Investment Philosophy and Process:

Goals-Based and Destination Driven

plan financial

Your road to retirement and other important goals requires an investment process that will get you to your destination—safely and on time.

Here's a closer look at the process we'll take to get you there.

Asset Allocation: The important first step

With your investment objectives and time horizon clearly defined, your portfolio is divided into *broad asset classes— such as stocks, bonds, cash, and alternatives*, and is updated each year following our annual long-term outlook. Aimed at identifying the major trends that are likely to play out in the economy and financial markets over the next 3-5 years, we continually seek answers to many related questions:

- What's the current and expected economic climate? Is the economy facing *headwinds*? Or *tailwinds*?
- What effect will changes in monetary policy (interest rates) and fiscal policy (government spending) have on the markets?
- Will *inflation* or *deflation* be a significant risk?
- How are the credit markets functioning? Are financial conditions *easing*? Or *tightening*?
- What can we expect in the way of equity market returns? Which markets are *over-valued*? Or *under-valued*?

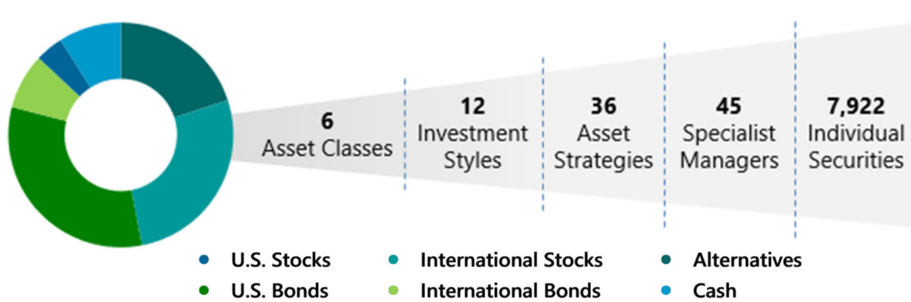
Portfolio Structure: Staying on track

The stock and bond markets are comprised of numerous sectors and *investment styles*. To access the return potential of the financial markets, it's important that your portfolio be further diversified within these styles and across *geographic regions*.

Research has shown that within each investment style, there are a number of *asset strategies* that will come in and out of favor, depending on the current economic environment—*Expansion, Stress, Distress, or Recovery*. Since no one can consistently predict the future, maintaining a well-designed exposure to multiple asset strategies within each investment style can help enhance your returns and reduce unnecessary risk.

A multidimensional approach to portfolio structure

> "Our forward-looking outlook provides the guardrails that govern the positioning of your portfolio over time."



Sample for illustrative purposes only.

Multiple Specialist Managers: Finding consistency

Once the allocation and portfolio structure decisions are made, your portfolio is invested in multi-asset strategies using institutional funds and specialist money managers.

Managers who invest in a distinct part of the market have an opportunity to hone their approach to the market and are able to anticipate favorable and unfavorable changes that are occurring within their strategy. This focus can produce more consistent and predictable results than using generalist managers who tend to *"drift"* from one strategy to another, often outside of their firm's core competencies.

Continuous Portfolio Management: Focusing on the road ahead

Like driving conditions, the markets and economy are subject to sudden change. We address these inevitable changes through an ongoing confirmation and reevaluation process.

We do this in two ways:

1) The asset mix in your portfolio is systematically rebalanced to its targeted mix, helping to reduce concentration risk while keeping your strategies on track; and

2) Through an ongoing monitoring and manager review process, managers are carefully monitored by our custodian's team of 100+ analysts—many of whom hold the Chartered Financial Analyst (CFA) and other advanced designations—to oversee manager selection, performance tracking, risk control, and daily monitoring of portfolio holdings and trades.

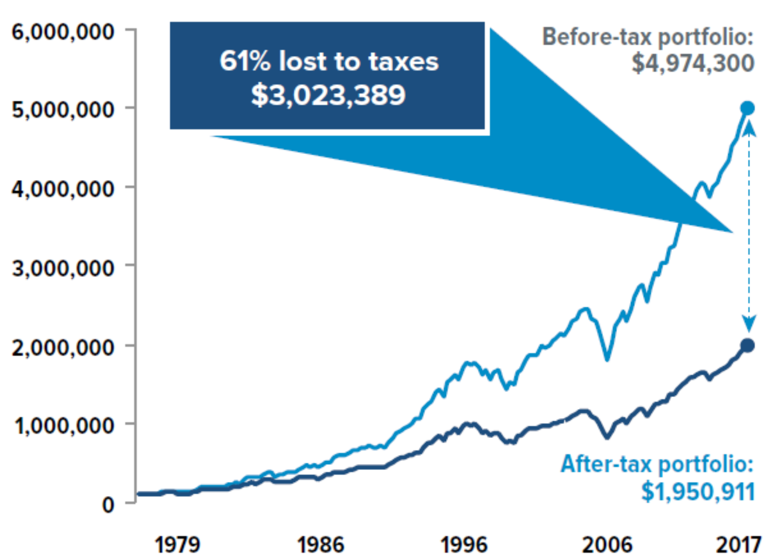
   Managers who deviate from their strategy, or fail to achieve returns relevant to their benchmark, are subject to replacement.

Tax Management: Keeping more after taxes

A hypothetical $100,000 portfolio invested in 60% stocks and 40% bonds in 1979 would have grown to about $5 million before taxes by 2017. However, with no efforts to mitigate the tax effect, taxes would have reduced your after-tax return by up to 61%.*

It's not what you make, it's what you keep

Taxes reduce performance over time *(hypothetical growth of $100,000)*



> "With a focus on tax management, we can help enhance after-tax returns."

*Parametric Portfolio associates: Based on a hypothetical tax-free $100,000 portfolio invested 60% in stocks (based on the Russell 3000) and 40% bonds (based on the Barclays Aggregate) with (1) no liquidators. (2) interest income and dividends taxed annually at historical top marginal tax rates. (3) capital gains realized at 50% per year and taxed at the historical long-term capital gains tax rate. (4) portfolio is held for 38 years from (1979-2017). The intent is to portray a worst-case scenario. The portfolio would have grown from $100,000 to $5.0 million. If the portfolio was taxed as indicated above, it would have lost 61% of its value, due to taxes paid and earnings lost on that money. Tax-managed investment strategies are designed to minimize capital gains distributions and maximize after-tax returns. Past performance is no guarantee of future results. There are risks involved with investing, including loss of principal. Index returns are for illustrative purposes only and do not represent actual fund performance. Index performance returns do not reflect any management fee, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.

As of 12/31/2017.