

## Retirement Funding Advisors

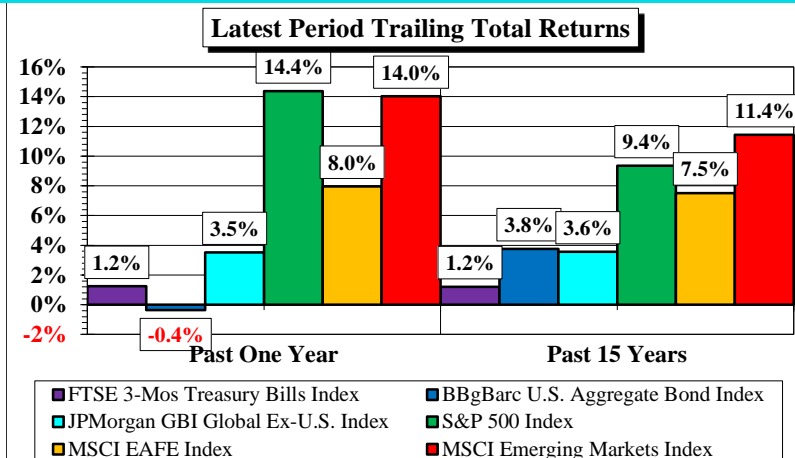
# THE (CAPITAL) MARKETS ENVIRONMENT

For the Periods Ending May 31, 2018

### The Seventh Inning [Stock Market] Stretch

| Stock Market Index Statistics | Trail. 12M P/E Ratio | Dividend Yield | Fwd. 12M EPS Grw. | Fwd. 12M P/E Ratio |
|-------------------------------|----------------------|----------------|-------------------|--------------------|
| S&P 500 Index                 | 20.6x                | 2.0%           | 22.4%             | 16.8x              |
| MSCI EAFE Index               | 15.8x                | 3.2%           | 14.1%             | 13.8x              |
| MSCI EM Index                 | 14.3x                | 2.4%           | 23.4%             | 11.6x              |

Source: S&P Dow Jones Indices, LLC and MSCI, Inc.



| 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)                | 2.2%     | 0.8%  | 0.2%   | 0.3%   | 2.3%  | 1.9%   | 1.5%   | 1.6%   | 1.6%    | 2.1%    | 2.2%    |
| FTSE3-Month Treasury Bills Index (Cash)              | 2.5%     | 0.6%  | 0.2%   | 0.4%   | 1.2%  | 0.6%   | 0.4%   | 0.3%   | 0.3%    | 1.2%    | 1.9%    |
| Bloomberg Barclays U.S. Aggregate Bond Index (Bonds) | 5.2%     | -1.5% | 0.7%   | 0.6%   | -0.4% | 1.4%   | 2.0%   | 2.5%   | 3.7%    | 3.8%    | 4.8%    |
| JPMorgan GBI Global Ex-U.S. (USD) (Bonds)            | 4.7%     | -0.3% | -2.2%  | -2.8%  | 3.5%  | 4.1%   | 1.2%   | 0.1%   | 2.1%    | 3.6%    | 4.3%    |
| S&P 500 Index (Large-Cap Stocks)                     | 9.6%     | 2.0%  | 2.4%   | 0.2%   | 14.4% | 11.0%  | 13.0%  | 12.9%  | 9.1%    | 9.4%    | 6.6%    |
| S&P MidCap 400 Index (Mid-Cap Stocks)                | 11.9%    | 3.1%  | 4.1%   | 4.8%   | 14.9% | 10.3%  | 12.2%  | 11.7%  | 9.9%    | 11.5%   | 10.3%   |
| Russell 2000 Index (Small-Cap Stocks)                | 9.6%     | 6.9%  | 6.1%   | 8.4%   | 20.8% | 11.0%  | 12.2%  | 11.4%  | 9.6%    | 10.6%   | 8.0%    |
| MSCI EAFE Index (Intl. Stocks - USD)                 | 5.4%     | -1.6% | -2.3%  | -1.8%  | 8.0%  | 4.3%   | 5.9%   | 4.9%   | 2.1%    | 7.5%    | 4.4%    |
| MSCI Emerging Markets Index (Intl. Stocks - USD)     | N/A      | -2.6% | -3.5%  | -5.8%  | 14.0% | 6.2%   | 4.5%   | 1.8%   | 1.6%    | 11.4%   | N/A     |
| Morningstar Allocation--15% to 30% Equity            | 4.9%     | -0.9% | 0.4%   | 0.2%   | 2.0%  | 2.4%   | 2.8%   | 3.1%   | 3.5%    | 4.0%    | 4.2%    |
| Morningstar Allocation--30% to 50% Equity            | 5.4%     | -0.5% | 0.6%   | 0.3%   | 4.2%  | 3.6%   | 4.1%   | 4.3%   | 4.3%    | 4.6%    | 4.2%    |
| Morningstar Allocation--50% to 70% Equity            | 6.6%     | -0.1% | 1.0%   | 0.3%   | 6.9%  | 4.9%   | 6.3%   | 6.4%   | 5.2%    | 6.1%    | 4.9%    |
| Morningstar Allocation--70% to 85% Equity            | 7.0%     | 0.6%  | 1.3%   | 0.6%   | 9.1%  | 5.7%   | 7.4%   | 7.0%   | 5.4%    | 7.0%    | 5.2%    |
| Morningstar Allocation--85% + Equity                 | 8.2%     | 1.3%  | 1.7%   | 1.1%   | 11.5% | 7.1%   | 9.0%   | 8.5%   | 6.0%    | 7.8%    | 6.1%    |
| Morningstar Nontraditional Bond                      | N/A      | -0.3% | -0.4%  | -0.5%  | 1.5%  | 1.9%   | 1.4%   | 1.9%   | 2.3%    | 2.8%    | 3.2%    |
| Morningstar Short-Term Bond                          | 3.4%     | -0.1% | 0.3%   | 0.4%   | 0.4%  | 0.9%   | 1.0%   | 1.3%   | 1.9%    | 2.0%    | 2.9%    |
| Morningstar Muni National Interim                    | 4.0%     | -0.4% | 1.0%   | 0.9%   | 0.7%  | 2.1%   | 2.0%   | 2.9%   | 3.4%    | 3.1%    | 3.7%    |
| Morningstar Intermediate-Term Bond                   | 4.6%     | -1.5% | 0.5%   | 0.3%   | -0.3% | 1.4%   | 1.8%   | 2.6%   | 3.7%    | 3.4%    | 4.2%    |
| Morningstar Multisector Bond                         | 5.5%     | -0.8% | -0.1%  | -0.2%  | 1.6%  | 2.7%   | 2.8%   | 3.7%   | 4.6%    | 4.9%    | 4.8%    |
| Morningstar World Bond                               | 4.8%     | -1.0% | -1.1%  | -1.4%  | 1.5%  | 2.2%   | 1.3%   | 1.6%   | 2.9%    | 3.7%    | 4.3%    |
| Morningstar Large Value                              | 8.2%     | -1.2% | 0.9%   | -0.6%  | 10.3% | 7.2%   | 9.4%   | 9.8%   | 6.7%    | 7.8%    | 5.7%    |
| Morningstar Large Blend                              | 8.1%     | 1.3%  | 2.0%   | 0.1%   | 13.2% | 8.7%   | 10.9%  | 10.6%  | 7.5%    | 8.1%    | 5.5%    |
| Morningstar Large Growth                             | 8.4%     | 6.8%  | 3.8%   | 2.0%   | 19.8% | 11.5%  | 13.7%  | 12.3%  | 8.8%    | 8.9%    | 6.0%    |
| Morningstar Mid-Cap Value                            | 9.9%     | -0.3% | 1.4%   | 1.5%   | 10.1% | 6.8%   | 9.8%   | 9.8%   | 8.0%    | 9.5%    | 8.1%    |
| Morningstar Mid-Cap Blend                            | 9.8%     | 1.4%  | 2.7%   | 2.3%   | 12.4% | 7.0%   | 9.7%   | 9.4%   | 7.7%    | 9.3%    | 7.8%    |
| Morningstar Mid-Cap Growth                           | 9.4%     | 5.8%  | 4.2%   | 3.6%   | 18.5% | 9.0%   | 11.7%  | 10.2%  | 8.0%    | 9.5%    | 7.4%    |
| Morningstar Small Value                              | 10.3%    | 3.0%  | 4.8%   | 6.8%   | 14.8% | 8.9%   | 9.7%   | 9.8%   | 8.5%    | 9.8%    | 8.5%    |
| Morningstar Small Growth                             | 9.8%     | 9.6%  | 6.7%   | 8.4%   | 24.3% | 10.9%  | 12.5%  | 10.8%  | 9.2%    | 9.9%    | 8.0%    |
| Morningstar Foreign Large Value                      | 6.0%     | -2.6% | -2.9%  | -2.2%  | 6.1%  | 3.1%   | 4.9%   | 3.6%   | 1.3%    | 6.8%    | 4.5%    |
| Morningstar Foreign Large Growth                     | 5.9%     | 0.9%  | 0.4%   | 0.2%   | 12.3% | 6.1%   | 7.0%   | 5.3%   | 2.9%    | 7.8%    | 4.3%    |
| Morningstar Diversified Emerging Mkts                | 7.0%     | -3.1% | -3.2%  | -5.7%  | 11.7% | 5.3%   | 3.5%   | 1.4%   | 0.6%    | 10.2%   | 7.3%    |

### 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 Investment Advisors hue to the edict of being the ‘tortoise’ rather than the ‘hare’. Or, in a different vernacular, provide Clients upside participation but with moreover downside protection.

| <b>Capital Market Index / Morningstar Category</b>   | <b>2017</b> | <b>2016</b> | <b>2015</b> | <b>2014</b> | <b>2013</b> | <b>2012</b> | <b>2011</b> | <b>2010</b> | <b>2009</b> | <b>2008</b> | <b>2007</b> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| U.S. Consumer Price Index (Inflation)                | 2.0%        | 2.1%        | 0.7%        | 0.7%        | 1.4%        | 1.8%        | 3.0%        | 1.4%        | 2.8%        | -0.1%       | 4.1%        |
| FTSE 3-Month Treasury Bills Index (Cash)             | 0.8%        | 0.3%        | 0.0%        | 0.0%        | 0.1%        | 0.1%        | 0.1%        | 0.1%        | 0.2%        | 1.8%        | 4.7%        |
| Bloomberg Barclays U.S. Aggregate Bond Index (Bonds) | 3.5%        | 2.7%        | 0.6%        | 6.0%        | -2.0%       | 4.2%        | 7.8%        | 6.5%        | 5.9%        | 5.2%        | 7.0%        |
| JPMorgan GBI Global Ex-U.S. (USD) (Bonds)            | 9.9%        | 1.9%        | -4.8%       | -2.5%       | -5.1%       | 0.8%        | 5.9%        | 6.8%        | 3.9%        | 11.4%       | 11.3%       |
| S&P 500 Index (Large-Cap Stocks)                     | 21.8%       | 12.0%       | 1.4%        | 13.7%       | 32.4%       | 16.0%       | 2.1%        | 15.1%       | 26.5%       | -37.0%      | 5.5%        |
| S&P MidCap 400 Index (Mid-Cap Stocks)                | 16.2%       | 20.7%       | -2.2%       | 9.8%        | 33.5%       | 17.9%       | -1.7%       | 26.6%       | 37.4%       | -36.2%      | 8.0%        |
| Russell 2000 Index (Small-Cap Stocks)                | 14.7%       | 21.3%       | -4.4%       | 4.9%        | 38.8%       | 16.4%       | -4.2%       | 26.9%       | 27.2%       | -33.8%      | -1.6%       |
| MSCIEAFE Index (Intl. Stocks - USD)                  | 25.0%       | 1.0%        | -0.8%       | -4.9%       | 22.8%       | 17.3%       | -12.1%      | 7.8%        | 31.8%       | -43.4%      | 11.2%       |
| MSCI Emerging Markets Index (Intl. Stocks - USD)     | 37.3%       | 11.2%       | -14.9%      | -2.2%       | -2.6%       | 18.2%       | -18.4%      | 18.9%       | 78.5%       | -53.3%      | 39.4%       |
| Morningstar Allocation--15% to 30% Equity            | 6.5%        | 5.7%        | -2.1%       | 3.4%        | 4.0%        | 8.3%        | 1.8%        | 9.6%        | 19.2%       | -16.3%      | 5.1%        |
| Morningstar Allocation--30% to 50% Equity            | 9.6%        | 6.7%        | -2.4%       | 3.9%        | 7.1%        | 9.2%        | 1.7%        | 10.0%       | 20.4%       | -18.9%      | 4.6%        |
| Morningstar Allocation--50% to 70% Equity            | 13.2%       | 7.4%        | -2.0%       | 5.8%        | 16.1%       | 11.9%       | -0.4%       | 11.7%       | 24.0%       | -28.2%      | 5.9%        |
| Morningstar Allocation--70% to 85% Equity            | 16.2%       | 7.8%        | -2.7%       | 5.6%        | 20.9%       | 13.4%       | -3.4%       | 13.4%       | 29.3%       | -34.4%      | 7.4%        |
| Morningstar Allocation--85% + Equity                 | 19.7%       | 7.9%        | -1.8%       | 5.5%        | 26.7%       | 15.4%       | -4.2%       | 14.8%       | 30.1%       | -38.5%      | 7.5%        |
| Morningstar Nontraditional Bond                      | 4.3%        | 4.7%        | -1.5%       | 0.9%        | 0.4%        | 7.0%        | -0.9%       | 5.6%        | 19.0%       | -14.2%      | 2.7%        |
| Morningstar Short-Term Bond                          | 1.7%        | 2.0%        | 0.2%        | 1.1%        | 0.4%        | 3.7%        | 1.5%        | 4.0%        | 9.0%        | -4.6%       | 4.3%        |
| Morningstar Muni National Interm                     | 4.5%        | -0.2%       | 2.5%        | 6.3%        | -2.3%       | 5.6%        | 8.4%        | 2.2%        | 12.5%       | -2.7%       | 2.7%        |
| Morningstar Intermediate-Term Bond                   | 3.8%        | 3.2%        | -0.3%       | 5.1%        | -1.4%       | 6.9%        | 5.8%        | 7.7%        | 13.5%       | -5.1%       | 4.6%        |
| Morningstar Multisector Bond                         | 6.1%        | 7.1%        | -2.0%       | 3.4%        | 2.2%        | 11.6%       | 2.9%        | 10.6%       | 25.7%       | -15.0%      | 4.3%        |
| Morningstar World Bond                               | 6.9%        | 3.8%        | -4.1%       | 1.7%        | -2.9%       | 7.8%        | 3.3%        | 6.8%        | 13.6%       | -2.2%       | 7.3%        |
| Morningstar Large Value                              | 16.1%       | 14.6%       | -4.1%       | 10.2%       | 31.2%       | 14.6%       | -0.8%       | 13.6%       | 24.3%       | -37.4%      | 1.3%        |
| Morningstar Large Blend                              | 20.5%       | 10.1%       | -1.5%       | 10.7%       | 31.3%       | 14.9%       | -1.4%       | 14.2%       | 28.2%       | -37.9%      | 6.0%        |
| Morningstar Large Growth                             | 27.8%       | 3.2%        | 3.6%        | 10.1%       | 33.9%       | 15.2%       | -2.6%       | 15.4%       | 35.2%       | -40.9%      | 13.2%       |
| Morningstar Mid-Cap Value                            | 13.6%       | 17.6%       | -5.2%       | 9.3%        | 34.9%       | 16.5%       | -3.9%       | 22.0%       | 34.1%       | -37.0%      | 0.9%        |
| Morningstar Mid-Cap Blend                            | 15.9%       | 13.7%       | -4.5%       | 7.8%        | 34.4%       | 15.9%       | -4.1%       | 22.7%       | 37.5%       | -39.7%      | 4.4%        |
| Morningstar Mid-Cap Growth                           | 24.5%       | 5.7%        | -1.0%       | 6.9%        | 34.8%       | 14.0%       | -4.2%       | 24.8%       | 38.9%       | -43.9%      | 14.7%       |
| Morningstar Small Value                              | 9.1%        | 25.7%       | -7.0%       | 3.3%        | 36.2%       | 16.0%       | -4.3%       | 25.7%       | 29.9%       | -32.5%      | -6.2%       |
| Morningstar Small Growth                             | 21.8%       | 11.0%       | -2.5%       | 2.6%        | 40.8%       | 13.2%       | -3.6%       | 27.0%       | 35.1%       | -41.8%      | 7.3%        |
| Morningstar Foreign Large Value                      | 22.4%       | 3.1%        | -3.3%       | -6.1%       | 21.0%       | 16.5%       | -12.9%      | 7.4%        | 29.9%       | -42.5%      | 8.7%        |
| Morningstar Foreign Large Growth                     | 31.3%       | -2.6%       | 1.1%        | -4.0%       | 17.9%       | 18.1%       | -12.6%      | 14.2%       | 39.2%       | -46.8%      | 15.5%       |
| Morningstar Diversified Emerging Mkts                | 34.7%       | 8.1%        | -13.7%      | -3.0%       | -0.7%       | 18.1%       | -19.6%      | 18.6%       | 73.4%       | -54.7%      | 36.5%       |

Note: Periods longer than 1-year are average annualized rates of total return. Source: Morningstar™ and Zephyr StyleADVISOR™. U.S. Consumer Price Index (Inflation) lagged 1-month.

### 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.