has customized account needs, tax considerations and security preferences. The method for calculating composite returns can vary. The composite performance for each separate account manager may differ from actual returns in specific client accounts during the same period for a number of reasons. Different separate account managers may use different methods in constructing or computing performance figures. Thus, performance and risk figures for different separate account managers may not be fully comparable to each other. Likewise, performance and risk information of certain separate account managers may include only composites of larger accounts, which may or may not have more holdings, different diversification, different trading patterns and different performance than smaller accounts with the same strategy. Finally, composite performance of the separate account offered by the money manager may or may not reflect the reinvestment of dividends and capital gains. Gross returns are collected on a monthly and quarterly basis for separate accounts and commingled pools. This information is collected directly from the asset management firm running the product(s). Morningstar calculates total returns, using the raw data (gross monthly and quarterly returns), collected from these asset management firms. The performance data reported by the separate

account managers will not represent actual performance net of management fees, brokerage commissions or other expenses. Management fees as well as other expenses a client may incur will reduce individual returns for that client. Because fees are deducted regularly, the compounding effect will increase the impact of the fee deduction on gross account performance by a greater percentage than that of the annual fee charged. For example, if an account is charged a 1% management fee per year and has gross performance of 12% during that same period, the compounding effect of the quarterly fee assessments will result in an actual return of approximately 10.9%. Clients should refer to the disclosure document of the separate account manager and their financial professional for specific information regarding fees and expenses. The analysis in this report may be based, in part, on adjusted historical returns for periods prior to an insurance group separate account's (IGSA's) actual inception. When pre-inception data are presented in the report, the header at the top of the report will indicate this and the affected data elements will be displayed in italics. These calculated returns reflect the historical performance of the oldest share class of the underlying fund, adjusted to reflect the management fees of the current IGSA. While the inclusion of pre-inception data provides valuable insight into the probable long-term behavior of an IGSA based on the underlying fund's performance, investors should be aware that an adjusted historical return can only provide an approximation of that behavior. These adjusted historical returns are not actual returns. Calculation methodologies utilized by Morningstar may differ from those applied by other entities, including the IGSA itself. Morningstar % Rank within Morningstar Category does not account for a separate account's sales charge (if applicable).

A collective investment trust (CIT) may also be called a commingled or collective fund. CITs are tax-exempt, pooled investment vehicles maintained by a bank or trust company exclusively for qualified plans, including 401(k)s, and certain types of government plans. CITs are unregistered investment vehicles subject to banking regulations of the Office of the Comptroller of the Currency (OCC), which means they are typically less expensive than other investment options due to lower marketing, overhead, and compliance-related costs. CITs are not available to the general public, but are managed only for specific retirement plans.

A 529 Portfolio is a specific portfolio of securities created from a 529 plan's available investments. In general, the data presented for a 529 Portfolio uses a weighted average of the underlying holdings in the portfolio. Most 529 plans are invested in open-end mutual funds; however, other investment types are possible such as stable value funds, certificates of deposit, and separate accounts.

Before investing, an investor should consider whether the investor's or designated beneficiary's home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in such state's 529 qualified tuition program.

Offshore funds are funds domiciled in a country outside the one the investor resides in. Many banks have offshore subsidiaries that are under the standards and regulations of the particular country, which can vary considerably. Companies may establish headquarters offshore because of lower tax rates. Offshore funds are not regulated by the SEC and may have tax implications.

Hedge funds are aggressively managed portfolios which make extensive use of unconventional investment tools such as derivatives as well as long and short positions. Managers of hedge-funds typically focus on specific areas of the market and/or trading strategies. Strategies may include the use of arbitrage, derivatives, leverage, and short selling, and may hold concentrated positions or private securities, which can make them riskier than other investment types. Hedge funds are typically pooled investment vehicles available to sophisticated investors that meet high investing minimums. Many hedge funds are

unregistered and are not subject to the same regulations as registered investment vehicles, such as mutual funds. Funds of hedge funds are pooled investment vehicles that invest in multiple unregistered hedge funds, and may be registered with the SEC. Registered funds of hedge funds typically have lower investment minimums than hedge funds, but they are usually not registered on an exchange and can be illiquid. Fund of hedge fund fees are generally higher than those of other pooled investments (like mutual funds) and may have tax consequences.

Cash is a short-term, highly liquid investment. Cash typically doesn't earn as much as other investments, such as stocks or bonds, but is less risky.

Indexes are unmanaged and not available for direct investment. Indexes are created to measure a specified area of the stock market using a representative portfolio of securities. If a security is not available in Morningstar's database, your financial professional may choose to show a representative index. Please note that indexes vary widely, and it is important to choose an index that has similar characteristics to the security it is being used to represent. In no way should the performance of an index be considered indicative or a guarantee of the future performance of an actual security, be considered indicative of the actual performance achieved by a security, or viewed as a substitute for the actual security in your portfolio. Actual results of a security may differ substantially from the historical performance shown for an index and may include an individual client incurring a loss. Past performance is no guarantee of future results.

Morningstar assigns each security in its database to a Morningstar Category using the underlying securities in the security's portfolio. If a security is not available in Morningstar's database, your financial professional may choose to show the security's category. Please note that a category will not be an exact match to your securities. In no way should the performance of a category be considered indicative or a guarantee of the future performance of an actual security, be considered indicative of the actual performance achieved by a security, or viewed as a substitute for the actual security in your portfolio. Actual results of a security may differ substantially from the historical performance shown for a category and may include an individual client incurring a loss. Past performance is no guarantee of future results.

Pre-inception Returns

The analysis in this report may be based, in part, on adjusted historical returns for periods prior to the fund's actual inception. These calculated returns reflect the historical performance of the oldest share class of the fund, adjusted to reflect the fees and expenses of this share class. These fees and expenses are referenced in the report's Charges and Fees section.

When pre-inception data is presented in the report, the header at the top of the report will indicate this.

While the inclusion of pre-inception data provides valuable insight into the probable long-term behavior of newer share classes of a fund, investors should be aware that an adjusted historical return can only provide an approximation of that behavior. For example, the fee structures of a retail share class will vary from that of an institutional share class, as retail shares tend to have higher operating expenses and sales charges. These adjusted historical returns are not actual returns. Calculation methodologies utilized by Morningstar may differ from those applied by other entities, including the fund itself.

The investment returns do not necessarily reflect the deduction of all investment advisory fees. Client investment returns may be reduced if additional fees are incurred.

Performance for closed-end and exchange-traded funds is calculated based on

the fund's end of the day market prices as reported by the New York Stock Exchange. Separate account performance is based on the mean experience of an investor in the account.

This illustration may reflect the results of systematic investments and/or withdrawals. Systematic investment does not ensure a profit, nor does it protect the investor against a loss in a declining market. Also, systematic investing will not keep an investor from losing money if shares are sold when the market is down.

Investment Summary Graph

The investment summary graph plots the approximate market value of the security or portfolio over the investing horizon. It may also include the total investment assumed in the illustration and/or a benchmark. Total investment includes dollar inflows and outflows, including outflows representing noted taxes and annual fees paid out of pocket. If a benchmark index is included on a graph, it assumes a similar pattern of investment/withdrawal as that of the security or portfolio. Taxes and transaction costs are also applied to the benchmark index. Note that direct investment in an index is not possible. Indexes are unmanaged portfolios representing different asset classes, with varying levels of associated risk. The benchmark index included in the graph may or may not represent an appropriate or accurate comparison with the security or portfolio illustrated.

Standardized Returns

For ETFs, the standardized returns reflect performance, both at market price and NAV price, without adjusting for the effects of taxation or brokerage commissions. These returns are adjusted to reflect all ongoing ETF expenses and assume reinvestment of dividends and capital gains. If adjusted, the effects of taxation would reduce the performance quoted.

For HOLDERS, the standardized returns reflect performance at market price, without adjusting for the effects of taxation or brokerage commissions. These returns are adjusted to reflect all ongoing expenses and assume reinvestment of dividends and capital gains. If adjusted, the effects of taxation would reduce the performance quoted.

For money-market mutual funds, standardized return is total return adjusted for sales charges and reflects all ongoing fund expenses. Current 7-day yield more closely reflects the current earnings of the money-market fund than the total return quotation.

For mutual funds, standardized return is total return adjusted for sales charges and reflects all ongoing fund expenses. Preceding this disclosure statement, standardized returns for each portfolio holding are shown.

For VA subaccounts, standardized return is total return based on the inception date within the separate account and is adjusted to reflect recurring and non-recurring charges such as surrender fees, contract charges, maximum front-end load, maximum deferred load, maximum M&E risk charge, administration fees, and actual ongoing fund-level expenses.

For VL subaccounts, standardized return is total return based on the inception date within the separate account and is adjusted to reflect recurring and non-recurring charges such as surrender fees, contract charges, maximum front-end load, maximum deferred load, maximum M&E risk charge, administration fees, and actual ongoing fund-level expenses. For VLs, additional fees specific to a VL policy such as transfer fees and cost of insurance fees, which are based on specific characteristics of an individual, are not included. If VL fees were included in the return calculations, the performance would be significantly lower. An investor should contact a financial professional and ask for a personalized performance illustration, either hypothetical or historical, which

reflects all applicable fees and charges including the cost of insurance. Please review the prospectus and SAI for more detailed information.

Bond Returns

Price evaluations and fixed coupon amounts are provided by Interactive Data Corporation. The fixed coupon amount is assumed to be paid out semi-annually with the first payment beginning six months after the bond start date within the illustration.

Definitions of Report Terms

Annual Fee Paid: Your financial professional was able to specify whether annual fees, if any, should be assumed paid out of pocket or from selling shares of securities held in the illustration.

Average Annualized Return: Average annualized money-weighted return (internal rate of return). In illustrations with time periods less than one year, this figure is not annualized.

Capital Gains (Individual Report): Percentage of the total market value of the holding that is attributable to the reinvestment of capital gains distributions.

Charges & Fees (Investment Detail): The sum of fees charged to the investor during the period, including front or deferred loads, VA charges, and annual fees.

Cumulative Return: The total money-weighted return of the investment over the entire time period of the illustration.

Distribution/Withdrl: The sum of distributions not reinvested, plus any cash withdrawals during the period.

Income (Individual Report): The percentage of the total market value of the holding that is attributable to the reinvestment of income or dividend distributions.

Liquidate: Indicates whether the financial professional chose that the holding be liquidated on the end date.

Median (Comparison Report): The total money-weighted return (internal rate of return) of the median security in the illustration for the calendar year indicated.

New investment: Any new cash invested during the period.

Principal (Individual Reports): The percentage of the total market value of the holding that is attributable to new investment.

Rebalance (Planning Assumptions): Indicates whether rebalancing is used, and its frequency. "No" indicates no rebalancing. Options for rebalancing frequency are monthly, quarterly, semi-annually, and annually.

Rebalance (Investment Assumptions): Percentage of total asset allocation to be maintained in this holding through rebalancing.

Security Return (Comparison Report): The total money-weighted return (internal rate of return) for the holding in the calendar year indicated, taking into account cash flows, charges, and fees.

Subsequent Invest/Withdwl: The amount, type, and frequency of subsequent investments or withdrawals from the holding. Withdrawals are represented by a negative number. Systematic investments and withdrawals may be made monthly, quarterly, semi-annually, or annually. If "Custom", a custom schedule

of investments or withdrawals was used.

Taxes Due: The total amount of taxes due from the investor, determined by applying specified tax rates to distributions and sale of shares during each calendar year. Taxes accrued during the calendar year are applied on April 15 of the following year, or on the illustration end date if it occurs before April 15.

Taxes Paid: Your financial professional was able to specify whether taxes, if any, should be assumed paid out of pocket or from selling shares of securities held in the illustration.

Net Amount Invested: The total out-of-pocket expense for the investor. Includes new investment, annual fees paid to financial professional, and taxes due. This figure is net of withdrawals, including liquidation.

Total Reinvest: The sum of distributions reinvested during the period.

Total Return %: The total money-weighted return (internal rate of return) on investments for the period.

Expense Ratio %

The expense ratio is the annual fee that all funds charge their shareholders. It expresses the percentage of assets deducted each fiscal year for fund expenses, including 12b-1 fees, management fees, administrative fees, operating costs, and all other asset-based costs incurred by the fund. Portfolio transaction fees, or brokerage costs, as well as front-end or deferred sales charges are not included in the expense ratio. The expense ratio, which is deducted from the fund's average net assets, is accrued on a daily basis. The gross expense ratio, in contrast to the net expense ratio, does not reflect any fee waivers in effect during the time period.

Portfolio X-Ray Report Disclosure Statement

General

This report summarizes the composition characteristics of a portfolio of securities. It considers broad asset allocation and regional exposure, security style, and sector exposure to provide a variety of ways for considering the level of diversification within a portfolio, its potential riskiness, and its possible behavior in the future.

The Portfolio X-Ray report is supplemental sales literature and must be preceded or accompanied by the fund's/policy's current prospectus or equivalent. Please read these carefully before investing. In all cases, this disclosure statement should accompany the Portfolio X-Ray report. Morningstar is not itself a FINRA-member firm.

Data for this analysis is collected in several ways. For mutual funds, closed-end funds, exchange-traded funds, and variable annuity subaccounts, equity data is based upon Morningstar's analysis of the holdings, which are provided periodically by the fund to Morningstar. For fixed-income securities included in these products, duration and other data is provided by the fund company. For separately managed accounts, data for the account composite reflecting the average investor's experience is provided directly by the manager. Stock data is based upon Morningstar analysis.

An investment in the funds/subaccounts listed in this report is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency.

The information contained in this report is from the most recent information available to Morningstar as of the release date, and may or may not be an accurate reflection of the current composition of the securities included in the portfolio. There is no assurance that the weightings, composition, ratios, etc. will remain the same.

Comparison of Fund Types

Funds, including closed-end funds, exchange-traded funds (ETFs), money market funds, open-end funds, and unit investment trusts (UITs), have many similarities, but also many important differences. In general, publicly-offered funds are investment companies registered with the Securities and Exchange Commission under the Investment Company Act of 1940, as amended. Funds pool money from their investors and manage it according to an investment strategy or objective, which can vary greatly from fund to fund. Funds have the ability to offer diversification and professional management, but also involve risk, including the loss of principal.

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Variable life insurance is a cash-value life insurance that has a variable cash value and/or death benefit depending on the investment performance of the subaccount into which premium payments are invested. Unlike traditional life

insurance, variable life insurance has inherent risks associated with it, including market volatility, and is not viewed as a short-term liquid investment. For more information on a variable life product, including each subaccount, please read the current prospectus. Please note, the financial ratings noted on the report are quoted for an insurance company and do not apply to the separate account and its subaccount.

Fixed annuities have a predetermined rate of return an investor earns and a fixed income payout that is guaranteed by the issuing investment company, and may be immediate or deferred. Payouts may last for a specific period or for the life of the investor. Investments in a deferred fixed annuity grow tax-deferred with income tax incurred upon withdrawal, and do not depend on the stock market. However, the insurance company's guaranteed rate of return and payments depends on the claims-paying ability of the insurance company. Fixed annuities typically do not have cost-of-living payment adjustments. Fixed annuities often have surrender charges if the event you need to withdraw your investment early. Fixed annuities are regulated by state insurance commissioners.

Fixed indexed annuities, also called equity index annuities, are a combination of the characteristics of both fixed and variable annuities. Fixed indexed annuities offer a predetermined rate of return like a fixed annuity, but they also allow for participation in the stock market, like a variable annuity. Fixed indexed annuities are typically riskier and offer the potential for greater return than fixed annuities, but less so than a variable annuity. Investments in a fixed indexed annuity grow tax-deferred with income tax incurred upon withdrawal. The insurance company's guaranteed rate of return and ability to make payments depends on the claims-paying ability of the insurance company. While fixed indexed annuities may limit an investor's gains in an up market, they are also designed to help limit losses in a down market. Fixed indexed annuities can be complicated and an investor in a fixed indexed annuity should carefully read the insurance company's offering material to understand how a specific annuity's return will be determined. Fixed indexed annuities often have surrender charges in the event you need to withdraw your investment early and are regulated by state insurance commissioners.

A stock is an ownership interest in a company. When an investor purchases a stock, they become a business owner, and the value of their ownership stake will rise and fall according to the underlying business. Stockholders are entitled to the profits, if any, generated by the company after everyone else — employees, vendors, lenders — get paid. Companies usually pay out their profits to investors in the form of dividends, or they reinvest the money back into the business. Stocks trade on exchanges throughout the day, through a brokerage firm who will charge a commission for the purchase or sale of shares. Income distributions and capital gains of the stock are subject to income tax upon their sale, if held in a taxable account.

A bond is a debt security. When an investor purchases a bond, the purchase amount is lent to a government, municipality, corporation or other entity known as an issuer. The issuer promises to pay a specified rate of interest during the life of the bond and repay the face value of the bond when it matures. U.S. Treasuries can be purchased directly from the Treasury or through a brokerage firm. Most other newly issued bonds are offered through an underwriter. Older bonds are traded throughout the day on the secondary market and can be purchased through a brokerage firm, who will charge transaction fees and commission for the purchase or sale. Price evaluations are provided by Interactive Data Corporation (IDC).

Preferred stock usually offers a fixed dividend payment, which is paid out before variable dividends that may be paid to investors in a company's common stock. Therefore, preferred stock is typically less risky in terms of principal loss, but there is also less potential for return when compared to a company's common

stock. If a company fails, their obligations to preferred stockholders must be met before those of the company's common stock holders, but after bondholders are reimbursed.

A separate account is a portfolio of securities (such as stocks, bonds, and cash) that follows a specified investment strategy and is managed by an investment professional. The securities in the portfolio are directly owned by the separate account's owner. Separate accounts are unregistered investment vehicles; therefore they do not have the same performance and holding reporting responsibilities that registered securities have. Separate account performance data is reported to Morningstar from the investment manager as a composite of similarly managed portfolios. As such, investors in the same separate account may have slightly different portfolio holdings because each investor has customized account needs, tax considerations and security preferences. The method for calculating composite returns can vary. The composite performance for each separate account manager may differ from actual returns in specific client accounts during the same period for a number of reasons. Different separate account managers may use different methods in constructing or computing performance figures. Thus, performance and risk figures for different separate account managers may not be fully comparable to each other. Likewise, performance and risk information of certain separate account managers may include only composites of larger accounts, which may or may not have more holdings, different diversification, different trading patterns and different performance than smaller accounts with the same strategy. Finally, composite performance of the separate account offered by the money manager may or may not reflect the reinvestment of dividends and capital gains. Gross returns are collected on a monthly and quarterly basis for separate accounts and commingled pools. This information is collected directly from the asset management firm running the product(s). Morningstar calculates total returns, using the raw data (gross monthly and quarterly returns), collected from these asset management firms. The performance data reported by the separate account managers will not represent actual performance net of management fees, brokerage commissions or other expenses. Management fees as well as other expenses a client may incur will reduce individual returns for that client. Because fees are deducted regularly, the compounding effect will increase the impact of the fee deduction on gross account performance by a greater percentage than that of the annual fee charged. For example, if an account is charged a 1% management fee per year and has gross performance of 12% during that same period, the compounding effect of the quarterly fee assessments will result in an actual return of approximately 10.9%. Clients should refer to the disclosure document of the separate account manager and their financial professional for specific information regarding fees and expenses. The analysis in this report may be based, in part, on adjusted historical returns for periods prior to an insurance group separate account's (IGSA's) actual inception. When pre-inception data are presented in the report, the header at the top of the report will indicate this and the affected data elements will be displayed in italics. These calculated returns reflect the historical performance of the oldest share class of the underlying fund, adjusted to reflect the management fees of the current IGSA. While the inclusion of pre-inception data provides valuable insight into the probable long-term behavior of an IGSA based on the underlying fund's performance, investors should be aware that an adjusted historical return can only provide an approximation of that behavior. These adjusted historical returns are not actual returns. Calculation methodologies utilized by Morningstar may differ from those applied by other entities, including the IGSA itself. Morningstar % Rank within Morningstar Category does not account for a separate account's sales charge (if applicable).

A collective investment trust (CIT) may also be called a commingled or collective fund. CITs are tax-exempt, pooled investment vehicles maintained by a bank or trust company exclusively for qualified plans, including 401(k)s, and certain types of government plans. CITs are unregistered investment vehicles subject to banking regulations of the Office of the Comptroller of the Currency (OCC),

which means they are typically less expensive than other investment options due to lower marketing, overhead, and compliance-related costs. CITs are not available to the general public, but are managed only for specific retirement plans.

A 529 Portfolio is a specific portfolio of securities created from a 529 plan's available investments. In general, the data presented for a 529 Portfolio uses a weighted average of the underlying holdings in the portfolio. Most 529 plans are invested in open-end mutual funds; however, other investment types are possible such as stable value funds, certificates of deposit, and separate accounts.

Before investing, an investor should consider whether the investor's or designated beneficiary's home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in such state's 529 qualified tuition program.

Offshore funds are funds domiciled in a country outside the one the investor resides in. Many banks have offshore subsidiaries that are under the standards and regulations of the particular country, which can vary considerably. Companies may establish headquarters offshore because of lower tax rates. Offshore funds are not regulated by the SEC and may have tax implications.

Hedge funds are aggressively managed portfolios which make extensive use of unconventional investment tools such as derivatives as well as long and short positions. Managers of hedge-funds typically focus on specific areas of the market and/or trading strategies. Strategies may include the use of arbitrage, derivatives, leverage, and short selling, and may hold concentrated positions or private securities, which can make them riskier than other investment types. Hedge funds are typically pooled investment vehicles available to sophisticated investors that meet high investing minimums. Many hedge funds are unregistered and are not subject to the same regulations as registered investment vehicles, such as mutual funds. Funds of hedge funds are pooled investment vehicles that invest in multiple unregistered hedge funds, and may be registered with the SEC. Registered funds of hedge funds typically have lower investment minimums than hedge funds, but they are usually not registered on an exchange and can be illiquid. Fund of hedge fund fees are generally higher than those of other pooled investments (like mutual funds) and may have tax consequences.

Cash is a short-term, highly liquid investment. Cash typically doesn't earn as much as other investments, such as stocks or bonds, but is less risky.

Indexes are unmanaged and not available for direct investment. Indexes are created to measure a specified area of the stock market using a representative portfolio of securities. If a security is not available in Morningstar's database, your financial professional may choose to show a representative index. Please note that indexes vary widely, and it is important to choose an index that has similar characteristics to the security it is being used to represent. In no way should the performance of an index be considered indicative or a guarantee of the future performance of an actual security, be considered indicative of the actual performance achieved by a security, or viewed as a substitute for the actual security in your portfolio. Actual results of a security may differ substantially from the historical performance shown for an index and may include an individual client incurring a loss. Past performance is no guarantee of future results.

Morningstar assigns each security in its database to a Morningstar Category using the underlying securities in the security's portfolio. If a security is not available in Morningstar's database, your financial professional may choose to show the security's category. Please note that a category will not be an exact match to your securities. In no way should the performance of a category be

considered indicative or a guarantee of the future performance of an actual security, be considered indicative of the actual performance achieved by a security, or viewed as a substitute for the actual security in your portfolio. Actual results of a security may differ substantially from the historical performance shown for a category and may include an individual client incurring a loss. Past performance is no guarantee of future results.

Asset Allocation

The weighting of the portfolio in various asset classes, including "Other" is shown in this graph and table. "Other" includes security types that are not neatly classified in the other asset classes, such as convertible bonds and preferred stocks.

In the graph and table, allocation to the classes is shown for long positions, short positions, and net (long positions net of short) positions. These new portfolio statistics help investors look "under the hood" of a portfolio. These statistics summarize what the managers are buying and how they are positioning the portfolio. When short positions are captured in these portfolio statistics, investors get a more robust description of the funds' exposure and risk.

Most managed product portfolios hold fairly conventional securities, such as long positions in stocks and bonds. Other portfolios use other investment strategies or securities, such as short positions or derivatives, to reduce transaction costs, enhance returns, or reduce risk. Some of these securities and strategies behave like conventional securities, while others have unique return and risk characteristics.

Most portfolios take long positions in securities. Long positions involve buying the security outright and then selling it later, with the hope that the security price rises over time. In contrast, short positions are taken to benefit from anticipated price declines. In this type of transaction, the investor borrows the security from another investor, sells it and receives cash, and then is obligated to buy it back at some point in the future. If the price falls after the short sale, the investor will have sold high and can now buy low to close the short position and lock in a profit. However, if the price of the security increases after the short sale, the investor will experience losses by buying it at a higher price than the sale price.

The strategy of selling securities short is prevalent in specialized portfolios, such as long-short, market-neutral, bear-market, and hedge funds. Most conventional portfolios do not typically short securities, although they may reserve the right to do so under special circumstances. Funds may also short derivatives, and this is sometimes more efficient than shorting individual securities. Short positions produce negative exposure to the security that is being shorted. This means that when the security rises in value, the short position will fall in value and vice versa. Morningstar's portfolio statistics will capture this negative exposure. For example, if a fund has many short stock positions, the percent of assets in stocks in the asset allocation breakdown may be negative. Funds must provide their broker with cash collateral for the short position, so funds that short often have a large cash position, sometimes even exceeding 100% cash.

World Regions

This data set provides a broad breakdown of a portfolio's geographical exposure, by region and by market maturity. Only non-cash long equity assets are evaluated in determining the exposure. Not Classified indicates the percentage of the equity portion of the portfolio for which Morningstar is unable to assess region or origin.

Stock Sectors

This table shows the percentage of the portfolio's long equity assets invested in

each of the three supersectors (Cyclical, Sensitive, and Defensive) and 11 major industry subclassifications. The Sector Graph accompanying the table demonstrates the sector orientation of the portfolio.

Fixed Income Sectors

This table shows the percentage of the portfolio's long fixed income assets invested in each of the six supersectors (Government, Municipal, Corporate, Securitized, Cash & Equivalents, and Derivative). The Sector Graph accompanying the table demonstrates the sector weighting of the portfolio against the benchmark.

Morningstar Style Box Diversification

The Morningstar Style Box reveals a fund's investment style as of the date noted on this report.

For equity funds the vertical axis shows the market capitalization of the long stocks owned and the horizontal axis shows investment style (value, blend, or growth).

For fixed-income funds, the vertical axis shows the credit quality of the long bonds owned and the horizontal axis shows interest rate sensitivity as measured by a bond's effective duration.

Morningstar seeks credit rating information from fund companies on a periodic basis (e.g., quarterly). In compiling credit rating information Morningstar accepts credit ratings reported by fund companies that have been issued by all Nationally Recognized Statistical Rating Organizations (NRSROs). For a list of all NRSROs, please visit <http://www.sec.gov/divisions/marketreg/ratingagency.htm>. Additionally, Morningstar accepts foreign credit ratings from widely recognized or registered rating agencies. If two rating organizations/agencies have rated a security, fund companies are to report the lower rating; if three or more organizations/agencies have rated a security, fund companies are to report the median rating, and in cases where there are more than two organization/agency ratings and a median rating does not exist, fund companies are to use the lower of the two middle ratings. PLEASE NOTE: Morningstar, Inc. is not itself an NRSRO nor does it issue a credit rating on the fund. An NRSRO or rating agency ratings can change from time-to-time.

For credit quality, Morningstar combines the credit rating information provided by the fund companies with an average default rate calculation to come up with a weighted-average credit quality. The weighted-average credit quality is currently a letter that roughly corresponds to the scale used by a leading NRSRO. Bond funds are assigned a style box placement of "low", "medium", or "high" based on their average credit quality. Funds with a low credit quality are those whose weighted-average credit quality is determined to be less than "BBB-"; medium are those less than "AA-", but greater or equal to "BBB-"; and high are those with a weighted-average credit quality of "AA-" or higher. When classifying a bond portfolio, Morningstar first maps the NRSRO credit ratings of the underlying holdings to their respective default rates (as determined by Morningstar's analysis of actual historical default rates). Morningstar then averages these default rates to determine the average default rate for the entire bond fund. Finally, Morningstar maps this average default rate to its corresponding credit rating along a convex curve.

For interest-rate sensitivity, Morningstar obtains from fund companies the average effective duration. Generally, Morningstar classifies a fixed-income fund's interest-rate sensitivity based on the effective duration of the Morningstar Core Bond Index (MCBI), which is currently three years. The classification of Limited will be assigned to those funds whose average effective duration is between 25% to 75% of MCBI's average effective duration; funds whose average effective duration is between 75% to 125% of the MCBI

will be classified as Moderate; and those that are at 125% or greater of the average effective duration of the MCBF will be classified as Extensive.

For municipal bond funds, Morningstar also obtains from fund companies the average effective duration. In these cases static breakpoints are utilized. These breakpoints are as follows: (i) Limited: 4.5 years or less; (ii) Moderate: more than 4.5 years but less than 7 years; and (iii) Extensive: more than 7 years. In addition, for non-US taxable and non-US domiciled fixed income funds static duration breakpoints are used: (i) Limited: less than or equal to 3.5 years; (ii) Moderate: greater than 3.5 and less than equal to 6 years; (iii) Extensive: greater than 6 years.

The below referenced data elements are a weighted average of the long holdings in the portfolio.

Price/Earnings Ratio: The asset-weighted average of the price/earnings ratios of the stocks in the portfolio. The P/E ratio of a stock is calculated by dividing the current price of the stock by its trailing 12-months' earnings per share.

Price/Cashflow: The asset-weighted average of the price/cash flow ratios of stocks in a portfolio. Price/cash flow shows the ability of a business to generate cash and acts as a gauge of liquidity and solvency.

Price/Book Ratio is a weighted average of the price/book ratios of all the stocks in the underlying fund's portfolio. The P/B ratio of a company is calculated by dividing the market price of its stock by the company's per-share book value. Stocks with negative book values are excluded from this calculation.

Price/Sales is the asset-weighted average of the portfolio's stock's prices divided by the respective company's sales per share.

Geometric Average Capitalization is the overall size of a stock fund's portfolio as the geometric mean of the market capitalization for all of the stocks it owns. It's calculated by raising the market capitalization of each stock to a power equal to that stock's stake in the portfolio. The resulting numbers are multiplied together to produce the geometric mean of the market caps of the stocks in the portfolio, which is reported as geometric average cap.

Effective duration is a time measure of a bond's interest-rate sensitivity. In computing the average, Morningstar weights the duration of each fixed-income holding within the portfolio by the percentage of fixed income assets it represents compared with the entire portfolio.

Effective maturity is used for holdings in the taxable fixed-income category. This is a weighted average of all the maturities of the bonds in a portfolio, computed by weighting each maturity date by the market value of the security.

Credit quality breakdowns are shown for corporate-bond holdings and depict the quality of bonds in the underlying portfolio. The report shows the percentage of fixed-income securities that fall within each credit quality rating as assigned by an NRSRO. Bonds not rated by an NRSRO are included in the not rated (NR) category.

Expense Ratio %

The expense ratio is the annual fee that all funds charge their shareholders. It expresses the percentage of assets deducted each fiscal year for fund expenses, including 12b-1 fees, management fees, administrative fees, operating costs, and all other asset-based costs incurred by the fund. Portfolio transaction fees, or brokerage costs, as well as front-end or deferred sales charges are not included in the expense ratio. The expense ratio, which is deducted from the fund's average net assets, is accrued on a daily basis. The gross expense ratio, in contrast to the net expense ratio, does not reflect any fee waivers in effect

during the time period.

Top 10 Underlying Holdings

This section indicates the 10 most heavily weighted underlying holdings in the portfolio. It identifies the percentage of assets that each holding represents in the portfolio, the security type, the sector classification, and the country of origin.

Fixed Annuity and Fixed Indexed Annuity Holdings Proxy Disclosure

When reviewing or recommending a portfolio, your financial professional analyses the investments in the portfolio along with their fees and expenses. Your financial professional may choose to rely on a proxy to estimate this information. If included in this report, the Holding Type will be "PROXY".

If a proxy is used in this report, the data shown may not be an accurate representation of the data for the actual portfolio and should not be viewed as such. The actual portfolio data may be higher or lower than what is shown in this report, and will vary depending on the actual investments in the portfolio and the allocation of those investments.

For Fixed Annuity or Fixed Indexed Annuity proxies included in this report, the performance of the proxy will be zero (0.00) over all time periods. A portfolio yield will not be calculated and all Risk and Return and MPT Statistics will be shown as zero (0.00). Your financial professional should explain to you how an actual Fixed Annuity or Fixed Indexed Annuity will impact the portfolio shown in this report any other limitations or disclosures that may be material to your decision-making process.

Morningstar has not reviewed or verified any information input by your financial professional, nor can Morningstar guarantee the completeness or accuracy of this data. Morningstar shall have no liability for any errors, omissions, or interruptions. Morningstar makes no warranty, express or implied, as to the results obtained by any person or entity from the use of a proxy or the data included therein. Morningstar makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the proxies or any data included therein. Without limiting any of the foregoing, in no event shall Morningstar have any liability for any special, punitive, indirect or consequential damages (including lost profits) even if notified of the possibility of such damages.

Morningstar makes no representation or warranty, express or implied, regarding the advisability of investing in securities generally or the ability of a proxy to approximate data of a specific security or security type. Before selecting a proxy you and your financial professional should, among other factors, carefully consider the proxy and its applicability. There is no guarantee that a proxy will achieve any objective.

The proxy used in this report is provided for informational and educational purposes only to help your financial professional illustrate and document a portfolio to you. Morningstar is not responsible for any trading decisions, damages, or other losses resulting from or related to a proxy, assumptions made in choosing a proxy, or the information noted herein. Any security noted is not an offer or solicitation by Morningstar to buy or sell that security.

In no way should the information about a proxy shown within this report be considered indicative or a guarantee of an actual portfolio. Actual results may differ substantially from that shown.

Please note: If a proxy is used in this report, you should not use it as the sole basis for your investment decisions.

Rolling Return Report Disclosure Statement

The Rolling Return report is supplemental sales literature and therefore must be preceded or accompanied by the noted fund/subaccount's current prospectus, or equivalent, and a disclosure statement. In all cases, this disclosure statement should accompany the report.

Morningstar is not itself a FINRA-member firm. All data is based on the most recent information available to Morningstar.

Before investing, an investor should consider whether the investor's or designated beneficiary's home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in such state's 529 qualified tuition program.

General Information on the Rolling Return Graph

This graph allows open-end mutual funds, money-market mutual funds, closed-end funds, exchange-traded funds, variable annuity/life subaccounts, stocks, separate accounts, indices, and Morningstar categories to be graphed over customized time periods. For exchange-traded funds and closed-end funds, market returns are used.

This graph is based on the investment assumptions for the hypothetical illustration, which is also included in this report. The same investments, withdrawals, reinvestment of dividends and gains, rebalancing, and fees, are applied. The graph reflects the discrete return of each period possible over the illustration time horizon. The return shown in this graph is money-weighted return (or internal rate of return), which is impacted by investor cash flows.

The returns noted for a security reflect any sales charges that were applied in the illustration, but do not reflect impacts of taxation. If impacts of taxation were reflected, the returns would be lower than those indicated in the report.

Pre-inception Returns for Mutual Funds

The analysis in this report may be based, in part, on adjusted historical returns for periods prior to the fund's actual inception. These calculated returns reflect the historical performance of the oldest share class of the fund, adjusted to reflect the fees and expenses of this share class.

Pre-inception Returns for VA/VL Subaccounts (Investment options)

Pre-inception returns will be calculated for most subaccounts included in the report. These adjusted historical returns are based on the inception date of the oldest share class of the underlying fund. These returns will be adjusted to reflect the same fees and expenses of the subaccount.

When pre-inception data is presented in the report, the header at the top of the report will indicate this.

While the inclusion of pre-inception data provides valuable insight into the probable long-term behavior of newer share classes of a fund and/or of subaccounts, investors should be aware that an adjusted historical return can only provide an approximation of that behavior. For example, the fee structures of a retail share class will vary from that of an institutional share class, as retail shares tend to have higher operating expenses and sales charges. These adjusted historical returns are not actual returns. Calculation methodologies

utilized by Morningstar may differ from those applied by other entities, including the fund and/or subaccount itself.

Items to Note Regarding Certain Underlying Securities

The underlying holdings of the portfolio are not federally or FDIC-insured and are not deposits or obligations of, or guaranteed by, any financial institution. Investing in securities involves investment risks including possible loss of principal and fluctuation in value.

A closed-end fund is an investment company, which typically makes one public offering of a fixed number of shares. Thereafter, shares are traded on a secondary market such as the New York Stock Exchange. As a result, the secondary market price may be higher or lower than the closed-end fund's net asset value (NAV). If these shares trade at a price above their NAV, they are said to be trading at a premium. Conversely, if they are trading at a price below their NAV, they are said to be trading at a discount.

An exchange-traded fund (ETF) is an investment company that typically has an investment objective to achieve a similar return as a particular market index. The ETF will invest in either all or a representative sample of the securities included in the index it is seeking to imitate. Like a closed-end fund, an ETF can be traded on a secondary market and thus have a market price that may be higher or lower than its net asset value. If these shares trade at a price above their NAV, they are said to be trading at a premium. Conversely, if they are trading at a price below their NAV, they are said to be trading at a discount.

Holding company depository receipts (HOLDRs) are similar to ETFs, but they focus on narrow industry groups. HOLDRs initially own 20 stocks, which are unmanaged, and can become more concentrated due to mergers, or the disparate performance of their holdings. HOLDRs can only be bought in 100-share increments. Investors may exchange shares of a HOLDR for its underlying stocks at any time.

A money-market fund is an investment company that invests in commercial paper, banker's acceptances, repurchase agreements, government securities, certificates of deposit and other highly liquid securities, and pays money market rates of interest.

A separate account is a professionally managed portfolio of individual securities that can be customized for individual investor preferences and managed to control taxable events. Assets are held in a segregated account instead of placing in them in a pool with those of other investors, as is the case with a mutual fund. Reporting is different because managers disclose each holding and all transactions separately, rather than as an integrated portfolio. In appearance, separate accounts look like just a collection of individual stocks.

A variable annuity subaccount is a tax-deferred investment structured to convert a sum of money into a series of payments over time. Variable annuity policies have limitations and are not viewed as short-term liquid investments. An insurance company's fulfillment of a commitment to pay a minimum death benefit, a schedule of payments, a fixed investment account guaranteed by the insurance company, or another form of guarantee depends on the claims-paying ability of the issuing insurance company. Any such guarantee does not affect or apply to the investment return or principal value of the separate account and its subaccount. The financial ratings quoted for an insurance company do not apply to the separate account and its subaccount.

A variable life insurance policy is a cash-value life insurance policy that has a variable cash value and/or death benefit depending on the investment performance of the subaccount into which premium payments are invested. Unlike traditional life insurance, variable life insurance has inherent risks associated with it, including market volatility, and is not viewed as a short-term

liquid investment. For more information on a particular variable life product, including each subaccount, please read the current prospectus or equivalent. Please note, the financial ratings noted on the report are quoted for an insurance company and do not apply to the separate account and its subaccount.

A bond is a debt security. When an investor purchases a bond, the purchase amount is lent to a government, municipality, corporation or other entity known as an issuer. The issuer promises to pay a specified rate of interest during the life of the bond and repay the face value of the bond when it matures. Individual bond issue data, price evaluations, and effective duration are provided by Interactive Data Corporation.

Performance

The performance data given represents past performance and is not indicative of future results. Principal value and investment return will fluctuate, so that an investor's units, when redeemed, may be worth more or less than the original investment. Fund and subaccount portfolio statistics may change over time.

Open-end Mutual Funds: Total Return reflects performance without adjusting for sales charges or the effects of taxation, but is adjusted to reflect all actual ongoing fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

Pre-inception returns will be calculated for the fund. These adjusted historical returns are based on the inception date of the oldest share class. These returns will be adjusted to reflect the same fees and expenses as referenced under the Pre-inception Return section above.

Standardized Total Return is reflected as of month- and quarter-end time periods. It depicts performance without adjusting for the effects of taxation, but is adjusted for sales charges, all ongoing fund expenses, and assumes reinvestment of dividends and capital gains. If adjusted for the effects of taxation, the performance quoted would be reduced. The sales charge used in the calculation was obtained from the fund's most recent prospectus available to Morningstar. Standardized returns never include pre-inception history.

Money-Market Mutual Funds: Total Return reflects performance without adjusting for sales charges or the effects of taxation, but is adjusted to reflect all actual ongoing fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced. Current 7-day yield more closely reflects the current earnings of the money market fund than the total return quotation.

Exchange Traded-Funds/Closed-End Funds/Stocks: Exchange-traded funds and closed-end funds trading on a secondary market may trade at, above, or below their net asset value (NAV). If these shares trade at a price above their NAV, they are said to be trading at a premium. Conversely, if they are trading at a price below their NAV, they are said to be trading at a discount. Total Return reflects performance without adjusting for sales charges, brokerage commissions or the effects of taxation and is based on Market Price. The total return is adjusted to reflect all actual ongoing ETF fund expenses and assumes reinvestment of dividends and capital gains. If adjusted, the effects of taxation and brokerage commissions would reduce the performance quoted. An exchange-traded or closed-end fund is not FDIC-insured, may lose value, and is not guaranteed by a bank or other financial institution.

All separate account performance data is reported as a "composite" of similarly managed portfolios. As such, investors in the same separate account may have slightly different portfolio holdings because each investor has customized

account needs, tax considerations and security preferences. The method for calculating composite returns can vary. Gross returns are collected on a monthly and quarterly basis for separate accounts and commingled pools. This information is collected directly from the asset management firm running the product(s). Morningstar calculates total returns, using the raw data (gross monthly and quarterly returns), collected from these asset management firms.

Variable Annuity/Life Subaccounts: Total Return reflects the investment experience of the subaccount since the inception date of the underlying fund. The total returns assume reinvestment of dividends and capital gains and are adjusted to reflect fees and expenses such as M&E risk charges, administration fees, sales charges (including surrender charges), contract fees, and fund-level expenses such as management fees and operating fees. They are not adjusted to reflect the effects of taxation if redeemed early. Adjusting for the effects of taxation would reduce the performance quoted.

Pre-inception returns will be calculated for the subaccount. These adjusted historical returns are based on the inception date of the oldest share class of the underlying fund. These returns will be adjusted to reflect the same fees and expenses as referenced under the Total Return section above.

Both monthly and quarterly standardized returns for variable annuity/life subaccounts assume reinvestment of dividends and capital gains. They are adjusted to reflect expenses, including M&E risk charges, administration fees, fund-level expenses such as management fees and operating fees, and policy-level charges such as surrender, contract and sales charges. Standardized Returns are calculated in accordance with the rules outlined in SEC Rule 482, Forms N-3 and N-4, and reflect the investment experience from the inception date of the subaccount within the separate account.

Please refer to the hypothetical illustration in the prospectus, which among other things, shows the effect that fees and charges have on performance. We urge investors to obtain a personalized illustration that reflects the costs of insurance protection.

Expense Ratio %

The expense ratio is the annual fee that all funds charge their shareholders. It expresses the percentage of assets deducted each fiscal year for fund expenses, including 12b-1 fees, management fees, administrative fees, operating costs, and all other asset-based costs incurred by the fund. Portfolio transaction fees, or brokerage costs, as well as front-end or deferred sales charges are not included in the expense ratio. The expense ratio, which is deducted from the fund's average net assets, is accrued on a daily basis. The gross expense ratio, in contrast to the net expense ratio, does not reflect any fee waivers in effect during the time period.

Investment Risks

International/Emerging Market Equities: Investing in international securities involves special additional risks. These risks include, but are not limited to, currency risk, political risk, and risk associated with varying accounting standards. Investing in emerging markets may accentuate these risks.

Sector Strategies: Portfolios that invest exclusively in one sector or industry involve additional risks. The lack of industry diversification subjects the investor to increased industry-specific risks.

Non-Diversified Strategies: Portfolios that invest a significant percentage of assets in a single issuer involve additional risks, including share price fluctuations, because of the increased concentration of investments.

Small Cap Equities: Portfolios that invest in stocks of small companies involve additional risks. Smaller companies typically have a higher risk of failure, and are not as well established as larger blue-chip companies. Historically, smaller-company stocks have experienced a greater degree of market volatility than the overall market average.

Mid Cap Equities: Portfolios that invest in companies with market capitalization below \$10 billion involve additional risks. The securities of these companies may be more volatile and less liquid than the securities of larger companies.

High-Yield Bonds: Portfolios that invest in lower-rated debt securities (commonly referred to as junk bonds) involve additional risks because of the lower credit quality of the securities in the portfolio. The investor should be aware of the possible higher level of volatility, and increased risk of default.

Tax-Free Municipal Bonds: The investor should note that the income from tax-free municipal bond funds may be subject to state and local taxation and the Alternative Minimum Tax.

Bonds: Bonds are subject to interest rate risk. As the prevailing level of bond interest rates rise, the value of bonds already held in a portfolio declines. Portfolios that hold bonds are subject to declines and increases in value due to general changes in interest rates.

HOLDRs: The investor should note that these are narrow industry-focused products that, if the industry is hit by hard times, will lack diversification and possible loss of investment would be likely. These securities can trade at a discount to market price, ownership is of a fractional share interest, the underlying investments may not be representative of the particular industry, the HOLDR might be delisted from the AMEX if the number of underlying companies drops below nine, and the investor may experience trading halts.

Hedge Funds: The investor should note that hedge fund investing involves specialized risks that are dependent upon the type of strategies undertaken by the manager. This can include distressed or event-driven strategies, long/short strategies, using arbitrage (exploiting price inefficiencies), international investing, and use of leverage, options and/or derivatives. Although the goal of hedge fund managers may be to reduce volatility and produce positive absolute return under a variety of market conditions, hedge funds may involve a high degree of risk and are suitable only for investors of substantial financial means who could bear the entire loss of their investment.

Bank Loan/Senior Debt: Bank loans and senior loans are impacted by the risks associated with fixed income in general, including interest rate risk and default risk. They are often non-investment grade; therefore, the risk of default is high. These securities are also relatively illiquid. Managed products that invest in bank loans/senior debt are often highly leveraged, producing a high risk of return volatility.

Exchange Traded Notes (ETNs): ETNs are unsecured debt obligations. Any repayment of notes is subject to the issuer's ability to repay its obligations. ETNs do not typically pay interest.

Leveraged ETFs: Leveraged investments are designed to meet multiples of the return performance of the index they track and seek to meet their fund objectives on a daily basis (or other time period stated within the prospectus objective). The leverage/gearing ratio is the amount of excess return that a leveraged investment is designed to achieve in comparison to its index performance (i.e. 200%, 300%, -200%, or -300% or 2X, 3X, -2X, -3X). Compounding has the ability to affect the performance of the fund to be either greater or less than the index performance multiplied by the multiple stated within the funds objective over a stated time period.

Short Positions: When a short position moves in an unfavorable way, the losses are theoretically unlimited. The broker may demand more collateral and a manager might have to close out a short position at an inopportune time to limit further losses.

Long-Short: Due to the strategies used by long-short funds, which may include but are not limited to leverage, short selling, short-term trading, and investing in derivatives, these funds may have greater risk, volatility, and expenses than those focusing on traditional investment strategies.

Liquidity Risk: Closed-end fund, ETF, and HOLDR trading may be halted due to market conditions, impacting an investor's ability to sell a fund.

Market Price Risk: The market price of ETFs, HOLDRs, and closed-end funds traded on the secondary market is subject to the forces of supply and demand and thus independent of the NAV. This can result in the market price trading at a premium or discount to the NAV, which will affect an investor's value.

Market Risk: The market prices of ETFs and HOLDRs can fluctuate as a result of several factors, such as security-specific factors or general investor sentiment. Therefore, investors should be aware of the prospect of market fluctuations and the impact it may have on the market price.

Target-Date Funds: Target-date funds typically invest in other mutual funds and are designed for investors who are planning to retire during the target date year. The fund's target date is the approximate date when investors expect to begin withdrawing their money. A target-date fund's investment objective/strategy typically becomes more conservative over time, primarily by reducing its allocation to equity mutual funds and increasing its allocations in fixed-income mutual funds. An investor's principal value in a target-date fund is not guaranteed at any time, including at the fund's target date.

High double- and triple-digit returns: High double- and triple-digit returns were the result of extremely favorable market conditions, which may not continue to be the case. High returns for short time periods must not be a major factor when making investment decisions.

Benchmark Disclosure

BBgBarc US Agg Bond TR USD

This index is composed of the BarCap Government/Credit Index, the Mortgage-Backed Securities Index, and the Asset-Backed Securities Index. The returns we publish for the index are total returns, which includes the daily reinvestment of dividends. The constituents displayed for this index are from the following proxy: iShares Core US Aggregate Bond ETF.

MSCI EAFE NR USD

This Europe, Australasia, and Far East index is a market-capitalization-weighted index of 21 non-U.S., industrialized country indexes.

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S&P 500 TR USD

A market capitalization-weighted index composed of the 500 most widely held stocks whose assets and/or revenues are based in the US; it's often used as a proxy for the U.S. stock market. TR (Total Return) indexes include daily reinvestment of dividends. The constituents displayed for this index are from the following proxy: SPDR® S&P 500 ETF Trust.

USTREAS T-Bill Auction Ave 3 Mon

Three-month T-bills are government-backed, short-term investments considered to be risk-free and as good as cash because the maturity is only three months. Morningstar collects yields on the T-bill on a weekly basis from the Wall Street Journal.