

Retirement Funding Advisors

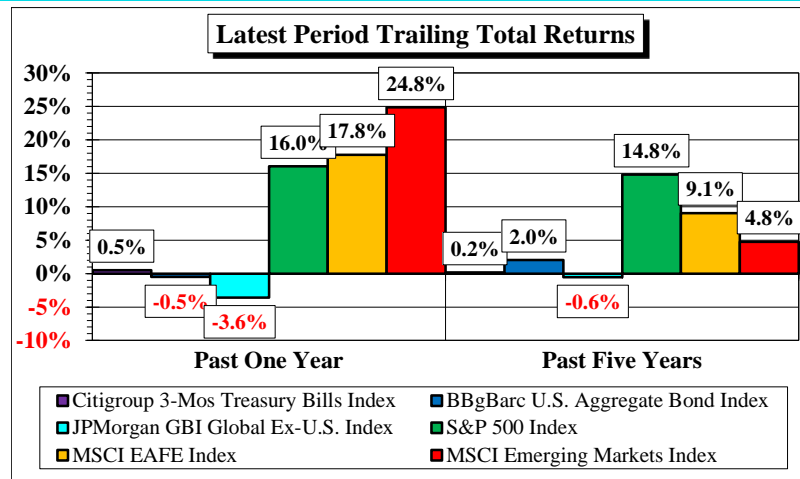
THE (CAPITAL) MARKETS ENVIRONMENT

For the Periods Ending July 31, 2017

"The Times They Are a Changin'" – Bob Dylan (1964)

| Stock Market Index Statistics | Trail. 12M P/E Ratio | Hist. P/E Ratio ¹ | Trail. 12M EPS Growth | Hist. EPS Growth ¹ |
|-------------------------------|----------------------|------------------------------|-----------------------|-------------------------------|
| S&P 500 Index | 21.0x | 18.7x | 18.4% | 7.7% |
| S&P MidCap 400 Index | 23.4x | 21.0x | 30.5% | 15.6% |
| S&P SmallCap 600 Index | 29.2x | 26.2x | 34.0% | 17.0% |

Source: Standard & Poor's (Operating Earnings Bottom-Up Estimates). ¹Average from 1989 common periods Operating Earnings for S&P 500, S&P MidCap 400, and S&P SmallCap 600 Indices.



| Capital Market Index / Morningstar Category | 25 years | YTD | 1 Mon. | 3 Mos. | 1 Yr. | 3 Yrs. | 5 Yrs. | 7 Yrs. | 10 Yrs. | 15 Yrs. | 20 Yrs. |
|--|----------|-------|--------|--------|-------|--------|--------|--------|---------|---------|---------|
| U.S. Consumer Price Index (Inflation) | 2.3% | 0.5% | -0.1% | -0.2% | 2.0% | 1.0% | 1.4% | 1.7% | 1.7% | 2.1% | 2.1% |
| Citigroup 3-Month Treasury Bills Index (Cash) | 2.6% | 0.4% | 0.1% | 0.2% | 0.5% | 0.2% | 0.2% | 0.1% | 0.5% | 1.2% | 2.1% |
| Bloomberg Barclays U.S. Aggregate Bond Index (Bonds) | 5.6% | 2.7% | 0.4% | 1.1% | -0.5% | 2.7% | 2.0% | 3.1% | 4.4% | 4.4% | 5.1% |
| JPMorgan GBI Global Ex-U.S. (USD) (Bonds) | 4.9% | 8.4% | 2.7% | 4.6% | -3.6% | -0.8% | -0.6% | 1.1% | 3.4% | 4.7% | 4.5% |
| S&P 500 Index (Large-Cap Stocks) | 9.5% | 11.6% | 2.1% | 4.1% | 16.0% | 10.9% | 14.8% | 14.6% | 7.7% | 9.1% | 6.9% |
| S&P MidCap 400 Index (Mid-Cap Stocks) | 12.1% | 6.9% | 0.9% | 2.0% | 14.7% | 10.4% | 15.1% | 14.5% | 9.1% | 11.2% | 10.5% |
| Russell 2000 Index (Small-Cap Stocks) | 9.8% | 5.8% | 0.7% | 2.1% | 18.5% | 9.9% | 14.2% | 13.4% | 7.8% | 10.4% | 7.8% |
| MSCI EAFE Index (Intl. Stocks - USD) | 6.2% | 17.1% | 2.9% | 6.5% | 17.8% | 2.8% | 9.1% | 7.0% | 1.5% | 7.3% | 4.4% |
| MSCI Emerging Markets Index (Intl. Stocks - USD) | N/A | 25.5% | 6.0% | 10.2% | 24.8% | 2.4% | 4.8% | 3.5% | 2.0% | 11.6% | N/A |
| Morningstar Allocation--15% to 30% Equity | 5.4% | 4.5% | 0.9% | 1.6% | 4.3% | 2.6% | 3.6% | 4.4% | 3.8% | 4.6% | 4.5% |
| Morningstar Allocation--30% to 50% Equity | 5.6% | 6.2% | 1.3% | 2.3% | 6.5% | 3.5% | 4.9% | 5.5% | 4.2% | 4.9% | 4.5% |
| Morningstar Allocation--50% to 70% Equity | 6.8% | 7.9% | 1.5% | 2.9% | 9.4% | 5.0% | 7.9% | 8.0% | 4.7% | 6.3% | 5.1% |
| Morningstar Allocation--70% to 85% Equity | 7.2% | 9.6% | 1.8% | 3.4% | 11.6% | 5.4% | 9.2% | 8.9% | 4.8% | 7.0% | 5.3% |
| Morningstar Allocation--85% + Equity | 8.4% | 11.9% | 2.1% | 4.2% | 14.8% | 6.7% | 11.2% | 10.5% | 5.1% | 7.7% | 6.2% |
| Morningstar Nontraditional Bond | N/A | 3.3% | 0.5% | 1.3% | 5.1% | 1.7% | 2.1% | 2.3% | 2.2% | 4.2% | 3.5% |
| Morningstar Short-Term Bond | 3.6% | 1.5% | 0.3% | 0.6% | 1.3% | 1.2% | 1.3% | 1.6% | 2.0% | 2.3% | 3.2% |
| Morningstar Muni National Interm | 4.2% | 3.7% | 0.6% | 1.6% | -0.1% | 2.5% | 2.2% | 3.1% | 3.7% | 3.5% | 3.9% |
| Morningstar Intermediate-Term Bond | 5.0% | 3.1% | 0.5% | 1.2% | 0.6% | 2.4% | 2.3% | 3.3% | 4.1% | 4.1% | 4.5% |
| Morningstar Multisector Bond | 5.8% | 4.7% | 0.9% | 1.8% | 5.2% | 2.9% | 3.9% | 4.7% | 5.0% | 5.9% | 5.0% |
| Morningstar World Bond | 5.0% | 5.9% | 1.3% | 2.6% | 1.9% | 0.9% | 1.4% | 2.5% | 3.7% | 4.8% | 4.5% |
| Morningstar Large Value | 8.3% | 7.1% | 1.5% | 3.1% | 14.3% | 7.3% | 12.5% | 11.9% | 5.4% | 7.7% | 6.0% |
| Morningstar Large Blend | 8.0% | 10.6% | 1.8% | 3.7% | 15.0% | 8.3% | 13.0% | 12.4% | 6.2% | 7.8% | 5.6% |
| Morningstar Large Growth | 8.2% | 17.2% | 2.7% | 5.4% | 17.4% | 10.2% | 14.1% | 13.6% | 7.4% | 8.2% | 5.8% |
| Morningstar Mid-Cap Value | 10.2% | 5.7% | 1.1% | 2.1% | 14.1% | 7.3% | 13.6% | 12.6% | 6.9% | 9.6% | 8.3% |
| Morningstar Mid-Cap Blend | 10.0% | 7.3% | 1.1% | 2.4% | 13.8% | 6.9% | 13.0% | 12.1% | 6.5% | 9.4% | 7.9% |
| Morningstar Mid-Cap Growth | 9.4% | 14.0% | 1.5% | 4.4% | 15.1% | 8.3% | 12.9% | 12.5% | 6.7% | 9.1% | 7.1% |
| Morningstar Small Value | 10.6% | 1.3% | 0.6% | 0.5% | 16.2% | 7.2% | 12.8% | 11.9% | 6.7% | 9.7% | 8.6% |
| Morningstar Small Growth | 9.9% | 11.2% | 1.0% | 3.6% | 17.7% | 9.1% | 13.1% | 12.9% | 6.7% | 9.3% | 7.5% |
| Morningstar Foreign Large Value | 6.4% | 15.8% | 3.0% | 6.2% | 18.4% | 1.9% | 8.3% | 5.9% | 0.7% | 6.7% | 4.5% |
| Morningstar Foreign Large Growth | 6.1% | 22.1% | 3.6% | 7.8% | 17.2% | 4.8% | 8.7% | 7.3% | 2.3% | 7.2% | 4.3% |
| Morningstar Diversified Emerging Mkts | 7.3% | 24.1% | 5.1% | 8.7% | 21.1% | 1.9% | 4.6% | 3.0% | 1.0% | 10.4% | 5.3% |

R.F.A. Mathematics of Investing Fact

-20%/+25% - An initial investment of \$10,000 that falls to \$8,000 is a mathematical loss of **-20%**. To gain back your original \$10,000 investment from \$8,000 requires not a return of +20% but **+25%**. Given this mathematical principal, prudent advisors hue to the edict of being the ‘tortoise’ and not the ‘hare’. Or, in a different vernacular, provide Clients upside participation with downside protection.

| Capital Market Index / Morningstar Category | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| U.S. Consumer Price Index (<i>Inflation</i>) | 2.1% | 0.7% | 0.7% | 1.6% | 1.8% | 3.0% | 1.4% | 2.8% | -0.1% | 4.1% | 2.4% |
| Citigroup 3-Month Treasury Bills Index (<i>Cash</i>) | 0.3% | 0.0% | 0.0% | 0.1% | 0.1% | 0.1% | 0.1% | 0.2% | 1.8% | 4.7% | 4.8% |
| Bloomberg Barclays U.S. Aggregate Bond Index (<i>Bonds</i>) | 2.7% | 0.6% | 6.0% | -2.0% | 4.2% | 7.8% | 6.5% | 5.9% | 5.2% | 7.0% | 4.3% |
| JPMorgan GBI Global Ex-U.S. (USD) (<i>Bonds</i>) | 1.9% | -4.8% | -2.5% | -5.1% | 0.8% | 5.9% | 6.8% | 3.9% | 11.4% | 11.3% | 6.8% |
| S&P 500 Index (<i>Large-Cap Stocks</i>) | 12.0% | 1.4% | 13.7% | 32.4% | 16.0% | 2.1% | 15.1% | 26.5% | -37.0% | 5.5% | 15.8% |
| S&P MidCap 400 Index (<i>Mid-Cap Stocks</i>) | 20.7% | -2.2% | 9.8% | 33.5% | 17.9% | -1.7% | 26.6% | 37.4% | -36.2% | 8.0% | 10.3% |
| Russell 2000 Index (<i>Small-Cap Stocks</i>) | 21.3% | -4.4% | 4.9% | 38.8% | 16.4% | -4.2% | 26.9% | 27.2% | -33.8% | -1.6% | 18.4% |
| MSCIEAFE Index (<i>Intl. Stocks - USD</i>) | 1.0% | -0.8% | -4.9% | 22.8% | 17.3% | -12.1% | 7.8% | 31.8% | -43.4% | 11.2% | 26.3% |
| MSCI Emerging Markets Index (<i>Intl. Stocks - USD</i>) | 11.2% | -14.9% | -2.2% | -2.6% | 18.2% | -18.4% | 18.9% | 78.5% | -53.3% | 39.4% | 32.2% |
| Morningstar Allocation--15% to 30% Equity | 5.7% | -2.1% | 3.4% | 4.0% | 8.3% | 1.8% | 9.6% | 19.2% | -16.3% | 5.1% | 6.8% |
| Morningstar Allocation--30% to 50% Equity | 6.7% | -2.4% | 3.9% | 7.1% | 9.2% | 1.7% | 10.0% | 20.4% | -18.9% | 4.6% | 8.3% |
| Morningstar Allocation--50% to 70% Equity | 7.4% | -2.0% | 5.8% | 16.1% | 11.9% | -0.4% | 11.7% | 24.0% | -28.2% | 5.9% | 11.3% |
| Morningstar Allocation--70% to 85% Equity | 7.8% | -2.7% | 5.6% | 20.9% | 13.4% | -3.4% | 13.4% | 29.3% | -34.4% | 7.4% | 13.1% |
| Morningstar Allocation--85% + Equity | 7.9% | -1.8% | 5.5% | 26.7% | 15.4% | -4.2% | 14.8% | 30.1% | -38.5% | 7.5% | 14.6% |
| Morningstar Nontraditional Bond | 4.7% | -1.5% | 0.9% | 0.4% | 7.0% | -0.9% | 5.6% | 19.0% | -14.2% | 2.7% | 6.1% |
| Morningstar Short-Term Bond | 2.0% | 0.2% | 1.1% | 0.4% | 3.7% | 1.5% | 4.0% | 9.0% | -4.6% | 4.3% | 4.1% |
| Morningstar Muni National Interm | -0.2% | 2.5% | 6.3% | -2.3% | 5.6% | 8.4% | 2.2% | 12.5% | -2.7% | 2.7% | 3.7% |
| Morningstar Intermediate-Term Bond | 3.2% | -0.3% | 5.1% | -1.4% | 6.9% | 5.8% | 7.7% | 13.5% | -5.1% | 4.6% | 4.1% |
| Morningstar Multisector Bond | 7.1% | -2.0% | 3.4% | 2.2% | 11.6% | 2.9% | 10.6% | 25.7% | -15.0% | 4.3% | 6.7% |
| Morningstar World Bond | 3.8% | -4.1% | 1.7% | -2.9% | 7.8% | 3.3% | 6.8% | 13.6% | -2.2% | 7.3% | 5.4% |
| Morningstar Large Value | 14.6% | -4.1% | 10.2% | 31.2% | 14.6% | -0.8% | 13.6% | 24.3% | -37.4% | 1.3% | 18.1% |
| Morningstar Large Blend | 10.1% | -1.5% | 10.7% | 31.3% | 14.9% | -1.4% | 14.2% | 28.2% | -37.9% | 6.0% | 14.0% |
| Morningstar Large Growth | 3.2% | 3.6% | 10.1% | 33.9% | 15.2% | -2.6% | 15.4% | 35.2% | -40.9% | 13.2% | 6.9% |
| Morningstar Mid-Cap Value | 17.6% | -5.2% | 9.3% | 34.9% | 16.5% | -3.9% | 22.0% | 34.1% | -37.0% | 0.9% | 16.3% |
| Morningstar Mid-Cap Blend | 13.7% | -4.5% | 7.8% | 34.4% | 15.9% | -4.1% | 22.7% | 37.5% | -39.7% | 4.4% | 13.7% |
| Morningstar Mid-Cap Growth | 5.7% | -1.0% | 6.9% | 34.8% | 14.0% | -4.2% | 24.8% | 38.9% | -43.9% | 14.7% | 9.0% |
| Morningstar Small Value | 25.7% | -7.0% | 3.3% | 36.2% | 16.0% | -4.3% | 25.7% | 29.9% | -32.5% | -6.2% | 16.5% |
| Morningstar Small Growth | 11.0% | -2.5% | 2.6% | 40.8% | 13.2% | -3.6% | 27.0% | 35.1% | -41.8% | 7.3% | 10.8% |
| Morningstar Foreign Large Value | 3.1% | -3.3% | -6.1% | 21.0% | 16.5% | -12.9% | 7.4% | 29.9% | -42.5% | 8.7% | 25.7% |
| Morningstar Foreign Large Growth | -2.6% | 1.1% | -4.0% | 17.9% | 18.1% | -12.6% | 14.2% | 39.2% | -46.8% | 15.5% | 24.0% |
| Morningstar Diversified Emerging Mkts | 8.1% | -13.7% | -3.0% | -0.7% | 18.1% | -19.6% | 18.6% | 73.4% | -54.7% | 36.5% | 32.1% |

Note: Periods longer than one year are average annualized rates of total return. Source: Morningstar™ and Zephyr StyleADVISOR™.

R.F.A. Bond Market Fact

...except 2013, 1999, and 1994 – In the past 20 calendar years, the domestic bond market has never posted a negative total return...**except 2013, 1999, and 1994**. In a normal interest rate cycle, bonds can be the ‘buoyant life-jackets’ to a diversified asset allocation portfolio. Generally, bonds long-term total returns are not higher than stocks, but their fundamental structure and priority along the capital structure provide diversification benefits for investors.