Harpswell CAPITAL ADVISORS, LLC

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Harpswell's Market Outlook

The market surpassed expectations in yet another year ending 2021 up 19% (ACWI global stock index). The United States, once again, led global equity markets and generated an impressive 28.7%. Lower risk assets, like bonds and low volatility stocks were at the bottom of the performance lineup for 2021. Conversely, riskier assets were for the most part the best performers in 2021 (e.g., energy & pipelines) with the one exception being China which was down 21%.

China's markets were spooked by the country's new Common Prosperity policies aimed at promoting economic well-being to small companies and the people, at the expense of larger successful firms. They saw, much like we do in the US, a very narrow group of large companies enjoying the fruits of scale and market domination, while many smaller firms and families missed out.

Since the market lows of March 2020, the S&P 500 has outperformed almost every other equity market, and generated an astounding 113%! The S&P 500 ended 2021 priced at 21.2 times next year's earnings (P/E) producing one of the richest valuations since the dot-com boom of 2000 (P/E = 25.2X).

While historical data points are hardly a crystal ball into future performance, over the last 50 years, when the market's price-to-earnings ratio exceeds 21X, the subsequent 5 years rarely generated positive returns. This hypothesis seems a bit intuitive; the higher you buy an asset for, the harder it is to generate attractive returns.

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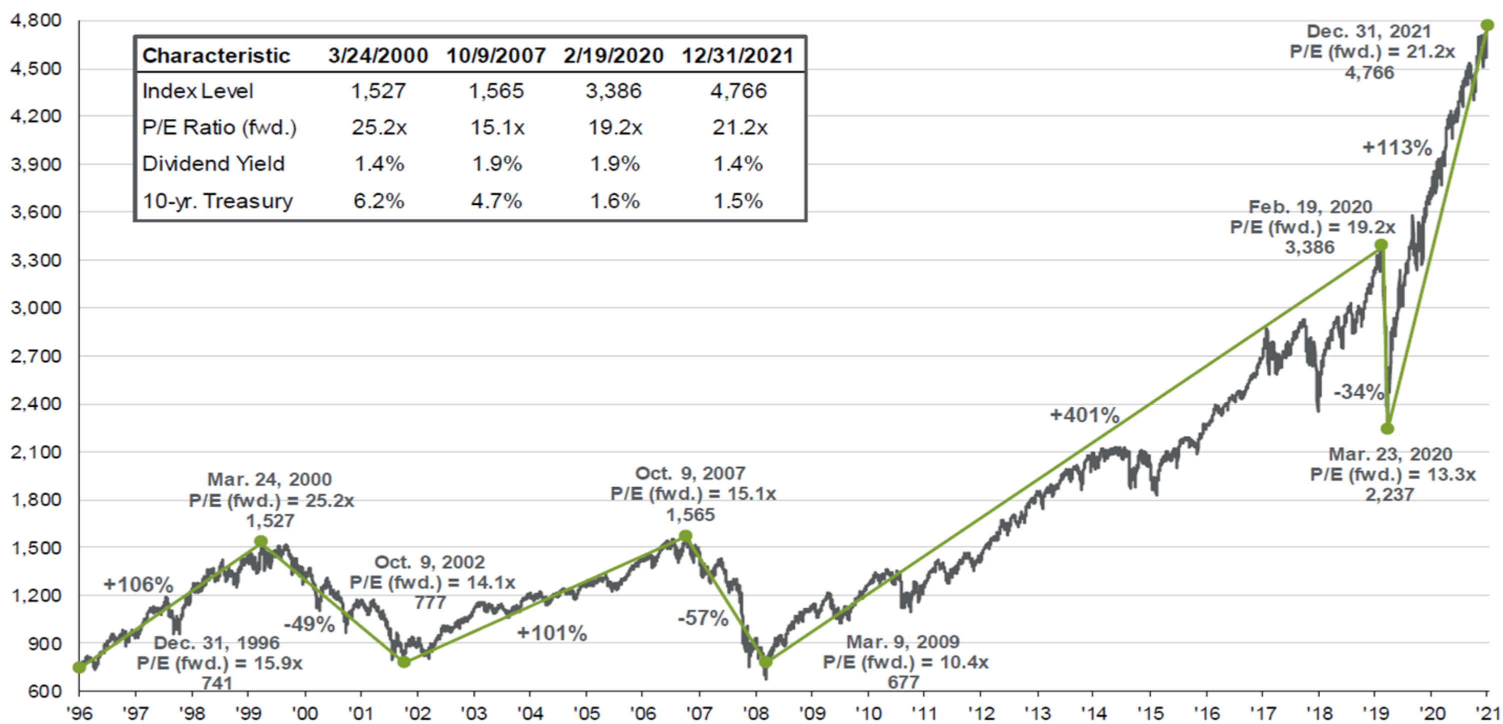
S&P 500 Price Index



Characteristic	3/24/2000	10/9/2007	2/19/2020	12/31/2021
Index Level	1,527	1,565	3,386	4,766
P/E Ratio (fwd.)	25.2x	15.1x	19.2x	21.2x
Dividend Yield	1.4%	1.9%	1.9%	1.4%
10-yr. Treasury	6.2%	4.7%	1.6%	1.5%

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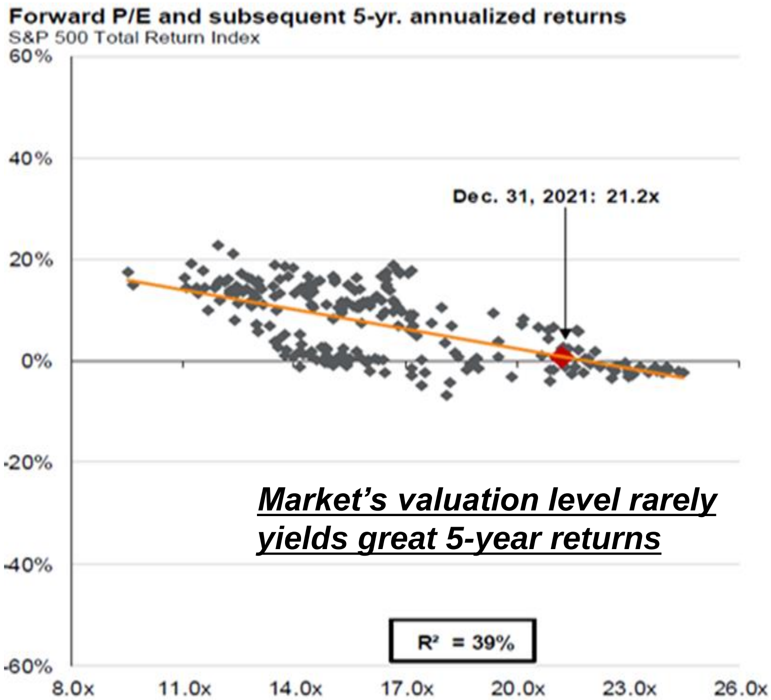
Market Outlook *(continued from page 2)*



Looked at from a different perspective, if you buy that same asset for a fraction of the price, you are clearly more likely to generate a better return off your investment.

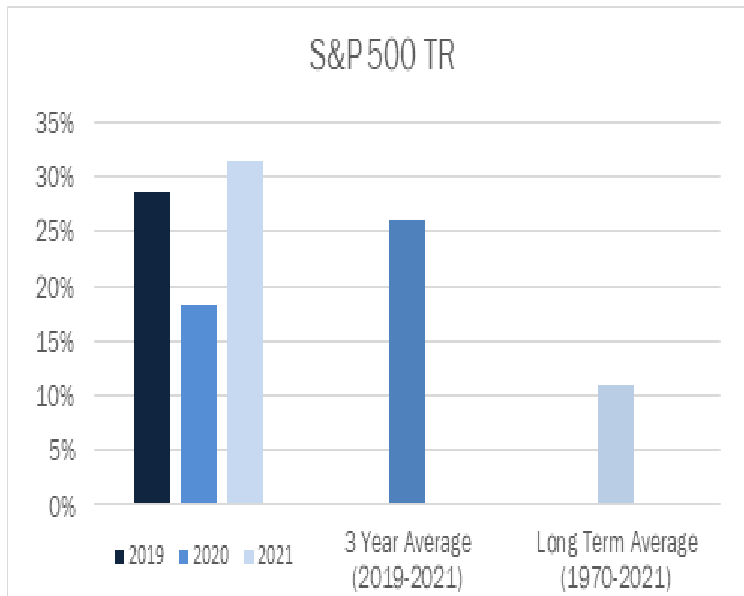
Insights from One of Harpswell's Managers – Old Farm Partners

Old Farm Partners invests in hedge fund strategies. They focus on the small and mid-sized hedge fund space + investing in co-investments alongside specialists. Harpswell has been a long-time investor in Old Farm and has known the Old Farm team for twenty years. They are based in New York City and manage $550M.

"We believe the time for diversifying from equities is upon us. In the short term, investors are keenly aware of the market sell-off in January, and likely aware of the sell-off in growth equities that began in November 2020. With Fixed Income looking unattractive to allocate capital, the team at Old Farm believes a well-managed portfolio of hedge fund strategies could be timely.

The last three years in US equities have in fact been anomalous producing returns of 28.7% in 2021, 18.4% in 2020 and 31.5% in 2019, or an average of 26.1% per year. Clear from the below chart, this is a significant deviation from the long-term returns of the S&P 500 total return (11.1%). This has been the strongest three-year period for the S&P 500 since 1997-1999, after which investors saw a swift mean reversion in 2000-2002 when the S&P 500 averaged -14.4% per year.

"Old Farm is not predicting a 2000-2002 environment, but we think it is safe to posit that we are highly unlikely to see the same returns of the last three years. The recent and ongoing unwind in growth equities reminds us to be ever vigilant in allocating our portfolio with a forward-looking view as opposed to leaning into what just worked.



"The team at Old Farm invests globally, and we think another factor that has come into the fore over the last year is how, anecdotally, investors in Europe and North America have paused on allocating incremental capital to China. As geopolitical tensions have heightened, investors woke up to the fact that China is not abiding by Western markets traditions and laws.

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Old Farm Partners *(continued from page 2)*

"China is a $14 trillion + economy and had been a large destination for global investment flows, but its perception changed significantly in 2021, which was exacerbated by capital flight out of Hong Kong. We think many allocators may have redirected more capital to US and Europe. We also think it did not go to emerging markets as countries like South Africa and Turkey also deteriorated, and that may have added to the flight of perceived quality havens.

"Thus, the US and Europe had bumper years, and the Chinese markets did not, with the MSCI China Index down 22.8% and Hong Kong (HSCEI) down 21.2% for 2021. It was the best relative performance of the US vs. the world since 1997. Including dividends, the MSCI USA index posted a return of 27%. That is 19 percentage points more than the total return on an MSCI index that tracks stocks in 49 developed and emerging markets, excluding the U.S., when measured in dollar terms. As it relates to the Fund, we are heavily weighted towards the US and to a lesser extent Europe, which we are maintaining while keeping an eye on changing conditions globally.

"The Old Farm team is seeing a number of idiosyncratic co-investment opportunities; in commodities, energy and energy infrastructure. We believe the world is struggling with supply shortages and bottlenecks in the resource space driven by a lack of traditional capital formation. With energy demand of all kinds increasing globally, years of lack of investment in energy-related assets are creating significant price volatility and opportunities for our managers that look at these areas; it is also clear to us many managers do not touch these sectors because of investment restrictions. We have found several co-investments on a bottom-up basis that relate to this theme. In addition, our event driven managers are finding numerous companies that either benefit from the uplift in commodity prices, or where these rising costs may be a headwind.

"True as always though, we are balancing our risks, tilting our hedge fund and co-investment portfolios where we see opportunity, rather than wholesale changing our exposures as the market shifts.

"Overall, we think the opportunity set looks great. True long/short strategies should be able to find good ideas in light of the incredible dispersion in valuations and business trajectories. Theoretically, a global supply chain with bottlenecks, and a shifting global macro landscape, should provide fodder for firms that do deep research and look for single, concentrated investments. We think our long-short equity strategies, and the opportunities that will be enhanced in our co-investment book, will be the drivers of fund return. We also think Event Driven, a strategy that won out in 2021 for OFP, is likely to continue to be strong in 2022. And with our co-investment program focused on long/short and event driven, we will work hard to make sure their best ideas are sized accordingly in this book, with the bonus of the great fee structures."

\- Old Farm Partners, January 2022 *

Market Concentration Risk

Harpswell recognizes that concentrated exposures in the S&P500 are inherent in an index that weighs each company's allocation based on their size. However, market concentrations are hitting highs while risks for the top constituents are growing.

Furthermore, the top companies are all reasonably homogeneous (all new economy companies: e.g., Facebook, Amazon, Google, Tesla….) with serious anti-trust and regulatory risks. They also have a bull's eye on their back as we enter the election year and legislators are likely to pursue their variation of China's common prosperity policies.

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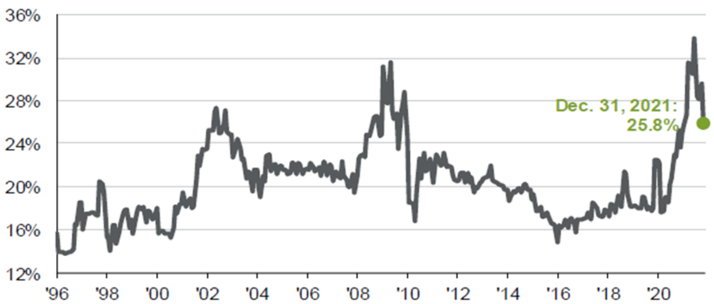
Market Concentration Risk *(continued from page 3)*

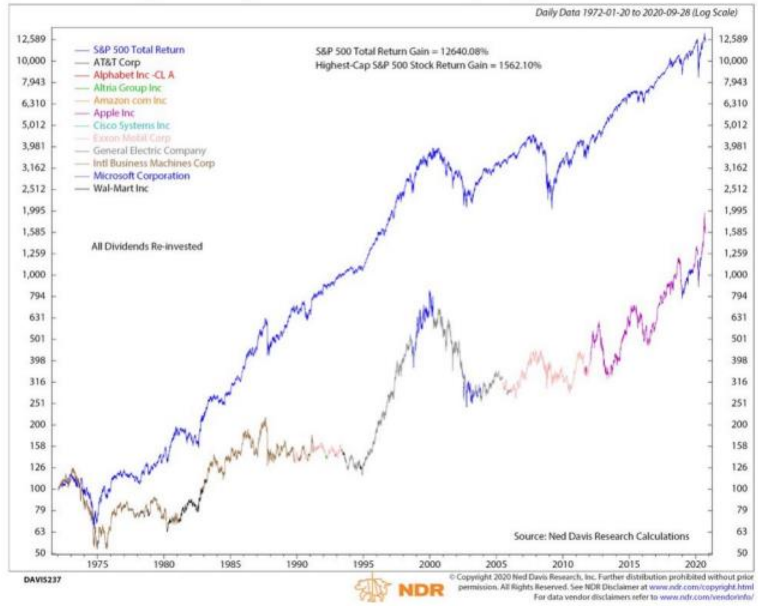
Weight of the top 10 stocks in the S&P 500
% of market capitalization of the S&P 500

Earnings contribution of the top 10 in the S&P 500
Based on last 12 months' earnings



Harpswell has aimed to reduce risks associated with the index concentration though a few tactical adjustments. First, we utilize an index that does not subscribe to a market weight methodology. The index we allocate to generally caps the maximum size of each company to around 1% (versus the S&P500 that has 5%+ positions). Second, we are utilizing a higher proportion of active managers who rely on their very thorough fundamental research to find sound investments and control risks.

In addition to curtailing risks associated with exposure to the FANGS (nickname for the largest companies in the index: Facebook, Apple, Amazon, Netflix, Google), adjusting exposure away from the largest companies should help long-term returns. As the graph above highlights, if you were to invest in only the largest company of the index, your returns would meaningfully trail those for the index! They made their money getting there, but after they reach the top, their growth generally stalls.



The FANGS have continued to have heighted volatility along with good performance, for the most part. We saw how the market concentration can work against you when one of your largest companies (Facebook) falls over 25% in one day (February 3, 2022). Ironically, it was one of the other FANGS (Apple) that was the culprit as their new security technology stifled Facebooks ability to harvest data from other apps on your phone. *

The Buffett Ratio

"The tour we've taken through the last century proves that market irrationality of an extreme kind periodically erupts--and compellingly suggests that investors wanting to do well had better learn how to deal with the next outbreak. What's needed is an antidote, and in my opinion that's quantification. If you quantify, you won't necessarily rise to brilliance, but neither will you sink into craziness.

"On a macro basis, quantification doesn't have to be complicated at all. Below is a chart, starting almost 80 years ago and really quite fundamental in what it says. The chart shows the market value of all publicly traded securities as a percentage of the country's business--that is, as a percentage of GNP.

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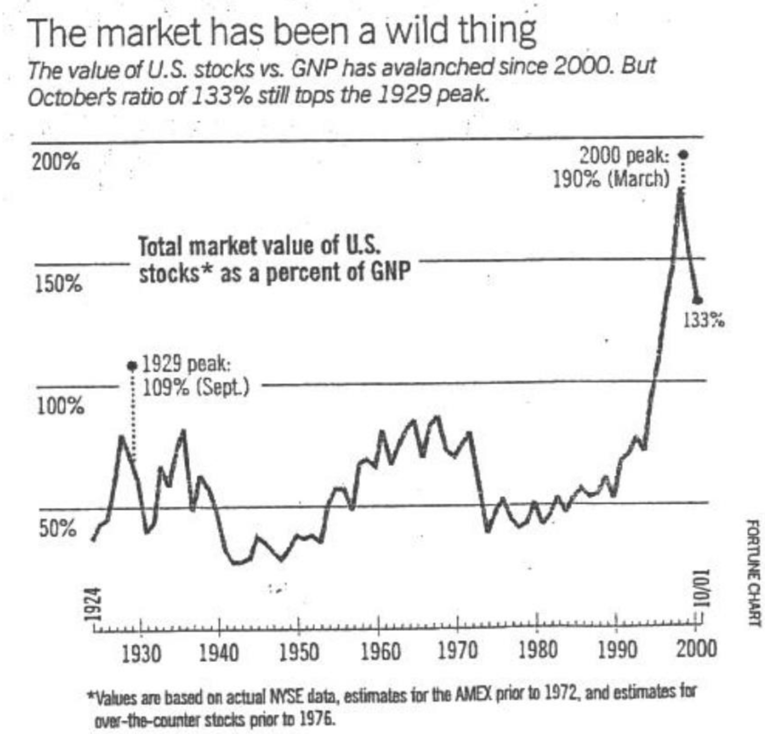
The Buffett Ratio *(continued from page 4)*



"The ratio has certain limitations in telling you what you need to know. Still, it is probably the best single measure of where valuations stand at any given moment. And as you can see, nearly two years ago the ratio rose to an unprecedented level. That should have been a very strong warning signal.

"For investors to gain wealth at a rate that exceeds the growth of U.S. business, the percentage relationship line on the chart must keep going up and up. If GNP is going to grow 5% a year and you want market values to go up 10%, then you need to have the line go straight off the top of the chart. That won't happen.

"For me, the message of that chart is this: If the percentage relationship falls to the 70% or 80% area, buying stocks is likely to work very well for you. If the ratio approaches 200%--as it did in 1999 and a part of 2000--you are playing with fire. As you can see, the ratio was recently 133%."

-Warren Buffett, Fortune Magazine, 2001

The essay referenced above introduced what became known as the Buffet Indicator, or the Financial-Assets-to-GDP-Ratio. The longer theme of Buffett's essay was that investors (including the professionals) tend to be backward looking in their return assumptions, where the last several years' growth rate in the real economy gets extrapolated forward so that equity prices get run up after the fact.

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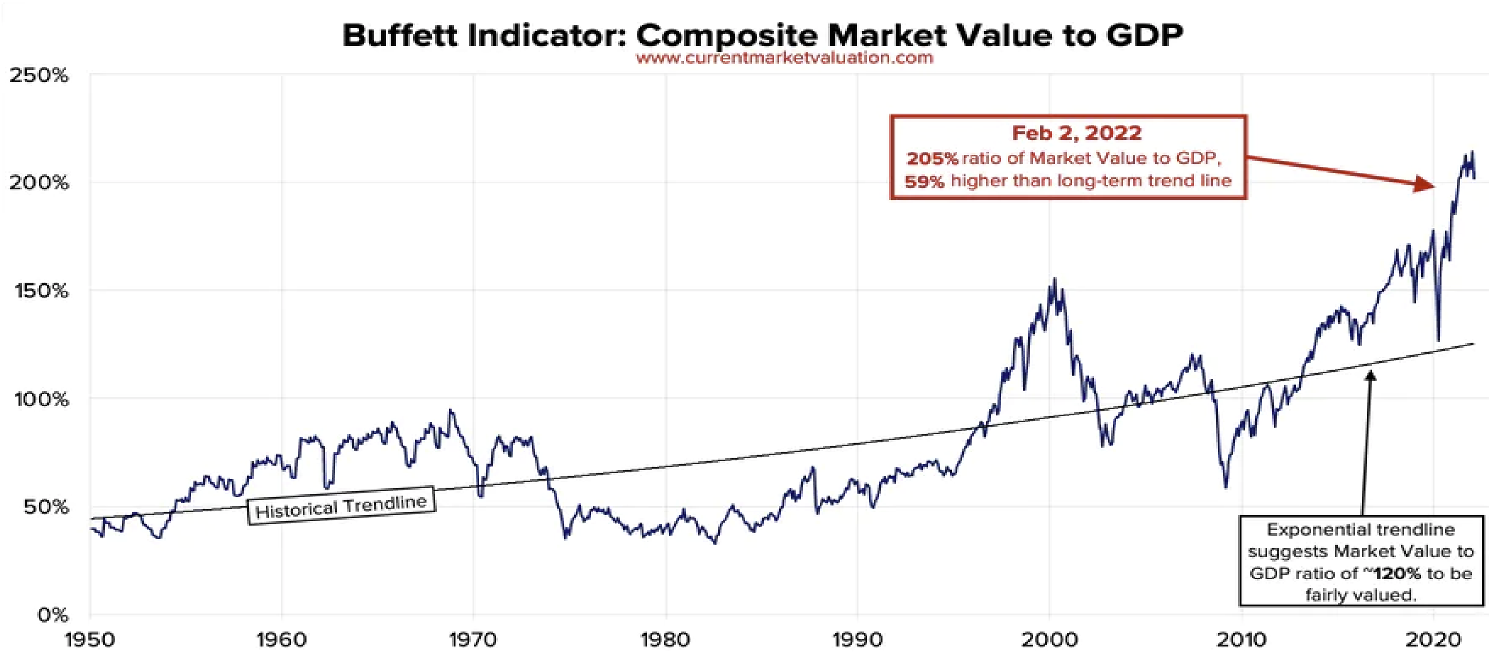


The Buffett Ratio *(continued from page 5)*

Those run-ups in equities, such as happened in the 1920s and the 1990s, were on the tail of real technological revolutions that boosted productivity (autos, chemicals, electrification in the 20's, computers and internet in the 1990s).

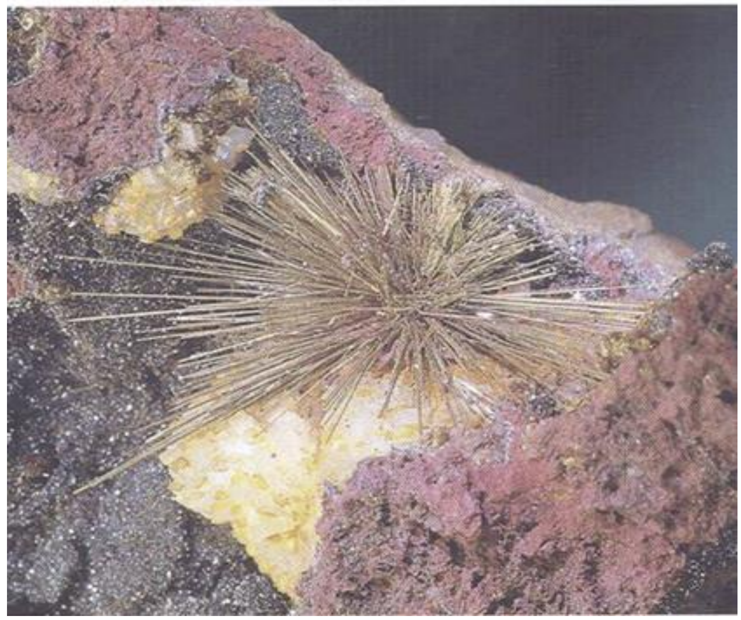
Today's reading of 205% on the Buffet Indicator is even higher than the 190% level reached in 2001. What makes it even crazier is that investors are not late to a party in real economic growth, as they were in the 20's and the 90's, which had brought real productivity gains. They are late to a party in fiscal stimulus that boosted consumption, and that party was financed with debt.

With the rollout of a major technological improvement, our potential economic output can go up to a new level and stay there. The mistake investors can make is interpreting a levelling-up as a new rate of change going forward. But with debt-financed fiscal stimulus, extrapolating the levelling-up in consumption as a new rate of economic growth is an even bigger mistake, because the consumption is being borrowed from the future GDP. Unfortunately, valuation tools only indicate a probable path for the market, and they tell us very little about the timing. *

The Millerite Ledges

A visitor to Maine's Camden Hills State Park could be forgiven for thinking that the Millerite Ledges, overlooking Megunticook Lake, must be named after some type of rock. While there is such a mineral in existence - a metallic crystal that forms in hollow cavities, similar to a geode, you're not likely to find any in Camden. Instead, the ledges are named after the ill-fated followers of a New England preacher named William Miller.

Millerite, 26 mm, Antwerp, U.S.A.



Miller had begun writing and preaching in the 1830s about the impending Second Coming. Miller's decoding of passages in scripture had even allowed him to narrow it down to a specific day - October 22, 1844. Miller gained a sizable following in the decade leading up to 1844, with many thousands of New Englanders and Upstate New Yorkers preparing themselves for the rapture.

Many Millerites didn't bother planting their fields that spring, and leading up to the big day they cut off their hair and gave away their possessions. Then they climbed up on rooftops and hilltops across the northeast, faithfully awaiting their salvation. What followed, from the Camden Hills to the Adirondack Mountains, went down in history as the "Great Disappointment".

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The Millerite Ledges *(continued from page 6)*

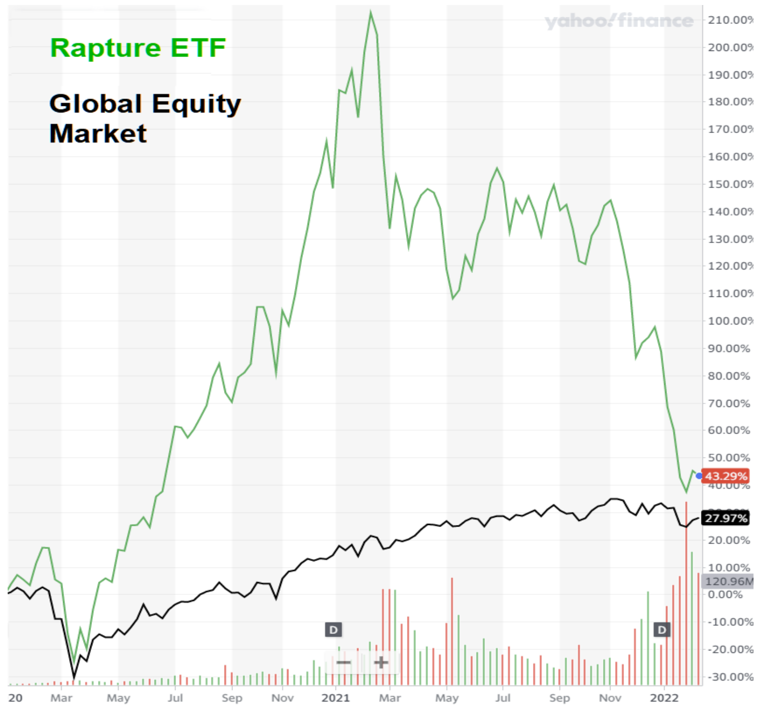
The Millerite incident was not a unique episode in American history, either. Two-hundred years before the Millerites, the Pilgrims who sailed to Plymouth Rock also believed in an impending rapture. Their colony wasn't even meant to last; it was meant as a place to await the Second Coming, far away from the corrupted society back in England.

The end-of-days mentality finds its way into more worldly concerns all the time. For some reason, you don't have to try hard to convince people that the world they live in is about to come crashing down - Y2K, for example. Wall Street exploits that predisposition all the time, with every mini-impending disaster pointing to the next trade - the promise of saving yourself while everyone else gets wiped out. But the big impending disaster, according to the stock-pushers, is always inflation, because they want you completely out of cash and bonds, and all-in on their products.

The Federal Reserve lends a very big hand to Wall Street in that respect, by working to create a two-part narrative. Our policies will be inflationary, (the threat) but they support the financial market and the economy (salvation, better not miss out!). The Federal Reserve's motivation, in tandem with Wall Street's, is to make sure that any available cash is being put to work in what they hope will be job-creating enterprises.

The important thing to remember is that neither salespeople, government spokespersons, or journalists are providing financial advice that anyone should act on. Each investor's risk tolerance, and their actual need for return generation or liquidity, should guide their allocation between stocks, bonds, cash or alternatives. Just because some scenario is being foretold in news headlines and sales pitches doesn't mean it's any more likely than the prophecies of William Miller.

The story of false raptures comes full circle when we look at a certain ETF that is named after a biblical catastrophe. The theory being, if the world as we know it - traditional companies, traditional currencies - are all about to be wiped out in a disaster, what would be the small number of companies you should hold for the new beginning? That ETF (lets call it the Rapture ETF for compliance purposes) had quite a run up in the first year of the pandemic.



Something started to change in the first quarter of 2021, however. The vaccines came first, putting a return to normal life within sight. Then came the final stimulus checks from the Treasury, putting the end of emergency spending in sight as well. The shift in expectations that began in the first quarter of 2021 is unmistakable now.

After these developments, the fact of higher consumer prices (7% increase for the year in 2021) wasn't able to scare the market out of cash and bonds and into risk assets to the extent that Wall Street and the federal government would hope. Most of the rise in the 10-year came in the first quarter of 2021.

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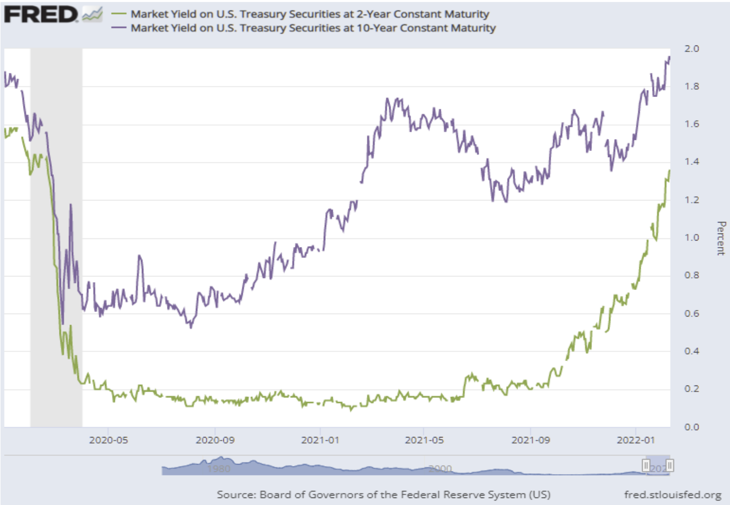
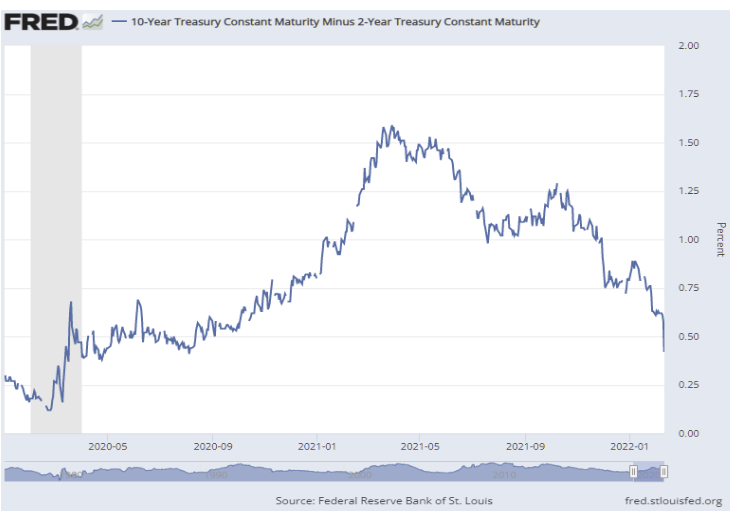
The Millerite Ledges *(continued from page 8)*



The rise in long-term bond yields slowed after the first quarter, even as consumer prices rose. The rise in the short-term rates (the 2-year) reflects a trade out of bonds that would be hurt by the Federal Reserve's policy rates in 2022, but it was not accompanied by a proportionate trade of long-term bonds, which would happen if the bond market believed inflation would stick around for years to come.

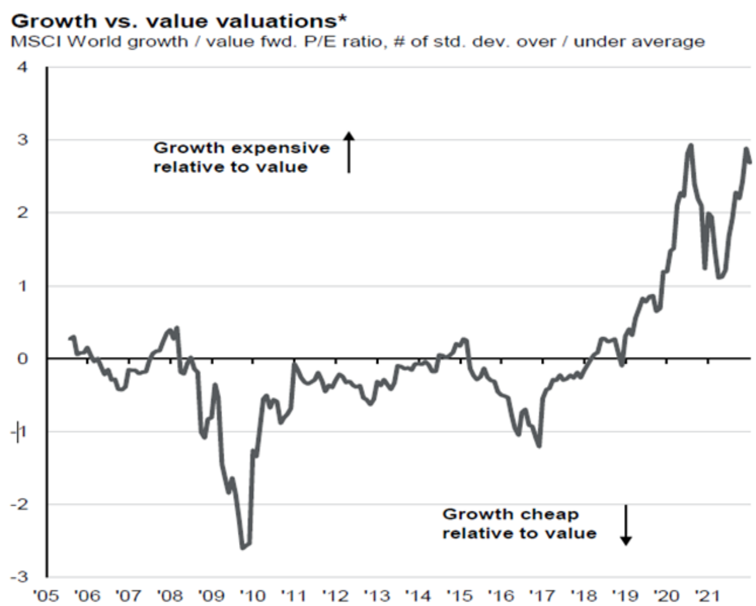


The comparison of the short-term policy expectation and the long-term inflation expectation is captured by the difference, or spread, between the 10-year Treasury yield and the 2-year Treasury yield. Since the first quarter of 2021, the spread has narrowed from 1.5% down to less than 0.5%. So, while there may not be much to gain in long-term bonds, relative to their risk, the shape of the curve doesn't support the narrative in the financial headlines. *

A Three Sigma Occurrence

The chances of experiencing a three sigma (standard deviation) event are approximately 1 in 105. The standard deviation is the barometer for the distribution of a number or observations assuming a normal distribution. Typically, 2 standard deviations is a noteworthy threshold that marks considerable deliberation and attention by market prognosticators. Three standard deviations is an extraordinary event and we are seeing two major bifurcations in the markets with vast dispersions approaching three sigmas.

Growth stocks, as aforementioned, have handedly outperformed their core and value counterparts. As the FANG stocks carry the market and produce a disproportionate portion of the market's positive performance, their valuations grow increasingly stretched relative to the rest of the market. This dispersion is at an historic level of nearly ***three standard deviations***.



However, we will note that here are two means for the gap to close: either prices of growth stocks fall, or earnings go up faster than that for value stocks. While earnings, by nature, should grow faster than those for value stocks, we do feel relative price movement will likely be part of the equation.

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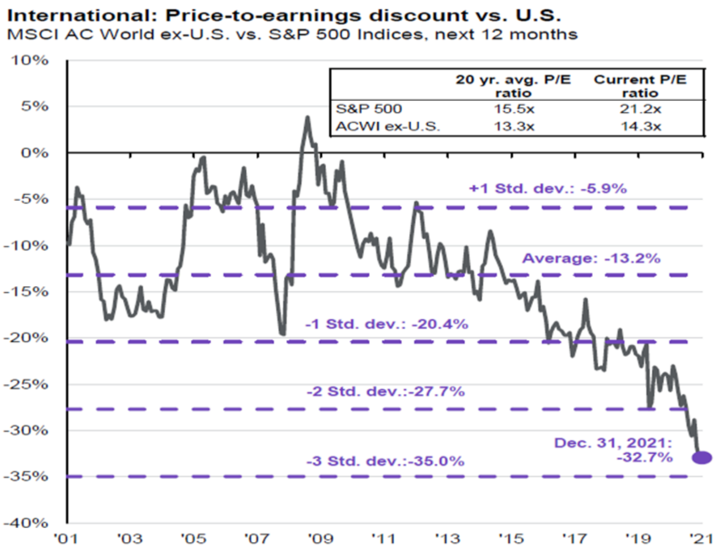
A Three Sigma Occurrence *(continued from page 8)*

We noted growth is expensive relative to value and, as the graph below highlights, domestic stocks across the board are expensive relative to their international peers.



This variation is equally concerning as it too is approaching the uncharted waters of ***three standard deviations***. Again, mean reversion for domestic stocks can come in the form of either faster growing earnings for US stocks or outperformance for international stocks. We would envision the end result will be a bit of both! *

Asset Class Correlations

Asset class correlations stand for the likelihood that these categories will respond in a similar manner given market movements. Asset classes that move in the same way are said to be highly correlated. Collectively, asset classes with low correlations increase diversification and tend to lower overall volatility.

Correlations are an important consideration for Harpswell when building client portfolios that reflect each one's risk tolerance. Coupled with our Risk and Return assumptions, we identify portfolios designed to satisfy each client's stated goals, and mitigate risk as best as possible.

We monitor Expected Returns, Risk and Correlations on an ongoing basis and make adjustments as market conditions warrant, generally semi-annually. In our latest review, we noticed that Correlations have been increasing between asset classes except for Treasuries. To illustrate this point, the Chart below presents correlations between various asset classes compared to the S&P 500 Index over 5 and 10 year periods.

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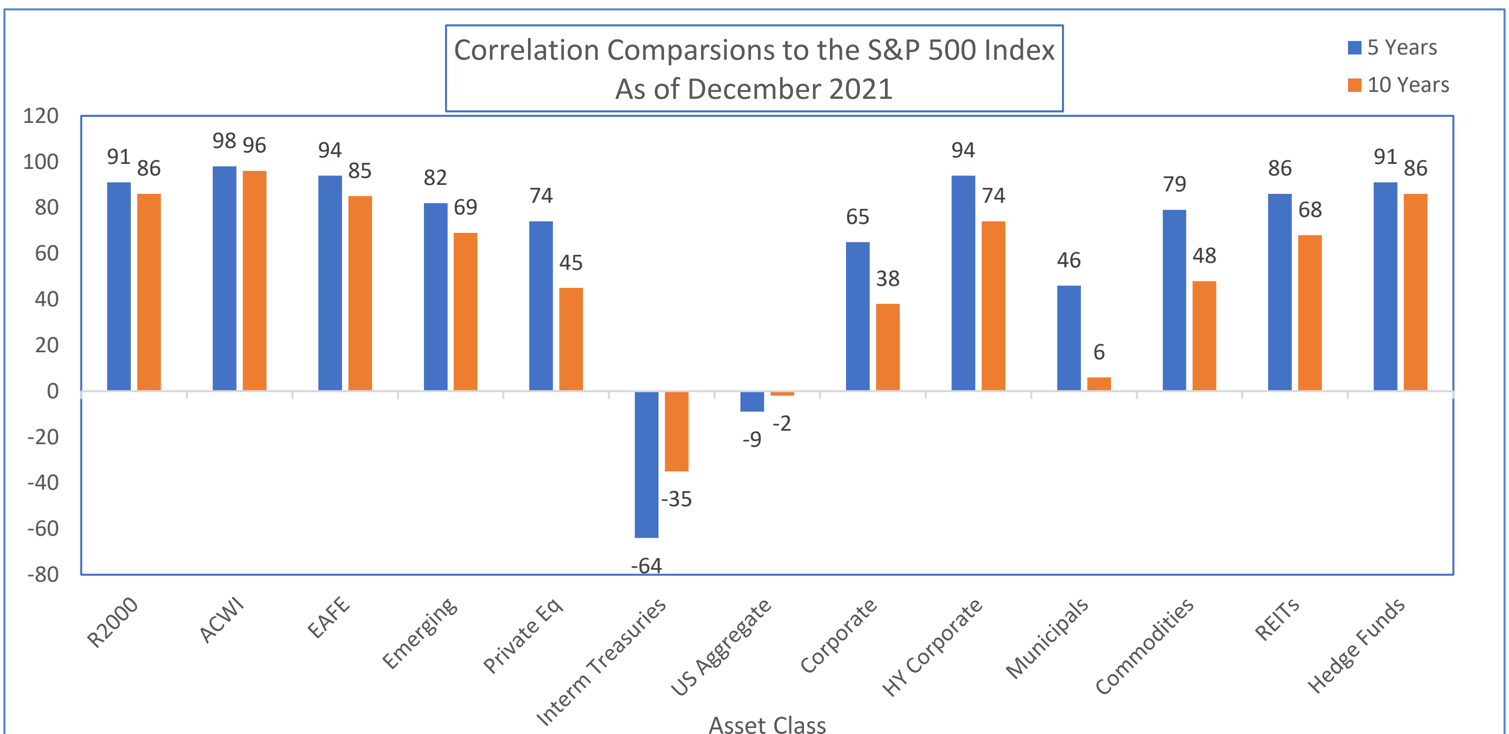
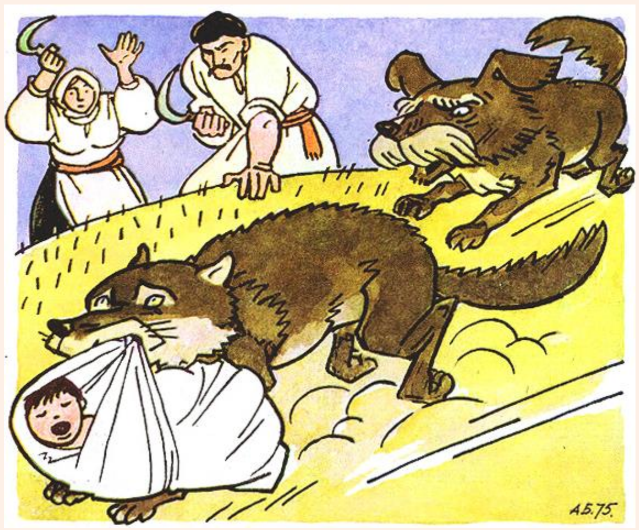


Asset Class Correlations *(continued from page 9)*

The past few years have been punctuated with periods of extreme volatility where investors move to Treasuries and Cash as safe harbors when risk assets sell off. However, the low interest rate environment has also made Treasuries less attractive from a return standpoint, so capital flows into risk assets as market conditions become favorable resulting in a downward trend in correlations in the near term.

Recognizing this trend, we are adjusting our 10-year planning assumptions to incorporate the higher correlations as well as select investments designed to lower correlations and volatility. *

Sirko – A Ukrainian Folk Tale



There was once a man who had a dog named Sirko. While the dog was young he was made much of, but when he grew old he was driven out of doors. So he went and lay outside the fence, and a wolf came up to him and said, "Sirko, why so down in the mouth?"––"While I was young," said the dog, "they made much of me; but now that I am old they beat me." The wolf said, "I see thy master in the field; go after him, and perchance he'll give thee something."––"Nay," said the dog, "they won't even let me walk about the fields now, they only beat me."––"Look now," said the wolf, "I'm sorry, and will make things better for thee. Thy mistress, I see, has put her child down beneath that wagon. I'll seize it, and make off with it. Run thou after me and bark, and though thou hast no teeth left, touzle me as much as thou canst, so that thy mistress may see it."

So the wolf seized the child, and ran away with it, and Sirko ran after him, and began to touzle him. His mistress saw it, and made after them with a harrow, crying at the same time, "Husband, husband! the wolf has got the child! Gabriel, Gabriel! don't you see? The wolf has got the child!" Then the man chased the wolf, and got back the child. "Brave old dog!" said he; "you are old and toothless, and yet you can give help in time of need, and will not let your master's child be stolen." And henceforth the woman and her husband gave the old dog a large lump of bread every day. *

Harpswell CAPITAL ADVISORS, LLC

December 2021 Flash Report

Overview: Domestic Equity markets were impressive in 2021 where the S&P 500 gained 28.7% in the year despite the Omicron outbreak, supply and labor shortages and the resurgence of inflation. Overseas markets were more muted with EAFE rising only 11.8% while the Emerging markets fell by 2.2%.
Federal Reserve: The Federal Reserve began to shift its focus by tapering its pandemic-era stimulus more aggressively as prices increased significantly buoyed by strong consumer demand and supply constraints. They also signaled a policy shift that could result in higher interest rates for 2022.
Employment: Initial claims for unemployment benefits ended 2021 near pre-pandemic levels after an improving labor market resulted in claims falling roughly fourfold over the course of the year. Job openings also ended the year near record highs as the demand for workers remains high.

Equities: Domestic – Equities closed out an impressive year with the S&P 500 gaining 4.5% in December. The Russell 1000 Value index rose by 6.3% led by Real Estate, Consumer Staples, Healthcare and Utilities. For the year, the Russell Growth index earned 27.6% while Value increased by 25.2%.

The **R2000** earned 2.2% in the month and 14.8% for the year, trailing larger companies by a considerable margin. The Small Growth index rose by 0.4% while Value gained 4.1% in the month. YTD, the Russell Value gained 28.3%.

International – **EAFE** markets earned 5.1% in December. The Dollar weakened in the month, adding 0.8% to the results. However, EAFE's 11.8% gain for the year reflected a loss of 7.5% due to a stronger Dollar. France(+20%) and Canada(+27%) led the international markets while Japan(+2.0%) and Hong Kong (-3.9%) detracted from results for the year.

Emerging Mkts – Emerging markets gained 1.9% in December ending a difficult year, down 2.2%. Currency accounted for 2% of the loss. China declined 3.2% in the month resulting in a 21.6% loss YTD. In contrast, India had an excellent year, gaining 27%. Higher oil prices bolstered producing countries such as Russia (+20%) and the Middle eastern markets. Latin America, excluding Argentina (+21%) experienced significant losses, falling 7.7% for the year.

Fixed Income: Rates moved higher in December as the Fed signaled it will address inflation by tapering its stimulus program & maybe raise rates in 2022.

90 Day T-bill yield fell slightly to 0.03%**. T**he **10 Year Treasury** yield rose by 7bps to 1.51% while the **30 Year Treasury** yield closed at 1.90%, 11bps higher. The 10 Year rate has risen 60bps in 2021 while the 30 Year increased by 26bps.

Municipal yields were relatively unchanged in December. The **1 Year Municipal** yield remained at 0.19%. The **30 Year Municipal** yield fell by 1bp to 1.54%; 36bps or 19% discount versus the **30 Year Treasury,** presenting an attractive after-tax yield for taxable investors.

International: **German** rates were less negative by 10bps to a (0.7%) yield for the **2 Year Bund** and 20bps to a negative (0.2%) yield for the **10 Year**. The **UK 10 Year Gilt** yield rose by 20bps to 1.0%. The **Japanese 10 Year Gov't** bond yield was higher by 1bp to 0.06% in December. The **2 Year** Yield became less negative by 3bps to close at (0.10%).

High Yield bonds gained 1.9% in December, closing with an average yield of 4.9%. The Aggregate Bond Index fell by 0.3% in the month as longer rates moved higher, reflecting an approximate yield of 1.8%.

	1 Month	3 Months	YTD	1 Year	3 Years	5 Years
Domestic Equities						
Dow Jones	5.5%	7.9%	21.0%	21.0%	18.5%	15.5%
S&P 500	4.5%	11.0%	28.7%	28.7%	26.1%	18.5%
Russell LG Value	6.3%	7.8%	25.2%	25.2%	17.6%	11.2%
Russell LG Growth	2.1%	11.6%	27.6%	27.6%	34.1%	25.3%
Russell 2000	2.2%	2.1%	14.8%	14.8%	20.0%	12.0%
NASDAQ	0.9%	8.7%	22.4%	22.4%	34.4%	25.0%
MLP Index	3.6%	0.6%	40.2%	40.2%	2.1%	-2.7%
REIT Index	9.6%	16.2%	41.3%	41.3%	19.9%	12.5%
International Equities						
EAFE	5.1%	2.7%	11.8%	11.8%	14.1%	10.1%
EAFE Small Companies	4.4%	0.1%	10.5%	10.5%	16.1%	11.5%
Emerging Markets	1.9%	-1.2%	-2.2%	-2.2%	11.3%	10.3%
China	-3.2%	-6.1%	-21.6%	-21.6%	7.9%	9.5%
Fixed Income						
US Agg	-0.3%	0.0%	-1.5%	-1.5%	4.8%	3.6%
US High Yield	1.9%	0.7%	5.3%	5.3%	8.8%	6.3%
Municipal Bonds	0.2%	0.7%	1.5%	1.5%	4.7%	4.2%
Currencies						
EURO	0.8%	-1.7%	-7.0%	-7.0%	-0.2%	1.5%
British Pound	2.2%	0.5%	-0.9%	-0.9%	2.0%	1.9%
Japanese Yen	-1.7%	-3.1%	-10.4%	-10.4%	-1.6%	0.3%
Commodities						
Bloomberg Commodity	3.5%	-1.6%	27.1%	27.1%	9.9%	3.7%
S&P GSCI Crude Oil	14.0%	2.8%	62.3%	62.3%	-4.8%	-6.5%
Gold	2.9%	4.0%	-4.3%	-4.3%	11.0%	8.4%

Commodities: WTI Crude Oil gained **$8.9/barrel to $75.4/barrel** in December. Oil prices rose to the highest level since late November on hopes that the Omicron coronavirus variant will have a limited impact on global demand in 2022 even as surging cases caused flight cancellations.
Gold prices gained $**57/oz** to close at **$1830/oz** but still registered the steepest annual drop since 2015 as investor appetite for the traditional safe-haven asset sagged. Gold generally trades inversely to the dollar and interest rates and has been hampered by the strength of the currency in 2021.

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Index Definitions

The S&P 500 Stock Index is an unmanaged market capitalization index of 500 US equities generally considered to be representative of US stock market activity. The Morgan Stanley Capital International World Index is a market capitalization-weighted equity index of over 1,500 stocks traded in 22 world markets. The NASDAQ Composite Index measures all NASDAQ domestic and non-U.S. based common stocks listed on the NASDAQ Stock Market. The Index is market value-weighted. The SB World Bond Index is a market capitalization weighted index of 18 Government bond markets composed of sovereign debt denominated in the domestic currency. The Lehman Aggregate Index is a benchmark index made up of the Lehman Brothers. The Hennessee Hedge Fund Indices® are calculated from performance data obtained from publicly available information, internally developed data and other third party sources believed to be reliable. MSCI EAFE is a stock market index that is commonly used as a benchmark for the performance of major international equity markets. The MSCI Emerging Market Index is an index created by Morgan Stanley Capital International (MSCI) that is designed to measure equity market performance in global emerging markets. The Russell 1000 seeks to track the investment results of an index composed of large- and mid-capitalization U.S. equities. The Russell 2000 seeks to track the investment results of an index composed of small-capitalization U.S. equities. The Russell 2500™ Index measures the performance of the small to mid-cap segment of the U.S. equity universe, commonly referred to as "smid" cap. The Barclays Capital Global Aggregate Bond Index is designed to be a broad based measure of the global investment-grade, fixed rate, fixed income corporate markets outside the United States. The Barclays Capital US Gov/Credit bond Index measures the performance of U.S. Dollar denominated U.S. Treasuries, government-related and investment grade U.S. corporate securities that have a remaining maturity of greater than one year.