

# Morningstar Investment Services, Inc.

## 60 Moderate

**Product Type:** Multi-Product Portfolio  
**Geography Focus:** Global  
**Type of Portfolio:** Balanced  
**Avg. Capitalization:**  
**Management Style:** Blend

**Headquarters:** Chicago, IL  
**Year Founded:** 2001  
**Total AUM:** \$ million  
**Inception of Style:** 2006  
**Assets in Style:** million

**Total Staff:** 65  
**Investment Professionals:** 7  
**Avg. Years with Firm:** 8  
**Avg. Years Industry Experience:** 12

**Ownership:** Morningstar, Inc.  
**Research Method:** No Preference  
**Investment Emphasis:** No Preference

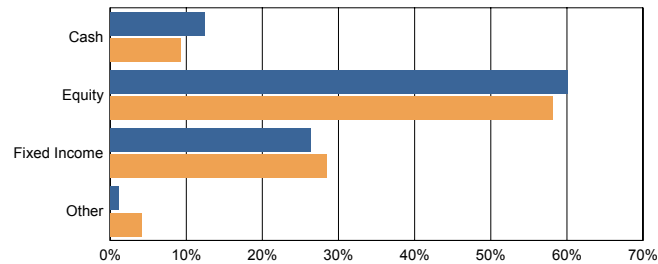
### Investment Philosophy

By leveraging years of financial research and theories, Morningstar developed its own proprietary asset allocation methodology. Today, Morningstar offers a top-down investment management process to build robust portfolios based on sound asset allocation principles for financial institutions. To create each offering, the following process was established for portfolio construction: Allocate: Morningstar begins by analyzing asset classes and constructs long-term expected returns, standard deviations, and correlation coefficients. A portfolio's desired risk level is considered in order to identify the appropriate strategic mix of stocks, bonds, and other alternative asset classes. Each portfolio is built on a well-diversified foundation of 18 asset classes--helping to ensure each is effective under a range of market conditions. Implement: Once an asset allocation strategy is established, the best investments are used to put the plan into place. An in-depth quantitative and qualitative assessment of each investment being considered for a portfolio is conducted. Next, the combination of passive and active funds that best fulfills each portfolio's target asset allocation is identified. Optimize is the final step of the process, trying to maximize the value of a portfolio, the target asset allocation and investment selection is revisited. This helps to ensure that each portfolio is positioned to help meet client investing needs--year in and year out.

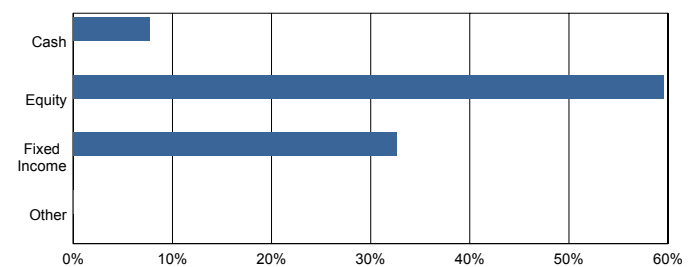
### Portfolio Manager Profile

Lucian Marinescu, CFA is the Senior Consultant. Lucian develops asset allocation programs and fund of fund portfolios for mutual fund, insurance and money management companies. Brian Huckstep, CFA is a Portfolio Manager. Brian is responsible for delivering fund of funds programs for institutional and retail clients, which includes asset allocation, portfolio construction, and manager due diligence. Scott Wentzel, CFA, CFP is Vice President and Senior Portfolio Manager. Scott is a senior member of the investment team with portfolio management and oversight responsibility for financial institution clients. He is also a member of the firm's Investment Policy Committee and has over 25 years of investment industry experience. Lucian, Brian and Scott hold Masters of Business Administration degrees from the University Of Chicago Booth School Of Business and the CFA designation.

**Manager's Portfolio Allocation**



**Benchmark's<sup>1</sup> Portfolio Allocation**



<sup>1</sup>Benchmark: 60% S&P 500/38%Barclays Agg Bond/2% T-Bill.

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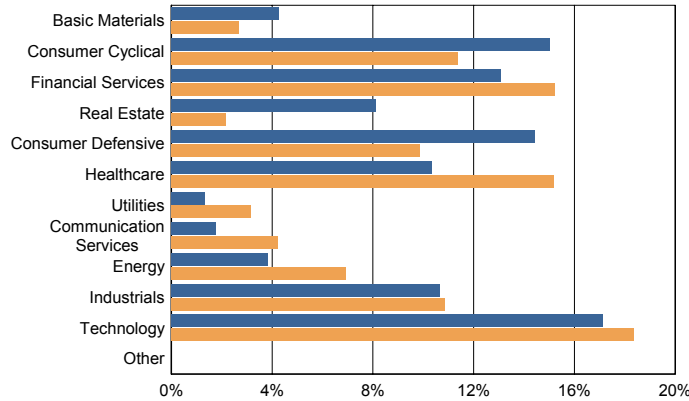
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### Portfolio Characteristics

(09/30/2015)

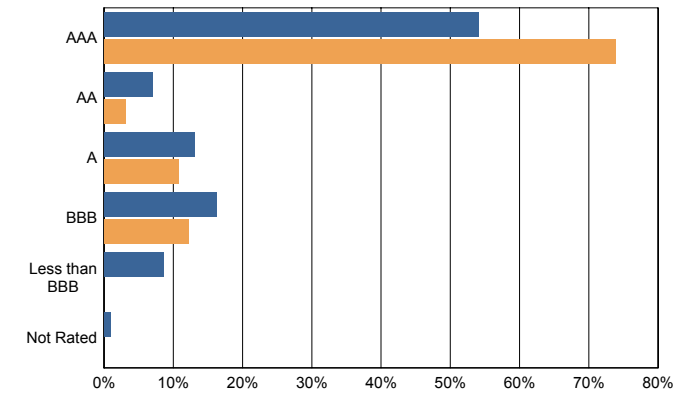
	Manager	Benchmark <sup>1 2</sup>
Avg. Annual Turnover:	N/A	N/A
Portfolio Yield:	1.63%	2.25%
Max. Cash Holding:	N/A	N/A
Current # of Holdings:	23	3
Median Market Cap:	\$38,236 M	\$68,379 M
Avg. Price/Earnings Ratio:	18.9	17.9
Avg. Price/Book Ratio:	2.8	2.5
Avg. Bond Duration:	N/A	5.0 years
Avg. Bond Maturity:	N/A	N/A
Avg. Bond Quality:	BBB	N/A
Avg. Bond Coupon:	N/A	N/A
% in US Market:	42%	59%
% in Emerging Markets:	5%	0%

### Equity Sector Allocation (09/30/2015)



■ Manager

### Credit Quality Allocation (09/30/2015)



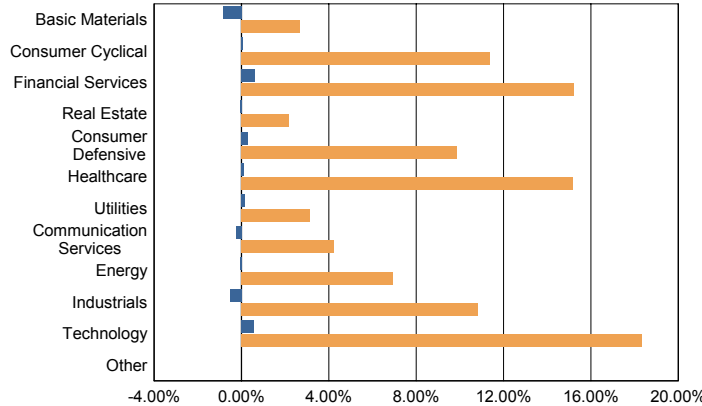
■ Benchmark<sup>1 2</sup>

### Top Ten Holdings (09/30/2015)

YAFFX AMG Yacktman Focused Service	11.00%
MWTRX Total Return Bond M	9.00%
PREIX T. Rowe Price Equity Index 500	7.00%
HCAIX Capital Appreciation Inv	6.00%
JVMAX Disciplined Value Mid Cap A	6.00%
HIINX International Inv	5.00%
PGBOX Core Bond A	5.00%
MGIAX International Investors Trust A	5.00%
HYFIX Harbor High-Yield Bond Inv	4.00%
ACINX Columbia Acorn International Z	4.00%
<b>Portfolio</b>	<b>62.00%</b>

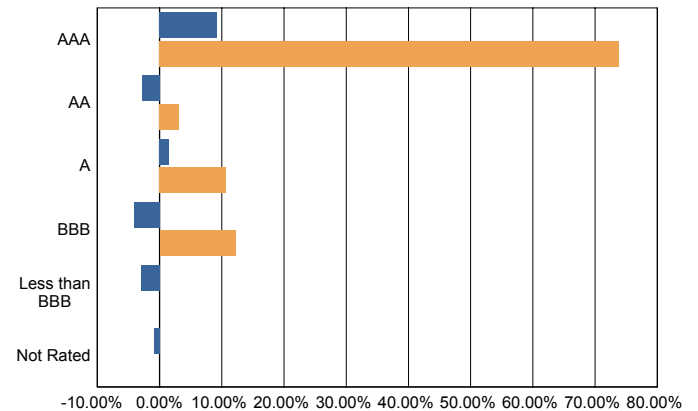
### % of Portfolio

### Equity Sector Allocation Change (09/30/2015 vs. 06/30/2015)



■ Manager

### Credit Quality Allocation Change (09/30/2015 vs. 06/30/2015)



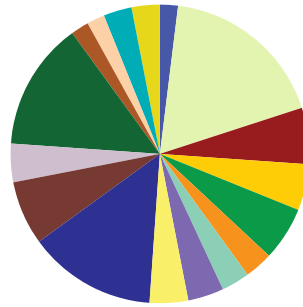
■ Benchmark<sup>1 2</sup>

<sup>1</sup>Benchmark: 60% S&P 500/38%Barclays Agg Bond/2% T-Bill

<sup>2</sup>ETF proxy utilized for comparative data.

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### Equity

<u>Manager Name</u>	<u>Product Name</u>	<u>Symbol</u>	<u>Weight</u>	<u>Avg. Ann Turnover</u>	<u>P/E</u>	<u>P/B</u>	<u>Median Market Cap (\$Mil)</u>	<u>Asset Class</u>	
AMG Funds	AMG Yacktmann Focused Service	YAFFX	11.00%	16%	14.90	3.02	89,330.21	Domestic Large Cap Core	
T. Rowe Price Funds	T. Rowe Price Equity Index 500	PREIX	7.00%	6%	19.05	2.75	72,404.05	Domestic Large Cap Core	
Harbor Funds	Capital Appreciation Inv	HCAIX	6.00%	34%	28.82	6.37	69,744.38	Domestic Large Cap Growth	
John Hancock Funds	Disciplined Value Mid Cap A	JVMAX	6.00%	35%	18.83	2.41	11,253.30	Domestic Mid Cap Value	
Harbor Funds	International Inv	HIINX	5.00%	11%	17.61	2.07	49,739.06	International Equity	
MFS	International Investors Trust A	MGIAX	5.00%	14%	19.96	2.32	22,395.77	International Equity	
Oppenheimer Funds	Developing Markets A	ODMAX	4.00%	26%	19.16	2.54	17,119.19	Emerging Markets	
Columbia Funds	Columbia Acorn International Z	ACINX	4.00%	28%	20.12	2.59	2,950.96	International Equity	
Aston Funds	ASTON/Fairpointe Mid Cap N	CHTTX	3.00%	50%	17.42	1.65	5,061.95	Domestic Mid Cap Core	
Wasatch Funds	Core Growth	WGROX	3.00%	-1000%	25.45	4.67	2,837.64	Domestic Small Cap Growth	
Northern Funds	Small Cap Value	NOSGX	3.00%	16%	17.64	1.57	1,653.84	Domestic Small Cap Value	
Voya Investment Manag	VOYA Global Real Estate A	IGLAX	3.00%	40%	16.64	1.56	11,039.67	Specialty - REITs	
Dreyfus	Mid Cap Index	PESPX	2.00%	16%	20.37	2.21	4,446.99	Domestic Mid Cap Core	
Merger	Fund	MERFX	2.00%	137%	22.52	2.46	18,266.64	Specialty - Alternative Investments	
Invesco	Invesco Balanced Risk Commodity	BRCAX	2.00%	21%	N/A	N/A	N/A	Specialty - Natural Res	
			<b>66.00%</b>						

### Fixed Income

<u>Manager Name</u>	<u>Product Name</u>	<u>Symbol</u>	<u>Weight</u>	<u>Avg. Ann Turnover</u>	<u>Avg. Quality</u>	<u>Avg. Bond Duration</u>	<u>Avg. Coupon</u>	<u>Asset Class</u>
Metropolitan West Funds	Total Return Bond M	MWTRX	9.00%	246%	A	5.00	2.69	FI - Intermediate Govt/Corp Bonds
JPMorgan Funds	Core Bond A	PGBOX	5.00%	15%	BBB	4.91	3.52	FI - Intermediate Govt/Corp Bonds
Harbor Funds	Harbor High-Yield Bond Inv	HYFIX	4.00%	48%	Not Rated	N/A	5.90	FI - High Yield Bonds
Templeton Group	Global Bond A	TPINX	4.00%	35%	BB	0.13	6.04	FI - International Bond

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T. Rowe Price Funds	Short Term Bond	PRWBX	4.00%	53%	A	1.84	2.44	FI - Short Govt/Corp	
MFS	Emerging Mkt Debt A	MEDAX	3.00%	55%	BB	5.97	5.56	FI - International Bond	
BlackRock	Inflation Protected Bond Inv A	BPRAX	3.00%	66%	AA	7.77	1.32	Specialty - TIPS	
FDX CASH	FDX CASH	FXCASH	2.00%	1%	AA	0.17	0.00	Cash Equivalents	
				<b>34.00%</b>					

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### Current Year Quarterly Returns

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Manager	2.09%	-0.58%	-5.70%	N/A
Benchmark <sup>1</sup>	1.18%	-0.47%	-3.86%	N/A

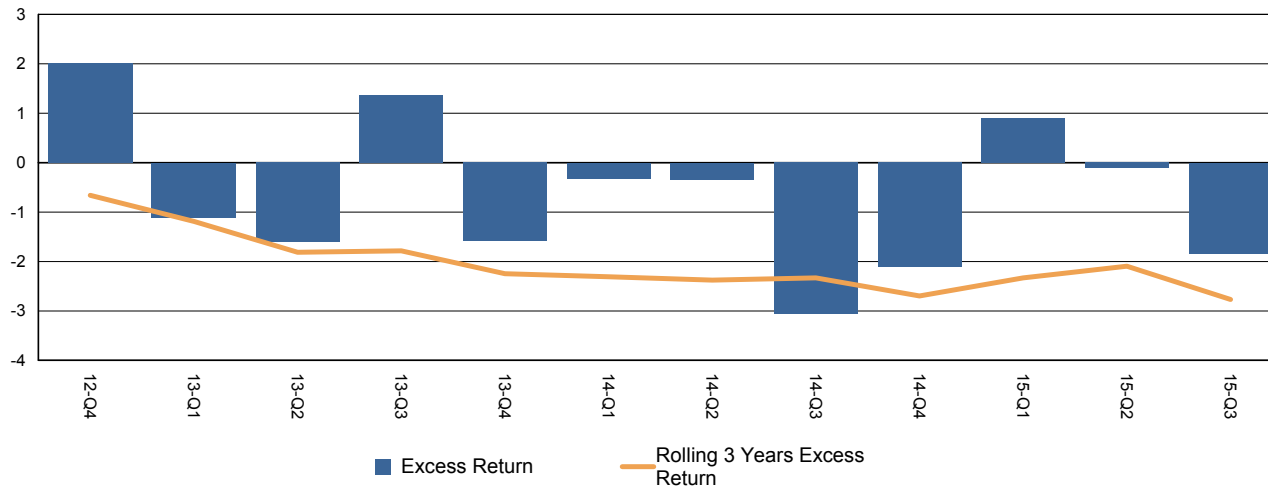
### Calendar Returns

	2015	2014	2013	2012	2011
Manager	N/A	4.21%	14.48%	12.88%	0.01%
Benchmark <sup>1</sup>	N/A	10.43%	17.78%	11.31%	4.80%

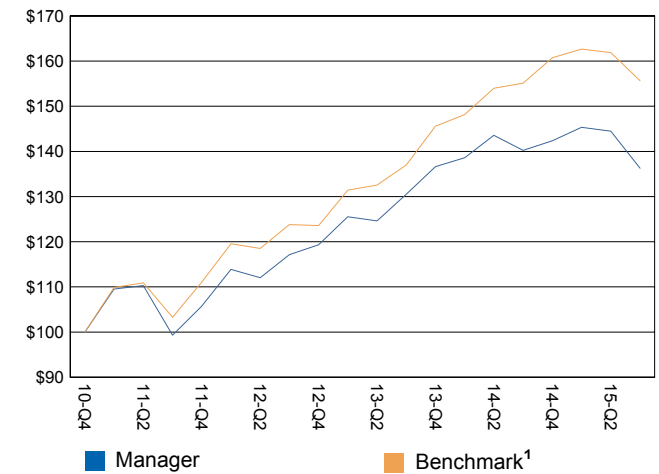
### Trailing Returns (09/30/2015)

	1 Year	3 Year	5 Year	7 Year	10 Year
Manager	-2.82%	5.17%	6.38%	6.51%	N/A
Benchmark <sup>1</sup>	0.34%	7.93%	9.25%	8.10%	6.20%

### Rolling 3 Year Annualized Excess Return vs. Benchmark<sup>1</sup>



### Growth of \$100 (Up to 20 Quarters)



<sup>1</sup>Benchmark: 60% S&P 500/38%Barclays Agg Bond/2% T-Bill

### Disclosure

The investment descriptions and other information contained in this manager profile are based on data received from that manager and other sources as of the date indicated at the bottom of this report. The information is believed to be accurate, but has not been independently verified. All performance results are shown gross of fees and do not reflect the deduction of investment advisory fees and any other expenses incurred in the management of the investment advisory account. Your actual performance will vary and may be affected by the timing of delivery of investment recommendations from the Alpha Provider to the time of implementation by your client service agent. Trades placed by your designated adviser may be more or less favorable than the prices obtained by the Alpha Provider for their client accounts. The delayed release of investment recommendations may, in certain instances, reduce or eliminate the informations usefulness. Investment advisory fees are described in Part II of Form ADV or other similar document provided by your designated adviser. Actual performance results will be reduced by fees including, but not limited to, investment management fees and other costs, such as custodial, reporting, and evaluation services (Portfolio Fees). The net compounded impact of the deduction of such fees over time will be affected by the amount of the fees, the time period, and investment performance. For example, an account with a 1% annualized investment management fee, deducted quarterly, with 5 year annualized performance of 10% before fees, will have a net annualized performance of 8.93%. Compounding will similarly affect the account's performance on a cumulative basis. Specific calculations of net of fees performance for a given fee structure and gross of fees performance can be provided upon request. This is not a sales solicitation, but rather a research profile on a specific investment manager. Please contact your designated adviser to determine its registration requirements in your state. Your designated adviser and not the manager described herein will act as adviser and fiduciary to and on behalf of your account. Your designated adviser provides individualized investment advice and portfolio management services.

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### Risk Analysis (12 Quarters)

Manager Benchmark<sup>1</sup>

### Risk Analysis (20 Quarters)

Manager Benchmark<sup>1</sup>

#### Reward Measures

Annualized Return	5.17%	7.93%	6.38%	9.25%
Excess Return	-2.77%	N/A	-2.87%	N/A
Risk Adjusted Alpha	-2.40%	0.00%	-3.48%	0.00%

#### Risk Measures

Standard Deviation	6.45%	5.84%	8.59%	7.49%
Beta	0.97	1.00	1.09	1.00
Tracking Error	2.91%	0.00%	2.58%	0.00%

#### Risk vs. Reward

Sharpe Ratio	0.79	1.35	0.73	1.22
Treynor Ratio	5.25	7.88	5.76	9.17
Information Ratio	-0.89	0.00	-1.01	0.00

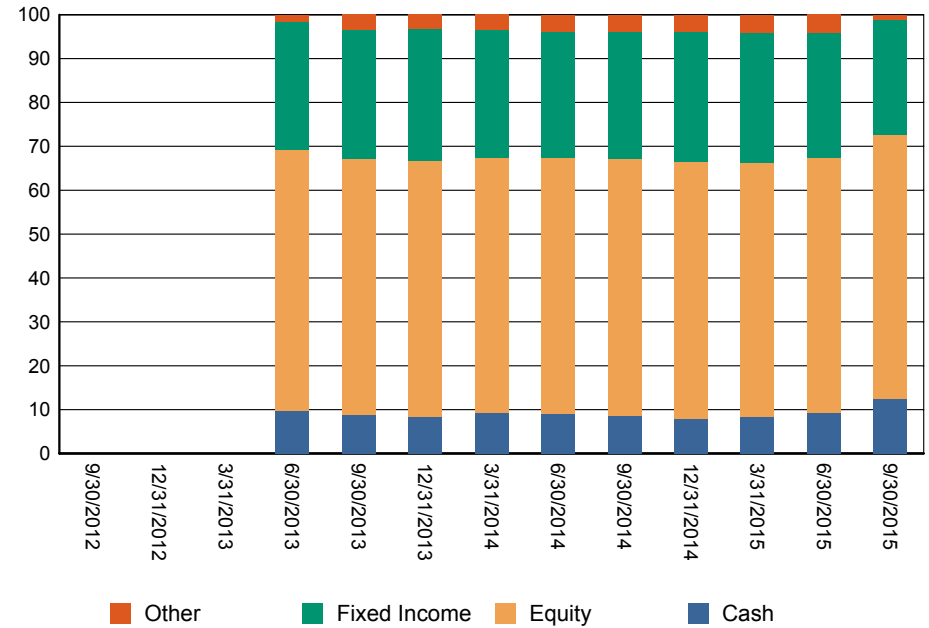
#### Experience Measures

Upside Capture	70.56%	100.00%	82.93%	100.00%
Downside Capture	101.03%	100.00%	131.29%	100.00%
Best Quarter	5.21%	6.32%	7.71%	7.67%
Worst Quarter	-5.70%	-3.86%	-9.95%	-6.86%
# Negative Quarters	4	3	6	5

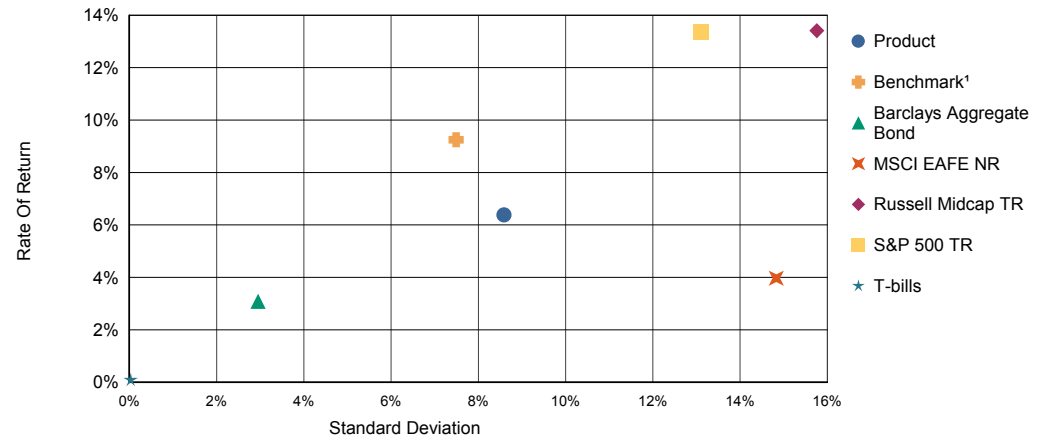
R-Squared	0.78	1.00	0.91	1.00
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Data as of 09/30/2015.

### Historical Allocations



### Risk / Return (20 Quarters) (09/30/2015)



<sup>1</sup>Benchmark: 60% S&P 500/38%Barclays Agg Bond/2% T-Bill

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### Research Status

Status Date:

Current Status: Access

### Client Service

Research Analyst:

Phone Number:

### Important Notes

Your designated adviser will act as adviser to and on behalf of your account. The manager described herein and the other service providers involved with the program do not act as adviser or fiduciary to and on behalf of your account. The managers and other service providers involved with the program do not provide individualized discretionary advice. Your designated adviser provides individualized investment advice and portfolio manager services using non-discretionary investment recommendations (model portfolio) furnished by the manager to your designated adviser. The performance information shown for the manager is for a composite of accounts managed on a discretionary basis by the manager. Your designated adviser's model composition requirements and implementation practices may result in program accounts having different holdings and investment performance than manager's discretionary client accounts. Administrative and/or technological requirements of your designated adviser, and/or other factors, such as varying trade rotation practices of managers, affect the timing of delivery of such non-discretionary investment recommendations and may delay the review and implementation thereof by your designated adviser with respect to your account. Such delay may adversely impact the management of your account and the performance of your account relative to the manager's discretionary client account and other accounts managed using manager's non-discretionary investment recommendations. Prices obtained for trades that are placed by your designated adviser may be more or less favorable than the prices obtained by the manager for its client accounts. Additionally, the delayed release and implementation of investment recommendations may, in certain circumstances, reduce or eliminate the information's usefulness. Please also note, FDx Advisors, Inc. serves as a research provider. Accordingly, FDx does not have any initial or ongoing responsibility to determine whether this manager, or any other investment, is suitable for your portfolio. The suitability determination remains the obligation of your designated adviser.

### Comments

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### Glossary - Risk Characteristics Key Terms

Portfolio statistical measurements designed to analyze a manager's success in delivering performance relative to the risk the manager takes in trying to obtain better returns. The following statistical tools are derived from Modern Portfolio Theory (MPT).

**Alpha** - A measure of the difference between a portfolio's actual returns and its expected performance, given its level of risk as measured by beta. It is a measure of the historical movement of a portfolio's performance not explained by movements of the market, or a portfolio's non-systematic risk. A positive alpha indicates the portfolio has performed better than its beta would predict. A negative alpha indicates a portfolio has underperformed, given the expectations established by the fund's beta. Alpha may be useful in analyzing a manager's specific contribution or value added to a portfolio's performance.

**Beta** - A measure of the sensitivity of a portfolio to movements in the market. It is a measure of a portfolio's non-diversifiable or systematic risk. The beta of a benchmark is 1. Portfolios are thought of as more risky than the market if their Beta is larger than 1 or less risky if their beta is smaller than 1. Beta is a statistical estimate of the average change in rate of return corresponding to a 1% change in the market.

**Consistency** - The percentage of quarters (or months) that a portfolio achieved a rate of return higher than that of its benchmark. The higher the consistency figure, the more value-added a manager has contributed to the portfolio's performance.

**Capital Market Line** - A line used to illustrate the relationship between risk and return of investments. The slope of the line indicates the market's risk premium. It is a useful tool in determining whether an investment offers a reasonable return for its level of risk. A plot above the line would indicate an above market expected return for the risk.

**Downside Capture Ratio** - A measure of a portfolio's performance during a benchmark's period of negative performance. A lower downside capture ratio is desired when comparing multiple managers, as it indicates that the manager lost less than the market, when the market was down. This measure illustrates how a manager protected the portfolio during a market decline. A down market is one in which the market's quarterly return is less than zero. A negative downside capture ratio indicates that a manager's returns rose while the market declined. For example, if the market fell 10% while the manager's returns rose 4%, the downside capture ratio would be -40%.

**Downside Risk** - A similar measure to standard deviation, but focuses only the negative movements of the return series. Calculated by taking the standard deviation of the negative quarterly (or monthly) set of returns. The higher the downside risk, the riskier the portfolio.

**Information Ratio** - A similar measure to Sharpe Ratio, but focuses on the relative rate of return per one relative unit of risk (where Sharpe Ratio focuses on the absolute). Measured by dividing the excess rate of return with the tracking error. The higher the information ratio, the more value-added a manager has contributed to the portfolio's performance.

**Index** - Investors cannot invest directly in indexes. The performance of any index is not indicative of the performance of any investment and does not take into account the effects of inflation and the fees and expenses associated with investing.

**Manager** - Manager refers to the Fund Manager or Third Party Manager listed at the top of the profile/tear sheet.

### **Popular Index Portfolio Opportunity Distributions (PIPODs or PODs) -**

Scientifically-designed peer groups that comprise all of the portfolios that could have been held by an investment manager adhering to a specified mandate, such as the S&P 500. For instance, if a manager holds 50 stocks in their portfolio and manages to the S&P 500, the POD will illustrate the range of returns for 10,000 randomly created 50-stock portfolios using only stocks in the S&P 500. Thus, the manager is compared against the range of possibilities given his approach and benchmark. This offers an advantage over traditional peer groups because it corrects for survivorship, classification, and composition issues. It also determines statistical significance. For more information go to [www.pcca-inc.com](http://www.pcca-inc.com).

**R-squared** - The percentage of a portfolio's performance explained by the behavior of the appropriate benchmark. The higher the R-Squared, the closer the correlation of the portfolio's performance pattern to that of the appropriate benchmark.

**Sharpe Ratio** - A risk-adjusted measure calculated using standard deviation and excess return (portfolio return minus the T-Bill return) to determine reward per unit of risk. The higher the ratio, the better the portfolio's historical risk-adjusted performance.

**Rate of Return** - The gain or loss generated from an investment over a specified period of time. Rate of return is also referred to as total return and it includes the change in the value of a security plus all Interest, Dividends and capital gains distributions generated by holding that security.

**Sortino Ratio** - A risk-adjusted measure calculated using downside risk and excess return (portfolio return minus the T-Bill return or other minimal accepted return) to determine reward per downside unit of risk. The higher the Sortino Ratio, the better the portfolio's historical risk-adjusted performance. This measure is closely related to the Sharpe Ratio.

**Standard Deviation** - A statistical measure of the range of a portfolio's performance, the variability of a return around its average return over a specified time period. Approximately 68% of the time, returns of a portfolio are expected to differ from its mean return by no more than plus or minus the standard deviation figure.

**Tracking Error** - A measure of the standard deviation of a portfolio's performance relative to the performance of an appropriate market benchmark.

**Treynor Ratio** - Similar to Sharpe Ratio, but focuses on Beta rather than overall risk (standard deviation).

**Upside Capture Ratio** - A measure of a portfolio's performance during a benchmark's period of positive performance. A higher upside capture ratio is desired when comparing multiple managers. This measure illustrates how a manager capitalized on a rising market. An up market is one in which the market's quarterly return is greater than or equal to zero. A negative upside capture ratio indicates that a manager's return fell while the market rose. For example, if the market gained 10% while a manager's returns fell 4%, the upside capture ratio would be -40%.