



Investment Glossary

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

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

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

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

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

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

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

Book Value: The value of a security on the day of purchase or the acquisition value.

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

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

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

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

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

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

Earnings Growth: The annual rate of growth of earnings typically measured as Earnings Per Share Growth..

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

Forward earnings per share or forward price/ earnings: is a measure of the price-to-earnings ratio (P/E) using forecasted earnings for the P/E calculation. The forecasted earnings used in the formula can either be for the next 12 months or for the next full-year fiscal period.

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

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

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

Hurdle rate: is the minimum expected total annual return from an investment over the expected lifetime of the investment.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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