Washington Crossing Advisors

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About Washington Crossing Advisors
WCA strategies are offered through the Stifel Score Program (Research-Driven Portfolios). The management team has worked together for the past 20 years as market strategists and portfolio managers.

About Stifel
Founded in 1890, Stifel is one of the leading financial services firms in the U.S., providing full-service wealth management and investment banking services. Stifel is a leading underwriter and advisor for companies and a top provider of trade execution and securities distribution with nationally recognized research and a suite of asset management strategies.

ASSET ALLOCATION REVIEW

2015 Outlook

As we head into the new year, we see the United States economy emerging as a bright spot on the global stage. For 2015, we expect to see above-trend growth, further improvement in private sector balance sheets, and generally improved confidence. The domestic economy should perform better than Europe, where structural reform is still needed, and better than many of the emerging markets, which continue to struggle. Chinese growth should continue to moderate, while Russia and other large net energy exporters will struggle given today's lower oil price.

A recent modest pickup in volatility, slippage in Treasury yields, and a widening of credit spreads are likely noise, but still contribute to a downward path to our forecasted WCA Fundamental Conditions Barometer (discussed on page 8). Accordingly, the equity/bond mix is aligned closely with the "neutral strategic" allocations.

On the plus side, we continue to see steady progress on private sector employment, and investment spending continues to rise. The recent drop in energy prices, while creating some uncertainty for energy producers, should impart a sizeable benefit to consumers and global consumption. The relief in energy prices should also help lower input prices for producers of goods and keep headline inflation relatively low. Both of these are positive factors for the mix headed into 2015.

We see interest rates set to move higher predicated upon continued growth in the economy, further gains in employment, and an eventual pickup in inflation. We do not, however, expect to see interest rates move higher rapidly. Instead, we envision a long period of fits and starts and an overall slow progress toward normalizing interest rates. The lack of appreciable inflation and continued below-average expected growth in the economy are key reasons why we expect the transition to higher rates to proceed in a very gradual way.

Our preference globally is to focus on United States equities and U.S. dollar assets, which should be the beneficiary of generally better growth patterns and prospects for relatively higher real rates.

STIFEL

The U.S. Economy
Growth Ahead

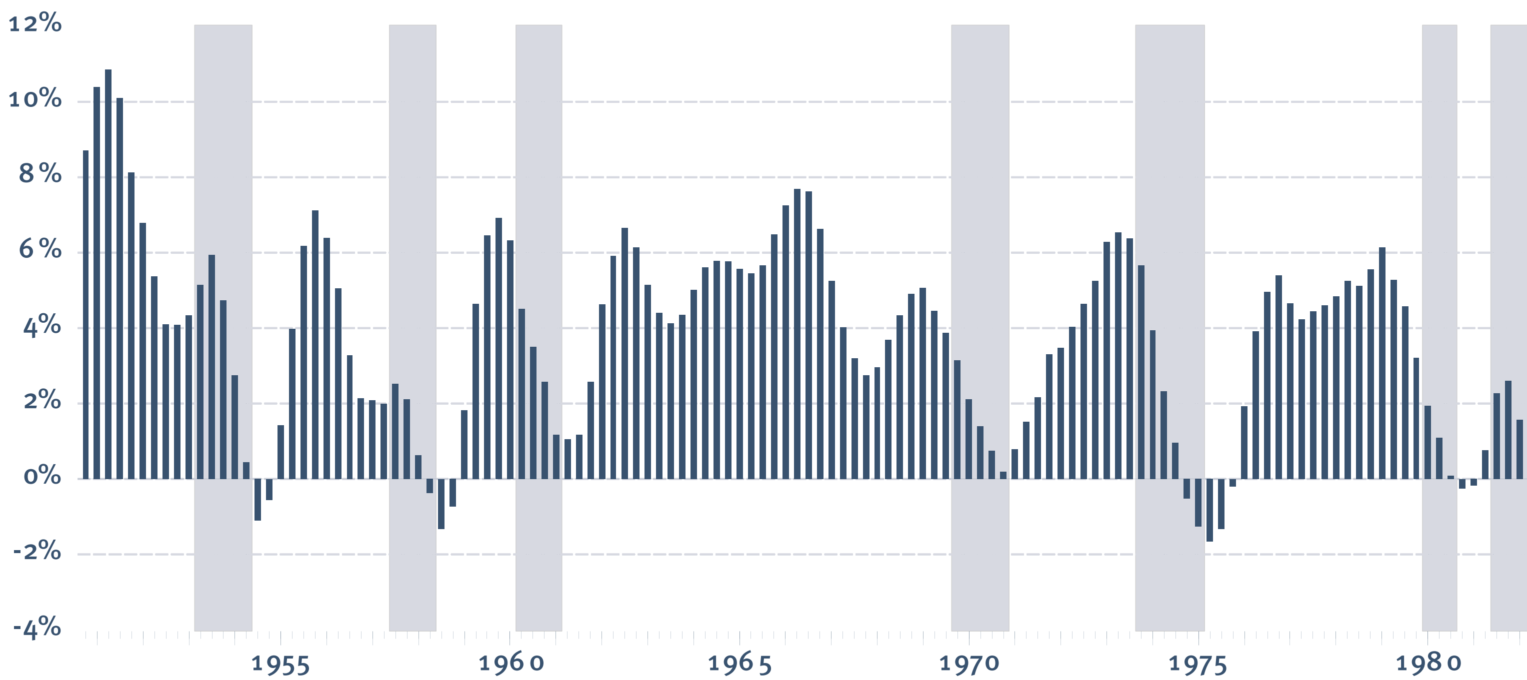
We continue to see the United States economy as a bright spot in the global recovery story. For the global investor, however, the temptation for years has been to bet against the U.S. dollar. Part of the historic bias against the United States relates to the long slide in the foreign exchange value of the dollar compared to other major currencies. Now that Europe, parts of Asia, and a growing number of emerging economies are suffering with slower growth, the domestic economy and the dollar are looking better by comparison.

The U.S. recovery is now in its fifth year, and growth has averaged better than 4% after inflation over the past two quarters. Inflation remains below 2% and is, therefore, not likely to prompt aggressive tightening by the Fed. Confidence and stock prices are on the rise, but persistently low inflation is preventing interest rates from working their way higher. We see the recovery as in mid-swing.

A key driver of the domestic recovery story has been steady consumer demand. An improved employment picture, decrease in debt service, and increasing asset values are all contributing to a greater willingness and capacity to spend. Private sector jobs rose faster than we expected this year and now stand at a record 118 million. The percent of household income going to service debt has fallen to 9.9% from 13% in 2007 — the lowest ratio on record. Household assets are valued at a record $81 trillion — resulting in a $25 trillion increase in net worth since 2009. All of this has conspired to keep final demand steady.

A 2 to 2½% long-run growth rate in real gross domestic product seems reasonable, given our expectations for roughly 1% growth in the working age population, a flattening out of the labor force participation rate (as individuals become more optimistic over job prospects), and continued productivity improvements from new technology and resource development in the area of 1 to 1½% per year.

UNITED STATES REAL GROSS DOMESTIC PRODUCT GROWTH (1950-2014)



Shaded areas: Recessions
Source: Bureau of Economic Analysis

The recent drop in oil prices, coupled with recent signs of continued momentum in job gains, investment, and confidence, suggests that 2015 real domestic growth should be above our 2.2% long-run trajectory. Our initial forecast for 2015 real economic growth is 2.7%. Continued job growth and further increases in investment spending are major contributing factors to the near-term outlook. The virtuous cycle of job growth, aggregate income growth, and a boost in confidence remains a lynchpin in the recovery story as we enter 2015.

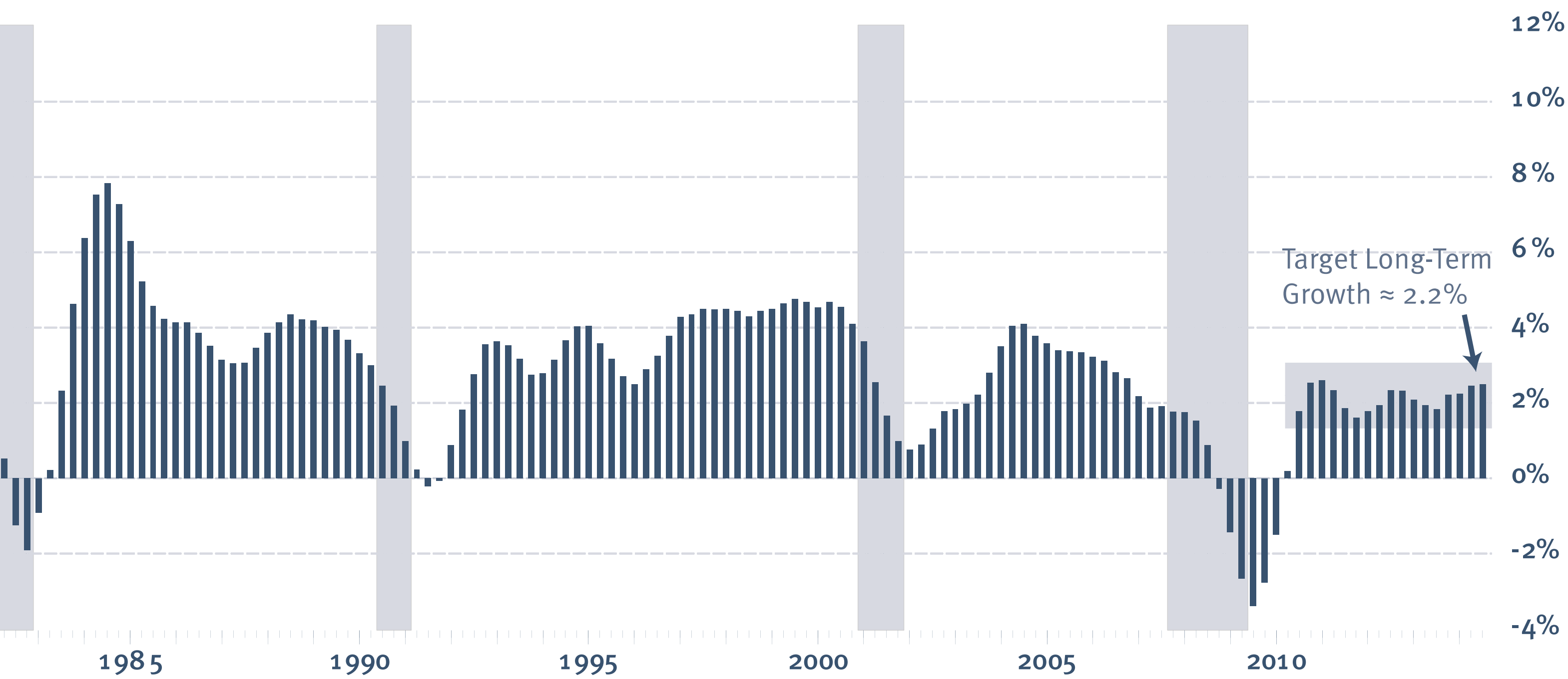
Energy Bonus

We are estimating that the lower energy price is a net positive to growth in non-energy consumption next year. Gasoline at the pump has the potential to put spending dollars back into U.S. consumers' pockets in a meaningful way. With roughly 135 billion gallons of estimated gasoline consumption, a 0.75¢ per gallon decrease in price translates into roughly $100 billion annually. Since a goodly portion of those dollars will be spent into the economy on other things, non-energy consumption would be expected to increase accordingly.

In 2015, we expect the economy to be driven by:

1. Continued growth in employment, income, and consumption (2% or better)
2. Continued increase in investment spending as a percent of GDP (investment grows in excess of GDP)
3. A short-run benefit from lower energy costs to consumers (adds 0.25-0.50% to GDP growth)
4. Less fiscal drag and a small increase in government spending (deficit stabilizes below 4% GDP)
5. Residential investment continues to recover (moves from 3% GDP toward 4% GDP)

As a result of continued growth, we would expect to see a continued closing of a significantly large output gap. The Congressional Budget Office measures that gap at 3.5% of nominal GDP. This is the largest gap in output that has been observed in the country since 1982. The gap reflects continued significant slack in the economy as the result of the deep recession of 2008-2009 and the slow recovery that continues today.



Where's the Inflation?

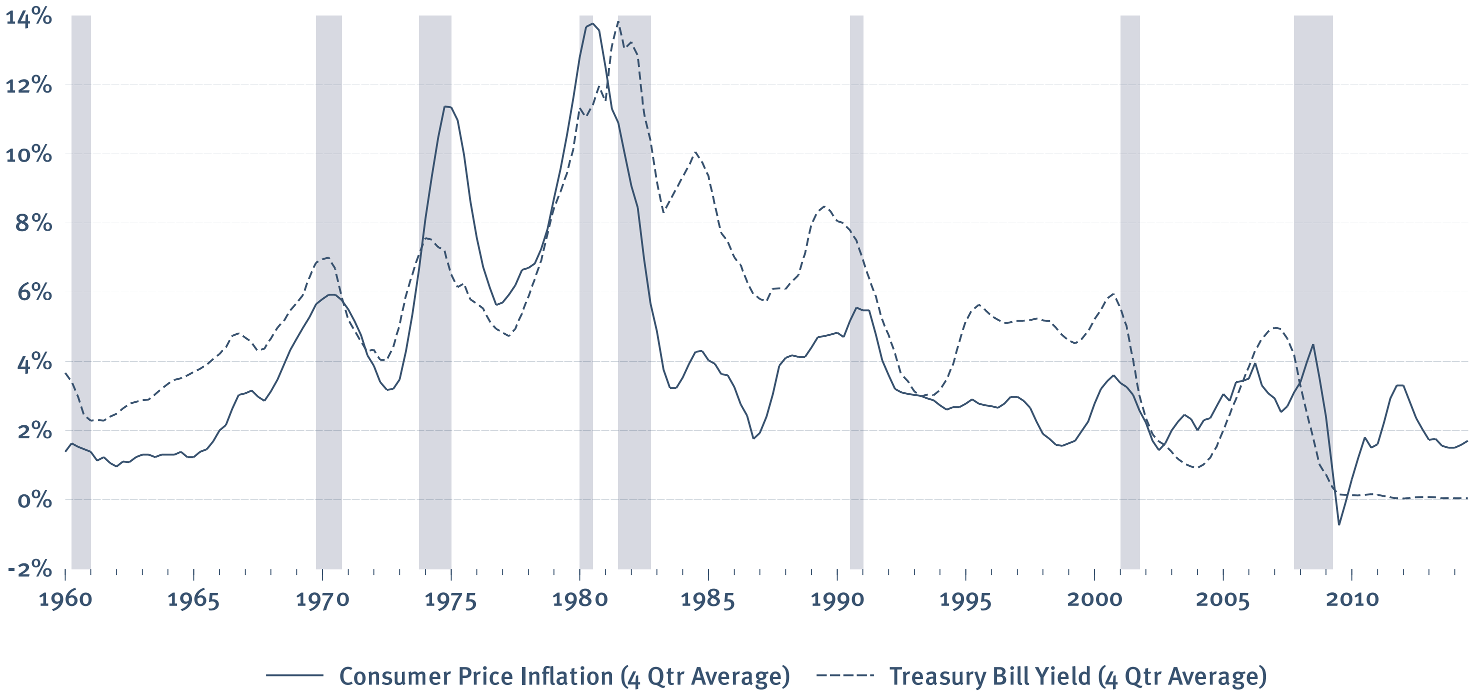
One reason to fear an expansion may be nearing its end relates to inflation. Persistently rising inflation typically happens later on in the economic cycle when resources start to get tight and actual output starts to run ahead of sustainable output. At that point, the central bank may step in to take away the "punch bowl." Inflation and rising rates go hand-in-hand, and increases in both can lead to a pickup in financial market volatility, recession, or both.

This is why we are watchful for accelerating inflation. However, despite the fact that we are five years into recovery from the last recession, and despite the incredible measures undertaken by central banks to encourage inflation, there is little sign of it materializing. Long-term inflation expectations priced into the bond market are slipping. They measure just 1.7% today versus a 2% Federal Reserve target and 2.3% readings taken last June. Despite this fact, both the Federal Reserve's internal forecasts and the forecasts built into futures markets have short-term rates moving higher starting later next year.

Still, the Fed seems intent on removing just some of the accommodation it provided through six years of zero interest rate policy and $3.6 trillion of asset purchases. The futures market has the Fed beginning to raise interest rates in mid-2015, but doesn't have the Fed reaching a historically "neutral" 2% rate until late in 2017. If right, the Fed's below "neutral" policy stance would have existed for nearly a decade since it began in 2007.

We believe the process of rate adjustment is going to be a long process prone to twists and unexpected turns. Still, we expect the path for short rates to be higher over time. Since 1950, T-Bill rates tended to be higher than the rate of inflation. If the inflation rate eventually settles out near 2%, we could envision short-term rates averaging near 3.5%. This is a longer-run prospect, however, and not likely to occur during the 2015-2016 time frame, in our view. We think the path for short-term rate increases will be slow, beginning in the third quarter of next year. We think a 1% rate is possible by first quarter 2016, 2% by the second quarter of 2017, and rising gradually toward our 3.5% long-run forecast later in the decade.

SHORT-TERM INTEREST RATES AND INFLATION



Long-Term Bond Yields to Track Growth

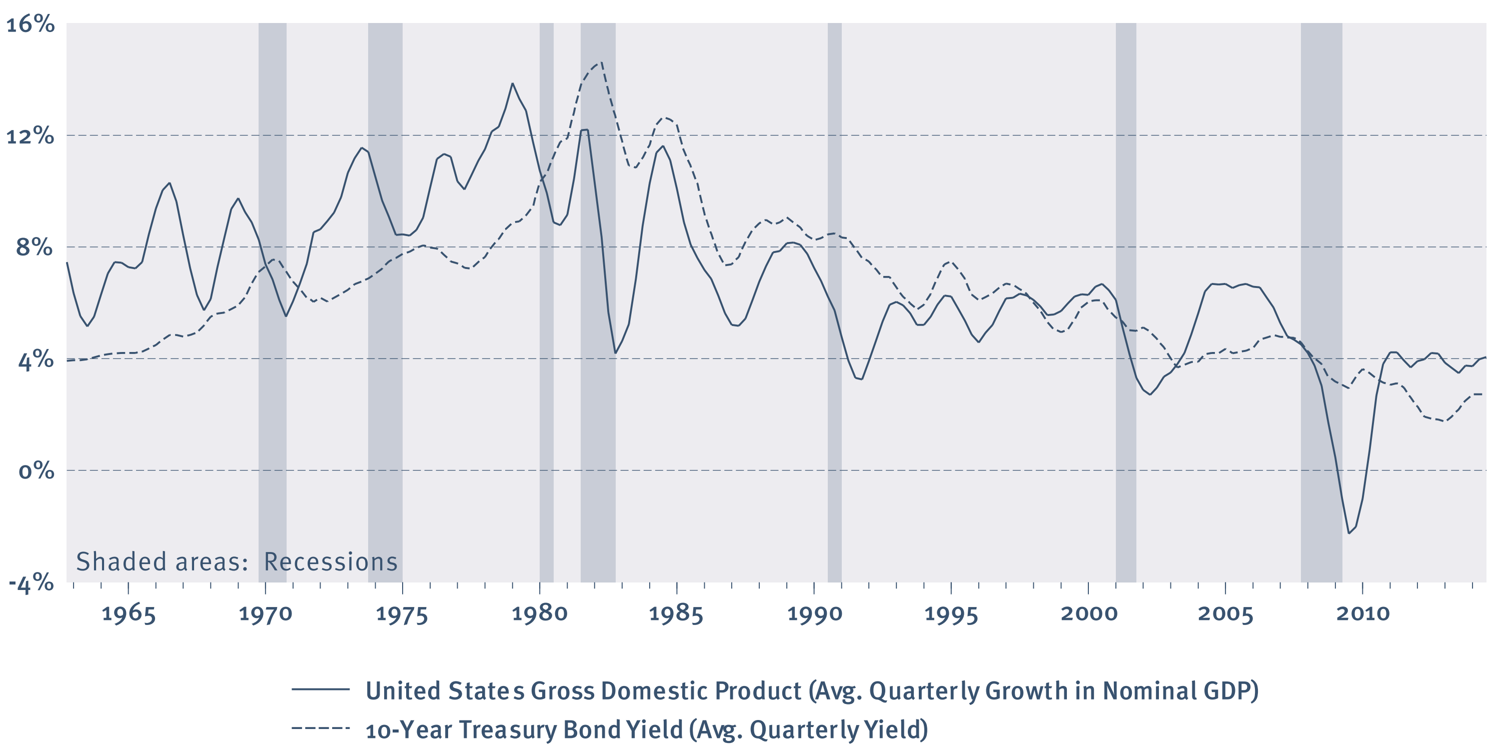
The longer-term linkage between top line economic growth (nominal GDP) and long-term bond yields is well established. We believe this basic economic relationship is not likely to be violated over time.

A period of sustained growth with gradually rising inflation is a very desirable outcome for investors in stocks, but less so for investors in long-term bonds, since bonds appear to be currently pricing in very low long-run inflation expectations. If rates normalize over the next several years, we would expect the yield on the 10-year Treasury to gravitate toward 4¼ - 4¾%.

As for corporate bonds, we see that spreads on investment-grade corporates are widened somewhat in response to recent concern over oil and global growth. Robust recent issuance in the high-yield marketplace may also be put some upward pressure on spreads. The current spread between the yield on the Moody's Baa index and the 10-year U.S. Treasury stands at 200 basis points (2% above Treasuries). This spread is improved from earlier this year when the spread stood at a below-average 140 basis points.

Our overall posture on bonds remains tilted toward short and intermediate-duration bonds as the economy continues to make progress. The yield curve should normalize so long as the economy remains on a growth trajectory. Given continued forward momentum in the domestic economy seen in the data we review, the path for higher rates across the curve makes sense as we look out from here into 2015.

LONG-TERM RATES AND NOMINAL GDP GROWTH



U.S. Equities

Ultimately earnings drive stock prices and growth in the economy drives earnings — the "circle of life" for stock investors. At present, the level of corporate earnings is sitting near record highs and, not surprisingly, so is the total market value of the U.S. equity market. The United States' equity market value now is near $23 trillion, which in turn, is supported by a $17 trillion economy. Low interest rates, expected future earnings growth, and high profitability all account for why the ratio of market value to GDP has risen to where it sits today.

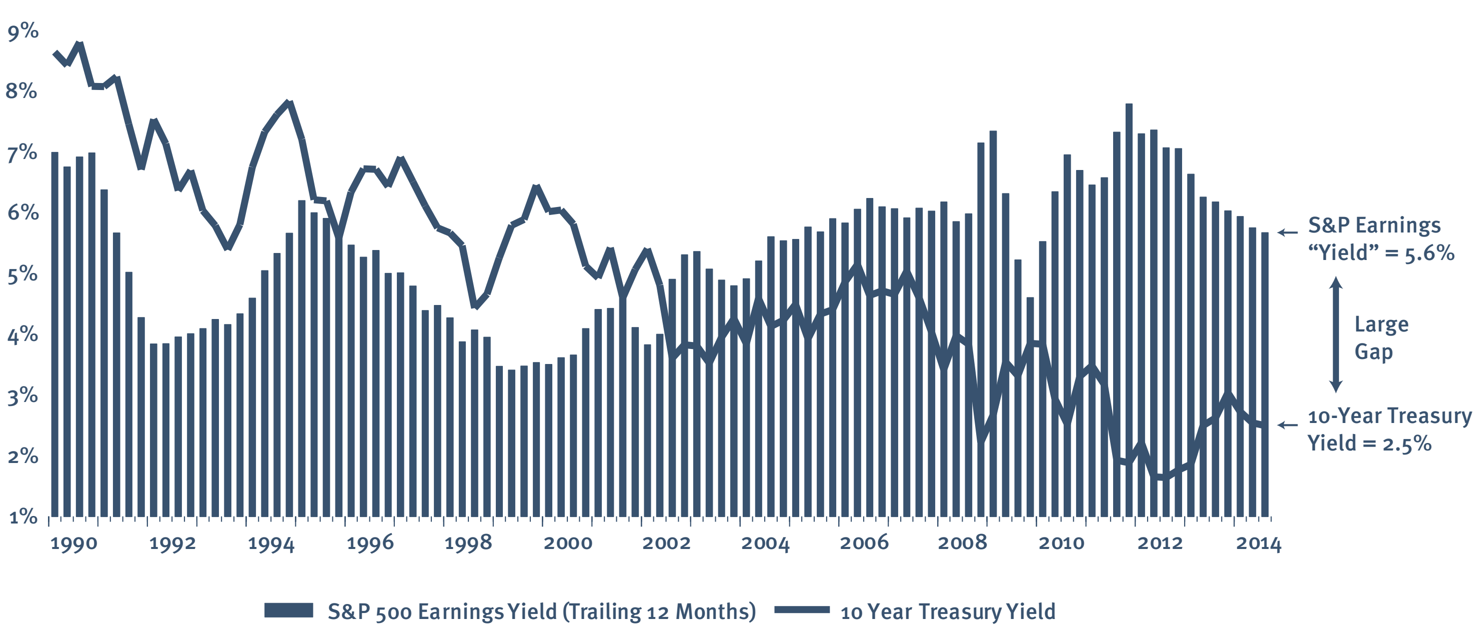
The Standard & Poor's 500 Index of the 500 largest stocks in the United States is also near records, but not in terms of valuation. According to analyst forecasts, the S&P 500 should earn roughly $127 over the next 12 months. Dividing the current 2,080 price of the S&P 500 by the earnings figure produces a price-to-earnings multiple of 16.4 times. The 10-year average price-to-earnings ratio is 14.1. Today's multiple is 16% above average.

Net profit margins sit near all-time highs and are expected to rise to 10.9% next year. The average 10-year net margin is 8.6%. With margins and multiples already above historic averages, we are reluctant to rely on these factors for future long-run returns (although momentum could carry both of these factors higher in the short run). Instead, we are more likely to see margins and multiples drag a bit on long-run returns from here.

Looking at equity valuation relative to long-term Treasuries, we see that the "earnings yield" (inverse of the price-to-earnings ratio) is still well above the yield on a 10-year Treasury. This has been the case for most of the past several years. At the start of the third quarter, the 10-year U.S. Treasury yield was 2.5% and the trailing 12-month S&P earnings yield was 5.6%.

Although price to earnings multiples and market capitalization to GDP ratios suggest equities are not cheap on a stand-alone basis, they appear attractively valued on a relative basis compared to bonds.

COMPARING THE S&P 500 EARNINGS "YIELD" TO THE 10-YEAR TREASURY YIELD



LONG RUN EXPECTATIONS

Item	1926-2014 Annual Trend	Long-Term Forecast (10-Year)	Rationale
Real Economic Growth	3.6%	2.3%	We estimate long-run domestic economic growth of 2.3%. This is derived from expectations of 0.8% growth in the labor force (largely tracking broad population growth), growth in the capital stock of 2%, and overall productivity growth of 1%. It is further assumed that the labor's share of output is roughly 60%.
Inflation	3.7%	1.9%	U.S. Treasury inflation protected securities are priced to reflect market expectations of 1.7% inflation over the next 10 years, and the Federal Reserve forecasts inflation to normalize near 2% over the long term. Central bank actions, such as 0% interest rate policies and periodic asset purchases, have been necessary as the private sector seeks to deleverage and as large output gaps persist (output below potential). Until these conditions reverse, we are expecting inflation to remain muted and below historic averages for some time to come.
Cash	4.0%	2.0%	Cash returns tend to be slightly higher than inflation over time but can be above or below inflation depending on economic conditions and monetary policy. Our long-run forecast for cash returns focuses on what an investor in U.S. T-Bills might reasonably expect to earn over time. Currently, short-term rates are set below inflation, reflecting slow growth and perceived slack in the economy. We expect rates to eventually normalize. Our long-term forecast is 2%, reflecting the effect of today's low starting rates and an anticipated gradual upward path as rates normalize toward 2 - 2 1/2%.
Long-Term Treasuries	5.2%	3.2%	We expect the Treasury yield curve to maintain a positive slope, representing compensation for inflation. As a result, coupon payments for newly issued Treasuries should increase over our long-run forecast horizon. We expect investors who buy new bonds each year will, in addition to realizing higher coupon payments over time, participate in capital gains associated as bonds age down the curve.
Corporate Bonds	5.5%	4.8%	We add a 160 basis point expected return to compensate investors for default risk. Credit spreads are currently near their historic averages.
Equities	10.4%	6.4%	Equity returns are a product of returns from income, real earnings growth, inflation, and expected changes in multiples over time. A bottom-up estimate from Bloomberg of S&P 500 dividends is $43.47, implying **a forward-looking dividend yield of 2.1%.** Net share repurchases also offer a real source of cash to shareholders. **Since 2010, S&P 500 net share repurchases have been near $30 annually, resulting in an average net repurchase "yield" near 2.5%,** which we think can continue so long as cash flow remains ample. In addition to income return, we must account for growth. Real earnings growth should track our estimate for **real domestic economic growth of 2.3%** plus **0.5% for exposure to faster growing foreign earnings.** Since profit margins for the S&P 500 are currently expected to hit a record-high 10.1% (17% above the 10-year average of 8.6% according to FactSet), we **are deducting 1.7% from our annual return assumption** to account for some slippage in profit margins as labor markets gradually tighten and wages pick up. We also expect some small valuation adjustment. The forward 12-month price-to-earnings ratio for the S&P 500 based on analyst estimates is 15.8 times $127.30 of expected operating earnings (12% above the 10-year average multiple of 14.1). Amortizing that **valuation premium over 10 years suggests a drag of 1.2% expected returns**. Adding all this together with an **expected inflation rate of 1.9%** leads us to our **long-run expected equity return of 6.4%**.

FUNDAMENTAL CONDITIONS UPDATE

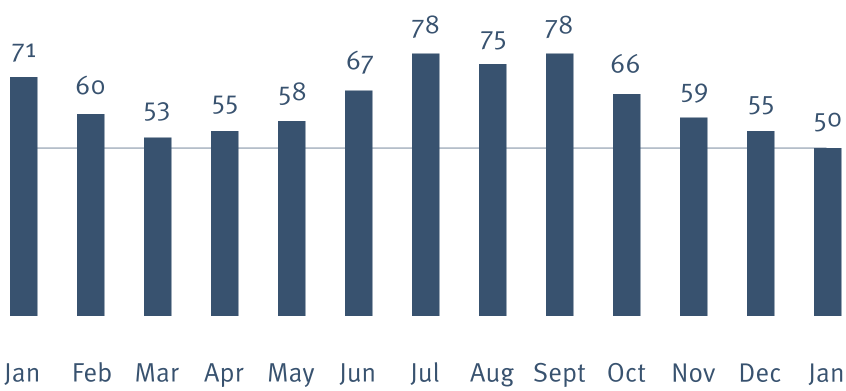
Some increased volatility in capital markets, slippage in long-term Treasury yields, widening of credit spreads, and signs of weakness overseas was offset by continued strong readings on the domestic economy. Still, our "barometer" slipped during the quarter, and we are forecasting that the index will track toward a neutral reading of 50 in the next month or two.

WCA Fundamental Trend Indicators

	Third Quarter Final	January Estimate	Trend Change
Credit and Capital Markets	75	41	Lower
U.S. Economic Conditions	80	65	Lower
Foreign Conditions	80	45	Lower
Fundamental Conditions	78	50	Lower

WCA Fundamental Conditions Barometer

Rising /Above 50 = Lower recession odds



A Barometer for Assessing Changing Conditions

We regularly assess changes in fundamental conditions to help guide near-term asset allocation decisions.

Analysis incorporates approximately 30 forward-looking indicators in categories ranging from Credit and Capital Markets to U.S. Economic Conditions and Foreign Conditions.

From each category of data, we create 3 diffusion-style sub-indices that measure the trends in the underlying data. Sustained improvement that is spread across a wide variety of observations will produce index readings above 50 (potentially favoring stocks); while readings below 50 would indicate potential deterioration (potentially favoring bonds).

The WCA Fundamental Conditions Index combines the 3 underlying categories into a single summary measure. This measure can be thought of as a “barometer” for changes in fundamental conditions.

LAST QUARTER PORTFOLIO CHANGES

		Conservative		Balanced		Moderate Growth		Aggressive Growth	
		Current	Change	Current	Change	Current	Change	Current	Change
Bonds	Core Bonds	20%	+5%	15%	+5%	10%	+5%	0%	
	Floating Rate Securities	15%		10%		6%		0%	
	Cash & 1-3 Year Treasuries	17%		10%		4%		10%	+5%
	Mortgage-Backed Bonds	11%		6%		0%		0%	
	7-10 Year Treasuries	0%		0%		0%		0%	
	10+ Year Treasuries	0%		0%		0%		0%	
	Investment-Grade Corp Bonds	9%		7%		3%		0%	
	High-Yield Corporate Bonds	3%		2%		2%		0%	
	International Treasury Bonds	0%		0%		0%		0%	
Equities and Other	Domestic Stocks	4%	-5%	13%	-5%	22%	-5%	24%	-5%
	Large-Mid Cap Growth	3%		6%		9%		12%	
	Large-Mid Cap Value	3%		6%		9%		12%	
	Small Cap	5%		5%		5%		6%	
	Developed Foreign Markets	5%		12%		18%		22%	
	Emerging Foreign Markets	2%		3%		5%		5%	
	Gold	0%		0%		0%		0%	
	REITs	3%		5%		7%		9%	
	Subtotal Bonds & Cash	75%		50%		25%		10%	
	Subtotal Equities & Other	25%		50%		75%		90%	
	Total	100%		100%		100%		100%	

LONG-RUN STRATEGIC POSTURE:

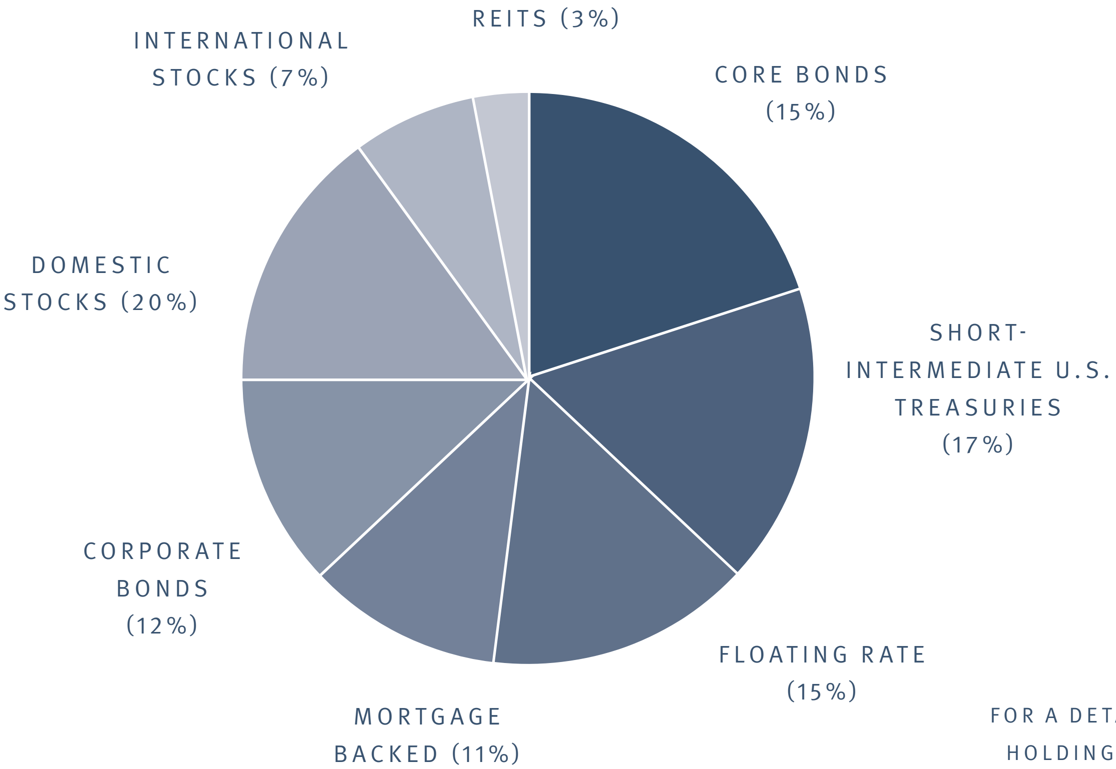
Strategic allocations are set to reflect our long-run forecasts for key asset classes. We expect policy rates to remain low as central banks continue to push lower-for-longer rate strategies. Eventually, rates should rise back to more normal levels, but this is expected to happen gradually and unevenly. Fixed income returns are expected to lag current yields as rates rise. Equity returns will track moderate growth in global GDP with little to no further lift from margin expansion (margins and multiples are already elevated).

NEAR-TERM TACTICAL POSTURE:

The CONQUEST portfolios are neutrally allocated as our WCA Fundamental Conditions Index slipped toward a 50 reading during the most recent quarter (see prior page). The slippage follows two strong quarters of readings and above-average economic growth. Equity returns were positive during the period of elevated readings.

We prefer higher-quality credit to lower-quality and shorter-duration bonds to longer. Emerging markets offer better relative valuations (last quarter we increased emerging market weights back to a neutral allocation); domestic small-caps were also reduced to neutral in the second quarter on valuation.

CONSERVATIVE PORTFOLIO
EQUITY POLICY RANGE: 0-50%
CURRENT EQUITY EXPOSURE: 25%

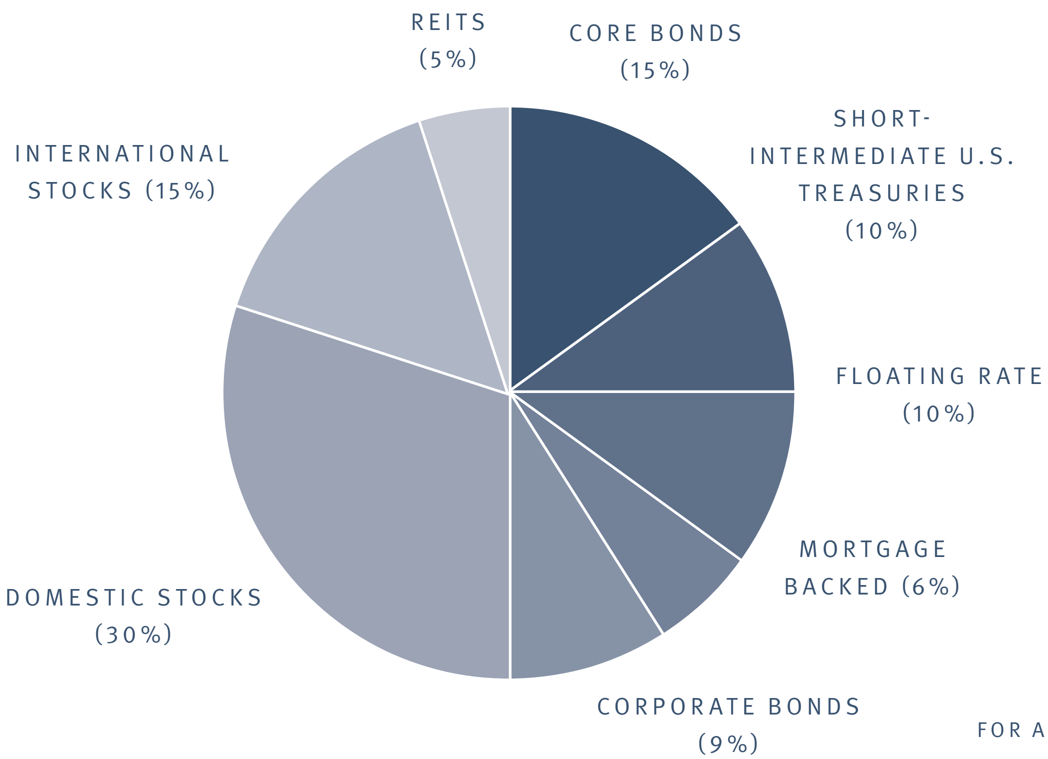


FOR A DETAILED LIST OF HOLDINGS, INCLUDING SUB-ASSET CLASSES, SEE PAGE 9

Portfolio Description

The CONSERVATIVE PORTFOLIO invests between 0-50% in equities based on fundamental market and economic conditions. The strategy seeks to provide a risk-adjusted return, over time, better than that of a fixed portfolio comprised of 25% stocks and 75% bonds. This portfolio offers the most conservative mix of stocks and bonds relative to the other portfolios mentioned herein. Investors with a short-to-medium investment horizon of at least 5 years or lower risk tolerance who desire modest growth may prefer this option over a portfolio with greater exposure to stocks.

BALANCED PORTFOLIO
EQUITY POLICY RANGE: 25-75%
CURRENT EQUITY EXPOSURE: 50%



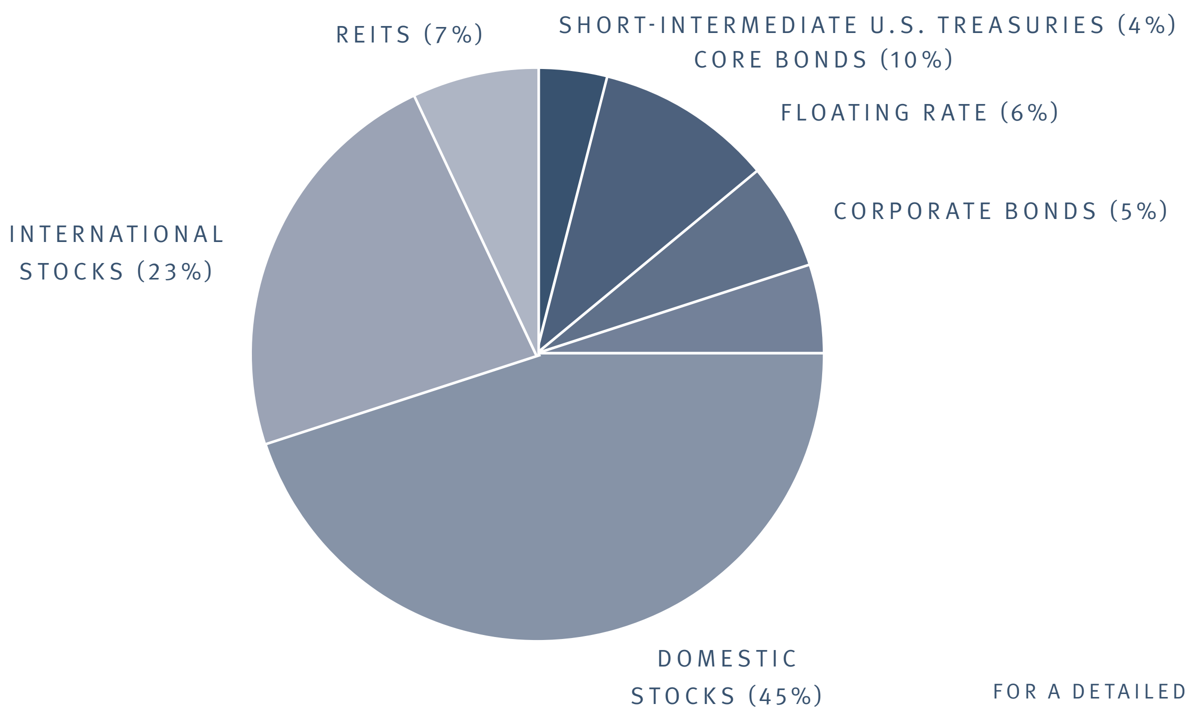
FOR A DETAILED LIST OF HOLDINGS, INCLUDING SUB-ASSET CLASSES, SEE PAGE 9

Portfolio Description

The BALANCED PORTFOLIO invests between 25-75% in equities based on fundamental market and economic conditions. The strategy seeks to provide a risk-adjusted return, over time, better than that of a fixed portfolio comprised of 50% stocks and 50% bonds. The portfolio provides a mix of stocks and bonds without a bias toward either. It may be appropriate for investors with a time horizon of at least 10 years with a moderate risk tolerance.

Moderate Growth Portfolio

MODERATE GROWTH PORTFOLIO
EQUITY POLICY RANGE: 50-100%
CURRENT EQUITY EXPOSURE: 75%

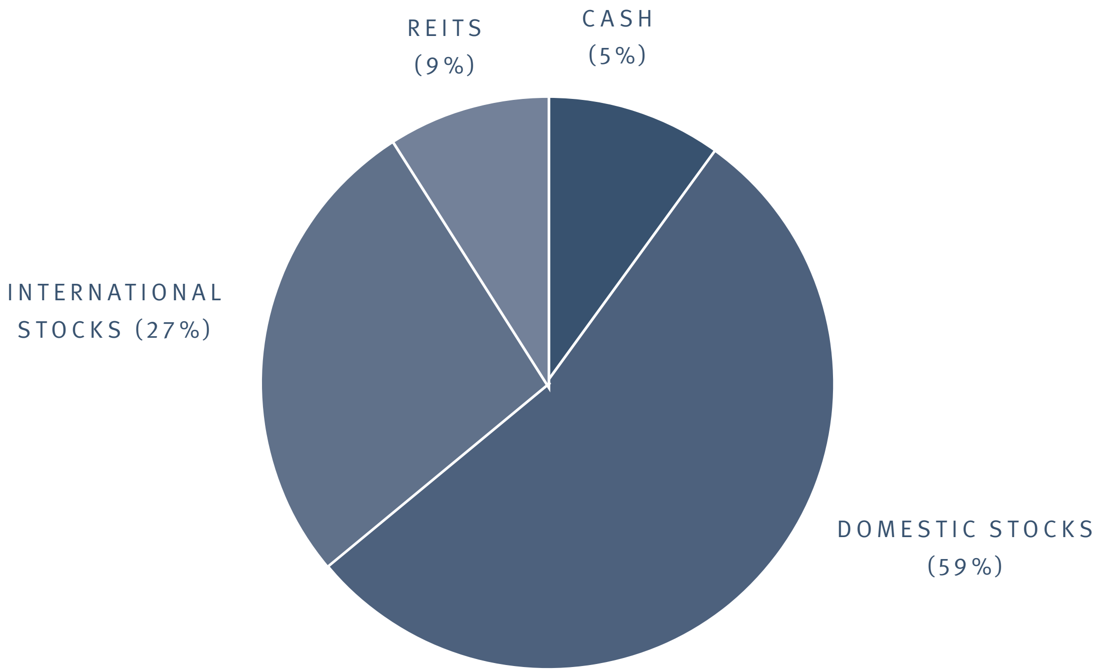


FOR A DETAILED LIST OF HOLDINGS, INCLUDING SUB-ASSET CLASSES, SEE PAGE 9

Portfolio Description

The MODERATE GROWTH portfolio invests between 50-100% in equities based on fundamental market and economic conditions. The strategy seeks to provide a risk-adjusted return, over time, better than that of a fixed portfolio comprised of 75% stocks and 25% bonds. Because the portfolio invests primarily in stocks and secondarily in bonds, the portfolio may be appropriate for investors with a time horizon of at least 15 years or those who seek principal growth with a moderate amount of income.

AGGRESSIVE GROWTH PORTFOLIO
EQUITY POLICY RANGE: 80-100%
CURRENT EQUITY EXPOSURE: 90%



FOR A DETAILED LIST OF HOLDINGS, INCLUDING SUB-ASSET CLASSES, SEE PAGE 9

Portfolio Description

The AGGRESSIVE PORTFOLIO invests between 80-100% in equities based on fundamental market and economic conditions. The strategy seeks to provide a risk-adjusted return, over time, better than that of a fixed portfolio comprised of 90% stocks and 10% bonds. Because of the high degree of exposure to stocks, investors in this portfolio should have an investing time horizon of at least 20 years or be able to accept greater variability of returns associated with stock market investing.

FORECASTS AND ASSUMPTIONS: ECONOMY

	2012 (Actual)	2013 (Actual)	2014 (Estimate)	2015 (Estimate)	2014 Growth	2015 Growth
Real Gross Domestic Product	15,369	15,710	16,060	16,495	2.2%	2.7%
Gross Domestic Product	16,163	16,768	17,700	18,480	5.6%	4.4%
Consumption	11,083	11,484	12,080	12,580	5.2%	4.1%
% GDP	69%	68.5%	68%	68%		
Investment	2,479	2,648	2,930	3,200	10.6%	9.2%
% GDP	15%	15.8%	17%	17%		
Government Spending	3,169	3,144	3,200	3,300	1.8%	3.1%
Exports	2,194	2,262	2,390	2,450	5.6%	2.5%
% GDP	14%	13.5%	14%	13%		
Imports	(2,763)	(2,770)	(2,900)	(3,050)	4.7%	5.2%
% GDP	-17%	-16.5%	-16%	-17%		
Government Deficit	1,439	1,882	2,124	2,402	12.9%	13.1%
% GDP	8.9%	11.2%	12.0%	13.0%		
Total Private Saving	3,641	3,402	3,496	3,498	2.8%	0.0%
% GDP	23%	20%	20%	19%		
Households & Institution	1,301	1,035	1,154	1,154	11.4%	0.0%
% GDP	8%	6%	6.5%	6.2%		
Business Saving / Profits	2,341	2,367	2,307	2,308	-2.5%	0.0%
% GDP	14%	14%	13%	12%		
Employment (Nonfarm Payroll)	135,064	137,395	139,868	142,665	1.8%	2.0%
Employment (Private Sector)	113,176	115,541	117,852	120,798	2.0%	2.5%
S&P 500 Operating EPS	$103.08	$108.44	$118.20	$128.00	9.0%	8.3%
Inflation Index (GDP Deflator)	105.2	106.7	108.3	110.2	1.5%	1.7%

Historic data provided by Bureau of Economic Analysis (NIPA Tables 1.1.5 / 5.1) for GDP, Bureau of Labor Statistics for employment, and Standard & Poor's for S&P 500 earnings. Forecasts and assumptions provided by Washington Crossing Advisors. Government deficit includes Federal, State, and Local.

FOUNDATIONAL ASSUMPTIONS

	2011 (Actual)	2012 (Actual)	2013 (Actual)	2014 (Estimate)	2015 (Estimate)	Long-Run Growth Forecast
Population (Millions)	311.9	313.9	316.1	318.3	320.5	1.0%
Labor Force Participation Rate	64.0%	63.6%	62.8%	63.0%	63.4%	0.0%
Average Weekly Hours	34.4	34.4	34.5	34.6	34.7	0.0%
Productivity Growth	1.08%	1.09%	1.10%	1.11%	1.12	1 .0%
Forecast Inflation (Long-Term)	2.0%	2.5%	2.25%	2.0%	1.75%	2.0%
Output Gap (CBO Measurement)	-5.00%	-4.95%	-3.54%	-3.50%	-3.25%	—

	2011 (Actual)	2012 (Actual)	2013 (Actual)	2014 (Estimate)	2015 (Estimate)	2015 Growth Est.
S&P 500 Sales	1,052.8	1,092.4	1,099.4	1,141.47	1,164.39	2.0%
S&P 500 Diluted Earnings	86.95	86.51	100.20	113.00	119.70	4.1%
S&P 500 Book Value	613.14	666.96	691.70	737.79	764.10	3.6%
S&P 500 Dividends	26.43	31.24	34.99	40.05	43.50	8.6%

DOMESTIC SECTOR ALLOCATION

	Weighting	Notes
Consumer Discretionary	12%	Recent relative price weakness to fade as employment gains continue
Consumer Staples	9%	Energy price fall = lower input costs and better demand
Energy	13%	Sharp drop in oil prices raises near-term concern, but valuations seem cheap assuming recovery
Financials	16%	Positively sloped yield curve / gradual pickup in loan demand
Healthcare	13%	Solid recent performance reflects fading uncertainty over legislation
Industrials	9%	Uneven global production masks solid domestic demand for factory orders and capital goods
Technology	22%	Legacy technology companies offer solid valuations, but growth is slowing
Materials	3%	China slowdown pressures demand near term; longer-term valuations more attractive
Utilities	3%	Lower volatility sector plus relatively attractive yields
	=====	
Total	100%	

DEFINITIONS AND DISCLOSURES

The Standard & Poor's 500 Index is a capitalization-weighted index that is generally considered representative of the U.S. large capitalization market. The MSCI EAFE Index (Europe, Australasia, and the Far East) is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a free float-adjusted market capitalization-weighted index that is designed to measure the equity market performance of emerging markets. The Russell 1000 Index measures the performance of the 1,000 largest companies in the Russell 3000 Index, which measures the performance of the 3,000 largest U.S. companies based on total market capitalization. The average market capitalization is approximately $11 billion, and the median market capitalization is approximately $3.5 billion. The Russell 2000 Index measures the performance of the 2,000 smallest companies in the broader Russell 3000 Index. The average market capitalization is approximately $490 million, and the median market capitalization is approximately $395 million. The Russell 3000 Value Index measures the performance of those Russell 3000 Index companies with lower price-to-book ratios and lower forecasted growth values. The Russell 3000 Growth Index measures the performance of those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth values.

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Asset allocation and diversification do not ensure a profit and may not protect against loss. There are special considerations associated with international investing, including the risk of currency fluctuations and political and economic events. Investing in emerging markets may involve greater risk and volatility than investing in more developed countries. Due to their narrow focus, sector-based investments typically exhibit greater volatility. Small company stocks are typically more volatile and carry additional risks, since smaller companies generally are not as well established as larger companies. Property values can fall due to environmental, economic, or other reasons, and changes in interest rates can negatively impact the performance of real estate companies. When investing in bonds, it is important to note that as interest rates rise, bond prices will fall. High-yield bonds have greater credit risk than higher quality bonds. The risk of loss in trading commodities and futures can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. The high degree of leverage that is often obtainable in commodity trading can work against you as well as for you. The use of leverage can lead to large losses as well as gains.