

Notice of Meeting
UNIVERSITY OF HAWAI'I
BOARD OF REGENTS COMMITTEE ON BUDGET AND FINANCE
Members: Regents Higaki (Chair), Kudo (Vice-Chair), Acoba,
McEnerney, Shinsato, and Tagorda

Date: Thursday, May 24, 2018

Time: 12:00 p.m.

Place: University of Hawai'i at Mānoa
Information Technology Building
1st Floor Conference Room 105A/B
2520 Correa Road
Honolulu, Hawai'i 96822

AGENDA

I. Call Meeting to Order

II. Approval of Minutes of the March 8, 2018 Meeting

III. Public Comment Period for Agenda Items: All written testimony on agenda items received after posting of this agenda and up to 24 hours in advance of the meeting will be distributed to the board. Late testimony on agenda items will be distributed to the board within 24 hours of receipt. Written testimony may be submitted via US mail, email at bor@hawaii.edu, or facsimile at 956-5156. Individuals submitting written testimony are not automatically signed up for oral testimony. Registration for oral testimony on agenda items will be provided at the meeting location 15 minutes prior to the meeting and closed once the meeting begins. Oral testimony is limited to three (3) minutes. All written testimony submitted are public documents. Therefore, any testimony that is submitted verbally or in writing, electronically or in person, for use in the public meeting process is public information.

IV. Agenda Items

- A. Approval of Extension of Fossil-Free Fuel Mandate Deadline to June 30, 2019
- B. FY18 Third Quarter Operating Budget Variance Report
- C. FY18 Third Quarter UBS Legacy Endowment Fund Investment Performance Report
- D. Review of Federal Tax Law Implications
- E. Legislative Session & Budget Recap
- F. Committee Annual Review

V. Adjournment

15901-A



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BOARD OF REGENTS

Kalbert K. Young
Vice President for Budget and Finance
Chief Financial Officer

18 MAY 17 P2:50

RECEIVED

May 17, 2018

'18 MAY 17 P2:32

TO: Jan Naoe Sullivan
Chairperson, Board of Regents

Wayne Higaki
Chair, Committee on Budget and Finance, Board of Regents

UNIVERSITY OF HAWAII
PRESIDENT'S OFFICE

VIA: David Lassner
President

FROM: Kalbert K. Young
Vice President for B&F/CFO

SUBJECT: Approval of Extension of Fossil-Free Fuel Mandate Deadline to
June 30, 2019

SPECIFIC ACTION REQUESTED:

The Administration hereby requests the Board of Regents and its Committee on Budget & Finance approve the extension of fossil-free fuel mandate deadline to June 30, 2019 in Regent Policy 8.07, to afford more time while the University Administration and UBS Financial Services Inc. ("UBS") continue working on a negotiated services agreement and additionally develop the optimal platform to enable the Legacy Endowment to more efficiently comply with the University's investment policy (RP8.207), including the fossil fuel free mandate.

RECOMMENDED EFFECTIVE DATE:

Upon approval of the Board of Regents.

APPLICABLE REGENT POLICY

Regent Policy 8.207, Investments, is the relevant policy pertaining to investment and management of funds specifically related to the University of Hawai'i endowment fund. The endowment fund governed by this policy is commonly referred to as the "Legacy Endowment" so as to distinguish it from the endowment of the UH Foundation. Regent Policy 8.207 provides specifications, parameters, and guidance as to the composition, allocation, and types of investments suitable for the Legacy Endowment.

Of particular relevance for this for-action request is that part of the investment policy at RP 8.207,C.vi.2 which reads:

“2. The board also desires to align its investment goals and guidelines with Chapter 4.208, the board’s sustainability policy. As such, the investment manager shall hereby divest the Fund from companies that produce fossil fuels, and shall maintain a portfolio that is substantially divested of fossil fuels (0-1% holdings). While moving toward the divestment of fossil fuels, the investment manager shall also include investments that will provide alternative energy substitutes, where feasible. Divestment shall occur in a responsible manner that will consider investment and management fees, while meeting the investment goals and guidelines set forth in this chapter. Divestment should begin as soon as possible, with the outside date for completion to be on or before June 30, 2018. Progress towards this objective and any monetary impacts to the Fund should be reviewed along with the investment manager’s quarterly report to the board.”

The investment policy states a specific date for compliance – June 30, 2018. It is this date that this for-action request seeks to amend.

BACKGROUND:

In May 2015, the Board of Regents amended the investment policy (RP8.07,C.vi.2) by directing that: (a) the portfolio of the Legacy Endowment be divested of investments in companies that produce fossil fuels by June 30, 2018, and (b) during the time up to June 30, 2018, 1% of the Legacy Endowment portfolio may consist of fossil fuel producing investments. Since 2015, UBS has been slowly migrating investments in the Legacy Endowment portfolio into funds that would satisfy this fossil fuel free mandate.

The June 30, 2017, UBS portfolio performance report indicated 2.24% of the portfolio was invested in energy-related assets (as a surrogate indicator for fossil fuel exposure). Migration of the portfolio to fossil-fuel free investments has been challenging and slow. This is due primarily to the portfolio’s strategy to utilize exchange traded funds (ETFs) and Index Funds as the primary investment vehicles for the portfolio because they provided the lowest cost approach while also providing an efficiency of diversification. A drawback to this approach, however, is that ETFs and Index Funds are large pools of explicitly selected investments, and therefore, do not allow individual investors to surgically select or remove independent stocks or companies from the larger fund. As applied to the fossil fuel free mandate, ETFs and Index Funds are not optimal to achieve the mandate objectives, since there are companies included in the ETFs and Index Funds that do not specifically conform to the fossil fuel free mandate.

Additionally, UBS has been challenged to find funds that are specifically fossil fuel free. Such funds are not plentiful in the marketplace, tend to have higher expense ratios, and/or have short histories of existence. In addition, the short histories of existence present challenges because Board of Regents Policy RP 8.207 requires that investment advisers and managers have at least 3 years of experience with such funds.

On March 22, 2018, the Board approved the retention of UBS to provide institutional consulting services in managing and overseeing the investment and performance of the Legacy Endowment portfolio. The Board also authorized the Administration to negotiate and arrange a service agreement with UBS. As part of the transition to the institutional consulting service agreement, the University administrations and UBS hereby requests additional time to identify the optimal platform that will help enable the Legacy Endowment to better and more efficiently comply with the University's investment policy (RP8.207), including the fossil fuel free mandate.

DISCUSSION

UBS is the current investment manager and consultant for the Legacy Endowment. UBS have been migrating investments and the choice of funds in the Legacy Endowment to comply with the investment policy to comply with the fossil-fuel free mandate since the Regent Policy was amended. Since July 2017, the UH Administration and UBS have been negotiating the joint arrangement and investment platform of the UBS arrangement in order to better comply with the eventual implementation of the investment policy. This has entailed Board of Regent action to approve the contracting of UBS and authorizing the Administration to negotiate an agreement with UBS to establish an investment platform that most efficiently allows for investment choices that do not entail fossil fuel investments.

As previously mentioned above, these efforts are more involved and lengthy than anticipated. Administration does not believe that reaching an agreement for UBS and establishing the platform of investments can be completed in time for the June 30, 2018, date in the Regent Policy 8.207. This for-action seeks to amend this date in order to afford more time to complete the agreement with UBS and to more timely establish an investment platform that can comply with the investment policy.

ACTION RECOMMENDED

The Administration requests that the Committee on Budget and Finance recommend, and the Board of Regents approve, an amendment to Regent Policy 8.207 at C.vi.2 to change the implementation date from June 30, 2018 to June 30, 2019.



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BOARD OF REGENTS

Kalbert K. Young
Vice President for Budget and Finance
Chief Financial Officer

18 MAY 17 A11:15

RECEIVED

May 17, 2018

'18 MAY 17 A11:13

UNIVERSITY OF HAWAII
PRESIDENT'S OFFICE

TO: Jan Naoe Sullivan
Chairperson, Board of Regents

Wayne Higaki
Chair, Committee on Budget and Finance

VIA: David Lassner *David Lassner*
President

FROM: Kalbert K. Young *KY*
Vice President for B&F/CFO

SUBJECT: FY18 Third Quarter Operating Budget Variance Report

Attached is the Quarterly Operating Financial Variance Report as of March 31, 2018 for the University of Hawai'i System. This report is an information item for discussion at the Budget and Finance Committee meeting on May 24, 2018.

A Quarterly Financial Report presentation is included to summarize a high-level analysis of the report.

Attachments

- c: University Budget Office (w/o Attachments)
- University Controller (w/o Attachments)



FY18 Third Quarter Operating Budget Variance Report

May 24, 2018

Committee on Budget and Finance

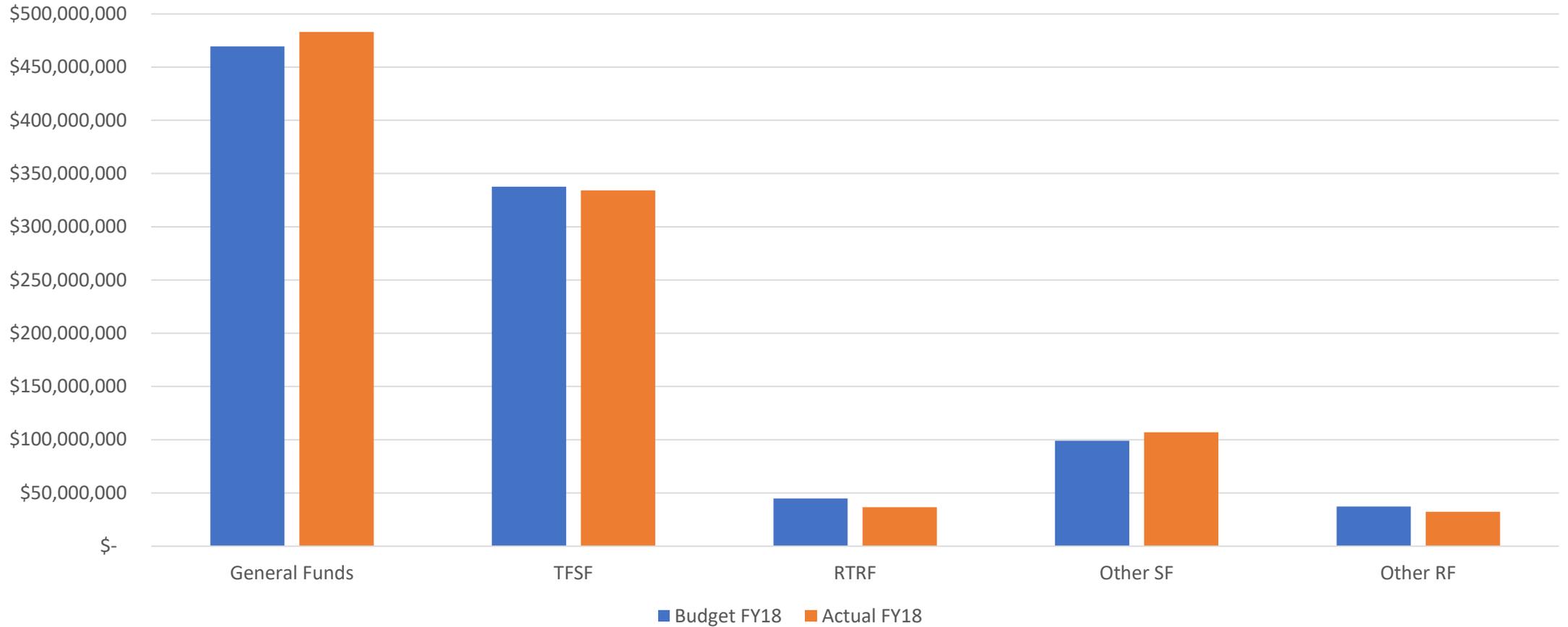


Overview

1. Through Q3, revenues for all funds are slightly higher than projections and expenditures are lower than projections.
2. Although the total is higher than projections, revenues for individual fund categories are mixed relative to projections:
 - General Fund \$13.5 million (2.9%) higher
 - TFSF \$3.5 million (1.0%) lower
 - Other Special Funds \$7.8 million (7.9%) higher
 - Other Revolving Funds \$4.8 million (13.0%) lower
3. Expenditures for all funds are \$37.5 million (4.6%) lower than projections and \$3.1 million (0.4%) lower than Q3 FY17.

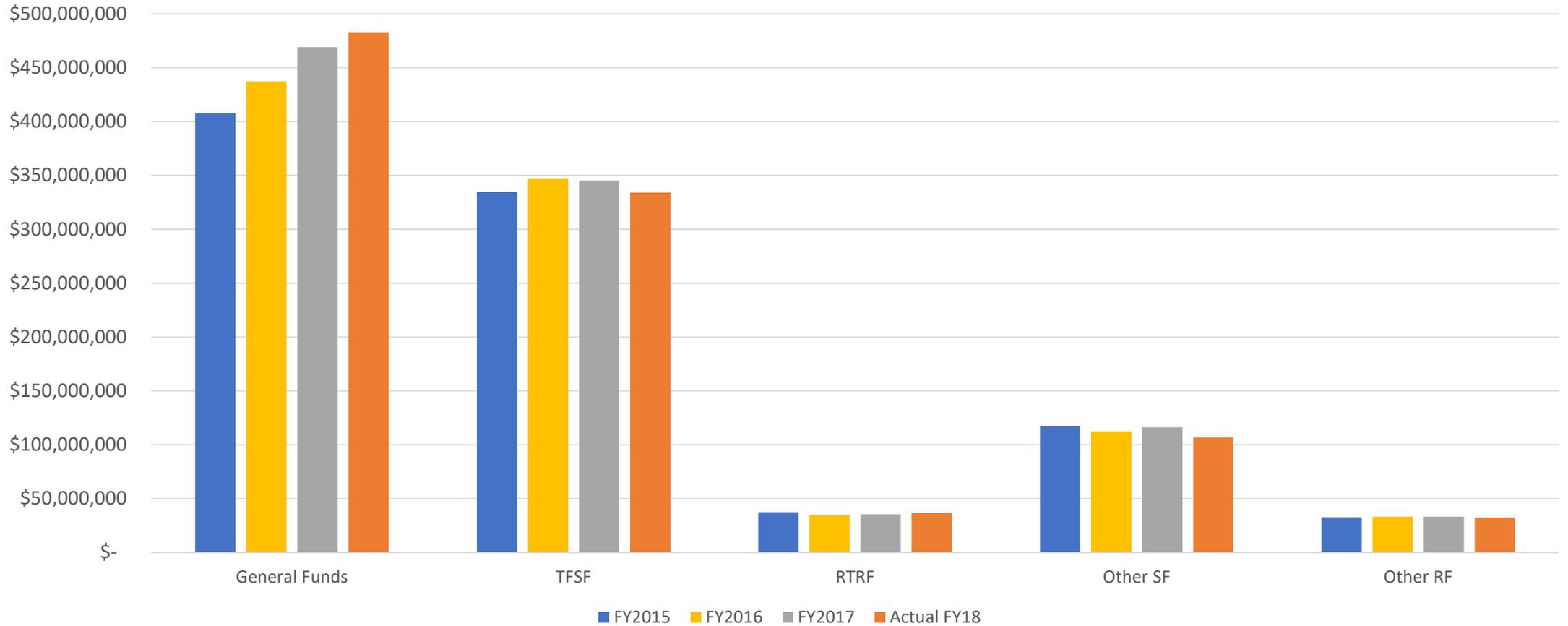


Revenues (Budget vs. Actual)



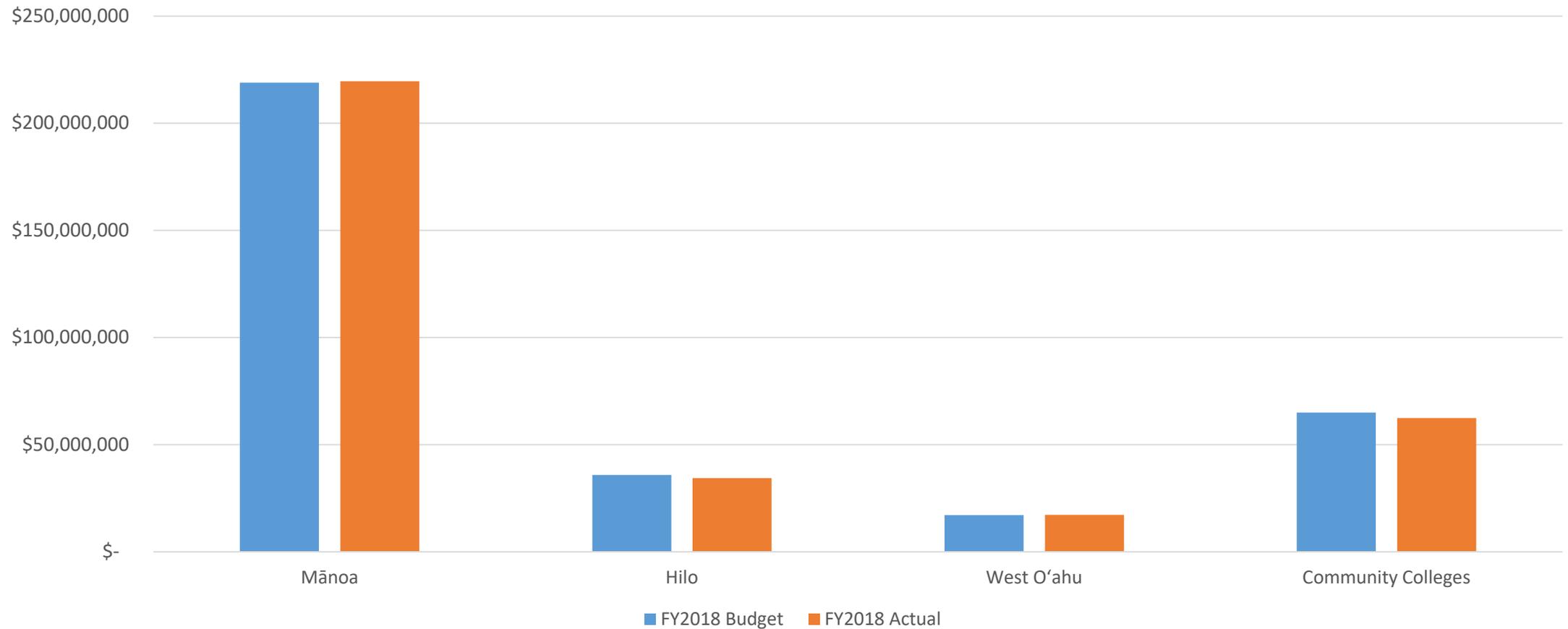


Revenues (Q3 FY15-18)



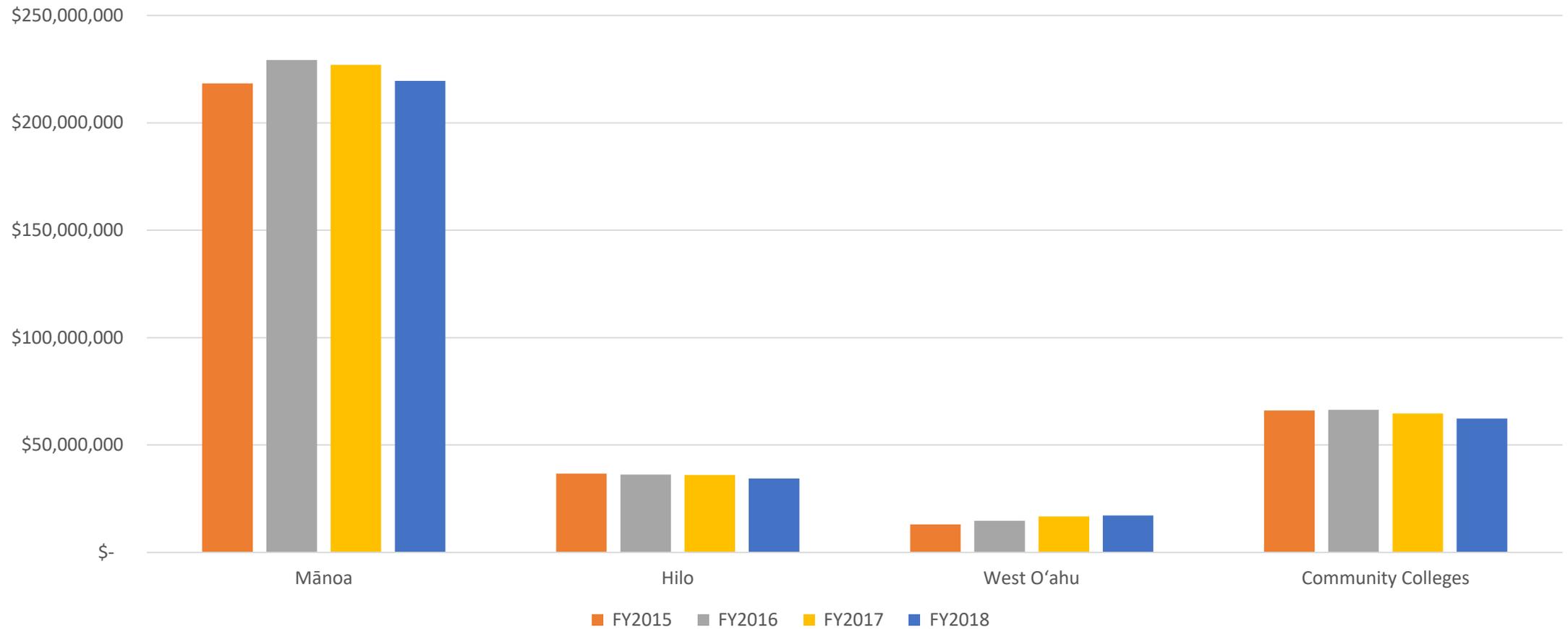


TFSF Revenue by Campus (Budget vs. Actual)



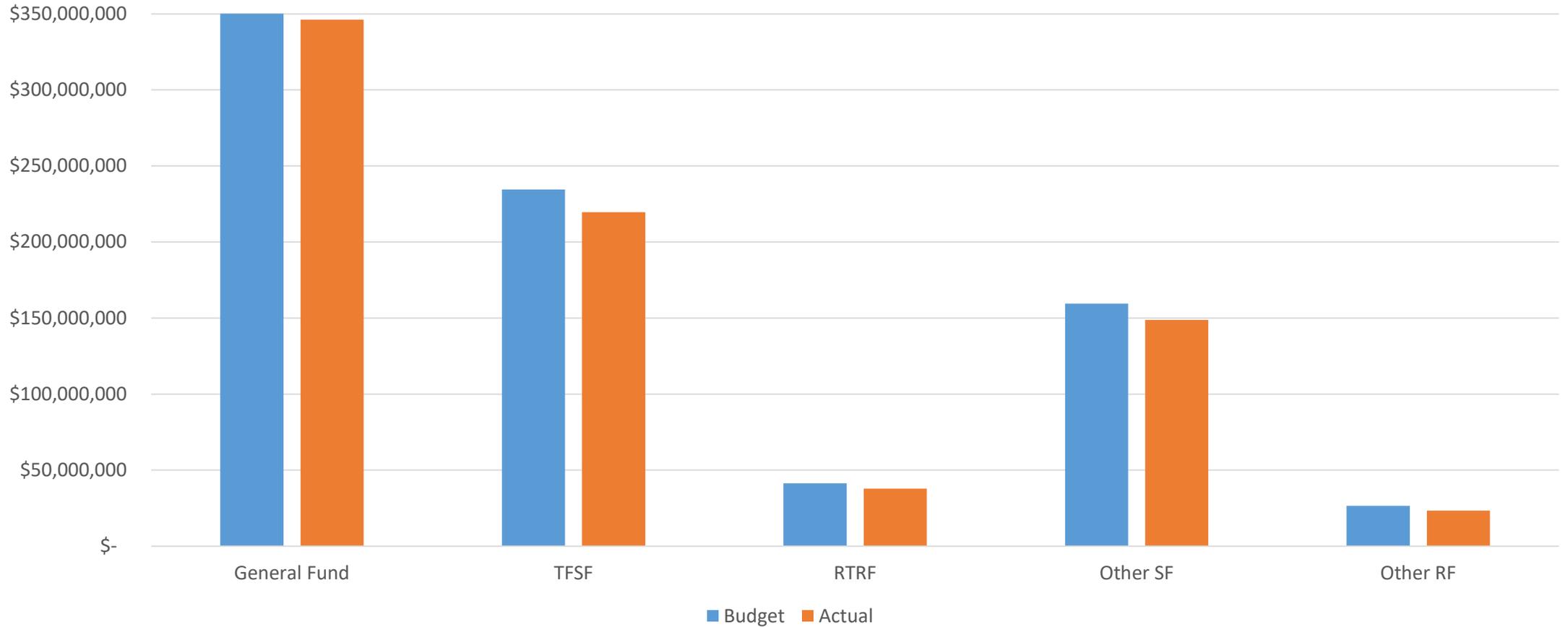


TFSF Revenue by Campus (Q3 FY15-18)



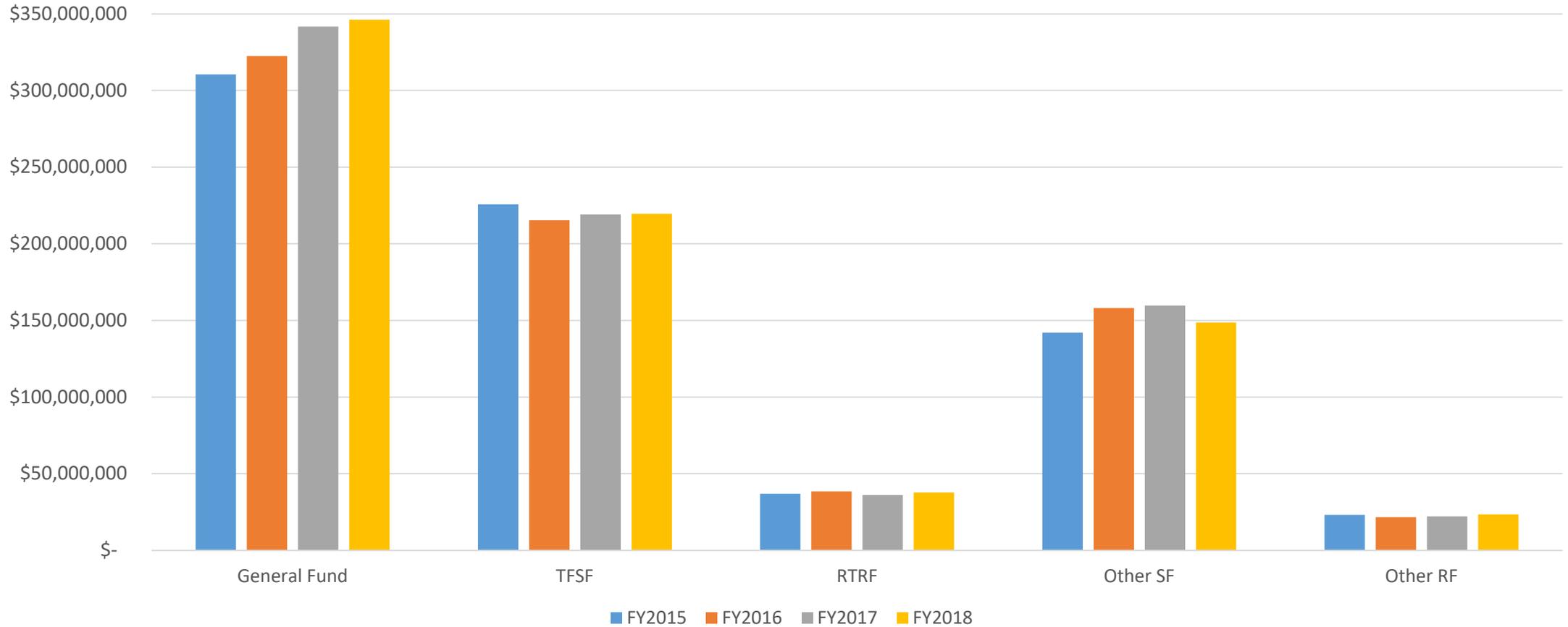


Expenditures (Budget vs. Actual)





Expenditures (Q3 FY15-18)





Mānoa – General Fund and TFSF

1. General Fund Utilities expenditures were projected to be \$0. However, Cancer Center incurred Utilities expenses (\$638,238) creating this variance. Additional expenditures are expected for Q4.
2. TFSF Revenue is in line with projections.
3. TFSF Expenditures are \$11.9 million (8%) lower than projected due to conservative projections in anticipation of decreased revenues.



Mānoa – Research & Training Revolving Fund (RTRF)

1. RTRF revenue was projected to be received entirely in Q1 rather than distributed over all four quarters. This variance will decrease as the year progresses. Annual revenue remains on-track.
2. Non-personnel expenditures are lower than projections due to conservative budgeting.
3. Utilities were paid in Q3 instead of Q4 as budgeted, creating that variance.
4. Transfers variance is a result of a cleanup effort done by Office of Vice Chancellor of Research to correct prior year cash transfers that were delayed.



Mānoa – Other Special Funds and Other Revolving Funds

1. Other SF Revenues higher than projected because Student Housing revenues were projected to be received evenly throughout the year but were recorded earlier. This variance will diminish throughout the fiscal year.
2. Due to the release of the General Fund restriction, Cancer Center was able to use less of their Special Fund monies and used General Funds instead, creating the Non-Personnel variance.
3. Revenues and expenditures for Other Revolving Funds are lower than projected mostly due to decreased enrollment and a delay in the awarding of certain awards.



Hilo

1. Release of General Fund restrictions provided additional resources that resulted in higher General Fund Personnel expenditures and lower TFSF personnel costs.
2. Declining enrollment has also resulted in lower TFSF expenditures for Personnel (vacant positions and reduced lecturers) and Non-Personnel.
3. Other Special Funds revenues are higher by \$3.3 million (45%) due to increase in number of students residing on campus and purchasing meal plans. Additionally, Fall 2018 revenue is being recorded in the current FY, although this will be adjusted at FY close.



West O'ahu

1. Release of General Fund restrictions provided additional resources that were used to incur lower TFSF personnel costs.
2. Other Special Funds variance is a result of a transfer for scholarships that was budgeted for Q4 but occurred in Q3.



Community Colleges

1. Utilities costs are budgeted for both GF and TFSF and funds shift throughout the year to balance GF and TFSF revenues with expenditures. Total variance for Utilities through all funds is \$470,536.
2. General Fund Non-personnel expenditures are lower than projected because anticipated equipment purchases did not occur. Similarly, TFSF Non-personnel expenditures for R&M were not expended by Q3 resulting in that variance.
3. Closure of a Commercial Enterprise culinary venture has resulted in Other RF Revenues and Expenditures being lower than projections.



Systemwide Administration

1. General Fund Personnel variance due to timing issue with recordation of reimbursement from State Budget & Finance.
2. TFSF Transfer variance due to timing issue with document imaging assessment. Additionally, transfer for IT building debt service payment occurred in Q4 instead of Q3 as budgeted.
3. RTRF Non-personnel expenditures are \$1.5 million (25%) lower than projected due to increased fiscal prudence and timing issues with payment towards Keller Hall renovation.
4. Other SF Non-personnel expenditure variance due to reimbursement of legal expenses and unrealized expenses for POST building recovery.



Conclusion

1. Governor released 5% contingency restriction (\$4.4 million) in mid-January. This had an impact on General Fund revenues and expenditures, which assisted in lowering TFSF expenditures.
2. Governor also released 2.5% of the remaining 5% restriction in late March. This will result in additional General Fund revenues for Q4.
3. Expenditures across all fund categories demonstrates campus' responsiveness to revenue situation.



FY18 Third Quarter Financial Report

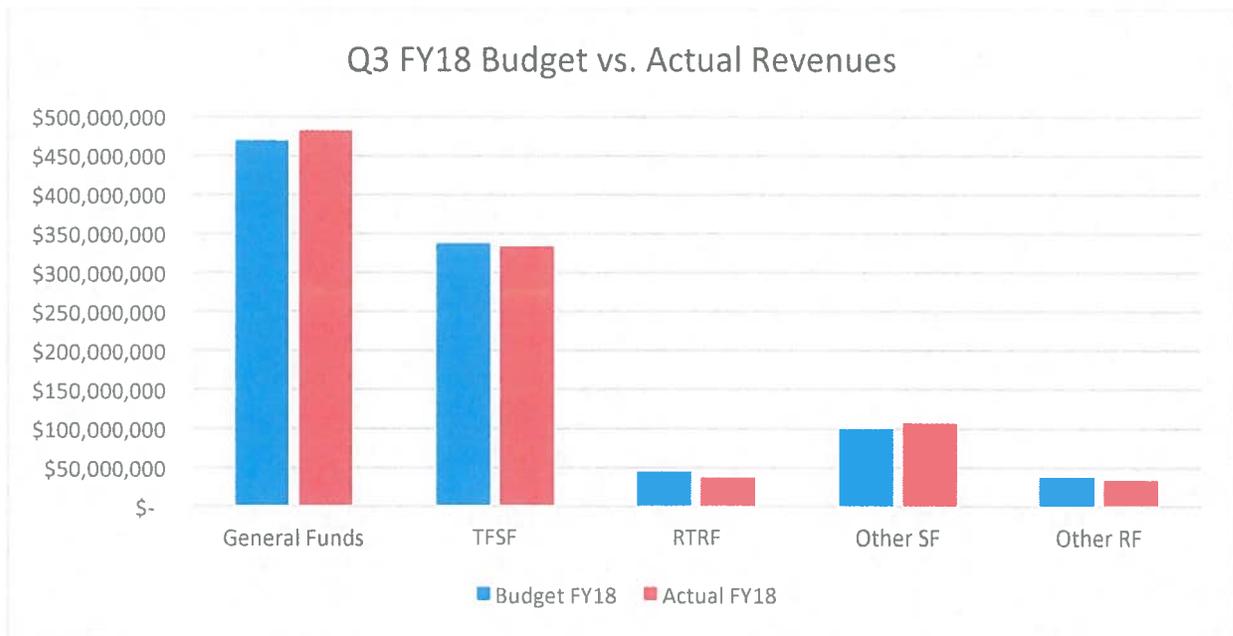
UNIVERSITY SYSTEM SUMMARY

Introduction

Through the third quarter (Q3) of Fiscal Year 2017-2018 (FY18), revenues are \$4.9 million (0.5%) higher than projections. General Fund revenues are \$13.5 million (2.9%) higher than projections. All expenditures are \$37.5 million (4.6%) lower than projections, resulting from a combination of conservative budgeting and responding to declining revenues.

Revenues

The revenue picture through Q3 is mixed, with some fund categories outperforming projections and others not:



	FY18 Budget	FY18 Actual	Difference	%
General Fund	\$ 469,430,708	\$ 482,984,558	\$ 13,553,850	2.9%
TFSF	\$ 337,528,567	\$ 334,057,297	\$ (3,471,270)	-1.0%
RTRF	\$ 44,807,012	\$ 36,669,953	\$ (8,137,059)	-18.2%
Other SF	\$ 99,112,264	\$ 106,931,674	\$ 7,819,410	7.9%
Other RF	\$ 37,222,118	\$ 32,384,294	\$ (4,837,824)	-13.0%
All Funds	\$ 988,100,669	\$ 993,027,776	\$ 4,927,107	0.5%

Across all funds, revenues exceed projections by \$4.9 million (0.5%). However, General Funds and Other Special Funds are \$13.5 million and \$7.8 million higher than projections, respectively.

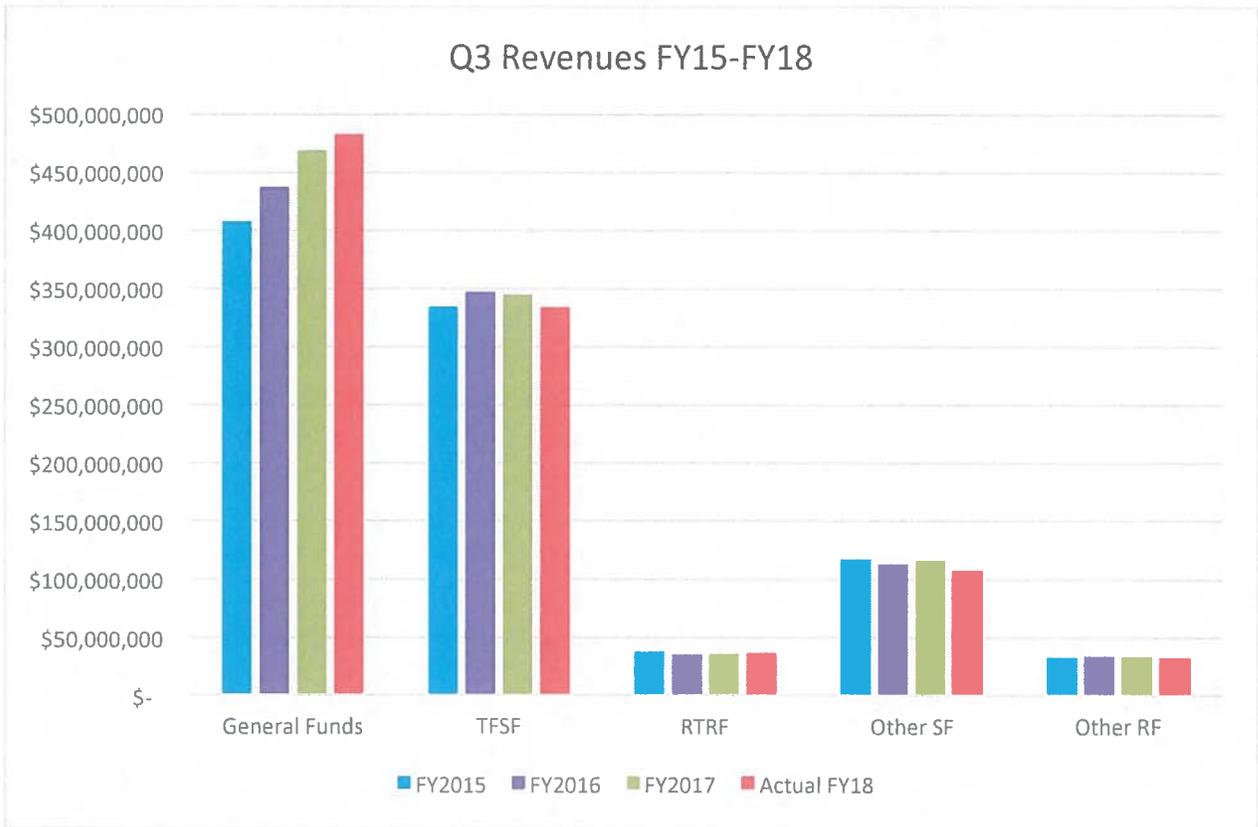
General Fund revenues are higher than anticipated due to the lifting of restrictions. The FY18 budget was created under the expectation of a 10% restriction on general funded discretionary costs, pursuant to Executive Memorandum No. 17-04, dated August 29, 2017. However, on January 22, 2018, the Governor issued Executive Memorandum No. 18-01, which released half of the 10% restriction. Additionally, on March 28, 2018, the Governor issued Executive Memorandum No. 18-02, which released half of the remaining 5% restriction.

The Research and Training Revolving Fund (RTRF) variance is primarily a result of Mānoa having budgeted their annual projection of \$29.4 million entirely in Q1 rather than evenly distributed in each quarter. RTRF revenues for Q3 of \$36.7 million are in line with Q3 revenues for the past several fiscal years. This variance should decrease as the year progresses.

Other Special Funds are higher than projected, mostly due to Student Housing at Mānoa and Hilo. Mānoa projected revenue evenly throughout the year but actual revenues were recorded in the beginning part of the year. This variance should decrease throughout the fiscal year. Hilo is experiencing a higher than projected number of students residing on campus and purchasing meal plans.

Other Revolving Funds are lower than projected due to variances in two units at Mānoa and a Commercial Enterprise Revolving Fund culinary venture for the Community Colleges that was closed down ahead of schedule.

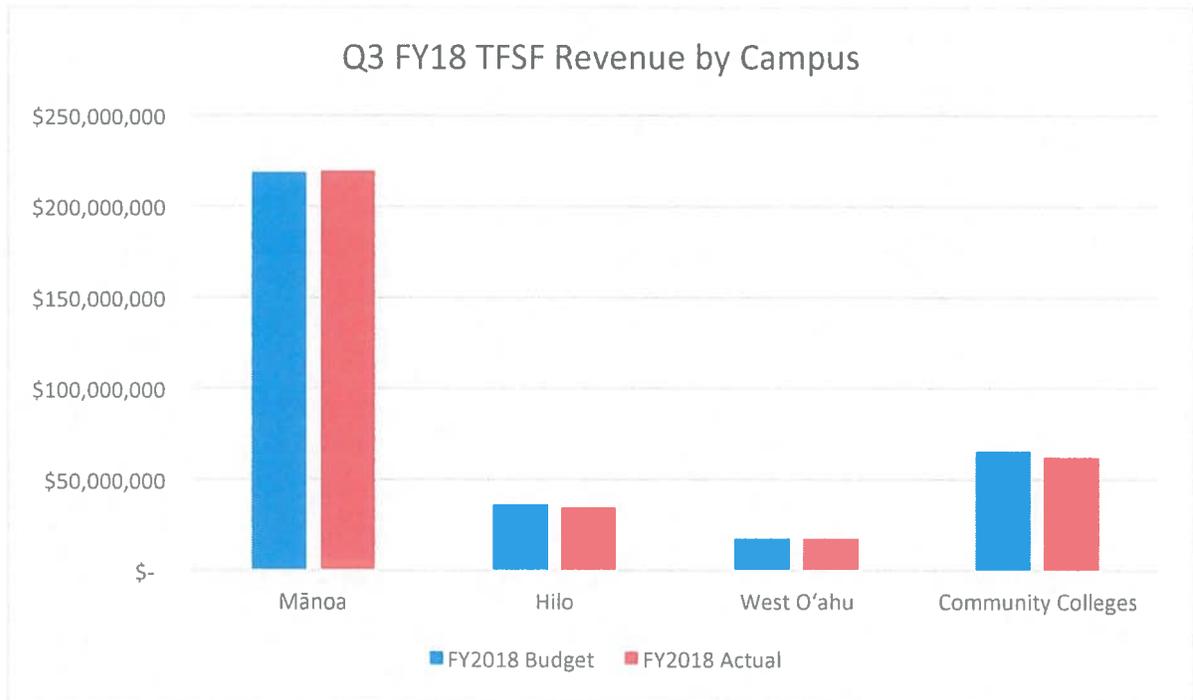
A comparison of revenues through Q3 for the current and three prior fiscal years shows the increase in general fund revenues and the recent declines in both the Tuition and Fees Special Fund (TFSF) and other Special Fund categories.



	FY2015	FY2016	FY2017	FY2018
General Fund	\$ 407,787,629	\$ 437,402,339	\$ 469,022,020	\$ 482,984,558
TFSF	\$ 334,692,182	\$ 347,207,674	\$ 345,085,265	\$ 334,057,297
RTRF	\$ 37,417,682	\$ 34,963,227	\$ 35,512,320	\$ 36,669,953
Other SF	\$ 117,151,700	\$ 112,374,820	\$ 116,180,646	\$ 106,931,674
Other RF	\$ 32,743,291	\$ 33,099,614	\$ 33,082,297	\$ 32,384,294
All Funds	\$ 929,792,484	\$ 965,047,674	\$ 998,882,548	\$ 993,027,776

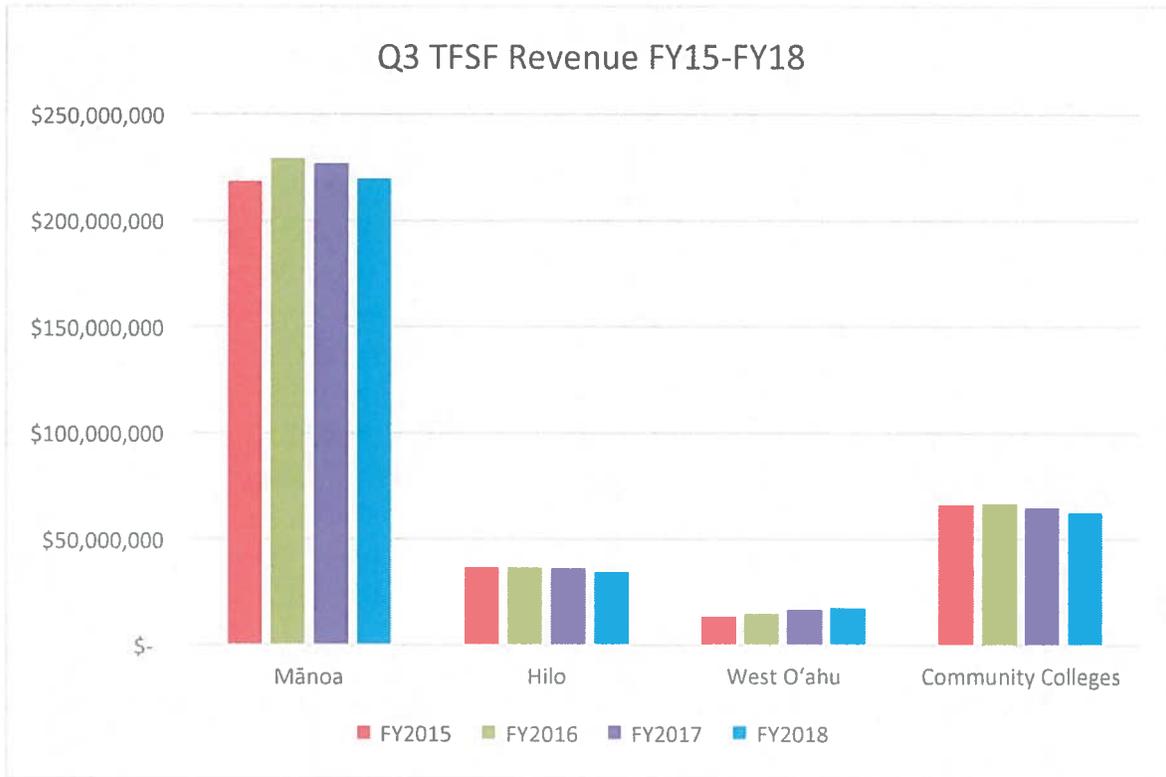
Tuition and Fees Revenue

Across all campuses, TFSF revenue is \$3.4 million, or 1.0%, **below** projections. This is primarily due to lower than anticipated revenues for Hilo and the Community Colleges. However, it should be noted that both entities have significant cash balances, either close to or exceeding the Board’s policy of 16% of combined General Fund and TFSF expenditures.



Campus	FY2018 Budget	FY2018 Actual	Difference	%age
Mānoa	\$ 218,911,166	\$ 219,576,743	\$ 665,577	0.3%
Hilo	\$ 35,900,093	\$ 34,385,477	\$ (1,514,616)	-4.2%
West O'ahu	\$ 17,070,228	\$ 17,205,285	\$ 135,057	0.8%
Community Colleges	\$ 64,928,730	\$ 62,370,462	\$ (2,558,268)	-3.9%
Systemwide Support	\$ 718,350	\$ 519,330	\$ (199,020)	-27.7%
Total	\$ 337,528,567	\$ 334,057,297	\$ (3,471,270)	-1.0%

The trend for TFSF revenue by campus through Q3 for the past four fiscal years is presented below:

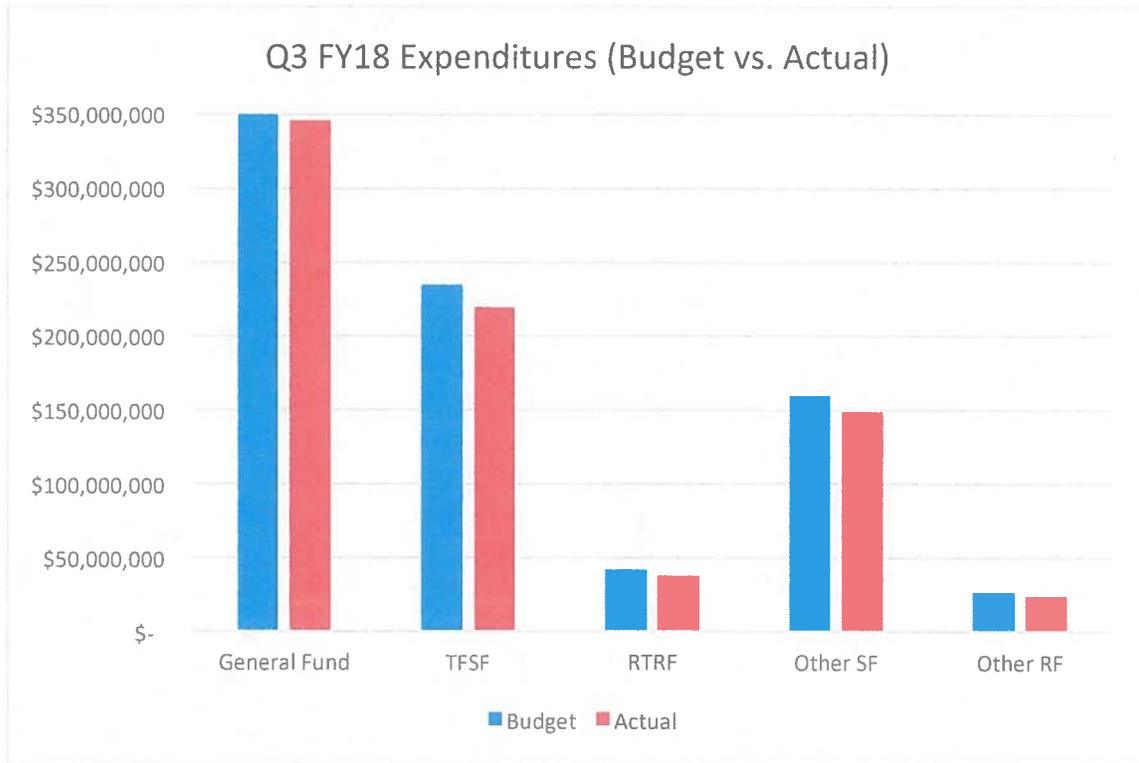


Campus	FY2015	FY2016	FY2017	FY2018
Mānoa	\$ 218,335,829	\$ 229,263,987	\$ 226,996,239	\$ 219,576,743
Hilo	\$ 36,654,077	\$ 36,259,583	\$ 35,973,908	\$ 34,385,477
West O'ahu	\$ 13,077,867	\$ 14,732,947	\$ 16,735,519	\$ 17,205,285
Community Colleges	\$ 66,044,219	\$ 66,395,617	\$ 64,692,372	\$ 62,370,462
Systemwide Support	\$ 580,190	\$ 555,540	\$ 687,227	\$ 519,330
Total	\$ 334,692,182	\$ 347,207,674	\$ 345,085,265	\$ 334,057,297

The decline in TFSF revenue is to be expected given declining enrollment at every campus except West O'ahu. Campuses are looking to address this decline through managing expenditures as well as enrollment management initiatives.

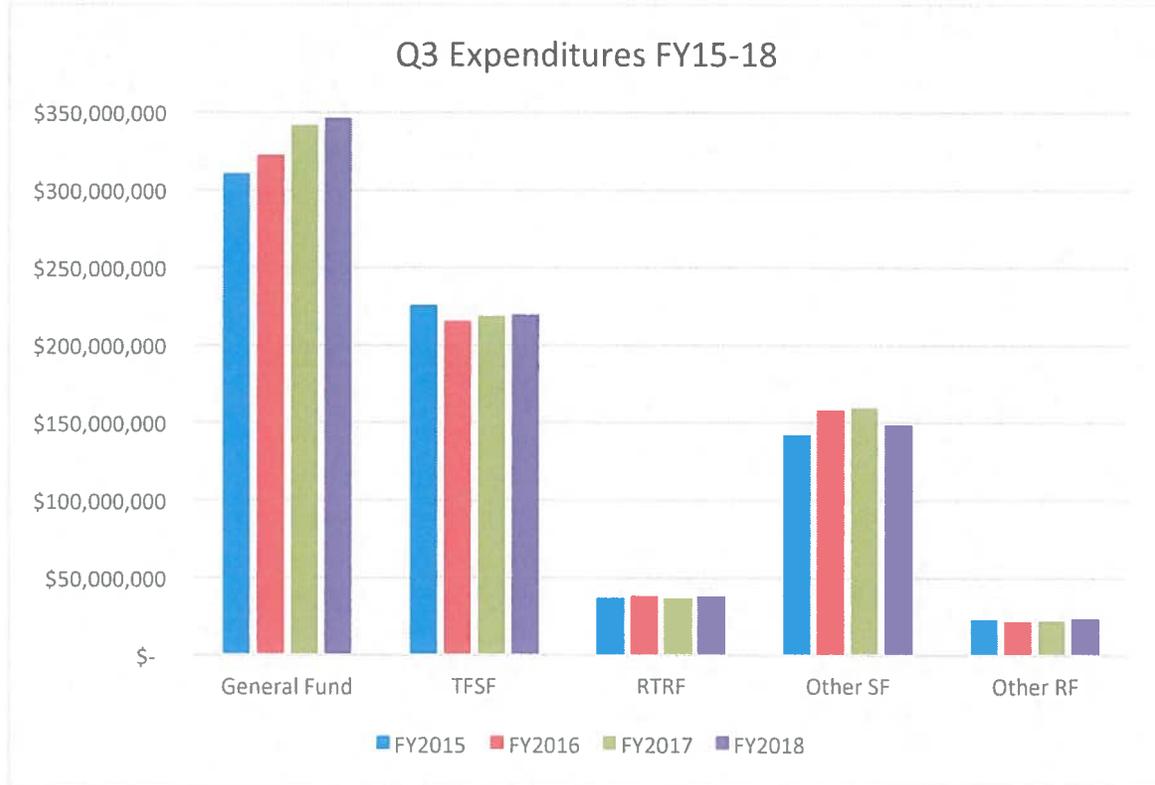
Expenditures

Actual expenditures for all fund categories are lower than projected expenditures for Q3 FY18. This can be attributable to generally conservative budgeting during construction of the FY18 spending plan as well as responding to the revenue situation during budget execution.



Fund	Budget	Actual	Difference	%age
General Fund	\$ 351,389,374	\$ 346,134,258	\$ (5,255,116)	-1.5%
TFSF	\$ 234,560,189	\$ 219,587,274	\$ (14,972,915)	-6.4%
RTRF	\$ 41,254,452	\$ 37,799,528	\$ (3,454,924)	-8.4%
Other SF	\$ 159,441,461	\$ 148,705,788	\$ (10,735,673)	-6.7%
Other RF	\$ 26,489,891	\$ 23,444,463	\$ (3,045,428)	-11.5%
Total	\$ 813,135,367	\$ 775,671,311	\$ (37,464,056)	-4.6%

When comparing actual expenditures to prior years' experience, expenditures for Q3 FY18 are slightly below expenditures for the same period from FY17. TFSF expenditures are slightly above FY16 and FY17 for the same period, but are still lower than FY15.



Fund	FY2015	FY2016	FY2017	FY2018
General Fund	\$ 310,588,648	\$ 322,500,191	\$ 341,731,092	\$ 346,134,258
TFSF	\$ 225,762,385	\$ 215,429,870	\$ 219,039,935	\$ 219,587,274
RTRF	\$ 37,075,413	\$ 38,541,473	\$ 36,158,383	\$ 37,799,528
Other SF	\$ 142,082,877	\$ 158,172,182	\$ 159,689,945	\$ 148,705,788
Other RF	\$ 23,238,606	\$ 21,643,799	\$ 22,154,332	\$ 23,444,463
Total	\$ 738,747,929	\$ 756,287,515	\$ 778,773,687	\$ 775,671,311

MANOA

General Fund

Utility expenditures were not projected to occur on General Funds; however, Cancer Center incurred expenditures for utilities. Additional utility expenditures are expected to be incurred in Q4.

Tuition and Fees Special Fund

Expenditures were conservatively projected in anticipation of decreased revenues. Units are currently projected to spend within their current year allocations, which are within the projected revenue for the year. Variations in quarterly expenditures can occur throughout the year due to timing issues. Because of this, all expenditure categories were projected to be higher than actual.

Transfers were lower than projected since Cancer Center was projected to receive a transfer of funds to augment their tuition budget but instead was given an increased allocation. This variance will continue for the rest of the year until the cash transfer for the allocations to units are done. The remainder of the variance is due to the timing of when transfers were projected to be recorded than when they actually were recorded.

Research & Training Revolving Fund

The RTRF revenue budget was projected to be received entirely in Q1 instead of being distributed over all four quarters. Quarterly variances therefore will continue throughout the year but will decrease as the year progresses.

RTRF expenditures are budgeted based on the total amount of allocation given to the units for their facilitating money. Since this money is used to support start up packages and longer term projects, units typically budget the entire amount of allocation even though it might not be spent in the current year. This is a means to track the progress of the project over a period of time and to be able to calculate a balance for the Principal Investigators.

Some units also budgeted their RTRF expenditures as other expenditures as a placeholder instead of allocating the budget between personnel, non-personnel and utilities. This would cause the non-personnel expenditure budget to have a variance.

RTRF utilities had a variance due to campus utilities paid for via RTRF were actually paid in Quarter 3 instead of in Quarter 4.

Transfers were higher than budgeted because of a cleanup effort done by the Office of the Vice Chancellor of Research (OVCR) to correct prior year cash transfers that were delayed. Since these transfers included adjustments from prior years, this would cause the actual transfers to be higher than what was budgeted.

Other Special Funds

Actual revenues for Other Special Funds are higher than projected primarily due to Student Housing. Their projected revenue through Q3 was \$18.0 million, but the actual came in at \$23.8 million. This was due to projecting revenues fairly evenly throughout the year rather than when the revenues actually are recorded in the financial system. This will cause the unit to have a variance until the end of the fiscal year assuming their total revenue projection becomes reality.

Cancer Center expenditures are lower than projected due to receiving funds tied to the release of the governor's restriction of general funds. This allowed Cancer Center to utilize less of their Cancer Center special fund monies. Commuter Services also had lower than projected expenditures through the third quarter due to operational cost savings.

Utilities were higher than projected due to Telecomm projecting utilities costs as part of their non-personnel expenditures. This variance will continue through the remainder of this fiscal year. The balance of the variance is due to units projecting utilities costs conservatively.

Other Revolving Funds

Revenues for Other Revolving Funds were lower than budgeted due to variances in two particular units. School of Architecture had a variance in their HI-DESIGN program due to delays in project execution and funding. Because the projects were not awarded when anticipated, revenues and expenditures have not occurred as planned. Office of Student Affairs had variances in the Student Health Services plan due to lower than anticipated enrollment which resulted in a lower fee collection, and a short term processing lag in billing due to personnel turnover.

Personnel expenditures were lower than expected due to conservative projections of the units and due to delays in execution of some of the HI-DESIGN projects.

Non-personnel expenditures from Other Revolving Funds were lower than projected for Q3 primarily due to circumstances in two funds. Student Services and Campus Services had lower than expected non-personnel expenditures due to the equal

distribution of the expenditure projection over the year. Lower than expected non-personnel expenditures is also attributable to HI-DESIGN project delays.

Transfers were higher than expected due to Facilities transferring funds from their Facilities Use fund to cover AIM costs which was not included on their BOR budget. Student Life had an unbudgeted one time transfer to correctly record One Card transactions as part of Campus Center instead of part of Co-Curricular Activities.

HILO

General Funds

Personnel expenditures are \$1.38 million, or 5% more than planned which is due to available resources being more than planned. The increase in general fund allocation is a result of the partial release of the governor's restriction and collective bargaining augmentation.

Tuition and Fees Special Fund

Personnel expenditures are about \$3.0 million, or 29% lower than planned due to delays in filling vacant positions, reduction in lecturer costs and more than planned general funds available for personnel costs. The delay in filling vacant positions and reduction in lecturer cost is in response to a decline in enrollment.

Non-personnel expenditures are \$800,000, or 10% lower than planned due to cautious spending as enrollment for the spring semester continued to decline.

Utilities are about \$1.52 million, or 33%, lower than planned due to rates increasing at a slower pace than projected.

Research and Training Revolving Fund

Revenue is \$600,000, or 23% lower than planned due to an adjustment made for prior years decline in overhead funds and the recording of planned revenue as a transfer rather than income.

Other Special Funds

Other special funds revenue is \$3.28 million, or 45% more than projected. The higher amount is due to an increase in the number of students residing on campus and purchasing meal plans as well as the recording of student housing rental and meal plans for Fall 2018. The budgeted revenue amount does not account for revenue collected for future terms. Fall 2018 revenue will be budgeted in the fiscal year 2019 operating budget.

WEST O'AHU

Tuition and Fees Special Fund

Release of the 5% contingency restriction and half of the executive restriction provided UHWO with an additional \$271,871 in general funds. This enabled the campus to preserve TFSF by incurring less in personnel costs during the third quarter.

Although campus is \$684,056 below projected "Non-Personnel" expenses, there is a \$467,780 in encumbrances yet to be paid.

Other Special Funds

A transfer of \$820,000 for scholarships was budgeted for the fourth quarter but processed during the third quarter which created the variance.

COMMUNITY COLLEGES

General Fund

Non-personnel costs are lower than projected because funds budgeted for equipment purchases were not expended by Q3. Funds in the UHCC equipment replacement pool have been allocated to the campuses and expenditures will be made prior to the end of the year.

Utilities costs are lower than projected for General Funds (GF). These costs are primarily budgeted between GF and Tuition and Fees Special Funds (TFSF) and variances in each respective fund are due to timing considerations and attempts to balance GF and TFSF revenues against expenditure requirements. The total variance for the GF and TFSF combined is only 6%.

Tuition and Fees Special Fund

The personnel expenditure variance is also the product of efforts to balance GF and TFSF revenue sources against expenditure requirements. For example, TFSF payroll is being adjusted as an offset to GF balances. The total variance for the GF and TFSF combined is only 1%.

Non-personnel costs are lower than projected because R&M funds were not expended by Q3. R&M funds from the campuses are being pooled and banked to cover anticipated construction shortfalls related to various repair projects.

Utilities costs are higher than projected for TFSF. As mentioned previously, these costs are primarily budgeted between the GF and TFSF and variances in each respective fund are due to timing considerations and attempts to balance GF and TFSF revenues against expenditure requirements. The total variance for the GF and TFSF combined is only 6%.

Other Revolving Funds

Revenue and non-personnel expenditure variances are primarily due to a Commercial Enterprise Revolving Fund culinary venture that was closed down ahead of schedule.

SYSTEMWIDE ADMINISTRATION

General Funds

The Personnel expenditure variance was primarily due to a timing issue with the recordation of a \$1.1 million reimbursement from the State Department of Budget and Finance for vacation payout expenses, which has a net zero effect. Had the reimbursement recorded timely, the Personnel expenditure variance would have been approximately \$1 million, or 4%.

Non-Personnel expenditures were less than anticipated due to unrealized expenses in areas such as travel, equipment and fee-based services.

Tuition and Fees Special Funds (TFSF)

The Personnel expenditure variance was due to a shift in budget strategy to book personnel expenditures in General Funds instead of TFSF.

The Transfer variance was the result of a timing issue with the document imaging assessment to the campuses. The assessment did not occur in Quarters 2 and 3 as budgeted. Additionally, the transfer out for the IT Building debt service payment that was budgeted for Quarter 4 occurred in Quarter 3 instead.

Research and Training Revolving Fund (RTRF)

The variance in Non-Personnel expenditures was largely the result of increased fiscal prudence and a concerted effort to reduce expenditures in areas such as travel, supplies, and membership dues. Additionally, there were timing issues with purchasing and payment towards the Keller Hall renovation project has not yet been made.

Campus RTRF allocations were determined late in Quarter 1 and a new allocation methodology was applied this fiscal year. As a result variances exist between actual versus budgeted allocation transfers.

Other Special Funds

The variance in Non-personnel expenditures was primarily due to a reimbursement of legal expenses advanced on the Risk Management Special Fund and unrealized expenses for the POST Building recovery. Additionally patent expenditures originally budgeted in special fund accounts are instead being recorded in revolving fund accounts.

UNIVERSITY OF HAWAII SYSTEM REPORT



Report to the University of Hawai'i Board of Regents
Committee on Budget and Finance

FY 2018 Third Quarter Financial Report
For the Period Ending March 31, 2018

UNIVERSITY OF HAWAII
FY 2018 Third Quarter Financial Report for the Period Ending March 31, 2018

GENERAL FUNDS	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Revenue							
Allocation	469,430,708	482,984,558	13,553,850	3%	469,022,020	437,402,339	407,787,629
Expenditures							
Personnel	339,163,748	339,386,273	222,525	0%	334,684,981	316,915,627	305,502,438
Non-Personnel (incl. trfs for B+)	9,429,751	5,458,347	(3,971,404)	-42%	6,200,285	5,000,909	4,843,097
Utilities	2,795,875	1,289,638	(1,506,237)	-54%	845,826	583,655	243,113
Total Expenditures	351,389,374	346,134,258	(5,255,116)	-1%	341,731,092	322,500,191	310,588,648
Revenue - Expenditures	118,041,334	136,850,300			127,290,928	114,902,148	97,198,981

TUITION & FEES SF (TFSF)	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Revenue							
Total Revenue	337,528,567	334,057,297	(3,471,270)	-1%	345,085,265	347,207,674	334,692,182
Expenditures/Transfers							
Personnel	104,354,195	96,113,601	(8,240,594)	-8%	97,093,496	94,039,015	105,631,634
Non-Personnel	79,127,573	74,117,132	(5,010,441)	-6%	76,162,632	74,819,071	71,586,040
Utilities	34,906,852	32,470,592	(2,436,260)	-7%	34,852,403	32,892,399	39,527,564
Transfers	16,171,569	16,885,949	714,380	4%	10,931,404	13,679,385	9,017,147
Total Expenditures/Transfers	234,560,189	219,587,274	(14,972,915)	-6%	219,039,935	215,429,870	225,762,385
Revenue - Expenditures/Transfers	102,968,378	114,470,023			126,045,330	131,777,804	108,929,797

RESEARCH & TRAINING RF (RTRF)	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Revenue							
Total Revenue	44,807,012	36,669,953	(8,137,059)	-18%	35,512,320	34,963,227	37,417,682
Expenditures/Transfers							
Personnel	11,982,955	12,544,176	561,221	5%	13,204,565	11,976,573	12,999,606
Non-Personnel	27,773,766	19,106,981	(8,666,785)	-31%	18,001,883	20,029,262	17,946,888
Utilities	2,631,034	4,152,831	1,521,797	58%	2,995,142	4,545,010	4,346,334
Transfers	(1,133,303)	1,995,540	3,128,843	-276%	1,956,793	1,990,628	1,782,585
Total Expenditures/Transfers	41,254,452	37,799,528	(3,454,924)	-8%	36,158,383	38,541,473	37,075,413
Revenue - Expenditures/Transfers	3,552,560	(1,129,575)			(646,063)	(3,578,246)	342,269

UNIVERSITY OF HAWAII
FY 2018 Third Quarter Financial Report for the Period Ending March 31, 2018

OTHER SPECIAL FUNDS	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Revenue							
Total Revenue	99,112,264	106,931,674	7,819,410	8%	116,180,646	112,374,820	117,151,700
Expenditures/Transfers							
Personnel	41,009,206	39,969,684	(1,039,522)	-3%	41,139,184	39,995,859	39,209,842
Non-Personnel	104,116,517	93,816,307	(10,300,210)	-10%	97,908,112	103,934,873	81,950,919
Utilities	6,601,546	7,495,045	893,499	14%	6,839,472	4,752,076	7,028,614
Transfers	7,714,192	7,424,752	(289,440)	-4%	13,803,177	9,489,374	13,893,502
Total Expenditures/Transfers	159,441,461	148,705,788	(10,735,673)	-7%	159,689,945	158,172,182	142,082,877
Revenue - Expenditures/Transfers	(60,329,197)	(41,774,114)			(43,509,299)	(45,797,362)	(24,931,177)

OTHER REVOLVING FUNDS	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Revenue							
Total Revenue	37,222,118	32,384,294	(4,837,824)	-13%	33,082,297	33,099,614	32,743,291
Expenditures/Transfers							
Personnel	9,162,172	8,242,999	(919,173)	-10%	7,468,604	7,289,175	7,346,736
Non-Personnel	17,348,391	14,830,484	(2,517,907)	-15%	15,121,832	14,286,611	15,448,229
Utilities	158,639	229,134	70,495	44%	227,306	42,522	44,146
Transfers	(179,311)	141,846	321,157	-179%	(663,410)	25,491	399,495
Total Expenditures/Transfers	26,489,891	23,444,463	(3,045,428)	-11%	22,154,332	21,643,799	23,238,606
Revenue - Expenditures/Transfers	10,732,227	8,939,831			10,927,965	11,455,815	9,504,685

TOTAL, UOH	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Revenue							
Total Revenue	988,100,669	993,027,776	4,927,107	0%	998,882,548	965,047,674	929,792,484
Expenditures/Transfers							
Personnel	505,672,276	496,256,733	(9,415,543)	-2%	493,590,830	470,216,249	470,690,256
Non-Personnel	237,795,998	207,329,251	(30,466,747)	-13%	213,394,744	218,070,726	191,775,173
Utilities	47,093,946	45,637,240	(1,456,706)	-3%	45,760,149	42,815,662	51,189,771
Transfers	22,573,147	26,448,087	3,874,940	17%	26,027,964	25,184,878	25,092,729
Total Expenditures/Transfers	813,135,367	775,671,311	(37,464,056)	-5%	778,773,687	756,287,515	738,747,929
Revenue - Expenditures/Transfers	174,965,302	217,356,465			220,108,861	208,760,159	191,044,555

University of Hawai'i - Mānoa
FY 2018 Third Quarter Financial Report for the Period Ending March 31, 2018

GENERAL FUNDS	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Revenue							
Allocation (including net transfers)	234,337,820	241,729,004	7,391,184	3%	237,389,707	223,007,041	206,983,231
Expenditures							
Personnel	176,867,363	178,099,802	1,232,439	1%	175,646,015	170,497,971	161,207,383
Non-Personnel	1,097,875	1,235,014	137,139	12%	2,261,218	772,305	22,888
Utilities	-	638,238	638,238	budget = 0	216	-	-
Total Expenditures	177,965,238	179,973,054	2,007,816	1%	177,907,449	171,270,276	161,230,271
Revenue - Expenditures	56,372,582	61,755,950			59,482,258	51,736,765	45,752,960

TUITION & FEES SF (TFSF)	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Revenue							
Total Revenue	218,911,166	219,576,743	665,577	0%	226,996,239	229,263,987	218,335,829
Expenditures/Transfers							
Personnel	70,785,971	65,266,562	(5,519,409)	-8%	64,962,953	61,368,464	74,195,536
Non-Personnel	34,862,006	33,310,803	(1,551,203)	-4%	40,181,169	38,478,806	35,741,333
Utilities	24,427,988	21,169,302	(3,258,686)	-13%	24,245,763	22,142,836	27,303,482
Transfers (net)	13,731,471	12,141,449	(1,590,022)	-12%	9,609,408	10,619,107	8,310,808
Total Expenditures/Transfers	143,807,436	131,888,116	(11,919,320)	-8%	138,999,293	132,609,213	145,551,159
Revenue - Expenditures/Transfers	75,103,730	87,688,627			87,996,946	96,654,774	72,784,670

RESEARCH & TRAINING RF (RTRF)	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Revenue							
Total Revenue	29,454,427	22,150,354	(7,304,073)	-25%	24,181,826	15,055,888	26,297,979
Expenditures/Transfers							
Personnel	7,061,533	7,532,602	471,069	7%	6,766,349	6,956,176	8,544,144
Non-Personnel	16,014,096	9,074,498	(6,939,598)	-43%	7,942,702	10,115,181	9,840,883
Utilities	2,061,291	3,530,068	1,468,777	71%	2,368,006	4,545,010	3,394,905
Transfers (net)	(600,501)	1,788,195	2,388,696	-398%	1,956,793	2,609,421	2,049,317
Total Expenditures/Transfers	24,536,419	21,925,363	(2,611,056)	-11%	19,033,850	24,225,788	23,829,249
Revenue - Expenditures/Transfers	4,918,008	224,991			5,147,976	(9,169,900)	2,468,730

University of Hawai'i - Mānoa
FY 2018 Third Quarter Financial Report for the Period Ending March 31, 2018

OTHER SPECIAL FUNDS Revenue	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Total Revenue	76,181,622	80,387,183	4,205,561	6%	88,832,986	86,678,852	88,959,700
Expenditures/Transfers							
Personnel	30,393,041	29,481,303	(911,738)	-3%	31,221,671	30,627,115	29,538,276
Non-Personnel	79,662,379	73,804,379	(5,858,000)	-7%	74,426,831	81,362,708	59,041,495
Utilities	6,095,763	6,933,056	837,293	14%	6,397,973	4,380,955	6,601,817
Transfers (net)	11,258,380	12,250,478	992,098	9%	15,865,836	14,513,032	15,987,833
Total Expenditures/Transfers	127,409,563	122,469,216	(4,940,347)	-4%	127,912,311	130,883,810	111,169,421
Revenue - Expenditures/Transfers	(51,227,941)	(42,082,033)			(39,079,325)	(44,204,958)	(22,209,721)

OTHER REVOLVING FUNDS Revenue	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Total Revenue	30,071,753	27,162,236	(2,909,517)	-10%	27,498,259	27,024,373	27,319,388
Expenditures/Transfers							
Personnel	6,883,263	6,046,153	(837,110)	-12%	5,893,260	5,620,782	5,794,897
Non-Personnel	14,134,618	12,639,861	(1,494,757)	-11%	12,707,155	11,628,778	13,105,870
Utilities	144,365	219,700	75,335	52%	212,941	42,522	44,146
Transfers (net)	(225,000)	349,991	574,991	-256%	(179,884)	(14,374)	176,000
Total Expenditures/Transfers	20,937,246	19,255,705	(1,681,541)	-8%	18,633,472	17,277,708	19,120,913
Revenue - Expenditures/Transfers	9,134,507	7,906,531			8,864,787	9,746,665	8,198,475

TOTAL, UH MANOA Revenue	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Total Revenue	588,956,788	591,005,520	2,048,732	0%	604,899,017	581,030,141	567,896,127
Expenditures/Transfers							
Personnel	291,991,171	286,426,422	(5,564,749)	-2%	284,490,248	275,070,508	279,280,236
Non-Personnel	145,770,974	130,064,555	(15,706,419)	-11%	137,519,075	142,357,778	117,752,469
Utilities	32,729,407	32,490,364	(239,043)	-1%	33,224,899	31,111,323	37,344,350
Transfers	24,164,350	26,530,113	2,365,763	10%	27,252,153	27,727,186	26,523,958
Total Expenditures/Transfers	494,655,902	475,511,454	(19,144,448)	-4%	482,486,375	476,266,795	460,901,013
Revenue - Expenditures/Transfers	94,300,886	115,494,066			122,412,642	104,763,346	106,995,114

University of Hawai'i - Hilo
FY 2018 Third Quarter Financial Report for the Period Ending March 31, 2018

GENERAL FUNDS	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Revenue							
Allocation (including net transfers)	34,951,072	36,089,955	1,138,883	3%	35,234,644	32,904,965	31,389,415
Expenditures							
Personnel	25,676,242	27,054,139	1,377,897	5%	25,468,014	23,611,219	23,361,975
Non-Personnel	219,000	219,000	-	0%	7,040	58,735	860,677
Utilities	-	-	-	budget = 0	-	-	1,052
Total Expenditures	25,895,242	27,273,139	1,377,897	5%	25,475,054	23,669,954	24,223,704
Revenue - Expenditures	9,055,830	8,816,816			9,759,590	9,235,011	7,165,711

TUITION & FEES SF (TFSF)	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Revenue							
Total Revenue	35,900,093	34,385,477	(1,514,616)	-4%	35,973,908	36,259,583	36,654,077
Expenditures/Transfers							
Personnel	10,527,288	7,525,175	(3,002,113)	-29%	9,551,701	10,151,408	10,361,779
Non-Personnel	8,110,212	7,292,197	(818,015)	-10%	7,246,310	7,518,289	7,404,642
Utilities	4,624,878	3,104,945	(1,519,933)	-33%	3,051,273	2,941,562	3,637,214
Transfers (net)	1,664,275	1,746,379	82,104	5%	1,656,020	1,547,297	1,630,154
Total Expenditures/Transfers	24,926,653	19,668,696	(5,257,957)	-21%	21,505,304	22,158,556	23,033,789
Revenue - Expenditures/Transfers	10,973,440	14,716,781			14,468,604	14,101,027	13,620,288

RESEARCH & TRAINING RF (RTRF)	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Revenue							
Total Revenue	2,579,172	1,977,976	(601,196)	-23%	2,871,066	1,872,851	2,310,493
Expenditures/Transfers							
Personnel	109,591	190,126	80,535	73%	301,494	239,981	116,795
Non-Personnel	2,599,382	2,935,090	335,708	13%	2,761,678	3,133,618	2,796,383
Utilities	-	8,538	8,538	budget = 0	2,972	-	392,635
Transfers (net)	212,250	(193,750)	(406,000)	-191%	(146,010)	(116,821)	(173,034)
Total Expenditures/Transfers	2,921,223	2,940,004	18,781	1%	2,920,134	3,256,778	3,132,779
Revenue - Expenditures/Transfers	(342,051)	(962,028)			(49,068)	(1,383,927)	(822,286)

University of Hawai'i - Hilo
FY 2018 Third Quarter Financial Report for the Period Ending March 31, 2018

OTHER SPECIAL FUNDS Revenue	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Total Revenue	7,304,126	10,582,683	3,278,557	45%	9,748,584	8,776,204	9,124,847
Expenditures/Transfers							
Personnel	1,278,120	1,191,488	(86,632)	-7%	1,210,221	1,407,994	1,278,878
Non-Personnel	10,052,959	9,558,323	(494,636)	-5%	10,028,005	9,703,414	10,122,756
Utilities	305,874	319,240	13,366	4%	271,111	278,964	248,183
Transfers (net)	993,617	572,720	(420,897)	-42%	987,867	1,014,574	943,729
Total Expenditures/Transfers	12,630,570	11,641,771	(988,799)	-8%	12,497,204	12,404,946	12,593,546
Revenue - Expenditures/Transfers	(5,326,444)	(1,059,088)			(2,748,620)	(3,628,742)	(3,468,699)

OTHER REVOLVING FUNDS Revenue	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Total Revenue	2,336,072	2,015,327	(320,745)	-14%	2,162,555	2,174,219	2,032,169
Expenditures/Transfers							
Personnel	947,327	842,586	(104,741)	-11%	761,081	814,552	759,629
Non-Personnel	702,213	611,057	(91,156)	-13%	662,376	719,372	871,932
Utilities	4,743	5,324	581	12%	6,398	-	-
Transfers (net)	-	13,300	13,300	budget = 0	3	-	237
Total Expenditures/Transfers	1,654,283	1,472,267	(182,016)	-11%	1,429,858	1,533,924	1,631,798
Revenue - Expenditures/Transfers	681,789	543,060			732,697	640,295	400,371

TOTAL, UH HILO Revenue	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Total Revenue	83,070,535	85,051,418	1,980,883	2%	85,990,757	81,987,822	81,511,001
Expenditures/Transfers							
Personnel	38,538,568	36,803,514	(1,735,054)	-5%	37,292,511	36,225,154	35,879,056
Non-Personnel	21,683,766	20,615,667	(1,068,099)	-5%	20,705,409	21,133,428	22,056,390
Utilities	4,935,495	3,438,047	(1,497,448)	-30%	3,331,754	3,220,526	4,279,084
Transfers	2,870,142	2,138,649	(731,493)	-25%	2,497,880	2,445,050	2,401,086
Total Expenditures/Transfers	68,027,971	62,995,877	(5,032,094)	-7%	63,827,554	63,024,158	64,615,616
Revenue - Expenditures/Transfers	15,042,564	22,055,541			22,163,203	18,963,664	16,895,385

University of Hawai'i - West O'ahu
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GENERAL FUNDS	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Revenue							
Allocation (including net transfers)	15,566,399	16,106,906	540,507	3%	15,785,482	14,310,281	13,339,525
Expenditures							
Personnel	11,655,650	11,854,524	198,874	2%	12,068,341	10,581,660	8,858,807
Non-Personnel	-	24,651	24,651	budget = 0	17,321	19,781	78,177
Utilities	-	-	-	budget = 0	-	-	-
Total Expenditures	11,655,650	11,879,175	223,525	2%	12,085,662	10,601,441	8,936,984
Revenue - Expenditures	3,910,749	4,227,731			3,699,820	3,708,840	4,402,541

TUITION & FEES SF (TFSF)	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Revenue							
Total Revenue	17,070,228	17,205,285	135,057	1%	16,735,519	14,732,947	13,077,867
Expenditures/Transfers							
Personnel	4,800,240	4,259,760	(540,480)	-11%	3,244,655	3,026,863	2,396,014
Non-Personnel	2,202,600	1,518,544	(684,056)	-31%	1,579,564	1,728,940	1,064,207
Utilities	845,400	601,372	(244,028)	-29%	629,389	745,566	853,100
Transfers (net)	6,095,422	6,660,503	565,081	9%	4,964,046	6,027,819	4,239,556
Total Expenditures/Transfers	13,943,662	13,040,179	(903,483)	-6%	10,417,654	11,529,188	8,552,877
Revenue - Expenditures/Transfers	3,126,566	4,165,106			6,317,865	3,203,759	4,524,990

RESEARCH & TRAINING RF (RTRF)	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Revenue							
Total Revenue	123,900	219,421	95,521	77%	124,141	70,102	83,595
Expenditures/Transfers							
Personnel	-	1,222	1,222	budget = 0	50	217	62
Non-Personnel	115,000	71,069	(43,931)	-38%	54,848	64,506	16,328
Utilities	-	-	-	budget = 0	-	-	-
Transfers (net)	-	-	-	budget = 0	-	(40)	(1,089)
Total Expenditures/Transfers	115,000	72,291	(42,709)	-37%	54,898	64,683	15,301
Revenue - Expenditures/Transfers	8,900	147,130			69,243	5,419	68,294

University of Hawai'i - West O'ahu
FY 2018 Third Quarter Financial Report for the Period Ending March 31, 2018

OTHER SPECIAL FUNDS Revenue	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Total Revenue	270,000	262,409	(7,591)	-3%	293,700	443,401	540,865
Expenditures/Transfers							
Personnel	66,000	125,511	59,511	90%	58,964	11,900	1,636
Non-Personnel	2,370,000	1,885,244	(484,756)	-20%	2,336,724	2,408,348	1,198,222
Utilities	-	-	-	budget = 0	-	-	-
Transfers (net)	(1,500,000)	(2,140,000)	(640,000)	43%	(1,321,511)	(2,406,642)	(729,757)
Total Expenditures/Transfers	936,000	(129,245)	(1,065,245)	-114%	1,074,177	13,606	470,101
Revenue - Expenditures/Transfers	(666,000)	391,654			(780,477)	429,795	70,764

OTHER REVOLVING FUNDS Revenue	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Total Revenue	1,076,000	715,993	(360,007)	-33%	884,008	820,723	758,514
Expenditures/Transfers							
Personnel	207,500	209,702	2,202	1%	147,580	150,566	131,849
Non-Personnel	320,000	206,317	(113,683)	-36%	257,596	177,482	176,752
Utilities	8,000	715	(7,285)	-91%	6,992	-	-
Transfers (net)	-	-	-	budget = 0	-	-	(45,089)
Total Expenditures/Transfers	535,500	416,734	(118,766)	-22%	412,168	328,048	263,512
Revenue - Expenditures/Transfers	540,500	299,259			471,840	492,675	495,002

TOTAL, UH WEST OAHU Revenue	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Total Revenue	34,106,527	34,510,014	403,487	1%	33,822,850	30,377,454	27,800,366
Expenditures/Transfers							
Personnel	16,729,390	16,450,719	(278,671)	-2%	15,519,590	13,771,206	11,388,368
Non-Personnel	5,007,600	3,705,825	(1,301,775)	-26%	4,246,053	4,399,057	2,533,686
Utilities	853,400	602,087	(251,313)	-29%	636,381	745,566	853,100
Transfers	4,595,422	4,520,503	(74,919)	-2%	3,642,535	3,621,137	3,463,621
Total Expenditures/Transfers	27,185,812	25,279,134	(1,906,678)	-7%	24,044,559	22,536,966	18,238,775
Revenue - Expenditures/Transfers	6,920,715	9,230,880			9,778,291	7,840,488	9,561,591

University of Hawai'i - Community Colleges
FY 2018 Third Quarter Financial Report for the Period Ending March 31, 2018

GENERAL FUNDS	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Revenue							
Allocation (including net transfers)	136,194,282	140,303,143	4,108,861	3%	135,406,897	125,637,803	117,254,353
Expenditures							
Personnel	96,559,422	96,176,161	(383,261)	0%	94,900,450	88,303,585	88,889,424
Non-Personnel	1,488,896	63,716	(1,425,180)	-96%	65,728	81,097	66,774
Utilities	2,706,760	560,692	(2,146,068)	-79%	745,356	583,655	242,061
Total Expenditures	100,755,078	96,800,569	(3,954,509)	-4%	95,711,534	88,968,337	89,198,259
Revenue - Expenditures	35,439,204	43,502,574			39,695,363	36,669,466	28,056,094

TUITION & FEES SF (TFSF)	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Revenue							
Total Revenue	64,928,730	62,370,462	(2,558,268)	-4%	64,692,372	66,395,617	66,044,219
Expenditures/Transfers							
Personnel	16,465,106	18,053,851	1,588,745	10%	17,472,540	18,001,516	17,544,911
Non-Personnel	25,629,634	23,686,766	(1,942,868)	-8%	20,586,772	20,606,954	19,751,388
Utilities	4,895,146	7,511,750	2,616,604	53%	6,835,984	7,052,797	7,720,864
Transfers (net)	5,719,772	5,673,784	(45,988)	-1%	3,401,854	4,414,324	3,426,070
Total Expenditures/Transfers	52,709,658	54,926,151	2,216,493	4%	48,297,150	50,075,591	48,443,233
Revenue - Expenditures/Transfers	12,219,072	7,444,311			16,395,222	16,320,026	17,600,986

RESEARCH & TRAINING RF (RTRF)	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Revenue							
Total Revenue	1,333,573	1,000,373	(333,200)	-25%	1,692,370	1,338,903	2,855,548
Expenditures/Transfers							
Personnel	410,411	749,376	338,965	83%	944,279	961,607	500,558
Non-Personnel	636,514	505,015	(131,499)	-21%	441,428	397,542	140,646
Utilities	691	115,625	114,934	16633%	60,381	-	558,794
Transfers (net)	-	50,000	50,000	budget = 0	-	(29,540)	(68,003)
Total Expenditures/Transfers	1,047,616	1,420,016	372,400	36%	1,446,088	1,329,609	1,131,995
Revenue - Expenditures/Transfers	285,957	(419,643)			246,282	9,294	1,723,553

University of Hawai'i - Community Colleges
FY 2018 Third Quarter Financial Report for the Period Ending March 31, 2018

OTHER SPECIAL FUNDS Revenue	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Total Revenue	12,229,464	12,686,608	457,144	4%	12,882,925	11,837,948	13,087,421
Expenditures/Transfers							
Personnel	8,580,489	8,416,297	(164,192)	-2%	7,708,187	7,551,651	7,975,084
Non-Personnel	4,428,090	4,448,447	20,357	0%	4,502,918	4,212,018	5,157,598
Utilities	101,011	182,119	81,108	80%	82,639	92,157	178,614
Transfers (net)	579,127	568,829	(10,298)	-2%	2,249,647	608,051	(11,870)
Total Expenditures/Transfers	13,688,717	13,615,692	(73,025)	-1%	14,543,391	12,463,877	13,299,426
Revenue - Expenditures/Transfers	(1,459,253)	(929,084)			(1,660,466)	(625,929)	(212,005)

OTHER REVOLVING FUNDS Revenue	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Total Revenue	3,180,514	1,977,977	(1,202,537)	-38%	1,636,339	2,142,477	2,094,672
Expenditures/Transfers							
Personnel	836,373	888,096	51,723	6%	443,331	503,270	461,077
Non-Personnel	2,083,650	1,125,850	(957,800)	-46%	1,203,760	1,264,770	1,240,284
Utilities	883	2,197	1,314	149%	543	-	-
Transfers (net)	-	539	539	budget = 0	(602,045)	2,119	-
Total Expenditures/Transfers	2,920,906	2,016,682	(904,224)	-31%	1,045,589	1,770,159	1,701,361
Revenue - Expenditures/Transfers	259,608	(38,705)			590,750	372,318	393,311

TOTAL, UH COMMUNITY COLLEGES Revenue	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Total Revenue	217,866,563	218,338,563	472,000	0%	216,310,903	207,352,748	201,336,213
Expenditures/Transfers							
Personnel	122,851,801	124,283,781	1,431,980	1%	121,468,787	115,321,629	115,371,054
Non-Personnel	34,266,784	29,829,794	(4,436,990)	-13%	26,800,606	26,562,381	26,356,690
Utilities	7,704,491	8,372,383	667,892	9%	7,724,903	7,728,609	8,700,333
Transfers	6,298,899	6,293,152	(5,747)	0%	5,049,456	4,994,954	3,346,197
Total Expenditures/Transfers	171,121,975	168,779,110	(2,342,865)	-1%	161,043,752	154,607,573	153,774,274
Revenue - Expenditures/Transfers	46,744,588	49,559,453			55,267,151	52,745,175	47,561,939

University of Hawai'i - Systemwide Programs
FY 2018 Third Quarter Financial Report for the Period Ending March 31, 2018

GENERAL FUNDS	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Revenue							
Allocation (including net transfers)	48,381,135	48,755,550	374,415	1%	45,205,290	41,542,249	38,821,105
Expenditures							
Personnel	28,405,071	26,201,647	(2,203,424)	-8%	26,602,161	23,921,192	23,184,849
Non-Personnel	5,123,980	2,415,966	(2,708,014)	-53%	2,348,978	2,568,991	2,314,581
Utilities	89,115	90,708	1,593	2%	100,254	-	-
Transfers (B+ Scholarships)	1,500,000	1,500,000	-	0%	1,500,000	1,500,000	1,500,000
Total Expenditures	35,118,166	30,208,321	(4,909,845)	-14%	30,551,393	27,990,183	26,999,430
Revenue - Expenditures	13,262,969	18,547,229			14,653,897	13,552,066	11,821,675

TUITION & FEES SF (TFSF)	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Revenue							
Total Revenue	718,350	519,330	(199,020)	-28%	687,227	555,540	580,190
Expenditures/Transfers							
Personnel	1,775,590	1,008,253	(767,337)	-43%	1,861,647	1,490,764	1,133,394
Non-Personnel	8,323,121	8,308,822	(14,299)	0%	6,568,817	6,486,082	7,624,470
Utilities	113,440	83,223	(30,217)	-27%	89,994	9,638	12,904
Transfers (net)	(11,039,371)	(9,336,166)	1,703,205	-15%	(8,699,924)	(8,929,162)	(8,589,441)
Total Expenditures/Transfers	(827,220)	64,132	891,352	-108%	(179,466)	(942,678)	181,327
Revenue - Expenditures/Transfers	1,545,570	455,198			866,693	1,498,218	398,863

RESEARCH & TRAINING RF (RTRF)	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Revenue							
Total Revenue	11,315,940	11,321,829	5,889	0%	6,642,917	16,625,483	5,870,067
Expenditures/Transfers							
Personnel	4,401,420	4,070,850	(330,570)	-8%	5,192,393	3,818,592	3,838,047
Non-Personnel	8,408,774	6,521,309	(1,887,465)	-22%	6,801,227	6,318,415	5,152,648
Utilities	569,052	498,600	(70,452)	-12%	563,783	-	-
Transfers (net)	(745,052)	351,095	1,096,147	-147%	146,010	(472,392)	(24,606)
Total Expenditures/Transfers	12,634,194	11,441,854	(1,192,340)	-9%	12,703,413	9,664,615	8,966,089
Revenue - Expenditures/Transfers	(1,318,254)	(120,025)			(6,060,496)	6,960,868	(3,096,022)

University of Hawai'i - Systemwide Programs
FY 2018 Third Quarter Financial Report for the Period Ending March 31, 2018

OTHER SPECIAL FUNDS Revenue	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Total Revenue	3,127,052	3,012,791	(114,261)	-4%	4,422,451	4,638,415	5,438,867
Expenditures/Transfers							
Personnel	691,556	755,085	63,529	9%	940,141	397,199	415,968
Non-Personnel	7,603,089	4,119,914	(3,483,175)	-46%	6,613,634	6,248,385	6,430,848
Utilities	98,898	60,630	(38,268)	-39%	87,749	-	-
Transfers (net)	(3,616,932)	(3,827,275)	(210,343)	6%	(3,978,662)	(4,239,641)	(2,296,433)
Total Expenditures/Transfers	4,776,611	1,108,354	(3,668,257)	-77%	3,662,862	2,405,943	4,550,383
Revenue - Expenditures/Transfers	(1,649,559)	1,904,437			759,589	2,232,472	888,484

OTHER REVOLVING FUNDS Revenue	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Total Revenue	557,779	512,761	(45,018)	-8%	901,136	937,822	538,548
Expenditures/Transfers							
Personnel	287,709	256,462	(31,247)	-11%	223,352	200,005	199,284
Non-Personnel	107,910	247,399	139,489	129%	290,945	496,209	53,391
Utilities	648	1,198	550	85%	432	-	-
Transfers (net)	45,689	(221,984)	(267,673)	-586%	118,516	37,746	268,347
Total Expenditures/Transfers	441,956	283,075	(158,881)	-36%	633,245	733,960	521,022
Revenue - Expenditures/Transfers	115,823	229,686			267,891	203,862	17,526

TOTAL, UH SYSTEMWIDE PROGRAMS Revenue	FY 2018 Budget-to-Actual				Prior Fiscal Years		
	FY 2018 YTD Budget	FY 2018 YTD Actual	Difference	%	FY 2017 YTD Actual	FY 2016 YTD Actual	FY 2015 YTD Actual
Total Revenue	64,100,256	64,122,261	22,005	0%	57,859,021	64,299,509	51,248,777
Expenditures/Transfers							
Personnel	35,561,346	32,292,297	(3,269,049)	-9%	34,819,694	29,827,752	28,771,542
Non-Personnel	31,066,874	23,113,410	(7,953,464)	-26%	24,123,601	23,618,082	23,075,938
Utilities	871,153	734,359	(136,794)	-16%	842,212	9,638	12,904
Transfers	(15,355,666)	(13,034,330)	2,321,336	-15%	(12,414,060)	(13,603,449)	(10,642,133)
Total Expenditures/Transfers	52,143,707	43,105,736	(9,037,971)	-17%	47,371,447	39,852,023	41,218,251
Revenue - Expenditures/Transfers	11,956,549	21,016,525			10,487,574	24,447,486	10,030,526

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UNIVERSITY of HAWAII UNIVERSITY OF HAWAII BOARD OF REGENTS

Kalbert K. Young
Vice President for Budget and Finance
Chief Financial Officer

SYSTEM

18 MAY 17 P2:51

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May 17, 2018

'18 MAY 17 P2:47

UNIVERSITY OF HAWAII
PRESIDENT'S OFFICE

TO: Wayne Higaki
Chair, Committee on Budget and Finance, Board of Regents

VIA: David Lassner *David Lassner*
President

FROM: Kalbert K. Young *KY*
Vice President for Budget and Finance/Chief Financial Officer

SUBJECT: FY18 Q3 UBS Legacy Endowment Investment Performance Report

Attached is a report on investment performance of the Legacy Endowment Fund provided by UBS for the third quarter of the current fiscal year ending March 31, 2018. The report highlights performance of the overall portfolio and the specific funds or investment products that comprise the Legacy Endowment Fund portfolio. This report is an information item for discussion at the Budget and Finance Committee meeting on May 24, 2018.

Our UBS Portfolio Managers, Mr. Kyle Yoneshige and Ms. Lori Hamano, will be presenting this item to the Budget and Finance Committee and are expected to be available to answer any questions of the committee on the report or the portfolio in general.

Attachment

- c: University Budget Office (w/o Attachment)
University Controller (w/o Attachment)



Branch office:
 2029 Century Park East
 Suite 3000
 Los Angeles, CA 900673016

Financial Advisor:
 Foundational Wealth
 Management
 808-536-4511

UBS Client Review

as of March 31, 2018

Prepared for

University of Hawaii

Accounts included in this review

Account	Name	Type
JX XX443	• University of Hawaii	• Portfolio Management Program
Risk profile:	Moderate	
Return Objective:	Current Income and Capital Appreciation	

What's inside

Performance review	2
Asset class performance	3
Security performance	4
Additional information about your portfolio	5
Important information about this report	6

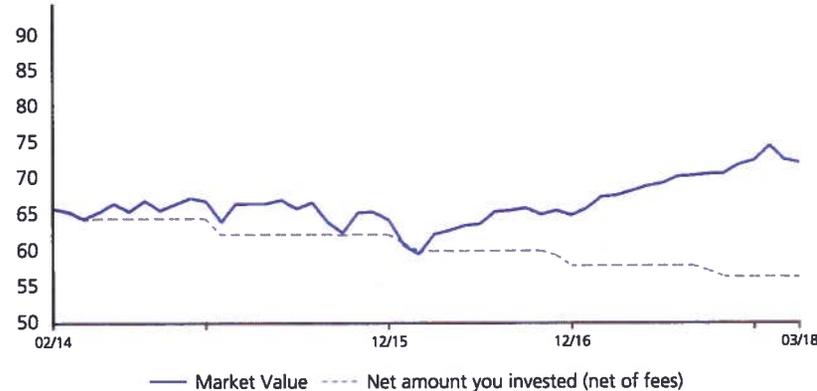


Performance review

as of March 31, 2018

Sources of portfolio value

\$ Millions



Portfolio value and investment returns

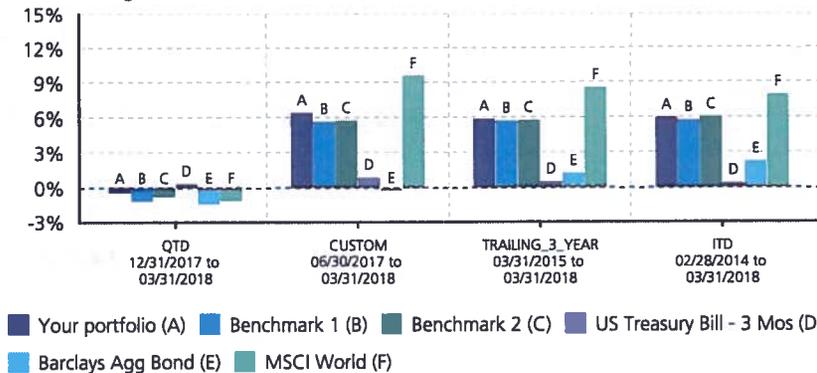
Performance returns (annualized > 1 year)

	QTD For the period of		3 Years	ITD
	12/31/2017 to 03/31/2018	06/30/2017 to 03/31/2018	03/31/2015 to 03/31/2018	02/28/2014 to 03/31/2018
Opening value	72,230,275.49	69,053,495.94	66,237,554.32	65,577,366.93
Net deposits/withdrawals	-34,424.76	-1,650,100.13	-6,213,444.74	-9,973,274.93
Div./interest income	364,413.43	1,265,294.68	5,425,256.16	7,429,715.36
Change in accr. interest	0.00	0.00	0.00	0.00
Change in value	-670,070.40	3,221,503.27	6,440,828.02	8,856,386.40
Closing value	71,890,193.76	71,890,193.76	71,890,193.76	71,890,193.76
Net Time-weighted ROR	-0.47	6.41	5.88	5.98

Net deposits and withdrawals include program and account fees.

Portfolio and selected benchmark returns

Net Time-weighted returns annualized



Time weighted rates of return (net of fees)

Performance returns (annualized > 1 year)

	QTD For the period of		3 Years	ITD
	12/31/2017 to 03/31/2018	06/30/2017 to 03/31/2018	03/31/2015 to 03/31/2018	02/28/2014 to 03/31/2018
Your portfolio(%)	-0.47	6.41	5.88	5.98
Benchmark 1	-1.21	5.64	5.71	5.77
Benchmark 2	-0.78	5.74	5.76	6.03
US Treasury Bill - 3 Mos	0.33	0.85	0.48	0.36
Barclays Agg Bond	-1.46	-0.24	1.20	2.22
MSCI World	-1.15	9.58	8.57	7.96

Benchmark 1:03/03/2014 - Current: 60% MSCI World; 40% Barclays Agg Bond+ **Benchmark 2:Start - Current:** 10% US Treasury Bill - 3 Mos; 24% S&P 500; 12% Russell 2000; 12% Russell Mid Cap; 12% MSCI EAFE-NR; +

+Additional benchmark information can be found on the benchmark composition page.

Past performance does not guarantee future results and current performance may be lower/higher than past data presented.



Asset class performance

as of March 31, 2018

	Value on 03/31/2018	% of Total	Net time-weighted returns (annualized > 1 year)				ITD Start date to 03/31/2018	Start date
			QTD 12/31/2017 to 03/31/2018	For the period of 06/30/2017 to 03/31/2018	For the period of 03/31/2015 to 03/31/2018			
Cash	231,361.97	0.32	N/A	N/A	N/A	N/A	Feb 28, 2014	
<i>US Treasury Bill - 3 Mos</i>			<i>0.33</i>	<i>0.85</i>	<i>0.48</i>	<i>0.36</i>	<i>Feb 28, 2014</i>	
Cash	231,361.97	0.32	N/A	N/A	N/A	N/A	Feb 28, 2014	
Fixed Income	27,660,358.77	38.48	-0.10	1.83	3.05	2.37	Mar 10, 2014	
<i>Barclays Agg Bond</i>			<i>-1.46</i>	<i>-0.24</i>	<i>1.20</i>	<i>2.37</i>	<i>Mar 10, 2014</i>	
US	13,060,404.78	18.17	-0.89	-0.28	2.08	1.79	Mar 10, 2014	
Global	14,599,954.00	20.31	0.62	3.81	3.93	2.95	Mar 11, 2014	
Equity	43,998,473.02	61.20	-0.63	9.76	8.71	9.18	Mar 11, 2014	
<i>MSCI AC World - NR</i>			<i>-0.96</i>	<i>10.14</i>	<i>8.11</i>	<i>7.51</i>	<i>Mar 11, 2014</i>	
US	39,663,803.31	55.17	-0.45	10.17	9.50	10.29	Mar 11, 2014	
International	4,334,669.71	6.03	-2.19	6.19	5.30	4.49	Mar 11, 2014	
Total portfolio	\$71,890,193.76	100%	-0.47%	6.41%	5.88%	5.98%	Feb 28, 2014	

	QTD 12/31/2017 to 03/31/2018	For the period of 06/30/2017 to 03/31/2018	For the period of 03/31/2015 to 03/31/2018	ITD Start date to 03/31/2018
Benchmarks - Time weighted returns				
Benchmark 1	-1.21	5.64	5.71	5.77
Benchmark 2	-0.78	5.74	5.76	6.03
US Treasury Bill - 3 Mos	0.33	0.85	0.48	0.36
Barclays Agg Bond	-1.46	-0.24	1.20	2.22
MSCI World	-1.15	9.58	8.57	7.96

Benchmark 1:03/03/2014 - Current: 60% MSCI World; 40% Barclays Agg Bond+ **Benchmark 2:Start - Current:** 10% US Treasury Bill - 3 Mos; 24% S&P 500; 12% Russell 2000; 12% Russell Mid Cap; 12% MSCI EAFE-NR; 30% Barclays Agg Bond

+Additional benchmark information can be found on the benchmark composition page.

Gross time weighted returns are displayed at the asset class level for advisory accounts not displayed by their manager's strategy

Past performance does not guarantee future results and current performance may be lower/higher than past data presented.



Security performance

as of March 31, 2018

	Value on 03/31/2018	% of Total Portfolio	Gross time-weighted returns (annualized > 1 year)				ITD Start date to 03/31/2018	Start date
			QTD 12/31/2017 to 03/31/2018	For period of 06/30/2017 to 03/31/2018	For period of 03/31/2015 to 03/31/2018			
BLACKROCK STRATEGIC INCOME**	6,623,513.71	9.21	0.42	2.79	2.32	2.71	Mar 11, 2014	
ISHARES CORE U.S. AGGREGATE BOND ETF	4,333,650.75	6.03	-1.46	-0.36	0.32*	0.32	Jun 21, 2016	
ISHARES MBS ETF	915,390.72	1.27	-1.36	-1.61*	-1.61*	-1.61	Sep 05, 2017	
ISHARES US TREASURY BOND ETF	729,589.50	1.01	-1.27	-2.31*	-2.31*	-2.31	Sep 05, 2017	
PIMCO INCOME FUND	4,127,730.82	5.74	-0.29	2.86	7.33*	7.33	Dec 29, 2015	
POWERSHARES TAXABLE MUNICIPAL BOND PORTFOLIO ETF	920,923.45	1.28	-0.81	0.28*	0.28*	0.28	Sep 05, 2017	
PRUDENTIAL GLOBAL TOTAL RETURN FUND INC	3,848,709.47	5.35	1.97	6.67	5.30	3.56	Sep 11, 2014	
SCHWAB INTERMEDIATE-TERM US TREAS ETF	1,543,358.73	2.15	-0.92	-2.70*	-2.70*	-2.70	Sep 05, 2017	
SCHWAB SHORT TERM US TREAS ETF	882,317.52	1.23	-0.04	-0.74*	-0.74*	-0.74	Sep 05, 2017	
SPDR S&P 500 FOSSIL FUEL FREE ETF	8,984,261.61	12.50	-0.24	11.14	17.07*	17.07	Mar 24, 2016	
TOUCHSTONE ULTRA SHORT DURATION FIXED INCOME FUND**	2,635,474.91	3.67	0.21	1.03	1.29	1.11	Mar 10, 2014	
UBS BANK USA BUSINESS ACCOUNT	231,229.06	0.32	0.00	0.00	0.00	0.00	Dec 30, 2014	
VANGUARD FTSE DEVELOPED MKT ETF	2,178,029.25	3.03	-1.00	8.97	6.57	4.94	Mar 11, 2014	
VANGUARD MID-CAP ETF	9,336,798.66	12.99	-0.04	9.39	6.80	9.38	Mar 11, 2014	
VANGUARD MORTGAGE BACKED SECURITIES ETF	1,099,699.20	1.53	-1.23	-1.66*	-1.66*	-1.66	Sep 05, 2017	
VANGUARD S&P 500 ETF	16,190,552.48	22.52	-0.86	10.33	10.86	11.23	Mar 11, 2014	
VANGUARD SMALL-CAP ETF	5,152,190.56	7.17	-0.29	9.72	7.92	8.20	Mar 11, 2014	
XTRACKERS MSCI EAFE HEDGED EQUITY ETF	2,156,640.46	3.00	-3.37	3.52	4.06	6.53	Dec 23, 2014	
Total Portfolio	\$71,890,193.76	100%	-0.42%	6.57%	6.09%	6.19%	Feb 28, 2014	

Benchmarks - Annualized time-weighted returns	QTD 12/31/2017 to 03/31/2018	For period of 06/30/2017 to 03/31/2018	For period of 03/31/2015 to 03/31/2018	ITD Start date to 03/31/2018
Benchmark 1	-1.21	5.64	5.71	5.77
Benchmark 2	-0.78	5.74	5.76	6.03
US Treasury Bill - 3 Mos	0.33	0.85	0.48	0.36
Barclays Agg Bond	-1.46	-0.24	1.20	2.22
MSCI World	-1.15	9.58	8.57	7.96

Benchmark 1:03/03/2014 - Current: 60% MSCI World; 40% Barclays Agg Bond+ **Benchmark 2:Start - Current:** 10% US Treasury Bill - 3 Mos; 24% S&P 500; 12% Russell 2000; 12% Russell Mid Cap; 12% MSCI EAFE-NR; 30% Barclays Agg Bond

+Additional benchmark information can be found on the benchmark composition page.

Past performance does not guarantee future results and current performance may be lower/higher than past data presented.

*Performance is partially available for the selected time period and is based on the performance start date.

** Please note, performance is inclusive of multiple securities.



Additional information about your portfolio

as of March 31, 2018

Net Time Weighted Returns (annualized > 1 year)

	QTD	3 Years	For the period	ITD	
Performance	12/31/2017 to	03/31/2015 to	06/30/2017 to	02/28/2014 to	
Start date	03/31/2018	03/31/2018	03/31/2018	03/31/2018	
Account JX XX443	02/28/2014	-0.47%	5.88%	6.41%	5.98%

Benchmark composition

Account JX XX443

Benchmark 1

Start - 03/03/2014: 60% MSCI World; 40% Barclays Agg Bond

03/03/2014 - Current: 60% MSCI World; 40% Barclays Agg Bond

Benchmark 2

Start - Current: 10% US Treasury Bill - 3 Mos; 24% S&P 500; 12% Russell 2000; 12% Russell Mid Cap; 12% MSCI EAFE-NR; 30% Barclays Agg Bond



Disclosures applicable to accounts at UBS Financial Services Inc.

This section contains important disclosures regarding the information and valuations presented here. All information presented is subject to change at any time and is provided only as of the date indicated. The information in this report is for informational purposes only and should not be relied upon as the basis of an investment or liquidation decision. UBS FS accounts statements and official tax documents are the only official record of your accounts and are not replaced, amended or superseded by any of the information presented in these reports. You should not rely on this information in making purchase or sell decisions, for tax purposes or otherwise.

UBS FS offers a number of investment advisory programs to clients, acting in our capacity as an investment adviser, including fee-based financial planning, discretionary account management, non-discretionary investment advisory programs, and advice on the selection of investment managers and mutual funds offered through our investment advisory programs. When we act as your investment adviser, we will have a written agreement with you expressly acknowledging our investment advisory relationship with you and describing our obligations to you. At the beginning of our advisory relationship, we will give you our Form ADV brochure(s) for the program(s) you selected that provides detailed information about, among other things, the advisory services we provide, our fees, our personnel, our other business activities and financial industry affiliations and conflicts between our interests and your interests.

In our attempt to provide you with the highest quality information available, we have compiled this report using data obtained from recognized statistical sources and authorities in the financial industry. While we believe this information to be reliable, we cannot make any representations regarding its accuracy or completeness. Please keep this guide as your Wealth Review.

Please keep in mind that most investment objectives are long term. Although it is important to evaluate your portfolio's performance over multiple time periods, we believe the greatest emphasis should be placed on the longer period returns.

Please review the report content carefully and contact your Financial Advisor with any questions.

Client Accounts: This report may include all assets in the accounts listed and may include eligible and ineligible assets in a fee-based program. Since ineligible assets are not considered fee-based program assets, the inclusion of such securities will distort the actual performance of your accounts and does not reflect the performance of your accounts in the fee-based program. As a result, the performance reflected in this report can vary substantially from the individual account

performance reflected in the performance reports provided to you as part of those programs. For fee-based programs, fees are charged on the market value of eligible assets in the accounts and assessed quarterly in advance, prorated according to the number of calendar days in the billing period. When shown on a report, the risk profile and return objectives describe your overall goals for these accounts. For each account you maintain, you choose one return objective and a primary risk profile. If you have questions regarding these objectives or wish to change them, please contact your Financial Advisor to update your accounts records.

Performance: This report presents accounts activity and performance starting 12/31/02. For accounts opened prior to 12/31/02, this report does not include the complete account activity or performance of your accounts prior to that date. For consolidated reports, the Performance Start Date will be the earliest performance start date of any of the individual accounts selected for the consolidation time period. If an individual account's performance information is not available for a full reporting time period (month to date, quarter to date, year to date or performance to date), the individual's net of fee time weighted return will not be displayed. For consolidated accounts that include different account Performance Start Dates, the consolidated Additions/Withdrawals, Income Earned and Investment Appreciation/ Depreciation will include all activity that occurred during the consolidated reporting time period. Accounts that hold or held insurance products will be reported on from the month end date of when insurance and annuity activity could be obtained from the carrier. Past performance does not guarantee future results and current performance may be lower/higher than past data presented.

Time-weighted Returns (prior to 10/31/2010): The report displays a time weighted rate of return (TWR) that is calculated using the Modified Dietz Method. This calculation uses the beginning and ending portfolio values for the month and weighs each contribution/withdrawal based upon the day the cashflow occurred. Periods greater than one month are calculated by linking the monthly returns. The TWR gives equal weighting to every return regardless of amount of money invested, so it is an effective measure for returns on a fee based account. All periods shown which are greater than 12 months are annualized.

Time-weighted Returns (after 10/31/2010): For reports generated on or after 1/26/2018, the report displays a time weighted rate of return (TWR) that is calculated by dividing the portfolio's daily gain/loss by the previous day's closing market value plus the net value of cash flows that occurred during the day, if it was positive. The TWR gives equal weighting to every return regardless of amount of money invested, so it is an effective measure for returns on a fee based account. Periods greater than one day are calculated by linking

the daily returns. All periods shown which are greater than 12 months are annualized. For reports generated prior to 01/26/2018, the performance calculations used the account's end of day value on the performance inception (listed in the report under the column "ITD") and all cash flows were posted at end of day. As a result of the change, the overall rate of return (TWR) and beginning market value displayed can vary from prior generated reports.

Money-weighted returns: Money-weighted return (MWR) is a measure of the rate of return for an asset or portfolio of assets. It is calculated by finding the daily Internal Rate of Return (IRR) for the period and then compounding this return by the number of days in the period being measured. The MWR incorporates the size and timing of cash flows, so it is an effective measure returns on a portfolio.

Annualized Performance: All performance periods greater than one year are calculated (unless otherwise stated) on an annualized basis, which represents the return on an investment multiplied or divided to give a comparable one year return.

Cumulative Performance: A cumulative return is the aggregate amount that an investment has gained or lost over time, independent of the period of time involved.

Net of Fees and Gross of Fees Performance: Performance is presented on a "net of fees" and "gross of fees" basis, where indicated. Net returns do not reflect Program and wrap fees prior to 10/31/10 for accounts that are billed separately via invoice through a separate account billing arrangement. Gross returns do not reflect the deduction of fees, commissions or other charges. The payment of actual fees and expenses will reduce a client's return. The compound effect of such fees and expenses should be considered when reviewing returns. For example, the net effect of the deduction of fees on annualized performance, including the compounded effect over time, is determined by the relative size of the fee and the account's investment performance. It should also be noted that where gross returns are compared to an index, the index performance also does not reflect any transaction costs, which would lower the performance results. Market index data maybe subject to review and revision.

Asset Class Performance: If you selected the Manager Roll-up option, even though the asset manager may invest in more than one asset class, the asset manager will be included in an asset class based upon the asset manager's investment style/category. Therefore, the values/percentages of asset classes presented within this report may not match if you selected the Manager Roll-up option.

Benchmark/Major Indices: The past performance of an index is not a guarantee of future results. Any

benchmark is shown for informational purposes only and relates to historical performance of market indices and not the performance of actual investments. Although most portfolios use indices as benchmarks, portfolios are actively managed and generally are not restricted to investing only in securities in the index. As a result, your portfolio holdings and performance may vary substantially from the index. Each index reflects an unmanaged universe of securities without any deduction for advisory fees or other expenses that would reduce actual returns, as well as the reinvestment of all income and dividends. An actual investment in the securities included in the index would require an investor to incur transaction costs, which would lower the performance results. Indices are not actively managed and investors cannot invest directly in the indices. Market index data maybe subject to review and revision. Further, there is no guarantee that an investor's account will meet or exceed the stated benchmark. Index performance information has been obtained from third parties deemed to be reliable. We have not independently verified this information, nor do we make any representations or warranties to the accuracy or completeness of this information.

Benchmark 1 for Advisory accounts- The Benchmark 1 for your account is designed to reflect the asset categories in which your account is invested.

Benchmark 2 - 8 for Advisory accounts - are optional indices selected by you which may consist of a blend of indexes.

Consumer Price Index - The Consumer Price Index for Urban Wage Earners and Clerical Workers-U.S. City Average, All Items. Based on monthly data published by the U.S. Department of Labor. The CPI for the most recent month is estimated due to the delayed release of CPI data by the U.S. government. Therefore, CPI for the most recent month is assumed to be equal to the CPI for the previous month.

CPI + % - is an optional index that, if selected, will replace the standard CPI measure on your Review. This index consists of the CPI return plus an absolute annualized return selected by you.

Client Return Objective - is an optional annualized return objective selected by you. In establishing this objective, you should make sure that it is consistent with your tolerance for risk.

Custom Time Periods: If represented on this report, the performance start date and the performance end date have been selected by your Financial Advisor in order to provide performance and account activity information for your account for the specified period of time only. As a result only a portion of your account's activity and performance information is presented in the performance report, and, therefore, presents a distorted



Disclosures applicable to accounts at UBS Financial Services Inc. (continued)

representation of your account's activity and performance.

Net Deposits/Withdrawals: When shown on a report, this information represents the net value of all cash and securities contributions and withdrawals, program fees (including wrap fees) and other fees added to or subtracted from your accounts from the first day to the last day of the period. When fees are shown separately, net deposits / withdrawals does not include program fees (including wrap fees). When investment return is displayed net deposits / withdrawals does not include program fees (including wrap fees). For security contributions and withdrawals, securities are calculated using the end of day UBS FS price on the day securities are delivered in or out of the accounts. Wrap fees will be included in this calculation except when paid via an invoice or through a separate accounts billing arrangement. When shown on Client summary and/or Portfolio review report, program fees (including wrap fees) may not be included in net deposits/withdrawals.

Dividends/Interest: Dividend and interest earned, when shown on a report, does not reflect your account's tax status or reporting requirements. Use only official tax reporting documents (i.e. 1099) for tax reporting purposes. The classification of private investment distributions can only be determined by referring to the official year-end tax-reporting document provided by the issuer.

Change in Accrued Interest: When shown on a report, this information represents the difference between the accrued interest at the beginning of the period from the accrued interest at the end of the period.

Change in Value: Represents the change in value of the portfolio during the reporting period, excluding additions/withdrawals, dividend and interest income earned and accrued interest. Change in Value may include program fees (including wrap fees) and other fees.

Fees: Fees represented in this report include program and wrap fees. Program and wrap fees prior to October 1, 2010 for accounts that are billed separately via invoice through a separate account billing arrangement are not included in this report.

Performance Start Date Changes: The Performance Start Date for accounts marked with a 'A' have changed. Performance figures of an account with a changed Performance Start Date may not include the entire history of the account. The new Performance Start Date will generate performance returns and activity information for a shorter period than is available at UBS FS. As a result, the overall performance of these accounts may generate better performance than the period of time that would be included if the report used the inception date of the account. UBS FS recommends

reviewing performance reports that use the inception date of the account because reports with longer time frames are usually more helpful when evaluating investment programs and strategies. Performance reports may include accounts with inception dates that precede the new Performance Start Date and will show performance and activity information from the earliest available inception date.

The change in Performance Start Date may be the result of a performance gap due to a zero-balance that prevents the calculation of continuous returns from the inception of the account. The Performance Start Date may also change if an account has failed one of our performance data integrity tests. In such instances, the account will be labeled as 'Review Required' and performance prior to that failure will be restricted. Finally, the Performance Start Date will change if you have explicitly requested a performance restart. Please contact your Financial Advisor for additional details regarding your new Performance Start Date.

Closed Account Performance: Accounts that have been closed may be included in the consolidated performance report. When closed accounts are included in the consolidated report, the performance report will only include information for the time period the account was active during the consolidated performance reporting time period.

Portfolio: For purposes of this report "portfolio" is defined as all of the accounts presented on the cover page or the header of this report and does not necessarily include all of the client's accounts held at UBS FS or elsewhere.

Pricing: All securities are priced using the closing price reported on the last business day preceding the date of this report. Every reasonable attempt has been made to accurately price securities; however, we make no warranty with respect to any security's price. Please refer to the back of the first page of your UBS FS accounts statement for important information regarding the pricing used for certain types of securities, the sources of pricing data and other qualifications concerning the pricing of securities. To determine the value of securities in your account, we generally rely on third party quotation services. If a price is unavailable or believed to be unreliable, we may determine the price in good faith and may use other sources such as the last recorded transaction. When securities are held at another custodian or if you hold illiquid or restricted securities for which there is no published price, we will generally rely on the value provided by the custodian or issuer of that security.

Cash: Cash on deposit at UBS Bank USA is protected by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 in principal and accrued interest per depositor for each ownership type. Deposits made in an individual's own name, joint name, or individual

retirement account are each held in a separate type of ownership. Such deposits are not guaranteed by UBS FS. More information is available upon request.

Ineligible Assets: We require that you hold and purchase only eligible managed assets in your advisory accounts. Please contact your Financial Advisor for a list of the eligible assets in your program. These reports may provide performance information for eligible and ineligible assets in a fee-based program. Since ineligible assets are not considered fee-based program assets, the inclusion of such securities will distort the actual performance of your advisory assets. As a result, the performance reflected in this report can vary substantially from the individual account performance reflected in the performance reports provided to you as part of those programs. For fee-based programs, fees are charged on the market value of eligible assets in the accounts and assessed quarterly in advance, prorated according to the number of calendar days in the billing period. Neither UBS nor your Financial Advisor will act as your investment adviser with respect to Ineligible Assets.

Variable Annuity Asset Allocation: If the option to unbundle a variable annuity is selected and if a variable annuity's holdings data is available, variable annuities will be classified by the asset class, subclass, and style breakdown for their underlying holdings. Where a variable annuity contains equity holdings from multiple equity sectors, this report will proportionately allocate the underlying holdings of the variable annuity to those sectors measured as a percentage of the total variable annuity's asset value as of the date shown.

This information is supplied by Morningstar, Inc. on a weekly basis to UBS FS based on data supplied by the variable annuity which may not be current. Portfolio holdings of variable annuities change on a regular (often daily) basis. Accordingly, any analysis that includes variable annuities may not accurately reflect the current composition of these variable annuities. If a variable annuity's underlying holding data is not available, it will remain classified as an annuity. All data is as of the date indicated in the report.

Equity Style: The Growth, Value and Core labels are determined by Morningstar. If an Equity Style is unclassified, it is due to non-availability of data required by Morningstar to assign it a particular style.

Equity Capitalization: Market Capitalization is determined by Morningstar. Equity securities are classified as Large Cap, Mid Cap or Small Cap by Morningstar. Unclassified securities are those for which no capitalization is available on Morningstar.

The account listing may or may not include all of your accounts with UBS FS. The accounts included in this report are listed under the "Accounts included in this

review" shown on the first page or listed at the top of each page. If an account number begins with "0" this denotes assets or liabilities held at other financial institutions. Information about these assets, including valuation, account type and cost basis, is based on the information you provided to us, or provided to us by third party data aggregators or custodians at your direction. We have not verified, and are not responsible for, the accuracy or completeness of this information.

Account changes: At UBS, we are committed to helping you work toward your financial goals. So that we may continue providing you with financial advice that is consistent with your investment objectives, please consider the following two questions:

- 1) Have there been any changes to your financial situation or investment objectives?
- 2) Would you like to implement or modify any restrictions regarding the management of your account? If the answer to either question is "yes," it is important that you contact your Financial Advisor as soon as possible to discuss these changes. For MAC advisory accounts, please contact your investment manager directly if you would like to impose or change any investment restrictions on your account.

ADV disclosure: A complimentary copy of our current Form ADV Disclosure Brochure that describes the advisory program and related fees is available through your Financial Advisor. Please contact your Financial Advisor if you have any questions.

Important information for former Piper Jaffray and McDonald Investments clients: As an accommodation to former Piper Jaffray and McDonald Investments clients, these reports include performance history for their Piper Jaffray accounts prior to August 12, 2006 and McDonald Investments accounts prior to February 9, 2007, the date the respective accounts were converted to UBS FS. UBS FS has not independently verified this information nor do we make any representations or warranties as to the accuracy or completeness of that information and will not be liable to you if any such information is unavailable, delayed or inaccurate.

For insurance, annuities, and 529 Plans, UBS FS relies on information obtained from third party services it believes to be reliable. UBS FS does not independently verify or guarantee the accuracy or validity of any information provided by third parties. Information for insurance, annuities, and 529 Plans that has been provided by a third party service may not reflect the quantity and market value as of the previous business day. When available, an "as of" date is included in the description.

Investors outside the U.S. are subject to securities and tax regulations within their applicable jurisdiction that are not addressed in this report. Nothing in this report shall be construed to be a solicitation to buy or offer to sell any security, product or service to any non-U.S.



Disclosures applicable to accounts at UBS Financial Services Inc. (continued)

investor, nor shall any such security, product or service be solicited, offered or sold in any jurisdiction where such activity would be contrary to the securities laws or other local laws and regulations or would subject UBS to any registration requirement within such jurisdiction.

Performance History prior to the account's inception at UBS Financial Services, Inc. may have been included in this report and is based on data provided by third party sources. UBS Financial Services Inc. has not independently verified this information nor does UBS Financial Services Inc. guarantee the accuracy or validity of the information.

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University of Hawaii Endowment - Fund Performance

Review of Holdings Compared to Three-Year Benchmark Returns

As of March 31, 2018

Equity

Type	Fund Name	Morningstar Benchmark	Benchmark 3 Year Return ²	Fund 3 Year Return ³	Difference From Benchmark
ETF	Deutsche X-Trackers MSCI Hedged Equity	MSCI ACWI Ex US	6.33%	3.99%	-2.34%
ETF	SPDR S&P500 Fossil Fuel Free	Russell 1000	N/A ¹	N/A ¹	N/A ¹
ETF	Vanguard FTSE Developed Market	MSCI ACWI Ex US	6.20%	6.62%	0.42%
ETF	Vanguard S&P500	Russell 1000	10.42%	10.77%	0.35%
ETF	Vanguard Mid-Cap	Russell Mid-Cap	6.94%	6.80%	-0.14%
ETF	Vanguard Small-Cap	Russell 2000	8.26%	7.93%	-0.33%

Fixed Income

Type	Fund Name	Morningstar Benchmark	Benchmark 3 Year Return ²	Fund 3 Year Return ³	Difference From Benchmark
Mutual Fund	Blackrock Strategic Income	Three Month USD LIBOR	0.76%	2.32%	1.56%
ETF	iShares Core US Aggregate Bond	Bloomberg Barclays US Aggregate Bond	1.21%	1.13%	-0.08%
Mutual Fund	Pimco Income	Bloomberg Barclays US Universal	1.72%	5.73%	4.01%
Mutual Fund	Prudential Global Total Return	Citi World Government Bond Index	5.02%	5.30%	0.28%
Mutual Fund	Touchstone Ultra Short Duration	Bloomberg Barclays Govt/Corp 1 Year	0.62%	1.32%	0.70%
ETF	Powershares Taxable Muni Bond Portfolio	Bloomberg Barclays US Aggregate Bond	2.38%	4.04%	1.66%
ETF	iShares US Treasury Bond	Bloomberg Barclays US Government	0.42%	0.29%	-0.13%
ETF	iShares MBS	Bloomberg Barclays US Aggregate Bond	0.44%	0.80%	0.36%
ETF	Schwab Short Term US Treas	Bloomberg Barclays Government 1-5 Yr	0.46%	0.30%	-0.16%
ETF	Schwab Intermediate-Term US Treas	Bloomberg Barclays US Government	0.52%	0.45%	-0.07%
ETF	Vanguard Mortgage Backed Securities	Bloomberg Barclays US Government	0.46%	0.96%	0.50%

Source: Morningstar

1) The SPDR S&P500 Fossil Fuel Free fund does not have a three year track record as of December 31, 2017

2) The Benchmark 3 Year Return values are sourced directly from the internal UBS Portfolio Managing Reporting (PMR) System.

3) The Fund 3 Year Return values are sourced directly from the individual Fact Cards for each Fund listed below.

Disclosures

This information is being provided as a service by your Financial Adviser, not UBS Financial Services Inc. ("UBSFS"). This report is provided for informational purposes only at your request. This report does not constitute an offer to sell or a solicitation or an offer to buy any securities. Any reference to a specific security included in this report does not constitute a recommendation to buy, sell or hold that security.

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UBS
University of Hawaii Endowment Fund
Report of Energy Allocation, Net Expense Ratio and Historical Quarterly Fees
As of March 31, 2018

Class/Sector	Description	Symbol	Market Value \$ a/o 03/31/2018	Current Allocation %	% in Energy	Weighted Energy Position	Net Expense Ratio	Weighted Net Expense Ratio
CASH	Cash		\$231,362	0.3%	0.00%	0.00%	0.00%	0.00%
FIXED INCOME								
Short Term Bond	Touchstone Ultra Short Duration	TSYYX	\$2,630,604	3.7%	N/A ¹	N/A ¹	0.51%	0.02%
Intermediate Term Bond	iShares Core US Aggregate	AGG	\$4,333,651	6.0%	0.00%	0.00%	0.05%	0.00%
Flexible Fixed	BlackRock Strategic Income Opps	BSIIX	\$6,604,226	9.2%	N/A ¹	N/A ¹	0.75%	0.07%
Flexible Fixed	Prudential Global Total Return	PZTRX	\$3,837,643	5.3%	N/A ¹	N/A ¹	0.68%	0.04%
Flexible Fixed	PIMCO Income Fund	PONPX	\$4,109,388	5.7%	N/A ¹	N/A ¹	0.63%	0.04%
Intermediate Term Bond	iShares MBS ETF	MBB	\$915,391	1.3%	0.00%	0.00%	0.12%	0.00%
Intermediate Government	iShare US Treasury Bond	GOVT	\$729,590	1.0%	0.00%	0.00%	0.15%	0.00%
Long Term Bond	Powershares Taxable Municipal	BAB	\$920,923	1.3%	0.00%	0.00%	0.28%	0.00%
Intermediate Government	Schwab Intermediate	SCHR	\$1,543,359	2.1%	0.00%	0.00%	0.06%	0.00%
Short Term Govt	Schwab US Treasury	SCHO	\$882,318	1.2%	0.00%	0.00%	0.06%	0.00%
Intermediate Government	Vanguard Mortgage Backed Sec	VMBS	\$1,099,699	1.5%	0.00%	0.00%	0.07%	0.00%
EQUITIES								
Large Cap Blend	Vanguard S&P 500 ETF	VOO	\$16,190,552	22.5%	5.80%	1.31%	0.04%	0.01%
Large Cap Blend	SPDR S&P 500 Fossil Fuel Free ETF	SPYX	\$8,984,262	12.5%	1.80%	0.23%	0.20%	0.03%
Mid Cap Blend	Vanguard Mid Cap ETF	VO	\$9,336,799	13.0%	5.70%	0.74%	0.06%	0.01%
Small Cap Blend	Vanguard Small Cap ETF	VB	\$5,152,191	7.2%	4.60%	0.33%	0.06%	0.00%
Developed Markets	Vanguard FTSE Developed Markets ETF	VEA	\$2,178,029	3.0%	6.10%	0.18%	0.07%	0.00%
Developed Markets	Deutsche X-Trackers MSCI EAFE Hedged	DBEF	\$2,156,640	3.0%	5.80%	0.17%	0.35%	0.01%
			<u>\$71,836,626</u>	<u>100%</u>		<u>2.96%</u>		<u>0.23%</u>
						Minimum	Maximum	
						Cash	0%	40%
						Fixed Income	38.4%	70%
						Equities	<u>61.2%</u>	<u>70%</u>
							<u>100%</u>	

Historical Quarterly Fees: (calculation based on prior quarter end balance times fee rate of 20 bps. Divided by # of days in year times # of days in current quarter)

1Q 2015	\$32,795	1Q 2016	\$31,813	1Q 2017	\$31,577
2Q 2015	\$32,998	2Q 2016	\$30,828	2Q 2017	\$33,537
3Q 2015	\$33,015	3Q 2016	\$31,874	3Q 2017	\$34,773
4Q 2015	\$31,360	4Q 2016	\$32,954	4Q 2017	\$35,422
1Q 2018	\$35,258				

Approximately 3% of the entire portfolio is invested in Energy stocks.
 Weighted Net Expense Ratio is 23 bps.

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Footnotes:

1) The Energy Exposure for these funds is not available.

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Morningstar Fund Fact Sheets

University of Hawaii

Presented by:
Foundational Wealth Management
UBS Financial Services Inc.

April 24, 2018





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- **Objective advice:** Our open architecture platform offers a wide choice of both proprietary and nonproprietary products
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BlackRock Strategic Income Opps Instl (USD)

Morningstar Analyst Rating™ Overall **Morningstar Rating™** Standard Index **Category Index** **Morningstar Cat**
Silver ★★★ **264 US Fund Nontraditional** **BBgBarc US Agg** **ICE BofAML USD** **US Fund**
 03-06-2018 **Bond** **Bond TR USD** **3M Dep OR CM TR** **Nontraditional Bond**
USD

Performance 03-31-2018

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2016	-0.55	1.36	1.63	1.13	3.61
2017	1.45	1.00	1.50	0.85	4.88
2018	0.43	—	—	—	0.43

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	3.83	2.32	2.92	4.53	4.32
Std 03-31-2018	3.83	—	2.92	4.53	4.32
Total Return	3.83	2.32	2.92	4.53	4.32

+/- Std Index	2.62	1.12	1.09	0.90	—
+/- Cat Index	2.62	1.56	2.36	3.79	—

% Rank Cat	30	55	17	47	—
No. in Cat	321	264	161	47	—

	Subsidized	Unsubsidized
7-day Yield 04-20-2018	3.47 ¹	—
30-day SEC Yield 03-31-2018	3.36 ¹	3.35

¹ Contractual waiver. Expires 04-30-2018

Performance Disclosure
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 Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-441-7762 or visit www.blackrock.com

Fees and Expenses

Sales Charges	
Front-End Load %	NA
Deferred Load %	NA

Fund Expenses

Management Fees %	0.46
12b1 Expense %	NA
Gross Expense Ratio %	0.76

Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	3★	4★	3★
Morningstar Risk	-Avg	-Avg	Avg
Morningstar Return	Avg	+Avg	Avg

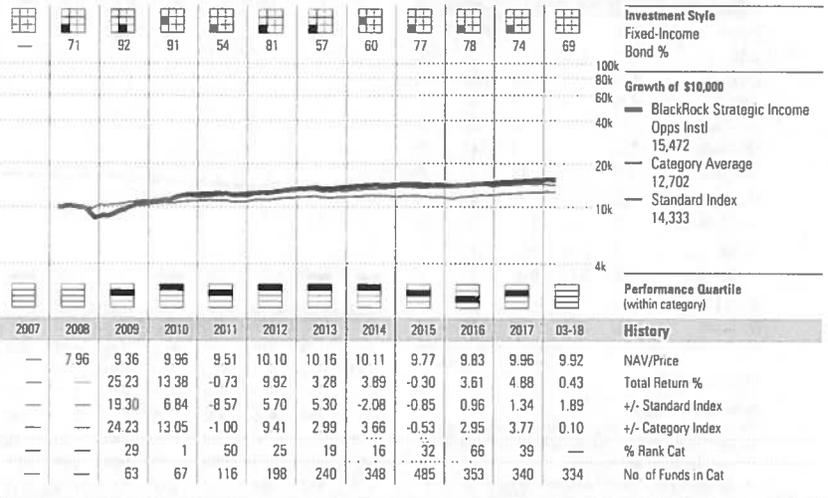
	3 Yr	5 Yr	10 Yr
Standard Deviation	1.77	1.94	4.74
Mean	2.32	2.92	4.53
Sharpe Ratio	0.99	1.30	0.89

MPT Statistics

	Standard Index	Best Fit Index
	264 funds	161 funds
		47 funds
		Morningstar Mod
		Agg Tgt Risk TR
		USD
Alpha	1.69	0.56
Beta	0.06	0.16
R-Squared	0.79	60.32
12-Month Yield		3.57%
Potential Cap Gains Exp		-0.96%

Operations

Family:	BlackRock	Base Currency:	USD	Incept:	02-05-2008
Manager:	Multiple	Ticker:	BSIIX	Type:	MF
Tenure:	7.7 Years	Minimum Initial Purchase:	\$2 mil	Total Assets:	\$34,732.27 mil
Objective:	Income	Purchase Constraints:	A		



Portfolio Analysis 03-31-2018

Asset Allocation %	Net %	Long %	Short %	Share Chg since 02-2018	Share Amount	Holdings	Net Assets %
Cash	0.71	41.94	41.23			1,041 Total Stocks, 4,523 Total Fixed-Income, 1576% Turnover Ratio	
US Stocks	1.69	1.76	0.07				
Non-US Stocks	0.56	0.63	0.07	⊕	5,369 mil	US Treasury Note 2.25%	15.64
Bonds	91.02	112.16	21.14	⊗	4,985 mil	Rrp Treasury Note	-14.51
Other/Not Clsfd	6.02	6.53	0.52	⊗	1,702 mil	Bb Treasury Note	4.95
Total	100.00	163.03	63.03	⊗	1,589 mil	US Treasury Note 2.25%	4.62
				⊕	1,467 mil	United States Treasury Notes 0.12%	4.26
					720 mil	United States Treasury Notes 1.75%	2.09
				⊖	670 mil	US Treasury Note 2.25%	-1.95
				⊗	441 mil	US Treasury Note 2.75%	-1.29
				⊖	410 mil	United States Treasury Notes 0.12%	1.18
				⊗	376 mil	US Treasury Bond 3%	1.10
				⊗	35,042 mil	Japan (Government Of) 0.1%	1.02
				⊗	244 mil	US Treasury Note 2.375%	-0.71
				⊖	227 mil	Federal Home Loan Mortgage Corpora	0.69
				⊕	234 mil	United States Treasury Notes 0 12%	0.67
				⊕	185 mil	Turkey (Republic of) 6.25%	0.57

Equity Style

Value	Blend	Conserv
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—

Portfolio Statistics

P/E Ratio TTM	14.1	—	1.13
P/C Ratio TTM	6.3	—	1.49
P/B Ratio TTM	1.6	—	1.40
Geo Avg Mkt Cap \$mil	35857	—	4.58

Fixed-Income Style

Low	Med	Ext
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—

Credit Quality Breakdown 03-31-2018

	Bond %
AAA	39.69
AA	4.70
A	6.75
BBB	13.88
BB	13.14
B	10.02
Below B	4.55
NR	7.27

Sector Weightings

	Stocks %	Rel Std Index
Cyclical	61.9	—
Basic Materials	2.2	—
Consumer Cyclical	13.8	—
Financial Services	45.0	—
Real Estate	0.9	—
Sensitive	32.7	—
Communication Services	4.9	—
Energy	11.2	—
Industrials	8.9	—
Technology	7.7	—
Defensive	5.4	—
Consumer Defensive	2.6	—
Healthcare	2.1	—
Utilities	0.6	—

Regional Exposure

	Stocks %	Rel Std Index
Americas	78.4	—
Greater Europe	10.3	—
Greater Asia	11.3	—

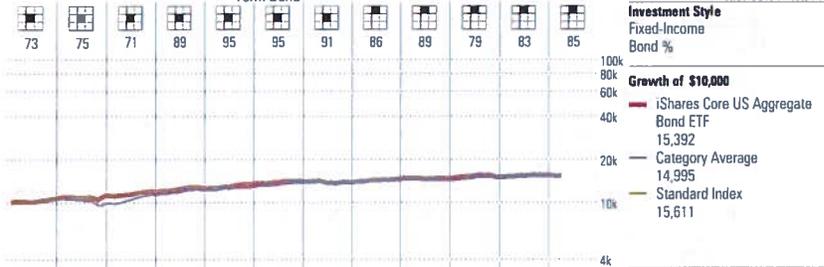
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iShares Core US Aggregate Bond ETF (USD)

Overall Morningstar Rating™ Standard Index **Category Index** **Morningstar Cat**
 *** 858 US Fund Intermediate-Term Bond **BBgBarc US Agg Bond TR USD** **BBgBarc US Agg Bond TR USD** **US Fund Intermediate-Term Bond**

Performance 03-31-2018					
Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2016	3.02	2.21	0.42	-3.00	2.56
2017	0.82	1.47	0.84	0.36	3.53
2018	-1.49	—	—	—	-1.49
Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Mkt 03-31-18	1.22	—	1.74	3.49	3.85
Std NAV 03-31-18	1.16	—	1.77	3.50	3.85
Mkt Total Ret	1.22	1.13	1.74	3.49	3.85
NAV Total Ret	1.16	1.12	1.77	3.50	3.85
+/- Std Index	-0.05	-0.08	-0.06	-0.13	—
+/- Cat Index	-0.05	-0.08	-0.06	-0.13	—
% Rank Cat	53	57	45	68	—
No. in Cat	999	858	784	561	—



Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	03-18	History
Mkt Total Ret %	6.59	7.90	2.98	6.37	7.69	3.76	-1.98	6.00	0.48	2.41	3.55	-1.47	Mkt Total Ret %
NAV Total Ret %	6.57	5.88	5.14	6.30	7.58	4.04	-2.15	6.04	0.48	2.56	3.53	-1.49	NAV Total Ret %
+/- Standard Index	-0.39	0.64	-0.79	-0.24	-0.26	-0.17	-0.13	0.07	-0.07	-0.09	-0.01	-0.03	+/- Standard Index
+/- Category Index	-0.39	0.64	-0.79	-0.24	-0.26	-0.17	-0.13	0.07	-0.07	-0.09	-0.01	-0.03	+/- Category Index
% Rank Cat	16	5	94	76	14	84	68	25	24	64	57	—	% Rank Cat
No. of Funds in Cat	1097	1135	1123	1164	1195	1165	1079	1038	1042	985	986	1046	No. of Funds in Cat
Avg Prem/Discout %	0.35	0.42	0.59	0.14	0.12	0.11	0.08	0.11	0.07	0.09	0.06	—	Avg Prem/Discout %

30-day SEC Yield	Subsidized	Unsubsidized
	—	—

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Fees and Expenses	
Fund Expenses	
Management Fees %	0.05
Expense Ratio %	0.06
12b1 Expense %	NA

Risk and Return Profile			
	3 Yr	5 Yr	10 Yr
	858 funds	784 funds	561 funds
Morningstar Rating™	3★	3★	2★
Morningstar Risk	Avg	Avg	-Avg
Morningstar Return	Avg	Avg	-Avg
Standard Deviation NAV	2.70	2.96	3.32
Standard Deviation MKT	2.84	3.06	3.69
Mean NAV	1.12	1.77	3.50
Mean MKT	1.13	1.74	3.49
Sharpe Ratio	0.21	0.48	0.95

MPT Statistics		
	Standard Index	Best Fit Index
NAV	BBgBarc US Agg Bond TR USD	BBgBarc US Agg Bond TR USD
Alpha	-0.08	-0.08
Beta	1.00	1.00
R-Squared	99.98	99.98
12-Month Yield	—	—
Potential Cap Gains Exp	—	—
Leveraged	No	No
Leverage Type	—	—
Leverage %	100.00	100.00
Primary Prospectus Benchmark	BBgBarc US Agg Bond TR USD	BBgBarc US Agg Bond TR USD

Portfolio Analysis 04-20-2018			
Asset Allocation % 04-19-2018	Net %	Long %	Short %
Cash	8.07	16.65	8.58
US Stocks	0.00	0.00	0.00
Non-US Stocks	0.00	0.00	0.00
Bonds	91.91	91.91	0.00
Other/Not Clsd	0.02	0.02	0.00
Total	100.00	108.58	8.58

Equity Style			
Value	Bond	Domestic	Intl
P/E Ratio TTM	—	—	—
P/C Ratio TTM	—	—	—
P/B Ratio TTM	—	—	—
Geo Avg Mkt Cap \$mil	—	—	—

Fixed-Income Style			
Est	Med	Ext	Rel Std Index
Avg Eff Maturity	—	—	3.11
Avg Eff Duration	—	—	5.90
Avg Wtd Coupon	—	—	—
Avg Wtd Price	—	—	101.24

Credit Quality Breakdown	
	Bond %
AAA	72.44
AA	2.79
A	11.15
BBB	13.62
BB	0.00
B	0.00
Below B	0.00
NR	0.00

Regional Exposure		
	Stocks %	Rel Std Index
Americas	—	—
Greater Europe	—	—
Greater Asia	—	—

Top Holdings 04-19-2018			
Share Chg since 04-2018	Share Amount	Holdings	Net Assets %
		1 Total Stocks, 6.697 Total Fixed Income, 242% Turnover Ratio	
	778 mil	Gnma2 30yr 2017 Production	1.41
	718 mil	Fnma 30yr 2016 Production	1.25
	461 mil	Fgold 30yr 2017 Production	0.83
	386 mil	United States Treasury Notes 3.63%	0.72
	380 mil	Fnma 30yr 2017 Production	0.70
	377 mil	Gnma2 30yr 2016 Production	0.68
	382 mil	Gnma2 30yr 2016 Production	0.67
	346 mil	United States Treasury Notes 2.13%	0.62
	331 mil	United States Treasury Bonds 3%	0.59
	307 mil	Fgold 30yr 2015 Production	0.54
	298 mil	Fnma 30yr 2015 Production	0.54
	284 mil	United States Treasury Notes 1.38%	0.48
	265 mil	United States Treasury Notes 2.13%	0.47
	271 mil	United States Treasury Notes 1.5%	0.44
	233 mil	Fgold 30yr 2017 Production	0.43

Sector Weightings		
	Stocks %	Rel Std Index
Cyclical	—	—
Basic Materials	—	—
Consumer Cyclical	—	—
Financial Services	—	—
Real Estate	—	—
Sensitive	—	—
Communication Services	—	—
Energy	—	—
Industrials	—	—
Technology	—	—
Defensive	—	—
Consumer Defensive	—	—
Healthcare	—	—
Utilities	—	—

Operations			
Family:	iShares	Ticker:	AGG
Manager:	Multiple	Incept:	09-22-2003
Tenure:	7.8 Years	Expiration Date:	—
Total Assets:	\$55,426.0 mil	Exchange:	NYSE ARCA
Shares Outstanding:	525.10 mil	NAV:	107.15
		Prem/Discout:	0.09
		Mkt Price:	107.25
		Base Currency:	USD
		Legal Structure:	Open Ended Investment Company
		Backing Bank:	BlackRock Fund Advisors

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iShares MBS ETF (USD)

Overall Morningstar Rating™ **★★★★** Standard Index **BBgBarc US Agg Bond TR USD** Category Index **BBgBarc US Government TR USD** Morningstar Cat **US Fund Intermediate Government**

Performance 03-31-2018					
Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2016	1.91	1.06	0.49	-2.14	1.28
2017	0.43	0.90	0.95	0.07	2.37
2018	-1.31	—	—	—	-1.31
Trailing Returns					
1 Yr	0.51	3 Yr	1.52	3.12	3.47
Std Mkt 03-31-18	0.60	1.52	3.14	3.47	—
Std NAV 03-31-18	0.60	1.52	3.14	3.47	—
Mkt Total Ret					
0.51	0.80	1.52	3.12	3.47	—
NAV Total Ret					
0.60	0.83	1.52	3.14	3.47	—
+/- Std Index	-0.60	-0.37	-0.31	-0.49	—
+/- Cat Index	0.16	0.36	0.45	0.43	—
% Rank Cat	11	12	12	30	—
No. in Cat	253	229	219	165	—

30-day SEC Yield Subsidized Unsubsidized

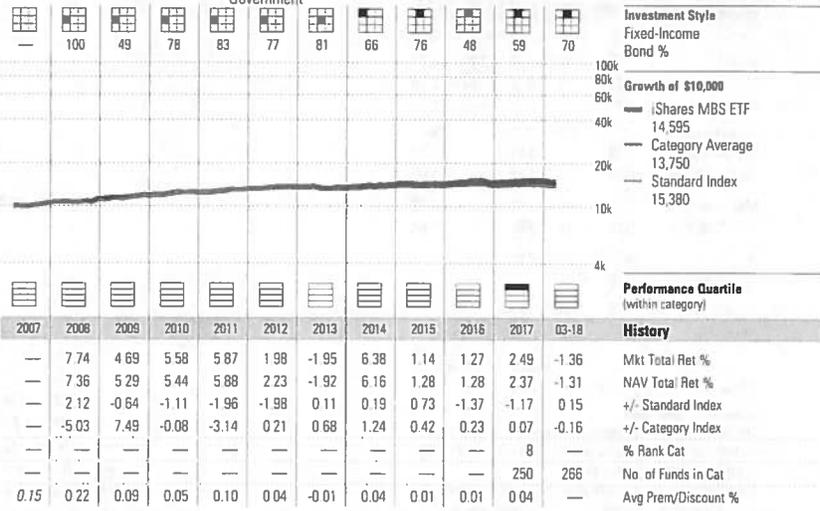
Performance Disclosure
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 Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-474-2737 or visit www.ishares.com.

Fees and Expenses	
Fund Expenses	
Management Fees %	0.09
Expense Ratio %	0.12
12b1 Expense %	NA

Risk and Return Profile			
	3 Yr	5 Yr	10 Yr
Morningstar Rating™	4★	4★	4★
Morningstar Risk	Avg	Avg	-Avg
Morningstar Return	+Avg	+Avg	+Avg
Standard Deviation NAV	2.00	2.37	2.57
Standard Deviation MKT	2.07	2.50	2.74
Mean NAV	0.83	1.52	3.14
Mean MKT	0.80	1.52	3.12
Sharpe Ratio	0.13	0.49	1.08

MPT Statistics		
	Standard Index	Best Fit Index
NAV	BBgBarc US MBS TR USD	BBgBarc US MBS TR USD
Alpha	-0.19	-0.30
Beta	0.70	1.02
R-Squared	87.58	99.74
12-Month Yield	—	—
Potential Cap Gains Exp	—	—
Leveraged	No	No
Leverage Type	—	—
Leverage %	—	100.00
Primary Prospectus Benchmark	BBgBarc US MBS TR USD	BBgBarc US MBS TR USD

Operations			
Family:	iShares	Ticker:	MBB
Manager:	Multiple	Incept:	03-13-2007
Tenure:	7.8 Years	Expiration Date:	—
Total Assets:	\$12,153.7 mil	Exchange:	NASDAQ
Shares Outstanding:	117.10 mil	NAV:	104.66
		Prem/Discount:	-0.02
		Mkt Price:	104.64
		Base Currency:	USD
		Legal Structure:	Open Ended Investment Company
		Backing Bank:	BlackRock Fund Advisors



Portfolio Analysis 04-20-2018				Top Holdings 04-19-2018			
Asset Allocation % 04-19-2018	Net %	Long %	Short %	Share Chg since 04-20-18	Share Amount	Holdings 1 Total Stocks, 812 Total Fixed-Income, 748% Turnover Ratio	Net Assets %
Cash	18.52	39.48	20.96	—	—	681 mil Gnm2 30yr 2017 Production	5.63
US Stocks	0.00	0.00	0.00	—	—	522 mil Fnma 30yr 2016 Production	4.15
Non-US Stocks	0.00	0.00	0.00	—	—	391 mil Fgld 30yr 2017 Production	3.21
Bonds	81.48	81.48	0.00	—	—	364 mil Gnm2 30yr 2016 Production	3.02
Other/Not Clsfd	0.00	0.00	0.00	—	—	345 mil Fnma 30yr 2017 Production	2.90
Total	100.00	120.96	20.96	—	—	297 mil Gnm2 30yr 2016 Production	2.39
				—	—	275 mil Fgld 30yr 2015 Production	2.19
				—	—	251 mil Fgld 30yr 2017 Production	2.11
				—	—	222 mil Fnma 30yr 3.5% Ltv > 90 2017	1.82
				—	—	195 mil Gnm2 30yr 2017 Production	1.65
				—	—	186 mil Fnma 30yr 2016 Production	1.52
				—	—	180 mil Gnm2 30yr 2015 Production	1.45
				—	—	176 mil Fnma 30yr 2015 Production	1.44
				—	—	171 mil Fnma 15yr 2015 Production	1.37
				—	—	144 mil Fnma 30yr 2017 Production	1.18

Equity Style			Portfolio Statistics			Port Avg			Rel Index			Rel Cat		
Value	Blend	Green	P/E Ratio TTM	—	—	—	—	—	—	—	—	—	—	—
			P/C Ratio TTM	—	—	—	—	—	—	—	—	—	—	—
			P/B Ratio TTM	—	—	—	—	—	—	—	—	—	—	—
			Geo Avg Mkt Cap \$mil	—	—	—	—	—	—	—	—	—	—	—
			Avg Eff Maturity	—	—	3.31	—	—	—	—	—	—	—	—
			Avg Eff Duration	—	—	4.78	—	—	—	—	—	—	—	—
			Avg Wtd Coupon	—	—	—	—	—	—	—	—	—	—	—
			Avg Wtd Price	—	—	100.58	—	—	—	—	—	—	—	—

Credit Quality Breakdown			Sector Weightings		
AAA	100.00	—	Cyclical	—	—
AA	0.00	—	Basic Materials	—	—
A	0.00	—	Consumer Cyclical	—	—
BBB	0.00	—	Financial Services	—	—
BB	0.00	—	Real Estate	—	—
B	0.00	—	Sensitive	—	—
Below B	0.00	—	Communication Services	—	—
NR	0.00	—	Energy	—	—
			Industrials	—	—
			Technology	—	—
			Defensive	—	—
			Consumer Defensive	—	—
			Healthcare	—	—
			Utilities	—	—

Regional Exposure			
Americas	—	—	—
Greater Europe	—	—	—
Greater Asia	—	—	—

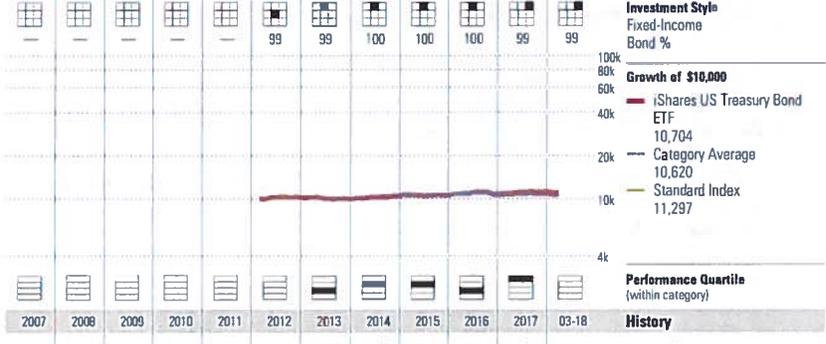
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iShares US Treasury Bond ETF (USD)

Overall Morningstar Rating™ Standard Index **Category Index** **Morningstar Cat**
 ★★★ 229 US Fund Intermediate Government BBigBarc US Agg Bond TR USD BBigBarc US Government TR USD US Fund Intermediate Government

Performance 03-31-2018						
Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %	
2016	3.19	2.07	-0.31	-3.89	0.92	
2017	0.65	1.19	0.33	0.01	2.19	
2018	-1.23	—	—	—	-1.23	
Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept	
Std Mkt 03-31-18	0.20	—	0.93	—	1.13	
Std NAV 03-31-18	0.28	—	0.97	—	1.08	
Mkt Total Ret	0.20	0.29	0.93	—	1.13	
NAV Total Ret	0.28	0.34	0.97	—	1.08	
+/- Std Index	-0.92	-0.86	-0.86	—	—	
+/- Cat Index	-0.16	-0.13	-0.11	—	—	
% Rank Cat	28	58	43	—	—	
No. in Cat	253	229	219	—	—	



	Subsidized	Unsubsidized
30-day SEC Yield 04-20-2018	2.48	—

Performance Disclosure
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 Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-474-2737 or visit www.ishares.com

Fees and Expenses	
Fund Expenses	
Management Fees %	0.15
Expense Ratio %	0.15
12b1 Expense %	NA

Risk and Return Profile			
	3 Yr	5 Yr	10 Yr
	229 funds	219 funds	165 funds
Morningstar Rating™	3★	3★	—
Morningstar Risk	High	+Avg	—
Morningstar Return	Avg	Avg	—
Standard Deviation NAV	3.12	3.19	—
Standard Deviation MKT	3.22	3.35	—
Mean NAV	0.34	0.97	—
Mean MKT	0.29	0.93	—
Sharpe Ratio	-0.06	0.20	—

MPT Statistics		
	Standard Index	Best Fit Index
NAV		Morningstar US Ling Gov Bd TR USD
Alpha	-0.91	-0.28
Beta	1.10	0.42
R-Squared	90.79	95.93
12-Month Yield		1.67%
Potential Cap Gains Exp		—
Leveraged		No
Leverage Type		—
Leverage %		100.00
Primary Prospectus Benchmark		ICE U.S. Treasury Core Bond TR USD

Portfolio Analysis 04-20-2018			
Asset Allocation % 04-19-2018	Net %	Long %	Short %
Cash	0.65	0.65	0.00
US Stocks	0.00	0.00	0.00
Non-US Stocks	0.00	0.00	0.00
Bonds	99.35	99.35	0.00
Other/Not Cisd	0.00	0.00	0.00
Total	100.00	100.00	0.00

Equity Style			
Value	Blend	Conserv	Long
Low	—	—	—
Mid	—	—	—
High	—	—	—

Fixed-Income Style			
Low	Mid	High	Long
Low	—	—	—
Mid	—	—	—
High	—	—	—

Credit Quality Breakdown		Bond %
AAA		100.00
AA		0.00
A		0.00
BBB		0.00
BB		0.00
B		0.00
Below B		0.00
NR		0.00

Regional Exposure		
	Stocks %	Rel Std Index
Americas	—	—
Greater Europe	—	—
Greater Asia	—	—

Top Holdings 04-19-2018			
Share Chg since 04-2018	Share Amount	Holdings	Net Assets %
		0 Total Stocks, 105 Total Fixed-Income, 47% Turnover Ratio	
⊕	263 mil	United States Treasury Notes 1.63%	4.76
⊕	261 mil	United States Treasury Notes 2.38%	4.64
⊕	211 mil	United States Treasury Notes 1.75%	3.80
⊕	203 mil	United States Treasury Notes 2%	3.48
⊕	155 mil	United States Treasury Notes 2.25%	2.82
⊕	159 mil	United States Treasury Notes 2.25%	2.75
⊕	149 mil	United States Treasury Bonds 2.88%	2.63
⊕	137 mil	United States Treasury Notes 3.5%	2.58
⊕	145 mil	United States Treasury Notes 2.25%	2.57
⊕	135 mil	United States Treasury Notes 2.63%	2.50
⊕	138 mil	United States Treasury Notes 2%	2.39
⊕	131 mil	United States Treasury Notes 2%	2.36
⊕	106 mil	United States Treasury Bonds 7.13%	2.33
⊕	113 mil	United States Treasury Notes 1.75%	2.00
⊕	110 mil	United States Treasury Notes 1.88%	1.94

Sector Weightings		
	Stocks %	Rel Std Index
Cyclical	—	—
Basic Materials	—	—
Consumer Cyclical	—	—
Financial Services	—	—
Real Estate	—	—
Sensitive	—	—
Communication Services	—	—
Energy	—	—
Industrials	—	—
Technology	—	—
Defensive	—	—
Consumer Defensive	—	—
Healthcare	—	—
Utilities	—	—

Operations			
Family:	iShares	Ticker:	GOVT
Manager:	Multiple	Incept:	02-14-2012
Tenure:	6.2 Years	Expiration Date:	—
Total Assets:	\$5,483.3 mil	Exchange:	BATS Z-EXCHANGE
Shares Outstanding:	224.50 mil	NAV:	24.71
		Prem/Discount:	-0.08
		Mkt Price:	24.69
		Base Currency:	USD
		Legal Structure:	Open Ended Investment Company
		Backing Bank:	BlackRock Fund Advisors

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PIMCO Income P (USD)

Morningstar Analyst Rating™ Silver
Overall Morningstar Rating™ ★★★★★
 255 US Fund Multisector Bond
Standard Index BBgBarc US Agg Bond TR USD
Category Index BBgBarc US Universal TR USD
Morningstar Cat US Fund Multisector Bond

Performance 03-31-2018						
Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %	
2016	1.75	2.42	2.82	1.36	8.61	
2017	2.86	2.24	2.06	1.08	8.49	
2018	-0.29	—	—	—	-0.29	
Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept	
Load-adj Mthly	5.17	5.73	5.62	—	8.99	
Std 03-31-2018	5.17	—	5.62	—	8.99	
Total Return	5.17	5.73	5.62	9.04	8.99	
+/- Std Index	3.96	4.54	3.79	5.41	—	
+/- Cat Index	3.65	4.01	3.43	5.03	—	
% Rank Cat	15	3	1	1	—	
No. in Cat	314	255	205	119	—	

	Subsidized	Unsubsidized
7-day Yield	—	—
30-day SEC Yield	—	—

Performance Disclosure
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Fees and Expenses

Sales Charges	
Front-End Load %	NA
Deferred Load %	NA

Fund Expenses	
Management Fees %	0.60
12b1 Expense %	NA
Gross Expense Ratio %	0.63

Risk and Return Profile

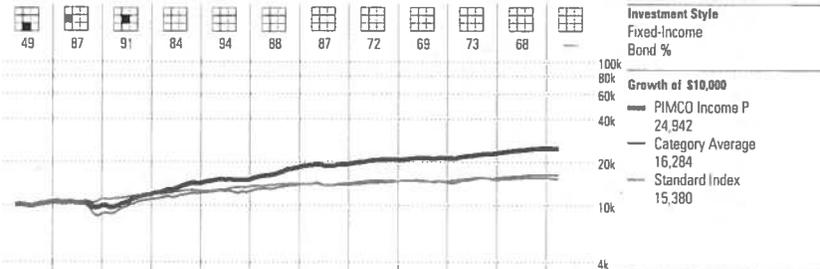
	3 Yr	5 Yr	10 Yr
Morningstar Rating™	5★	5★	5★
Morningstar Risk	-Avg	-Avg	-Avg
Morningstar Return	High	High	High

	3 Yr	5 Yr	10 Yr
Standard Deviation	2.25	3.00	4.65
Mean	5.73	5.62	9.04
Sharpe Ratio	2.22	1.72	1.80

MPT Statistics	Standard Index	Best Fit Index
Alpha	4.81	3.51
Beta	0.34	0.33
R-Squared	16.29	66.77

12-Month Yield	—
Potential Cap Gains Exp	1.10%

Operations	
Family:	PIMCO
Manager:	Multiple
Tenure:	11.1 Years
Objective:	Multisector Bond



Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	03-18
NAV/Price	8.91	9.84	11.04	10.85	12.36	12.26	12.33	11.73	12.06	12.41	12.21	12.21
Total Return %	-5.57	19.09	20.35	6.28	22.07	4.72	7.09	2.53	8.61	8.49	-0.29	-0.29
+/- Standard Index	-10.81	13.16	13.81	-1.57	17.85	6.75	1.13	1.98	5.96	4.95	1.17	1.17
+/- Category Index	-7.95	10.48	13.18	-1.13	16.54	6.07	1.53	2.10	4.70	4.40	1.11	1.11
% Rank Cat	—	83	1	7	1	19	7	3	33	11	—	—
No. of Funds in Cat	—	242	268	250	283	308	276	304	299	321	333	333

Portfolio Analysis 12-31-2017

Asset Allocation %	Net %	Long %	Short %	Share Chg since 09-2017	Share Amount	Holdings: 19 Total Stocks, 6,053 Total Fixed-Income, 190% Turnover Ratio	Net Assets %
Cash	-46.73	98.38	145.11	—	—	—	—
US Stocks	0.37	0.37	0.00	—	—	—	—
Non-US Stocks	0.00	0.00	0.00	✱	29,639 mil	IRS USD 2.00000 06/20/18-5Y CME_Pay	-27.02
Bonds	144.64	210.80	66.16	⊕	1,618,463 mil	IRS JPY 0.45000 03/20/19-10Y LCH_P	-13.33
Other/Not Clsfd	1.72	1.75	0.03	✱	10,000 mil	CIRS USD 5.25Y MAT 2.30% 1/2018 GL	9.25
Total	100.00	311.31	211.31	✱	8,000 mil	CIRS USD 5.33Y MAT 2.2% 1/2018 GLM	7.38
				✱	6,476 mil	IRS USD 2.12000 08/16/17-5Y* CME_R	5.96

Equity Style	Portfolio Statistics	Port Avg	Rel Index	Rel Cat
Value Blend Growth	P/E Ratio TTM	—	—	—
	P/C Ratio TTM	19.2	—	1.78
	P/B Ratio TTM	28.4	—	12.08
	Geo Avg Mkt Cap \$mil	6155	—	0.16

Fixed-Income Style	Avg Eff Maturity	6.08
	Avg Eff Duration	2.39
	Avg Wtd Coupon	—
	Avg Wtd Price	—

Credit Quality Breakdown —	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR	—

Regional Exposure	Stocks %	Rel Std Index
Americas	100.0	—
Greater Europe	0.0	—
Greater Asia	0.0	—

Sector Weightings	Stocks %	Rel Std Index
Cyclical	98.9	—
Basic Materials	0.0	—
Consumer Cyclical	38.5	—
Financial Services	0.0	—
Real Estate	60.4	—
Sensitive	1.0	—
Communication Services	0.0	—
Energy	1.0	—
Industrials	0.0	—
Technology	0.0	—
Defensive	0.1	—
Consumer Defensive	0.0	—
Healthcare	0.0	—
Utilities	0.1	—

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PowerShares Taxable Municipal Bond ETF (USD)

Overall Morningstar Rating™ Standard Index

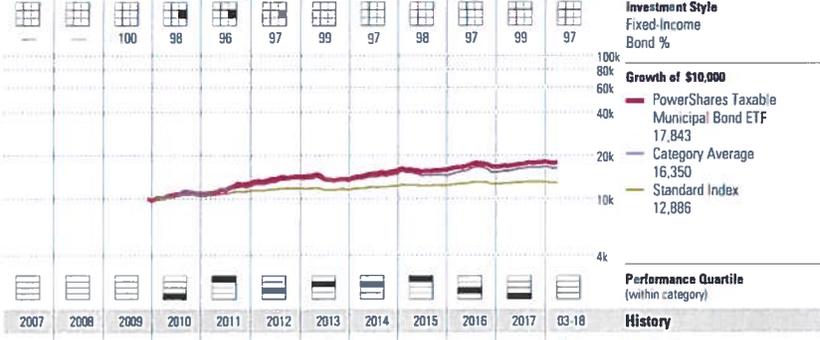
 19 US Fund Long-Term Bond

Category Index Morningstar Cat
 BBgBarc US Govt/Credit Long TR USD
 US Fund Long-Term Bond

Performance 03-31-2018

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2016	4.56	5.14	0.77	-4.97	5.28
2017	1.13	2.73	2.17	1.93	8.20
2018	0.85	—	—	—	-0.85

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Mkt 03-31-18	6.84	—	4.46	—	7.27
Std NAV 03-31-18	6.08	—	4.33	—	7.27
Mkt Total Ret	6.84	4.04	4.46	—	7.27
NAV Total Ret	6.08	3.79	4.33	—	7.27
+/- Std Index	4.88	2.59	2.51	—	—
+/- Cat Index	0.99	1.66	0.24	—	—
% Rank Cat	12	19	40	—	—
No. in Cat	22	19	18	—	—



30-day SEC Yield 03-31-2018	Subsidized	Unsubsidized
	3.65	4.10

Performance Disclosure

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Fees and Expenses

Fund Expenses	
Management Fees %	0.28
Expense Ratio %	0.28
12b1 Expense %	NA

Risk and Return Profile

	3 Yr 19 funds	5 Yr 18 funds	10 Yr 10 funds
Morningstar Rating™	4★	4★	—
Morningstar Risk	-Avg	-Avg	—
Morningstar Return	+Avg	Avg	—
Standard Deviation NAV	4.35	5.44	—
Standard Deviation MKT	5.52	6.33	—
Mean NAV	3.79	4.33	—
Mean MKT	4.04	4.46	—
Sharpe Ratio	0.74	0.74	—

MPT Statistics	Standard Index	Best Fit Index BBgBarc US
NAV	Government Long TR USD	—
Alpha	2.30	3.11
Beta	1.46	0.45
R-Squared	82.46	90.64
12-Month Yield	—	4.03%
Potential Cap Gains Exp	—	—
Leveraged	No	—
Leverage Type	—	—
Leverage %	—	100.00
Primary Prospectus Benchmark	ICE BofAML US Taxable Muni + TR USD	—

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	03-18	History
Net %	—	—	—	9.42	21.02	10.72	-5.19	17.00	-0.25	4.52	9.87	-0.81	Mkt Total Ret %
Long %	—	—	—	9.26	20.94	11.36	-5.09	15.69	0.92	5.28	8.20	-0.85	NAV Total Ret %
Short %	—	—	—	2.72	13.10	7.14	-3.07	9.73	0.37	2.63	4.66	0.61	+/- Standard Index
Share Cg since 04-2018	—	—	—	-0.90	-1.55	2.57	3.73	-3.61	4.22	-1.40	-2.51	2.73	+/- Category Index
Share Amount	—	—	—	84	12	58	38	27	3	53	84	—	% Rank Cat
Holdings	—	—	—	52	61	70	35	35	37	31	23	23	No. of Funds in Cat
Total Fixed-Income, 6% Turnover Ratio	—	—	—	0.16	0.09	-0.08	0.10	-0.45	0.20	-0.24	-0.02	-0.12	Avg Prem/Discount %

Portfolio Analysis 04-22-2018

Asset Allocation % 04-19-2018	Net %	Long %	Short %
Cash	2.65	2.65	0.00
US Stocks	0.00	0.00	0.00
Non-US Stocks	0.00	0.00	0.00
Bonds	97.35	97.35	0.00
Other/Not Clsfd	0.00	0.00	0.00
Total	100.00	100.00	0.00

Top Holdings 04-19-2018

Share Cg since 04-2018	Share Amount	Holdings	0 Total Stocks, 333 Total Fixed-Income, 6% Turnover Ratio	Net Assets %
—	18 mil	CALIFORNIA ST 7.5%	—	2.72
—	23 mil	CALIFORNIA ST 7.95%	—	2.70
—	11 mil	CALIFORNIA ST 7.6%	—	1.82
—	15 mil	CALIFORNIA ST 6.51%	—	1.80
—	11 mil	CALIFORNIA ST 7.55%	—	1.77
—	15 mil	ILLINOIS ST 5.56%	—	1.66
—	11 mil	UNIVERSITY CALIF 5.95%	—	1.48
—	12 mil	TEXAS TRANSN COMMN ST HWY FD 5.18%	—	1.46
—	10 mil	NEW YORK N Y CITY MUN WTR FIN AUTH	—	1.38
—	10 mil	MISSOURI JT MUN ELEC UTIL COMMN PW	—	1.38
—	8 mil	AMERICAN MUN PWR OHIO INC 8.08%	—	1.37
—	9 mil	CALIFORNIA ST 7.35%	—	1.33
—	9 mil	SOUTH CAROLINA PUB SVC AUTH 6.45%	—	1.31
—	10 mil	TEXAS ST 5.52%	—	1.31
—	10 mil	GEORGIA MUN ELEC AUTH 7.06%	—	1.27

Equity Style

Value	Blend	Govt's
—	—	—

Portfolio Statistics

P/E Ratio TTM	P/C Ratio TTM	P/B Ratio TTM	Geo Avg Mkt Cap \$mil
—	—	—	—

Fixed-Income Style

Lst	Mod	Lst
—	—	—

Credit Quality Breakdown

AAA	AA	A	BBB	BB	B	Below B	NR	Bond %
15.99	55.35	17.59	9.96	0.20	0.86	0.00	0.05	—

Regional Exposure

Americas	Greater Europe	Greater Asia	Stocks %	Rel Std Index
—	—	—	—	—

Sector Weightings

Cyclical	Sensitive	Defensive	Stocks %	Rel Std Index
Basic Materials	—	—	—	—
Consumer Cyclical	—	—	—	—
Financial Services	—	—	—	—
Real Estate	—	—	—	—
Communication Services	—	—	—	—
Energy	—	—	—	—
Industrials	—	—	—	—
Technology	—	—	—	—
Consumer Defensive	—	—	—	—
Healthcare	—	—	—	—
Utilities	—	—	—	—

Operations

Family:	PowerShares	Ticker:	BAB	Prem/Discount:	0.37
Manager:	Multiple	Incept:	11-17-2009	Mkt Price:	30.13
Tenure:	8.4 Years	Expiration Date:	—	Base Currency:	USD
Total Assets:	\$925.3 mil	Exchange:	NYSE ARCA	Legal Structure:	Open Ended Investment Company
Shares Outstanding:	31.20 mil	NAV:	30.02	Backing Bank:	Invesco PowerShares Capital Mgmt LLC

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Prudential Global Total Return Z (USD)

Morningstar Analyst Rating™ **Silver** Overall Morningstar Rating™ **★★★★** Standard Index **BBgBarc US Agg Bond TR USD** Category Index **Citi WGBI NonUSD USD** Morningstar Cat **US Fund World Bond**

Performance 03-31-2018

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2016	5.61	3.66	1.80	-7.73	2.83
2017	3.92	4.36	2.66	1.89	13.44
2018	1.97	—	—	—	1.97

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	11.32	5.30	3.66	5.35	5.36
Std 03-31-2018	11.32	—	3.66	5.35	5.36
Total Return	11.32	5.30	3.66	5.35	5.36

	+/- Std Index	+/- Cat Index	% Rank Cat	No. in Cat
	10.12	4.10	1.83	1.72
	-1.60	0.28	2.29	3.53
			9	2
			6	6
			301	264
			236	133

	Subsidized	Unsubsidized
7-day Yield	—	—
30-day SEC Yield 03-31-2018	2.15 ¹	2.13

¹ Contractual waiver; Expires 02-29-2020

Performance Disclosure
 The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.
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 Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-225-1852 or visit www.prudentialfunds.com

Fees and Expenses

Category	Value
Sales Charges	
Front-End Load %	NA
Deferred Load %	NA

Fund Expenses

Management Fees %	0.50
12b1 Expense %	NA
Gross Expense Ratio %	0.68

Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	5★	5★	4★
Morningstar Risk	Avg	+Avg	High
Morningstar Return	High	High	High

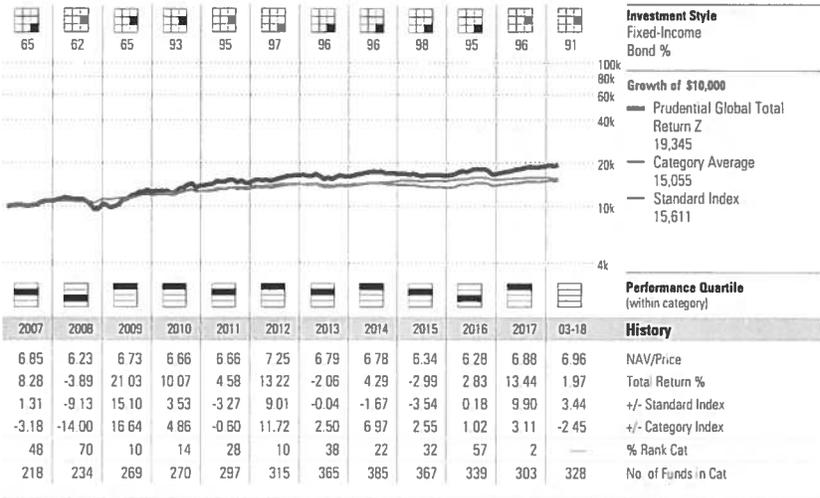
	3 Yr	5 Yr	10 Yr
Standard Deviation	6.01	6.45	8.74
Mean	5.30	3.66	5.35
Sharpe Ratio	0.80	0.53	0.60

MPT Statistics

	Standard Index	Best Fit Index
Alpha	3.67	1.57
Beta	1.71	0.69
R-Squared	59.69	80.71
12-Month Yield		3.35%
Potential Cap Gains Exp		4.13%

Operations

Family:	Prudential Funds (PGIM Investments)
Manager:	Multiple
Tenure:	15.6 Years
Objective:	Worldwide Bond



Portfolio Analysis 03-31-2018

Asset Allocation %	Net %	Long %	Short %	Share Chg since 02-2018	Share Amount	Holdings	Net Assets %
Cash	2.50	10.46	7.96			2 Total Stocks 1,293 Total Fixed-Income	
US Stocks	0.28	0.28	0.00			75% Turnover Ratio	
Non-US Stocks	0.00	0.00	0.00	⊖	3,436	US 5 Year Note (CBT) June18	21.52
Bonds	94.44	147.88	53.44	⊕	1,199	2 Year US Treasury Note Future Jun	-13.95
Other/Not Clsfd	2.78	4.59	1.81	⊕	1,500	US 10 Year Note (CBT) June18	9.94
Total	100.00	163.22	63.22	⊕	783	Us Ultra Bond Cbt Jun18	6.87

Equity Style

Value	Blend	Growth	Port Avg	Rel Index	Rel Cat
P/E Ratio TTM	—	—	—	—	—
P/C Ratio TTM	—	—	—	—	—
P/B Ratio TTM	—	—	—	—	—
Geo Avg Mkt Cap \$mil	—	—	—	—	—

Fixed-Income Style

Ltd	Med	Ltr	Port Avg	Rel Index	Rel Cat
Avg Eff Maturity	—	—	—	—	—
Avg Eff Duration	—	—	—	9.05	—
Avg Wtd Coupon	—	—	—	3.61	—
Avg Wtd Price	—	—	—	—	—

Credit Quality Breakdown 03-31-2018

Rating	Bond %
AAA	27.97
AA	8.13
A	20.19
BBB	24.16
BB	8.15
B	6.42
Below B	0.26
NR	4.72

Regional Exposure

Region	Stocks %	Rel Std Index
Americas	100.0	—
Greater Europe	0.0	—
Greater Asia	0.0	—

Sector Weightings

Sector	Stocks %	Rel Std Index
Cyclical	—	—
Basic Materials	—	—
Consumer Cyclical	—	—
Financial Services	—	—
Real Estate	—	—
Sensitive	—	—
Communication Services	—	—
Energy	—	—
Industrials	—	—
Technology	—	—
Defensive	—	—
Consumer Defensive	—	—
Healthcare	—	—
Utilities	—	—

Operations

Family:	Prudential Funds (PGIM Investments)	Base Currency:	USD	Purchase Constraints:	A
Manager:	Multiple	Ticker:	PZTRX	Incept:	03-17-1997
Tenure:	15.6 Years	Minimum Initial Purchase:	\$5 mil	Type:	MF
Objective:	Worldwide Bond	Min Auto Investment Plan:	\$50	Total Assets:	\$1,613.19 mil

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Schwab Intermediate-Term US Trs ETFM (USD)

Performance 03-31-2018						
Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %	
2016	3.29	1.75	-0.40	-3.36	1.16	
2017	0.70	0.95	0.40	-0.51	1.54	
2018	-1.16	—	—	—	-1.16	
Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept	
Std Mkt 03-31-18	-0.23	—	0.86	—	2.07	
Std NAV 03-31-18	-0.34	—	0.86	—	2.10	
Mkt Total Ret	-0.23	0.45	0.86	—	2.07	
NAV Total Ret	-0.34	0.41	0.86	—	2.10	
+/- Std Index	-1.55	-0.79	-0.97	—	—	
+/- Cat Index	-0.79	-0.07	-0.22	—	—	
% Rank Cat	70	51	54	—	—	
No. in Cat	253	229	219	—	—	

30-day SEC Yield 01-31-2018	Subsidized	Unsubsidized
	2.36	2.36

Performance Disclosure
The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.

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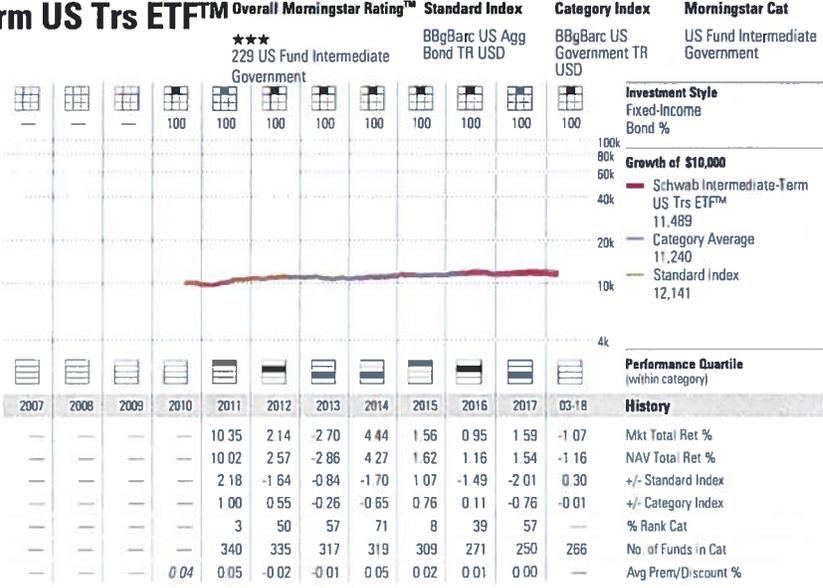
Fees and Expenses

Fund Expenses	
Management Fees %	0.06
Expense Ratio %	0.06
12b1 Expense %	NA

Risk and Return Profile

	3 Yr	5 Yr	10 Yr
	229 funds	219 funds	165 funds
Morningstar Rating™	3★	3★	—
Morningstar Risk	+Avg	+Avg	—
Morningstar Return	Avg	Avg	—
Standard Deviation NAV	3.01	3.30	—
Standard Deviation MKT	3.07	3.34	—
Mean NAV	0.41	0.86	—
Mean MKT	0.45	0.86	—
Sharpe Ratio	-0.04	0.16	—

MPT Statistics	Standard Index	Best Fit Index
NAV		BBgBarc Intermediate Treasury TR USD
Alpha	-0.80	0.04
Beta	1.03	1.43
R-Squared	84.96	99.56
12-Month Yield		1.72%
Potential Cap Gains Exp		—
Leveraged		No
Leverage Type		—
Leverage %		100.00
Primary Prospectus Benchmark		BBgBarc US Treasury 3-10 Yr TR USD



Portfolio Analysis 04-20-2018												
Asset Allocation %	Net %	Long %	Short %	Share Chg since 04-20-18	Share Amount	Holdings	0 Total Stocks	114 Total Fixed Income	30% Turnover Ratio	Net Assets %		
Cash	0.00	0.00	0.00									
US Stocks	0.00	0.00	0.00			25 mil	United States Treasury Notes 2%			1.72		
Non-US Stocks	0.00	0.00	0.00			24 mil	United States Treasury Notes 2.25%			1.71		
Bonds	100.00	100.00	0.00			24 mil	United States Treasury Notes 2.12%			1.70		
Other/Not Clsfd	0.00	0.00	0.00			24 mil	United States Treasury Notes 2.12%			1.69		
Total	100.00	100.00	0.00			24 mil	United States Treasury Notes 2.38%			1.68		

Equity Style	Portfolio Statistics	Port Avg	Rel Index	Rel Cat
P/E Ratio TTM	—	—	—	—
P/C Ratio TTM	—	—	—	—
P/B Ratio TTM	—	—	—	—
Geo Avg Mkt Cap \$mil	—	—	—	—
Avg Eff Maturity	—	5.59	—	—
Avg Eff Duration	—	5.15	—	—
Avg Wtd Coupon	—	2.15	—	—
Avg Wtd Price	—	96.83	—	—

Credit Quality Breakdown	Bond %
AAA	100.00
AA	0.00
A	0.00
BBB	0.00
BB	0.00
B	0.00
Below B	0.00
NR	0.00

Regional Exposure	Stocks %	Rel Std Index
Americas	—	—
Greater Europe	—	—
Greater Asia	—	—

Sector Weightings	Stocks %	Rel Std Index
Cyclical	—	—
Basic Materials	—	—
Consumer Cyclical	—	—
Financial Services	—	—
Real Estate	—	—
Sensitive	—	—
Communication Services	—	—
Energy	—	—
Industrials	—	—
Technology	—	—
Defensive	—	—
Consumer Defensive	—	—
Healthcare	—	—
Utilities	—	—

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Operations

Family:	Schwab ETFs	Ticker:	SCHR	Prem/Discount:	0.04
Manager:	Multiple	Incept:	08-05-2010	Mkt Price:	52.59
Tenure:	7.7 Years	Expiration Date:	—	Base Currency:	USD
Total Assets:	\$1,372.1 mil	Exchange:	NYSE ARCA	Legal Structure:	Open Ended Investment Company
Shares Outstanding:	26.35 mil	NAV:	52.57	Backing Bank:	Charles Schwab Investment Management Inc

Schwab Short-Term US Treasury ETFM (USD)

Overall Morningstar Rating™ **★★★★** Standard Index **BBgBarc US Agg Bond TR USD** Category Index **BBgBarc Government 1-5 Yr TR USD** Morningstar Cat **US Fund Short Government**

Performance 03-31-2018					
Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2016	0.89	0.49	-0.11	-0.49	0.78
2017	0.26	0.16	0.22	-0.29	0.35
2018	-0.17	—	—	—	-0.17
Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Mkt 03-31-18	-0.06	—	0.43	—	0.53
Std NAV 03-31-18	-0.08	—	0.42	—	0.54
Mkt Total Ret	-0.06	0.30	0.43	—	0.53
NAV Total Ret	-0.08	0.30	0.42	—	0.54
+/- Std Index	-1.28	-0.90	-1.40	—	—
+/- Cat Index	0.02	-0.16	-0.21	—	—
% Rank Cat	49	42	35	—	—
No. in Cat	105	102	93	—	—

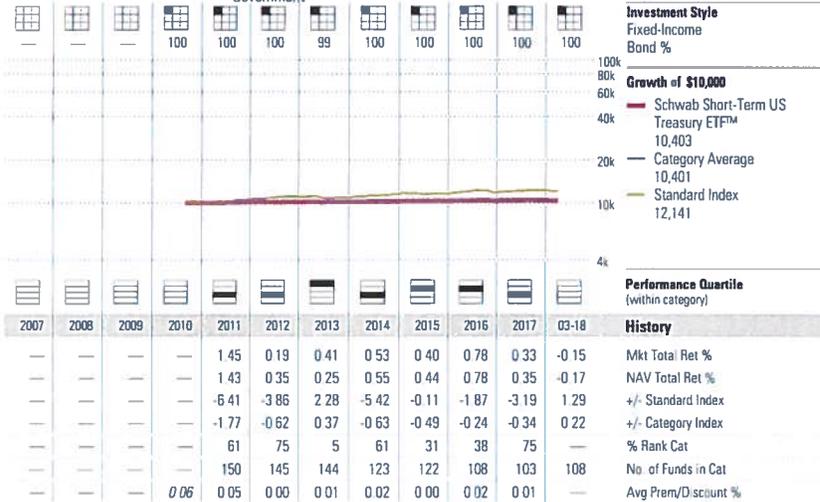
30-day SEC Yield 01-31-2018	Subsidized	Unsubsidized
	1.97	1.97

Performance Disclosure
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 Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-435-4000 or visit www.csifunds.com.

Fees and Expenses	
Fund Expenses	
Management Fees %	0.06
Expense Ratio %	0.06
12b1 Expense %	NA

Risk and Return Profile			
	3 Yr	5 Yr	10 Yr
	102 funds	93 funds	69 funds
Morningstar Rating™	3★	4★	—
Morningstar Risk	Avg	-Avg	—
Morningstar Return	Avg	Avg	—
Standard Deviation NAV	0.72	0.68	—
Standard Deviation MKT	0.72	0.65	—
Mean NAV	0.30	0.42	—
Mean MKT	0.30	0.43	—
Sharpe Ratio	-0.38	0.08	—

MPT Statistics		
	Standard Index	Best Fit Index
	BBgBarc Gov/Corp	1 Yr Duration TR
	USD	USD
Alpha	-0.43	-0.37
Beta	0.22	2.27
R-Squared	62.55	93.68
12-Month Yield	1.19%	
Potential Cap Gains Exp	—	
Leveraged	No	
Leverage Type	—	
Leverage %	100.00	
Primary Prospectus Benchmark	BBgBarc US Treasury 1-3 Yr TR USD	



Portfolio Analysis 04-20-2018										
Asset Allocation %	Net %	Long %	Short %	Share Chg since 04-2018	Share Amount	Holdings 0 Total Stocks, 97 Total Fixed Income, 65% Turnover Ratio	Net Assets %			
Cash	0.00	0.00	0.00							
US Stocks	0.00	0.00	0.00		58 mil	United States Treasury Notes 1.5%	2.43			
Non-US Stocks	0.00	0.00	0.00		51 mil	United States Treasury Notes 2.62%	2.18			
Bonds	100.00	100.00	0.00		43 mil	United States Treasury Notes 3.62%	1.88			
Other/Not Clsfd	0.00	0.00	0.00		40 mil	United States Treasury Notes 3.62%	1.75			
Total	100.00	100.00	0.00		40 mil	United States Treasury Notes 1.62%	1.69			

Equity Style		Portfolio Statistics		
Value	Blend	Port Avg	Rel Index	Rel Cat
P/E Ratio TTM	—	—	—	—
P/C Ratio TTM	—	—	—	—
P/B Ratio TTM	—	—	—	—
Geo Avg Mkt Cap \$mil	—	—	—	—

Fixed-Income Style		Avg Eff Maturity	
Ltd	Med	Long	Rel
Avg Eff Duration	1.95	—	—
Avg Wtd Coupon	1.78	—	—
Avg Wtd Price	98.77	—	—

Credit Quality Breakdown		Bond %
AAA	—	100.00
AA	—	0.00
A	—	0.00
BBB	—	0.00
BB	—	0.00
B	—	0.00
Below B	—	0.00
NR	—	0.00

Regional Exposure		Stocks %	Rel Std Index
Americas	—	—	—
Greater Europe	—	—	—
Greater Asia	—	—	—

Sector Weightings		Stocks %	Rel Std Index
Cyclical			
Basic Materials	—	—	—
Consumer Cyclical	—	—	—
Financial Services	—	—	—
Real Estate	—	—	—
Sensitive			
Communication Services	—	—	—
Energy	—	—	—
Industrials	—	—	—
Technology	—	—	—
Defensive			
Consumer Defensive	—	—	—
Healthcare	—	—	—
Utilities	—	—	—

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Operations

Family:	Schwab ETFs	Ticker:	SCHO	Prem/Discount:	0.02
Manager:	Multiple	Incept:	08-05-2010	Mkt Price:	49.84
Tenure:	7.7 Years	Expiration Date:	—	Base Currency:	USD
Total Assets:	\$2,356.0 mil	Exchange:	NYSE ARCA	Legal Structure:	Open Ended Investment Company
Shares Outstanding:	47.40 mil	NAV:	49.83	Backing Bank:	Charles Schwab Investment Management Inc

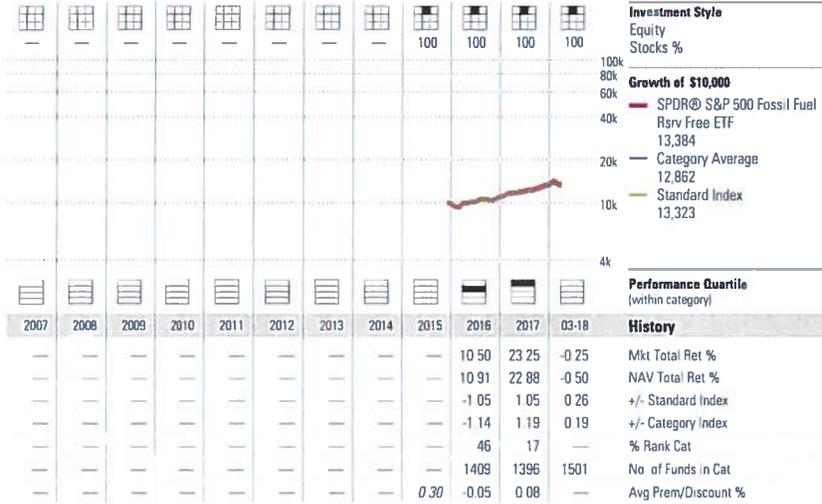
SPDR® S&P 500 Fossil Fuel Rsrv Free ETF (USD)

Overall Morningstar Rating™ Standard Index
 S&P 500 TR USD
 Category Index
 Russell 1000 TR USD
 Morningstar Cat
 US Fund Large Blend

Performance 03-31-2018

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2016	0.99	1.80	4.07	3.66	10.91
2017	6.76	3.51	4.32	6.59	22.88
2018	-0.50	—	—	—	-0.50

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Mkt 03-31-18	14.83	—	—	—	13.40
Std NAV 03-31-18	14.52	—	—	—	13.31
Mkt Total Ret	14.83	—	—	—	13.40
NAV Total Ret	14.52	—	—	—	13.31
+/- Std Index	0.53	—	—	—	—
+/- Cat Index	0.54	—	—	—	—
% Rank Cat	26	—	—	—	—
No. in Cat	1,401	—	—	—	—



30-day SEC Yield

Performance Disclosure
 The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.
 The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate, thus an investor's shares, when sold or redeemed, may be worth more or less than their original cost.
 Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 866-787-2257 or visit www.spdrs.com.

Fees and Expenses

Fund Expenses

Management Fees %	0.25
Expense Ratio %	0.25
12b1 Expense %	NA

Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	1204 funds	1077 funds	802 funds
Morningstar Risk	—	—	—
Morningstar Return	—	—	—
Standard Deviation NAV	—	—	—
Standard Deviation MKT	—	—	—
Mean NAV	—	—	—
Mean MKT	—	—	—
Sharpe Ratio	—	—	—

MPT Statistics

	Standard Index	Best Fit Index
NAV	—	—
Alpha	—	—
Beta	—	—
R-Squared	—	—
12-Month Yield	—	—
Potential Cap Gains Exp	—	—
Leveraged	—	—
Leverage Type	—	—
Leverage %	100.00	—

Primary Prospectus Benchmark

S&P 500 Fossil Fuel Free NR USD

Portfolio Analysis 04-20-2018

Asset Allocation %

	Net %	Long %	Short %	Share Chg since 04-2018	Share Amount	Holdings	477 Total Stocks, 4% Turnover Ratio	0 Total Fixed Income	Net Assets %
Cash	0.07	0.07	0.00	—	—	—	—	—	—
US Stocks	99.03	99.03	0.00	—	—	62,339	Apple Inc	—	3.90
Non-US Stocks	0.89	0.89	0.00	—	—	94,485	Microsoft Corp	—	3.39
Bonds	0.00	0.00	0.00	—	—	4,932	Amazon.com Inc	—	2.84
Other/Not Clsfd	0.00	0.00	0.00	—	—	29,347	Facebook Inc A	—	1.84
Total	100.00	100.00	0.00	0.30	-0.05	23,589	Berkshire Hathaway Inc B	—	1.78

Equity Style

Value	Blend	Gen	Val	Blnd	Gen
P/E Ratio TTM	21.0	1.01	0.98	—	—
P/C Ratio TTM	14.0	1.03	1.04	—	—
P/B Ratio TTM	3.2	1.04	9.94	—	—
Geo Avg Mkt Cap \$mil	158838	1.71	1.27	—	—

Fixed-Income Style

Utg	Blnd	Lt	Utg	Blnd	Lt
Avg Eff Maturity	—	—	—	—	—
Avg Eff Duration	—	—	—	—	—
Avg Wtd Coupon	—	—	—	—	—
Avg Wtd Price	—	—	—	—	—

Credit Quality Breakdown

	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR	—

Regional Exposure

	Stocks %	Rel Std Index
Americas	99.1	1.00
Greater Europe	0.4	1.07
Greater Asia	0.5	1.06

Sector Weightings

	Stocks %	Rel Std Index
Cyclical	35.4	1.05
Basic Materials	2.8	1.04
Consumer Cyclical	12.5	1.07
Financial Services	17.8	1.06
Real Estate	2.3	1.01
Sensitive	39.6	0.95
Communication Services	3.4	1.02
Energy	1.8	0.31
Industrials	11.3	1.06
Technology	23.2	1.05
Defensive	25.0	1.01
Consumer Defensive	7.8	1.00
Healthcare	14.6	1.05
Utilities	2.6	0.90

Operations

Family:	SPDR State Street Global	Ticker:	SPYX	Prem/Discount:	0.49
Advisors:	Multiple	Incept:	11-30-2015	Mkt Price:	64.40
Manager:	Multiple	Expiration Date:	—	Base Currency:	USD
Tenure:	2.4 Years	Exchange:	NYSE ARCA	Legal Structure:	Open Ended Investment Company
Total Assets:	\$265.1 mil	NAV:	64.08	Backing Bank:	SSGA Funds Management Inc
Shares Outstanding:	4.10 mil				

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Touchstone Ultra Short Dur F/I Y (USD)

Morningstar Analyst Rating™ Neutral
Overall Morningstar Rating™ ★★★★★
Standard Index BBgBarc US Agg Bond TR USD
Category Index BBgBarc Govt/Corp 1 Yr Duration TR USD
Morningstar Cat US Fund Ultrashort Bond

Performance 03-31-2018						
Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %	
2016	0.50	0.61	0.37	0.18	1.67	
2017	0.50	0.34	0.52	0.32	1.69	
2018	0.21	—	—	—	0.21	
Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept	
Load-adj Mthly	1.40	1.32	1.12	—	1.19	
Std 03-31-2018	1.40	—	1.12	—	1.19	
Total Return	1.40	1.32	1.12	1.47	1.19	
+/- Std Index	0.19	0.12	-0.71	-2.16	—	
+/- Cat Index	0.68	0.70	0.58	0.59	—	
% Rank Cat	35	24	19	30		
No. in Cat	178	140	107	57		

	Subsidized	Unsubsidized
7-day Yield 04-23-2018	2.08 ¹	—
30-day SEC Yield 03-31-2018	2.25 ¹	2.18

¹ Contractual waiver. Expires 10-26-2019

Performance Disclosure
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 Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-543-0407 or visit www.touchstoneinvestments.com.

Fees and Expenses

Category	Value
Front-End Load %	NA
Deferred Load %	NA

Fund Expenses

Management Fees %	0.25
12b1 Expense %	NA
Gross Expense Ratio %	0.51

Risk and Return Profile

	3 Yr	5 Yr	10 Yr
	140 funds	107 funds	57 funds
Morningstar Rating™	4★	4★	4★
Morningstar Risk	Avg	Avg	Avg
Morningstar Return	+Avg	+Avg	+Avg

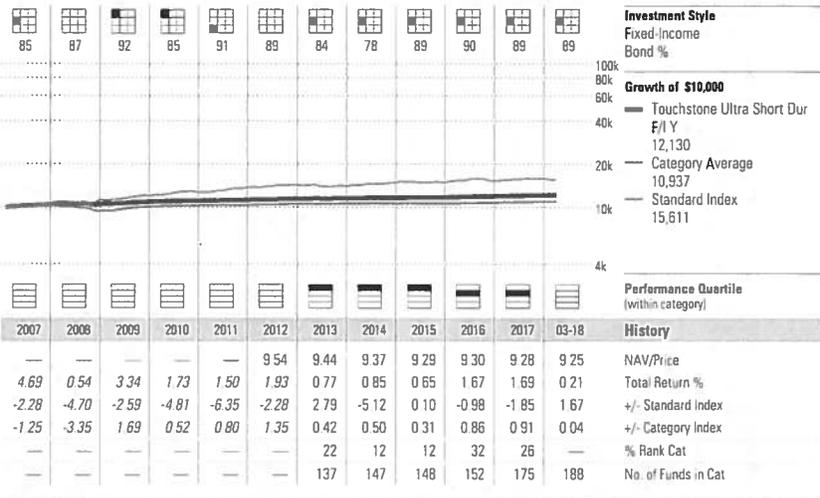
	3 Yr	5 Yr	10 Yr
Standard Deviation	0.32	0.31	0.86
Mean	1.32	1.12	1.47
Sharpe Ratio	2.13	2.33	1.29

MPT Statistics

	Standard Index	Best Fit Index
	BBgBarc Govt/Corp 1 Yr Duration TR USD	BBgBarc Govt/Corp 1 Yr Duration TR USD
Alpha	0.68	0.70
Beta	0.07	0.78
R-Squared	30.70	54.19
12-Month Yield		2.04%
Potential Cap Gains Exp		-3.72%

Operations

Family:	Touchstone	Ticker:	TSYYX	Incept:	04-16-2012
Manager:	Multiple	Minimum Initial Purchase:	\$2,500	Type:	MF
Tenure:	9.5 Years	Min Auto Investment Plan:	\$100	Total Assets:	\$939.65 mil
Objective:	Multisector Bond	Minimum IRA Purchase:	\$1,000		
Base Currency:	USD	Purchase Constraints:	—		



Portfolio Analysis 03-31-2018

Asset Allocation %	Nat %	Long %	Short %	Share Chg since 12-2017	Share Amount	Holdings	0 Total Stocks, 350 Total Fixed-Income, 136% Turnover Ratio	Net Assets %
Cash	11.13	11.13	0.00	—	—	—	—	—
US Stocks	0.00	0.00	0.00	—	—	—	—	—
Non-US Stocks	0.00	0.00	0.00	✖	15 mil	Rockwall Cdo Ltd / Corp	2.77%	1.63
Bonds	88.68	88.68	0.00	✖	13 mil	TCI-FLATIRON 16-1 3 28%	—	1.44
Other/Not Clsfd	0.19	0.19	0.00	—	14 mil	Santander Drive Auto Receivables T	—	1.44
Total	100.00	100.00	0.00	✖	13 mil	Grayson CLO Ltd / Grayson CLO Corp	—	1.39
				⊕	13 mil	Securitized Equipment Receivab 2 7	—	1.35
				⊖	12 mil	Opteum Mortgage Acceptance Corp 2	—	1.30
				✖	11 mil	Areit Tr 2018-Crel FRN	—	1.12
				✖	10 mil	J.P. MORGAN CHASE COMMERCIAL MORTG	—	1.11
				✖	10 mil	Hertz Vehicle Financing Lic 2.02%	—	1.08
				✖	10 mil	Ocp Clo 2016-12a A 2.42578%	—	1.07
				✖	10 mil	Ares Capital Corporation 4 88%	—	1.07
				✖	10 mil	Fidelity National Information Serv	—	1.06
				⊖	10 mil	Towd Point Mortgage Trust 2015-1 2	—	1.04
				⊖	9 mil	Ace Secs Corp Home Equity Ln Tr 2	—	1.00
				⊖	9 mil	Hewlett Packard Enterprise Company	—	0.97

Equity Style

Value	Blend	Growth	P/E Ratio TTM	P/C Ratio TTM	P/B Ratio TTM	Geo Avg Mkt Cap \$mil
—	—	—	—	—	—	—

Portfolio Statistics

Part Avg	Rel Index	Rel Cat
—	—	—

Fixed-Income Style

Est	Mod	Ext	Avg Eff Maturity	Avg Eff Duration	Avg Wtd Coupon	Avg Wtd Price
—	—	—	—	0.59	2.96	98.50

Credit Quality Breakdown 03-31-2018

	Bond %
AAA	47.62
AA	10.62
A	13.62
BBB	20.37
BB	0.02
B	0.02
Below B	0.10
NR	7.62

Regional Exposure

Region	Stocks %	Rel Std Index
Americas	—	—
Greater Europe	—	—
Greater Asia	—	—

Sector Weightings

Sector	Stocks %	Rel Std Index
Cyclical	—	—
Basic Materials	—	—
Consumer Cyclical	—	—
Financial Services	—	—
Real Estate	—	—
Sensitive	—	—
Communication Services	—	—
Energy	—	—
Industrials	—	—
Technology	—	—
Defensive	—	—
Consumer Defensive	—	—
Healthcare	—	—
Utilities	—	—

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Vanguard FTSE Developed Markets ETF (USD)

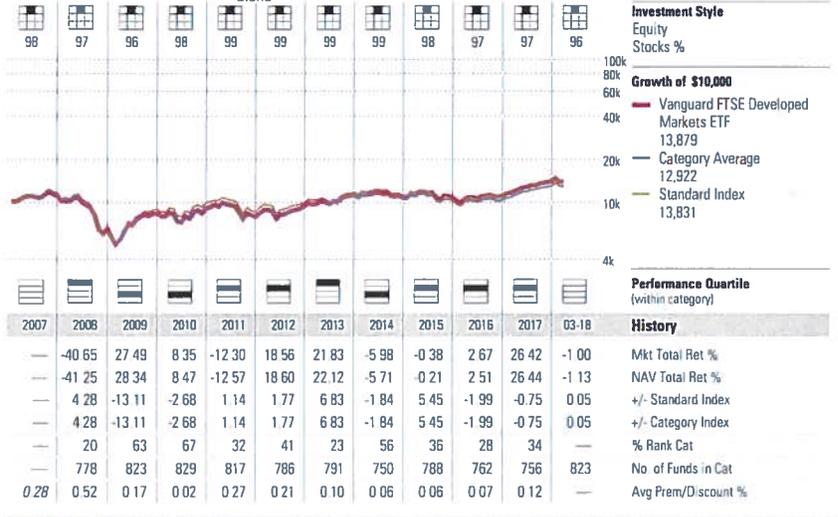
Overall Morningstar Rating™ Standard Index Category Index Morningstar Cat
 ★★★★★ 605 US Fund Foreign Large Blend MSCI ACWI Ex USA NR USD MSCI ACWI Ex USA NR USD US Fund Foreign Large Blend

Performance 03-31-2018

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2016	-1.99	-0.24	6.38	-1.44	2.51
2017	7.81	6.39	5.55	4.44	26.44
2018	-1.13	—	—	—	-1.13

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Mkt 03-31-18	15.92	—	7.14	3.11	1.86
Std NAV 03-31-18	15.96	—	7.11	3.14	1.90

Mkt Total Ret	15.92	6.62	7.14	3.11	1.86
NAV Total Ret	15.96	6.60	7.11	3.14	1.90
+/- Std Index	-0.57	0.42	1.23	0.44	—
+/- Cat Index	-0.57	0.42	1.23	0.44	—
% Rank Cat	42	26	27	30	—
No. in Cat	768	605	536	355	—



30-day SEC Yield	Subsidized	Unsubsidized
	—	—

Performance Disclosure
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Fees and Expenses

Fund Expenses	
Management Fees %	0.05
Expense Ratio %	0.07
12b1 Expense %	NA

Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	4★	4★	4★
Morningstar Risk	Avg	Avg	Avg
Morningstar Return	+Avg	+Avg	+Avg
Standard Deviation NAV	11.51	11.54	18.74
Standard Deviation MKT	11.40	11.62	18.98
Mean NAV	6.60	7.11	3.14
Mean MKT	6.62	7.14	3.11
Sharpe Ratio	0.56	0.62	0.24

MPT Statistics

	Standard Index	Best Fit Index
NAV	—	MSCI EAFE NR USD
Alpha	0.89	1.33
Beta	0.90	0.92
R-Squared	95.70	96.88

	12-Month Yield	Potential Cap Gains Exp	Leveraged	Leverage Type	Leverage %	Primary Prospectus Benchmark
	—	—	No	—	100.00	FTSE Dvlp ex US All Cap(US RIC)NR USD

Portfolio Analysis 03-31-2018

Asset Allocation %

	Net %	Long %	Short %	Share Chg since 02-2018	Share Amount	Holdings	3,839 Total Stocks, 6 Total Fixed-Income, 3% Turnover Ratio	Net Assets %
Cash	2.31	2.32	0.00	—	—	—	—	—
US Stocks	1.02	1.02	0.00	—	17 mil	Nestle SA	—	1.23
Non US Stocks	95.40	95.40	0.00	+	461,554	Samsung Electronics Co Ltd	—	0.98
Bonds	0.14	0.14	0.00	+	110 mil	HSBC Holdings PLC	—	0.94
Other/Not Clsd	1.12	1.12	0.00	+	12 mil	Novartis AG	—	0.88
Total	100.00	100.00	0.00	+	14 mil	Toyota Motor Corp	—	0.84

Equity Style

	Value	Blend	Consrv	Port Avg	Rel Index	Rel Cat	
P/E Ratio TTM	14.7	1.00	1.06	+	4 mil	Roche Holding AG Dividend Right Ce	0.79
P/C Ratio TTM	8.4	0.97	0.92	+	25 mil	Royal Dutch Shell PLC Class A	0.72
P/B Ratio TTM	1.6	0.95	2.66	+	106 mil	BP PLC	0.65
Geo Avg Mkt Cap \$mil	22632	0.67	0.57	+	12 mil	British American Tobacco PLC	0.64
				+	12 mil	Total SA	0.64
				+	21 mil	Royal Dutch Shell PLC B	0.60
				+	8 mil	Royal Bank of Canada	0.56
				+	10 mil	The Toronto-Dominion Bank	0.53
				+	87 mil	Banco Santander SA	0.52
				-	66 mil	Aia	0.51

Fixed-Income Style

	1st	Med	Lat	Unit	Avg Eff Maturity	Avg Eff Duration	Avg Wtd Coupon	Avg Wtd Price
					—	—	—	—
					—	—	—	—
					—	—	—	—

Credit Quality Breakdown

	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR	—

Regional Exposure

	Stocks %	Rel Std Index
Americas	9.0	0.89
Greater Europe	53.3	1.15
Greater Asia	37.7	0.86

Sector Weightings

	Stocks %	Rel Std Index
Cyclical	45.4	0.99
Basic Materials	9.1	1.09
Consumer Cyclical	12.2	1.08
Financial Services	20.2	0.88
Real Estate	4.0	1.18
Sensitive	32.6	0.96
Communication Services	3.4	0.83
Energy	6.1	0.91
Industrials	13.6	1.25
Technology	9.5	0.77
Defensive	22.0	1.09
Consumer Defensive	10.1	1.05
Healthcare	8.9	1.18
Utilities	2.9	0.99

Operations

Family:	Vanguard	Ticker:	VEA	Prem/Discount:	0.20
Manager:	Multiple	Incept:	07-20-2007	Mkt Price:	44.25
Tenure:	5.2 Years	Expiration Date:	—	Base Currency:	USD
Total Assets:	\$71,830.4 mil	Exchange:	NYSE ARCA	Legal Structure:	Open Ended Investment Company
Shares Outstanding:	1,596.59 mil	NAV:	44.16	Backing Bank:	Vanguard Group Inc

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Vanguard Mid-Cap ETF (USD)

Overall Morningstar Rating™ Standard Index
 ★★★★★ S&P 500 TR USD
 356 US Fund Mid-Cap Blend

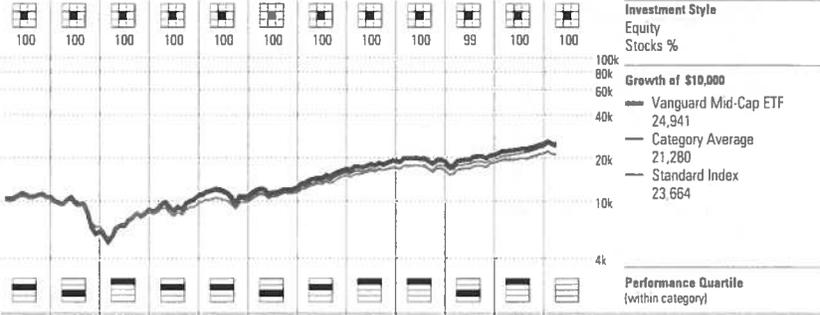
Category Index
 Russell Mid Cap TR USD

Morningstar Cat
 US Fund Mid-Cap Blend

Performance 03-31-2018

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2016	1.17	2.34	5.18	2.14	11.23
2017	6.18	2.78	3.44	5.64	19.25
2018	0.02	—	—	—	0.02

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Mkt 03-31-18	12.34	—	12.27	10.14	9.72
Std NAV 03-31-18	12.33	—	12.26	10.14	9.72
Mkt Total Ret	12.34	6.80	12.27	10.14	9.72
NAV Total Ret	12.33	7.87	12.26	10.14	9.72
+/- Std Index	-1.66	-2.91	-1.05	0.64	—
+/- Cat Index	0.13	-0.14	0.17	-0.08	—
% Rank Cat	29	39	16	32	—
No in Cat	449	356	322	223	—



Performance Quartile (within category)

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	03-18	History
Mkt Total Ret %	5.83	-41.56	40.44	25.68	-2.08	16.22	35.04	13.75	-1.35	11.26	19.27	-0.04	Mkt Total Ret %
NAV Total Ret %	6.14	-41.79	40.49	25.57	-1.96	15.98	35.15	13.76	-1.34	11.23	19.25	0.02	NAV Total Ret %
+/- Standard Index	0.65	-4.79	14.02	10.51	-4.08	-0.02	2.76	0.07	-2.72	-0.73	-2.58	0.78	+/- Standard Index
+/- Category Index	0.54	-0.33	0.01	0.10	-0.42	-1.30	0.38	0.54	1.10	-2.57	0.73	0.48	+/- Category Index
% Rank Cat	44	69	24	28	33	55	41	6	18	72	17	—	% Rank Cat
No. of Funds in Cat	494	512	451	433	424	412	399	369	432	427	443	470	No. of Funds in Cat
Avg Prem/Discount %	-0.03	-0.06	-0.01	0.00	0.00	0.02	0.01	0.01	0.28	0.01	0.00	—	Avg Prem/Discount %

30-day SEC Yield 04-20-2018

Subsidized	1.55
Unsubsidized	—

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Fees and Expenses

Fund Expenses	
Management Fees %	0.05
Expense Ratio %	0.06
12b1 Expense %	NA

Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	3★	4★	4★
Morningstar Risk	-Avg	-Avg	Avg
Morningstar Return	Avg	+Avg	+Avg
Standard Deviation NAV	10.60	10.38	17.60
Standard Deviation MKT	10.87	10.64	17.69
Mean NAV	7.87	12.26	10.14
Mean MKT	6.80	12.27	10.14
Sharpe Ratio	0.71	1.14	0.62

MPT Statistics

	Standard Index	Best Fit Index
NAV	—	Morningstar US Mid Cap TR USD
Alpha	-2.37	-0.71
Beta	0.97	0.98
R-Squared	88.73	98.90
12-Month Yield	—	1.39%
Potential Cap Gains Exp	—	—
Leveraged	—	No
Leverage Type	—	—
Leverage %	—	100.00
Primary Prospectus Benchmark	CRSP US Mid Cap TR USD	—

Portfolio Analysis 03-31-2018

Asset Allocation %	Net %	Long %	Short %	Share Chg since 02-2018	Share Amount	Holdings : 348 Total Stocks, 0 Total Fixed-Income, 14% Turnover Ratio	Net Assets %
Cash	0.40	0.40	0.00	—	—	—	—
US Stocks	98.54	98.54	0.00	—	10 mil	Fiserv Inc	0.75
Non-US Stocks	1.06	1.06	0.00	—	5 mil	Edwards Lifesciences Corp	0.74
Bonds	0.00	0.00	0.00	—	2 mil	Roper Technologies Inc	0.73
Other/Not Clsfd	0.00	0.00	0.00	—	4 mil	ServiceNow Inc	0.72
Total	100.00	100.00	0.00	—	5 mil	Autodesk Inc	0.70

Equity Style

Value	Blend	Growth	Value	Blend	Growth
High	Low	High	Low	High	Low

Portfolio Statistics

Part Avg	Rel Index	Rel Cat
P/E Ratio TTM	20.8	1.00
P/C Ratio TTM	12.5	0.92
P/B Ratio TTM	2.7	0.86
Geo Avg Mkt Cap \$mil	14367	0.15

Fixed-Income Style

Ltd	Mod	Ext	Ltd	Mod	Ext
High	Low	High	Low	High	Low

Credit Quality Breakdown —

AAA	AA	A	BBB	BB	B	Below B	NR	Bond %
—	—	—	—	—	—	—	—	—

Regional Exposure

Stocks %	Rel Std Index
Americas	99.4
Greater Europe	0.0
Greater Asia	0.6

Sector Weightings

	Stocks %	Rel Std Index
Cyclical	42.2	1.26
Basic Materials	4.9	1.31
Consumer Cyclical	15.4	0.89
Financial Services	15.0	3.07
Real Estate	6.9	0.93
Sensitive	38.9	0.93
Communication Services	1.3	1.00
Energy	5.7	1.33
Industrials	14.2	0.80
Technology	17.8	0.77
Defensive	18.9	0.68
Consumer Defensive	5.3	0.63
Healthcare	8.7	1.68
Utilities	4.8	—

Operations

Family:	Vanguard	Ticker:	VO	Prem/Discount:	0.03
Manager:	Multiple	Incept:	01-26-2004	Mkt Price:	154.21
Tenure:	19.9 Years	Expiration Date:	—	Base Currency:	USD
Total Assets:	\$22,481.8 mil	Exchange:	NYSE ARCA	Legal Structure:	Open Ended Investment Company
Shares Outstanding:	144.71 mil	NAV:	154.17	Backing Bank:	Vanguard Group Inc

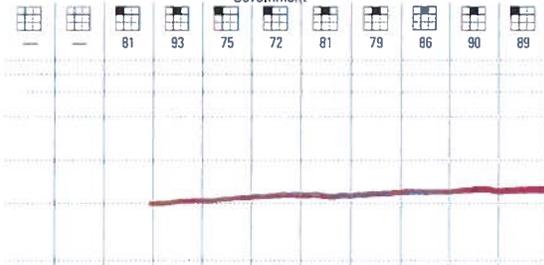
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Vanguard Mortgage-Backed Secs ETF (USD)

Overall Morningstar Rating™ Standard Index Category Index Morningstar Cat
 ★★★★★ 229 US Fund Intermediate Government BbgBarc US Agg Bond TR USD BbgBarc US Government TR USD US Fund Intermediate Government

Performance 03-31-2018						
Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %	
2016	1.77	1.11	0.59	-2.00	1.43	
2017	0.50	0.84	0.93	0.08	2.37	
2018	-1.21	—	—	—	-1.21	
Trailing Returns						
	1 Yr	3 Yr	5 Yr	10 Yr	Incept	
Std Mkt 03-31-18	0.45	—	1.68	—	2.50	
Std NAV 03-31-18	0.62	—	1.67	—	2.55	
Mkt Total Ret						
	0.45	0.96	1.68	—	2.50	
NAV Total Ret						
	0.62	0.98	1.67	—	2.55	
+/- Std Index						
	-0.58	-0.22	-0.15	—	—	
+/- Cat Index						
	0.18	0.50	0.60	—	—	
% Rank Cat						
	10	4	4	—	—	
No. in Cat						
	253	229	219	—	—	



Investment Style	Fixed-Income	Bond %
Vanguard Mortgage-Backed Secs ETF	12.262	
Category Average	11.809	
Standard Index	12.886	

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	03-18	History
Mkt Total Ret %	—	—	—	5.44	5.98	2.26	-1.27	5.89	1.45	1.26	2.47	-1.23	Mkt Total Ret %
NAV Total Ret %	—	—	—	5.24	5.89	2.47	-1.28	5.81	1.43	1.43	2.37	-1.21	NAV Total Ret %
+/- Standard Index	—	—	—	-1.30	-1.96	-1.74	0.75	-0.15	0.88	-1.22	-1.17	0.25	+/- Standard Index
+/- Category Index	—	—	—	-0.28	-3.13	0.45	1.32	0.89	0.57	0.38	0.07	-0.07	+/- Category Index
% Rank Cat	—	—	—	—	—	—	—	—	—	—	—	7	% Rank Cat
No. of Funds in Cat	—	—	—	—	—	—	—	—	—	—	250	266	No. of Funds in Cat
Avg Prem/Discount %	—	—	—	0.04	0.12	0.13	0.13	-0.02	0.04	0.05	0.08	0.07	Avg Prem/Discount %

30-day SEC Yield 04-20-2018: 2.58 (Subsidized)

Performance Disclosure
 The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics. The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate, thus an investor's shares, when sold or redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month end, please call 800-662-7447 or visit www.vanguard.com

Fees and Expenses	
Fund Expenses	
Management Fees %	0.05
Expense Ratio %	0.07
12b1 Expense %	NA

Risk and Return Profile			
	3 Yr	5 Yr	10 Yr
	229 funds	219 funds	165 funds
Morningstar Rating™	5★	5★	—
Morningstar Risk	Avg	-Avg	—
Morningstar Return	High	High	—
Standard Deviation			
NAV	1.94	2.20	—
MKT	1.98	2.26	—
Mean			
NAV	0.98	1.67	—
MKT	0.96	1.68	—
Sharpe Ratio			
	0.21	0.59	—
MPT Statistics			
NAV	Standard Index	Best Fit Index	
	BbgBarc US MBS TR USD		
Alpha	-0.03	-0.14	
Beta	0.68	0.99	
R-Squared	87.42	98.98	
12-Month Yield		2.25%	
Potential Cap Gains Exp		—	
Leveraged		No	
Leverage Type		—	
Leverage %		100.00	
Primary Prospectus Benchmark		BbgBarc US MBS Float Adjusted TR USD	

Portfolio Analysis 03-31-2018									
Asset Allocation %	Net %	Long %	Short %	Share Chg since 02-2018	Share Amount	Holdings	0 Total Stocks	2,630 Total Fixed-Income	Net Assets %
Cash	8.67	8.67	0.00						
US Stocks	0.00	0.00	0.00						
Non-US Stocks	0.00	0.00	0.00			92 mil	Federal Home Loan Mortgage Corpora		1.41
Bonds	91.33	91.39	0.06			79 mil	Government National Mortgage Assoc		1.26
Other/Not Clsfd	0.00	0.00	0.00			70 mil	Federal National Mortgage Associat		1.08
Total	100.00	100.06	0.06			58 mil	Government National Mortgage Assoc		0.90
						48 mil	Federal National Mortgage Associat		0.76

Equity Style	Portfolio Statistics	Port Avg	Rel Index	Rel Cat	Value	Blend	Drawn	Rel Std Index
P/E Ratio TTM	—	—	—	—	44 mil	—	—	0.73
P/C Ratio TTM	—	—	—	—	44 mil	—	—	0.72
P/B Ratio TTM	—	—	—	—	44 mil	—	—	0.71
Geo Avg Mkt Cap \$mil	—	—	—	—	29 mil	—	—	0.47
					30 mil	—	—	0.47
					29 mil	—	—	0.46
					28 mil	—	—	0.45
					28 mil	—	—	0.44
					27 mil	—	—	0.43
					28 mil	—	—	0.43

Credit Quality Breakdown		Bond %
AAA		100.00
AA		0.00
A		0.00
BBB		0.00
BB		0.00
B		0.00
Below B		0.00
NR		0.00

Regional Exposure		Stocks %	Rel Std Index
Americas		—	—
Greater Europe		—	—
Greater Asia		—	—

Sector Weightings		Stocks %	Rel Std Index
Cyclical		—	—
Basic Materials		—	—
Consumer Cyclical		—	—
Financial Services		—	—
Real Estate		—	—
Sensitive		—	—
Communication Services		—	—
Energy		—	—
Industrials		—	—
Technology		—	—
Defensive		—	—
Consumer Defensive		—	—
Healthcare		—	—
Utilities		—	—

Operations
 Family: Vanguard Ticker: VMBS Prem/Discount: -0.02
 Manager: Multiple Incept: 11-19-2009 Mkt Price: 51.60
 Tenure: 8.4 Years Expiration Date: — Base Currency: USD
 Total Assets: \$5,176.4 mil Exchange: NASDAQ Legal Structure: Open Ended Investment Company
 Shares Outstanding: 101.20 mil NAV: 51.61 Backing Bank: Vanguard Group Inc

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Vanguard S&P 500 ETF (USD)

Overall Morningstar Rating™ Standard Index Category Index Morningstar Cat

★★★★★
1,204 US Fund Large Blend

S&P 500 TR USD

Russell 1000 TR USD

US Fund Large Blend

Performance 03-31-2018					
Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2016	1.34	2.44	3.85	3.82	11.93
2017	6.05	3.07	4.47	6.64	21.78
2018	-0.78	—	—	—	-0.78
Trailing Returns					
	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Mkt 03-31-18	14.02	—	13.31	—	14.57
Std NAV 03-31-18	13.94	—	13.26	9.46	14.74
Mkt Total Ret	14.02	10.77	13.31	—	14.57
NAV Total Ret	13.94	10.74	13.26	9.46	14.74
+/- Std Index	-0.06	-0.04	-0.04	-0.04	—
+/- Cat Index	-0.04	0.35	0.09	-0.15	—
% Rank Cat	35	13	13	24	—
No. in Cat	1,401	1,204	1,077	802	—

30-day SEC Yield 04-20-2018
Subsidized 1.93
Unsubsidized —

Performance Disclosure
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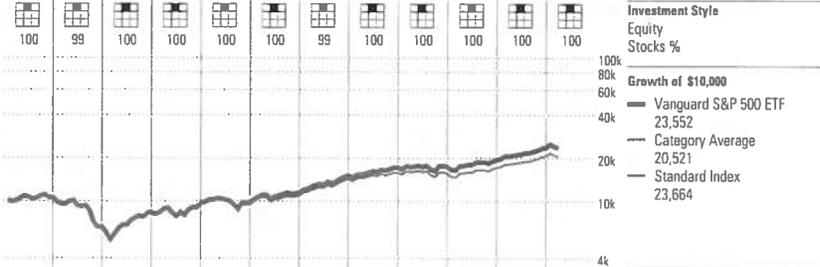
Fees and Expenses

Fund Expenses	
Management Fees %	0.03
Expense Ratio %	0.04
12b1 Expense %	NA

Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	4★	5★	4★
Morningstar Risk	Avg	Avg	Avg
Morningstar Return	+Avg	+Avg	+Avg
Standard Deviation NAV	10.26	9.87	15.05
Standard Deviation MKT	10.28	9.91	—
Mean NAV	10.74	13.26	9.46
Mean MKT	10.77	13.31	—
Sharpe Ratio	0.99	1.28	0.66

MPT Statistics	Standard Index	Best Fit Index
NAV	—	S&P 500 TR USD
Alpha	-0.04	-0.04
Beta	1.00	1.00
R-Squared	100.00	100.00
12-Month Yield	—	1.84%
Potential Cap Gains Exp	—	—
Leveraged	No	—
Leverage Type	—	—
Leverage %	—	100.00
Primary Prospectus Benchmark	—	S&P 500 TR USD



Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	03-18	History
Mkt Total Ret %	—	—	—	—	1.89	16.00	32.39	13.55	1.31	12.17	21.77	-0.87	Mkt Total Ret %
NAV Total Ret %	—	—	—	—	2.09	15.98	32.33	13.63	1.35	11.93	21.78	-0.78	NAV Total Ret %
+/- Standard Index	—	—	—	—	-0.02	-0.02	-0.06	-0.06	-0.03	-0.03	-0.05	-0.02	+/- Standard Index
+/- Category Index	—	—	—	—	0.59	-0.44	-0.78	0.39	0.44	-0.12	0.09	-0.09	+/- Category Index
% Rank Cat	—	—	—	—	17	35	42	18	20	27	29	—	% Rank Cat
No. of Funds in Cat	—	—	—	—	1786	1686	1559	1568	1606	1409	1396	1501	No. of Funds in Cat
Avg Prem/Discount %	—	—	—	0.07	-0.01	-0.05	-0.03	-0.02	0.00	0.01	0.01	—	Avg Prem/Discount %

Portfolio Analysis 03-31-2018

Asset Allocation %	Net %	Long %	Short %	Share Chg since 02-2018	Share Amount	Holdings 506 Total Stocks, 0 Total Fixed-Income, 3% Turnover Ratio	Net Assets %
Cash	0.45	0.45	0.00	—	—	—	—
US Stocks	98.71	98.71	0.00	—	90 mil	Apple Inc	3.77
Non-US Stocks	0.84	0.84	0.00	—	136 mil	Microsoft Corp	3.11
Bonds	0.00	0.00	0.00	—	7 mil	Amazon.com Inc	2.57
Other/Not Clsfd	0.00	0.00	0.00	—	42 mil	Facebook Inc A	1.69
Total	100.00	100.00	0.00	—	61 mil	JPMorgan Chase & Co	1.67

Equity Style	Portfolio Statistics	Port Avg	Rel Index	Rel Cat
Value Blend Growth	P/E Ratio TTM	20.9	1.00	0.97
	P/C Ratio TTM	13.6	1.00	1.01
	P/B Ratio TTM	3.1	1.00	9.58
	Geo Avg Mkt Cap \$mil	92845	1.00	0.74

Fixed-Income Style	Avg Eff Maturity	Avg Eff Duration	Avg Wtd Coupon	Avg Wtd Price
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—

Credit Quality Breakdown —	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR	—

Regional Exposure	Stocks %	Rel Std Index
Americas	99.2	1.00
Greater Europe	0.3	1.00
Greater Asia	0.5	1.00

Sector Weightings	Stocks %	Rel Std Index
Cyclical	33.7	1.00
Basic Materials	2.7	1.00
Consumer Cyclical	11.8	1.00
Financial Services	17.0	1.00
Real Estate	2.3	1.00
Sensitive	41.6	0.99
Communication Services	3.3	1.00
Energy	5.8	1.00
Industrials	10.7	1.00
Technology	21.8	0.98
Defensive	24.7	1.00
Consumer Defensive	7.9	1.00
Healthcare	14.0	1.00
Utilities	2.9	1.00

Operations		Family:		Ticker:		Prem/Discount:	
Family:	Vanguard	Multiple	—	VOO	0.05	—	—
Manager:	Multiple	Tenure:	2.0 Years	Incept:	09-07-2010	Mkt Price:	242.08
Tenure:	2.0 Years	Total Assets:	\$87,938.0 mil	Expiration Date:	—	Base Currency:	USD
Total Assets:	\$87,938.0 mil	Shares Outstanding:	359.12 mil	Exchange:	NYSE ARCA	Legal Structure:	Open Ended Investment Company
Shares Outstanding:	359.12 mil	NAV:	241.95	NAV:	241.95	Backing Bank:	Vanguard Group Inc

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Vanguard Small-Cap ETF (USD)

Overall Morningstar Rating™ Standard Index Category Index Morningstar Cat
 **** S&P 500 TR USD Russell 2000 TR US Fund Small Blend
 627 US Fund Small Blend

Performance 03-31-2018					
Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2016	1.01	3.98	6.16	6.11	18.31
2017	3.74	1.94	4.59	5.09	16.24
2018	-0.20	—	—	—	-0.20
Trailing Returns					
	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Mkt 03-31-18	11.80	—	11.69	10.72	9.34
Std NAV 03-31-18	11.82	—	11.67	10.72	9.35
Mkt Total Ret	11.80	7.93	11.69	10.72	9.34
NAV Total Ret	11.82	8.06	11.67	10.72	9.35
+/- Std Index	-2.17	-2.72	-1.64	1.22	—
+/- Cat Index	0.03	-0.33	0.20	0.88	—
% Rank Cat	27	38	25	16	—
No. in Cat	781	627	542	400	—

30-day SEC Yield 04-20-2018	Subsidized	Unsubsidized
	1.45	—

Performance Disclosure
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 Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 866-499-8473 or visit www.vanguard.com

Fees and Expenses

Fund Expenses	
Management Fees %	0.05
Expense Ratio %	0.06
12b1 Expense %	NA

Risk and Return Profile

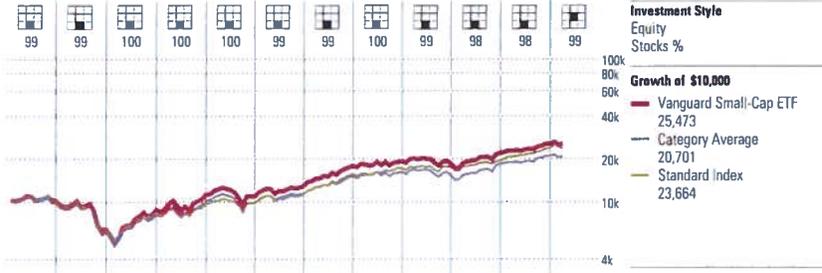
	3 Yr	5 Yr	10 Yr
	627 funds	542 funds	400 funds
Morningstar Rating™	3★	4★	4★
Morningstar Risk	-Avg	-Avg	Avg
Morningstar Return	Avg	+Avg	+Avg
Standard Deviation NAV	12.13	12.08	19.49
Standard Deviation MKT	12.09	12.10	19.56
Mean NAV	8.06	11.67	10.72
Mean MKT	7.93	11.69	10.72
Sharpe Ratio	0.65	0.95	0.61

MPT Statistics

	Standard Index	Best Fit Index
		Morningstar US Small Cap TR USD
NAV		
Alpha	-2.31	1.03
Beta	1.00	0.92
R-Squared	71.73	98.84
12-Month Yield		1.38%
Potential Cap Gains Exp		—
Leveraged		No
Leverage Type		—
Leverage %		100.00
Primary Prospectus Benchmark	CRSP US Small Cap TR USD	—

Operations

Family:	Vanguard	Ticker:	VB
Manager:	Multiple	Incept:	01-26-2004
Tenure:	2.0 Years	Expiration Date:	—
Total Assets:	\$21,943.5 mil	Exchange:	NYSE ARCA
Shares Outstanding:	146.89 mil	NAV:	146.96



Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	03-18	History
1.35	-35.88	35.92	28.11	-2.78	18.29	37.70	7.63	-3.76	18.44	16.26	-0.29	Mkt Total Ret %	
1.27	35.99	36.31	27.89	-2.68	18.22	37.80	7.51	-3.65	18.31	16.24	-0.20	NAV Total Ret %	
-4.22	1.00	9.85	12.83	-4.79	2.22	5.42	6.18	-5.04	6.35	-5.59	0.56	+/- Standard Index	
2.84	-2.21	9.14	1.03	1.50	1.87	-1.02	2.62	0.76	-3.00	1.59	-0.12	+/- Category Index	
29	52	25	23	42	21	46	13	35	70	14	—	% Rank Cat	
645	670	649	649	650	662	681	737	780	750	802	818	No. of Funds in Cat	
-0.07	0.05	0.06	-0.05	-0.02	-0.02	-0.03	-0.02	0.02	0.00	0.00	—	Avg Prem/Discount %	

Portfolio Analysis 03-31-2018

Asset Allocation %	Net %	Long %	Short %	Share Chg since 02-2018	Share Amount	Holdings 1,422 Total Stocks, 15% Turnover Ratio	1 Total Fixed Income	Net Assets %
Cash	1.42	1.42	0.00	—	—	—	—	—
US Stocks	98.14	98.14	0.00	⊕	2 mil	IDEX Corp	—	0.31
Non-US Stocks	0.44	0.44	0.00	⊕	4 mil	CDW Corp	—	0.30
Bonds	0.00	0.00	0.00	⊕	5 mil	Copart Inc	—	0.30
Other/Not Clsfd	0.00	0.00	0.00	⊕	4 mil	TransUnion	—	0.29
Total	100.00	100.00	0.00	⊕	10 mil	ON Semiconductor Corp	—	0.29

Equity Style

Value	Blend	Conv's	Port Avg	Rel Index	Rel Cat
—	—	—	17.6	0.84	0.87
—	—	—	11.5	0.85	0.91
—	—	—	2.3	0.74	5.34
—	—	—	3862	0.04	1.32

Fixed-Income Style

Val	Mod	Ext	Avg Eff Maturity	Avg Eff Duration	Avg Wtd Coupon	Avg Wtd Price
—	—	—	—	—	—	—
—	—	—	—	1.59	—	—
—	—	—	—	—	99.51	—

Credit Quality Breakdown

AAA	AA	A	BBB	BB	B	Below B	NR	Bond %
—	—	—	—	—	—	—	—	—

Regional Exposure

Americas	Greater Europe	Greater Asia	Stocks %	Rel Std Index
99.8	0.1	0.1	99.8	1.01
—	—	—	0.1	0.28
—	—	—	0.1	0.28

Sector Weightings

Cyclical	Sensitive	Defensive	Stocks %	Rel Std Index
43.8	38.3	17.9	43.8	1.31
6.0	0.7	3.6	6.0	2.23
13.1	0.7	3.6	13.1	1.12
14.0	4.6	3.6	14.0	0.83
10.7	16.3	10.7	10.7	4.75
—	0.7	3.6	—	0.23
—	4.6	3.6	—	0.81
—	16.3	10.7	—	1.53
—	16.6	10.7	—	0.75
—	—	3.6	—	0.47
—	—	10.7	—	0.77
—	—	3.5	—	1.24

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Xtrackers MSCI EAFE Hedged Equity ETF (USD)

Overall Morningstar Rating™ Standard Index **Category Index** **Morningstar Cat**
 ★★★★★ 605 US Fund Foreign Large MSCI ACWI Ex USA NR USD MSCI ACWI Ex USA NR USD US Fund Foreign Large Blend

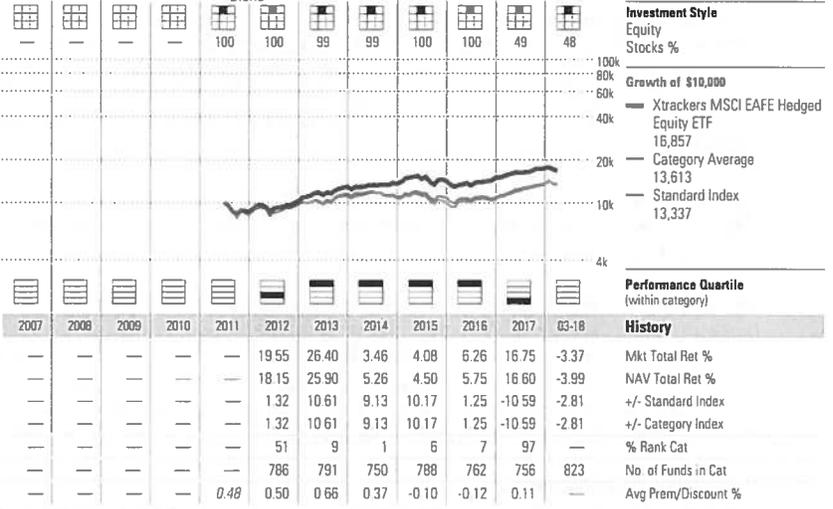
Performance 03-31-2018

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2016	-6.32	-0.71	6.21	7.04	5.75
2017	4.97	3.11	3.64	3.94	16.60
2018	-3.99	—	—	—	-3.99

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Mkt 03-31-18	6.99	—	8.25	—	8.04
Std NAV 03-31-18	6.64	—	8.44	—	8.16

	6.99	3.99	8.25	—	8.04
Mkt Total Ret	6.99	3.99	8.25	—	8.04
NAV Total Ret	6.64	3.84	8.44	—	8.16
+/- Std Index	-9.89	-2.34	2.56	—	—
+/- Cat Index	-9.89	-2.34	2.56	—	—

% Rank Cat	98	90	5	—	—
No. in Cat	768	605	536	—	—



30-day SEC Yield Subsidized Unsubsidized

Performance Disclosure
 The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.
 The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate, thus an investor's shares, when sold or redeemed, may be worth more or less than their original cost.
 Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 855-329-3837 or visit www.deutsche-etfs.com.

Fees and Expenses

Fund Expenses

Management Fees %	0.35
Expense Ratio %	0.35
12b1 Expense %	NA

Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	2★	5★	—
Morningstar Risk	-Avg	Low	—
Morningstar Return	-Avg	High	—

	3 Yr	5 Yr	10 Yr
Standard Deviation NAV	11.14	10.26	—
Standard Deviation MKT	10.71	10.14	—
Mean NAV	3.84	8.44	—
Mean MKT	3.99	8.25	—
Sharpe Ratio	0.34	0.81	—

MPT Statistics

	Standard Index	Best Fit Index
NAV	—	MSCI EAFE Value NR USD
Alpha	-0.55	0.53
Beta	0.70	0.73
R-Squared	61.74	74.25

12-Month Yield —
 Potential Cap Gains Exp —
 Leveraged No
 Leverage Type —
 Leverage % 100.00
 Primary Prospectus Benchmark MSCI EAFE 100% Hedged NR USD

Portfolio Analysis 04-22-2018

Asset Allocation % 04-19-2018

	Net %	Long %	Short %
Cash	3.00	104.98	101.98
US Stocks	4.28	4.29	0.01
Non-US Stocks	92.26	92.27	0.01
Bonds	0.00	0.00	0.00
Other/Not Clsfd	0.46	0.53	0.07
Total	100.00	202.08	102.08

Equity Style

Value	Blend	Grow%
—	—	—

Portfolio Statistics

	Port Avg	Rel Index	Rel Cat
P/E Ratio TTM	15.0	1.02	1.09
P/C Ratio TTM	8.5	0.99	0.93
P/B Ratio TTM	1.6	0.96	2.68
Geo Avg Mkt Cap \$mil	60667	1.79	1.53

Fixed-Income Style

	Avg Eff Maturity	Avg Eff Duration	Avg Wtd Coupon	Avg Wtd Price
—	—	—	—	—

Credit Quality Breakdown —

	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR	—

Regional Exposure

	Stocks %	Rel Std Index
Americas	1.0	0.10
Greater Europe	62.8	1.35
Greater Asia	36.2	0.83

Top Holdings 04-19-2018

Share Amount	Share Cng since 04-2018	Holdings	928 Total Stocks, 14% Turnover Ratio	0 Total Fixed-Income	Net Assets %
1 mil	—	Nestle SA	—	—	1.48
8 mil	—	HSBC Holdings PLC	—	—	1.20
877,784	—	Novartis AG	—	—	1.09
1 mil	—	Toyota Motor Corp	—	—	1.03
2 mil	—	Royal Dutch Shell PLC Class A	—	—	0.97
276,564	—	Roche Holding AG Dividend Right Ce	—	—	0.97
940,929	—	Total SA	—	—	0.92
344	—	Topix Indx Futr Jun18	—	—	0.88
8 mil	—	BP PLC	—	—	0.88
1 mil	—	Royal Dutch Shell PLC B	—	—	0.82
905,210	—	British American Tobacco PLC	—	—	0.73
6 mil	—	Banco Santander SA	—	—	0.68
174,673	—	Allianz SE	—	—	0.65
381,916	—	SAP SE	—	—	0.65
5 mil	—	AIA Group Ltd	—	—	0.65

Sector Weightings

	Stocks %	Rel Std Index
Cyclical	45.3	0.99
Basic Materials	8.6	1.04
Consumer Cyclical	12.1	1.08
Financial Services	21.1	0.92
Real Estate	3.5	1.04
Sensitive	30.6	0.90
Communication Services	4.2	1.00
Energy	5.8	0.86
Industrials	13.3	1.23
Technology	7.4	0.60
Defensive	24.0	1.19
Consumer Defensive	10.9	1.13
Healthcare	9.9	1.30
Utilities	3.3	1.10

Operations
 Family: Deutsche Asset Management Ticker: DBEF Prem/Discount: 0.46
 Manager: Multiple Incept: 06-09-2011 Mkt Price: 30.71
 Tenure: 13 Years Expiration Date: — Base Currency: USD
 Total Assets: \$6,199.6 mil Exchange: NYSE ARCA Legal Structure: Open Ended Investment Company
 Shares Outstanding: 196.35 mil NAV: 30.57 Backing Bank: DBX Advisors LLC

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Standardized and Tax Adjusted Returns Disclosure Statement

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Standardized Returns assume reinvestment of dividends and capital gains. They depict performance without adjusting for the effects of taxation, but are adjusted to reflect sales charges and ongoing fund expenses.

If adjusted for taxation, the performance quoted would be significantly reduced. For variable annuities, additional expenses will be taken into account, including M&E risk charges, fund-level expenses such as management fees and operating fees, contract-level administration fees, and charges such as surrender, contract, and sales charges.

After-tax returns are calculated using the highest individual federal marginal income tax rates, and do not reflect the impact of state and local taxes. Actual after-tax returns depend on the investor's tax situation and may differ from those shown. The after-tax returns shown are not relevant to investors who hold their fund shares through tax-deferred arrangements such as 401(k) plans or an IRA. After-tax returns exclude the effects of either the alternative minimum tax or phase-out of certain tax credits. Any taxes due are as of the time the distributions are made, and the taxable amount and tax character of each distribution are as specified by the fund on the dividend declaration date. Due to foreign tax credits or realized capital losses, after-tax returns may be greater than before-tax returns. After-tax returns for exchange-traded funds are based on net asset value.

Money Market Fund Disclosures

If money market fund(s) are included in the Standardized Returns table below, each money market fund's name will be followed by a superscripted letter that links it to the applicable disclosure below:

Institutional Money Market Funds (designated by an "S"):

You could lose money by investing in the fund. Because the share price of the fund will fluctuate, when you sell your shares they may be worth more or less than what you originally paid for them. The fund may impose a fee upon sale of your shares or may temporarily suspend your ability to sell shares if the fund's liquidity falls below required minimums because of market conditions or other factors. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.

Government Money Market Funds that have chosen to rely on the ability to impose liquidity fees and suspend redemptions (designated by an "L") and

Retail Money Market Funds (designated by an "L"):

You could lose money by investing in the fund. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. The fund may impose a fee upon sale of your shares or may temporarily suspend your ability to sell shares if the fund's liquidity falls below required minimums because of market conditions or other factors. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.

Government Money Market Funds that have chosen not to rely on the ability to impose liquidity fees and suspend redemptions (designated by an "N"):

You could lose money by investing in the fund. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.

Annualized returns 03-31-2018

Standardized Returns (%)	7-day Yield Subsidized as of date	7-day Yield Unsubsidized as of date	1Yr	5Yr	10Yr	Since Inception	Inception Date	Max Front Load %	Max Back Load %	Net Exp Ratio %	Gross Exp Ratio %	Redemption %	Max
BlackRock Strategic Income Opps Instl	—	—	3.83	2.92	4.53	4.32	02-05-2008	NA	NA	0.62 ¹	0.76	NA	NA
iShares Core US Aggregate Bond ETF-NAV	—	—	1.16	1.77	3.50	3.85	09-22-2003	NA	NA	0.05 ²	0.06	NA	NA
iShares Core US Aggregate Bond ETF-Market	—	—	1.22	1.74	3.49	3.85	09-22-2003	NA	NA	0.05 ²	0.06	NA	NA
iShares MBS ETF-NAV	—	—	0.60	1.52	3.14	3.47	03-13-2007	NA	NA	0.09 ³	0.12	NA	NA
iShares MBS ETF-Market	—	—	0.51	1.52	3.12	3.47	03-13-2007	NA	NA	0.09 ³	0.12	NA	NA
iShares US Treasury Bond ETF-NAV	—	—	0.28	0.97	—	1.08	02-14-2012	NA	NA	0.15	0.15	NA	NA

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Annualized returns 03-31-2018													
Standardized Returns (%)	7-day Yield Subsidized as of date	7-day Yield Unsubsidized as of date	1Yr	5Yr	10Yr	Since Inception	Inception Date	Max Front Load %	Max Back Load %	Net Exp Ratio %	Gross Exp Ratio %	Redemption %	Max
iShares US Treasury Bond ETF-Market	—	—	0.20	0.93	—	1.13	02-14-2012	NA	NA	0.15	0.15	NA	NA
PIMCO Income P	—	—	5.17	5.62	—	8.99	04-30-2008	NA	NA	0.60	0.63	NA	NA
PowerShares Taxable Municipal Bond ETF-NAV	—	—	6.08	4.33	—	7.27	11-17-2009	NA	NA	0.28	0.28	NA	NA
PowerShares Taxable Municipal Bond ETF-Market	—	—	6.84	4.46	—	7.27	11-17-2009	NA	NA	0.28	0.28	NA	NA
Prudential Global Total Return Z	—	—	11.32	3.66	5.35	5.36	03-17-1997	NA	NA	0.63 ⁴	0.68	NA	NA
Schwab Intermediate-Term US Trs ETF™-NAV	—	—	-0.34	0.86	—	2.10	08-05-2010	NA	NA	0.06	0.06	NA	NA
Schwab Intermediate-Term US Trs ETF™-Market	—	—	-0.23	0.86	—	2.07	08-05-2010	NA	NA	0.06	0.06	NA	NA
Schwab Short-Term US Treasury ETF™-NAV	—	—	-0.08	0.42	—	0.54	08-05-2010	NA	NA	0.06	0.06	NA	NA
Schwab Short-Term US Treasury ETF™-Market	—	—	-0.06	0.43	—	0.53	08-05-2010	NA	NA	0.06	0.06	NA	NA
SPDR® S&P 500 Fossil Fuel Rsrv Free ETF-NAV	—	—	14.52	—	—	13.31	11-30-2015	NA	NA	0.20 ⁵	0.25	NA	NA
SPDR® S&P 500 Fossil Fuel Rsrv Free ETF-Market	—	—	14.83	—	—	13.40	11-30-2015	NA	NA	0.20 ⁵	0.25	NA	NA
Touchstone Ultra Short Dur F/I Y	—	—	1.40	1.12	—	1.19	04-16-2012	NA	NA	0.44 ⁶	0.51	NA	NA
Vanguard FTSE Developed Markets ETF-NAV	—	—	15.96	7.11	3.14	1.90	07-20-2007	NA	NA	0.07	0.07	NA	NA
Vanguard FTSE Developed Markets ETF-Market	—	—	15.92	7.14	3.11	1.86	07-20-2007	NA	NA	0.07	0.07	NA	NA
Vanguard Mid-Cap ETF-NAV	—	—	12.33	12.26	10.14	9.72	01-26-2004	NA	NA	0.06	0.06	NA	NA
Vanguard Mid-Cap ETF-Market	—	—	12.34	12.27	10.14	9.72	01-26-2004	NA	NA	0.06	0.06	NA	NA
Vanguard Mortgage-Backed Secs ETF-NAV	—	—	0.62	1.67	—	2.55	11-19-2009	NA	NA	0.07	0.07	NA	NA
Vanguard Mortgage-Backed Secs ETF-Market	—	—	0.45	1.68	—	2.50	11-19-2009	NA	NA	0.07	0.07	NA	NA
Vanguard S&P 500 ETF-NAV	—	—	13.94	13.26	9.46	14.74	09-07-2010	NA	NA	0.04	0.04	NA	NA
Vanguard S&P 500 ETF-Market	—	—	14.02	13.31	—	14.57	09-07-2010	NA	NA	0.04	0.04	NA	NA
Vanguard Small-Cap ETF-NAV	—	—	11.82	11.67	10.72	9.35	01-26-2004	NA	NA	0.06	0.06	NA	NA
Vanguard Small-Cap ETF-Market	—	—	11.80	11.69	10.72	9.34	01-26-2004	NA	NA	0.06	0.06	NA	NA
Xtrackers MSCI EAFE Hedged Equity ETF-NAV	—	—	6.64	8.44	—	8.16	06-09-2011	NA	NA	0.35	0.35	NA	NA
Xtrackers MSCI EAFE Hedged Equity ETF-Market	—	—	6.99	8.25	—	8.04	06-09-2011	NA	NA	0.35	0.35	NA	NA
BBgBarc Government 1-5 Yr TR USD			-0.09	0.63	1.66	—	—						
BBgBarc Govt/Corp 1 Yr Duration TR USD			0.72	0.54	0.88	—	—						
BBgBarc Intermediate Treasury TR USD			-0.16	0.73	2.21	—	—						
BBgBarc US Agg Bond TR USD			1.20	1.82	3.63	—	—						
BBgBarc US Government Long TR USD			3.53	3.28	5.75	—	—						
BBgBarc US Government TR USD			0.44	1.07	2.70	—	—						
BBgBarc US Govt/Credit Long TR USD			5.09	4.09	6.79	—	—						
BBgBarc US MBS TR USD			0.77	1.80	3.46	—	—						
BBgBarc US Universal TR USD			1.52	2.19	4.01	—	—						
Citi WGBI NonUSD USD			12.93	1.36	1.82	—	—						
ICE BofAML US High Yield TR USD			3.69	5.01	8.12	—	—						
ICE BofAML USD 3M Dep OR CM TR USD			1.21	0.55	0.74	—	—						
Morningstar Mod Agg Tgt Risk TR USD			12.00	8.42	—	—	—						
Morningstar US Lng Gov Bd TR USD			2.00	2.53	5.04	—	—						
Morningstar US Mid Cap TR USD			12.94	12.71	10.61	—	—						
Morningstar US Small Cap TR USD			9.76	11.01	10.42	—	—						
MSCI ACWI Ex USA NR USD			16.53	5.89	2.70	—	—						
MSCI EAFE NR USD			14.80	6.50	2.74	—	—						
MSCI EAFE Value NR USD			12.19	5.78	1.97	—	—						
Russell 1000 TR USD			13.98	13.17	9.61	—	—						
Russell 2000 TR USD			11.79	11.47	9.84	—	—						
Russell Mid Cap TR USD			12.20	12.09	10.21	—	—						
S&P 500 TR USD			13.99	13.31	9.49	—	09-11-1989						

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Annualized returns 03-31-2018

Standardized Returns (%)	7-day Yield Subsidized as of date	7-day Yield Unsubsidized as of date	1Yr	5Yr	10Yr	Since Inception	Inception Date	Max Front Load %	Max Back Load %	Net Exp Ratio %	Gross Exp Ratio %	Max Redemption %
USTREAS T-Bill Auction Ave 3 Mon			1.23	0.37	0.32	—	—					

1. Contractual waiver; Expires 04-30-2018; Interest expense 0.13%
2. Contractual waiver; Expires 06-30-2026
3. Contractual waiver; Expires 02-28-2023
4. Contractual waiver; Expires 02-29-2020
5. Contractual waiver; Expires 10-31-2018
6. Contractual waiver; Expires 10-26-2019

Return after Tax (%)	On Distribution					On Distribution and Sales of Shares			
	1Yr	5Yr	10Yr	Since Inception	Inception Date	1Yr	5Yr	10Yr	Since Inception
BlackRock Strategic Income Opps Instl	2.26	1.46	2.84	2.63	02-05-2008	2.18	1.56	2.80	2.63
iShares Core US Aggregate Bond ETF-NAV	0.14	0.73	2.33	2.56	09-22-2003	0.64	0.88	2.23	2.48
iShares MBS ETF-NAV	-0.39	0.60	1.99	2.28	03-13-2007	0.31	0.75	1.97	2.22
iShares US Treasury Bond ETF-NAV	-0.43	0.41	—	0.57	02-14-2012	0.13	0.49	—	0.60
PIMCO Income P	2.82	2.93	—	6.25	04-30-2008	2.94	3.05	—	5.88
PowerShares Taxable Municipal Bond ETF-NAV	4.28	2.34	—	5.25	11-17-2009	3.50	2.38	—	4.81
Prudential Global Total Return Z	9.70	1.92	3.18	3.00	03-17-1997	6.59	1.97	3.21	3.10
Schwab Intermediate-Term US Trs ETF™-NAV	-1.06	0.22	—	1.52	08-05-2010	-0.24	0.37	—	1.37
Schwab Short-Term US Treasury ETF™-NAV	-0.58	0.12	—	0.30	08-05-2010	-0.07	0.18	—	0.31
SPDR® S&P 500 Fossil Fuel Rsrv Free ETF-NAV	13.66	—	—	12.42	11-30-2015	8.55	—	—	9.89
Touchstone Ultra Short Dur F/I Y	0.52	0.38	—	0.45	04-16-2012	0.78	0.52	—	0.58
Vanguard FTSE Developed Markets ETF-NAV	15.01	6.09	2.29	1.09	07-20-2007	9.83	5.22	2.18	1.24
Vanguard Mid-Cap ETF-NAV	11.92	11.75	9.66	9.26	01-26-2004	7.52	9.61	8.16	7.99
Vanguard Mortgage-Backed Secs ETF-NAV	-0.33	0.85	—	1.69	11-19-2009	0.32	0.91	—	1.61
Vanguard S&P 500 ETF-NAV	13.43	12.59	—	14.15	09-07-2010	8.59	10.41	—	12.03
Vanguard Small-Cap ETF-NAV	11.36	11.09	10.19	8.86	01-26-2004	7.17	9.07	8.63	7.63
Xtrackers MSCI EAFE Hedged Equity ETF-NAV	5.25	7.15	—	6.47	06-09-2011	3.85	6.07	—	5.79

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Mutual Fund Detail Report Disclosure Statement

The Mutual Fund Detail Report is supplemental sales literature, and therefore must be preceded or accompanied by the mutual fund's current prospectus or an equivalent statement. Please read this information carefully. In all cases, this disclosure statement should accompany the Mutual Fund Detail Report. Morningstar is not itself a FINRA-member firm.

All data presented is based on the most recent information available to Morningstar as of the release date and may or may not be an accurate reflection of current data for securities included in the fund's portfolio. There is no assurance that the data will remain the same.

Unless otherwise specified, the definition of "funds" used throughout this Disclosure Statement includes closed-end funds, exchange-traded funds, grantor trusts, index mutual funds, open-ended mutual funds, and unit investment trusts. It does not include exchange-traded notes or exchange-traded commodities.

Prior to 2016, Morningstar's methodology evaluated open-end mutual funds and exchange-traded funds as separate groups. Each group contained a subset of the current investments included in our current comparative analysis. In this report, historical data presented on a calendar-year basis and trailing periods ending at the most-recent month-end reflect the updated methodology.

Risk measures (such as alpha, beta, r-squared, standard deviation, mean, or Sharpe ratio) are calculated for securities or portfolios that have at least a three-year history.

Most Morningstar rankings do not include any adjustment for one-time sales charges, or loads. Morningstar does publish load-adjusted returns, and ranks such returns within a Morningstar Category in certain reports. The total returns for ETFs and fund share classes without one-time loads are equal to Morningstar's calculation of load-adjusted returns. Share classes that are subject to one-time loads relating to advice or sales commissions have their returns adjusted as part of the load-adjusted return calculation to reflect those loads.

Comparison of Fund Types

Funds, including closed-end funds, exchange-traded funds (ETFs), money market funds, open-end funds, and unit investment trusts (UITs), have many similarities, but also many important differences. In general, publically-offered funds are investment companies registered with the Securities and Exchange Commission under the Investment Company Act of 1940, as amended. Funds pool money from their investors and manage it according to an investment strategy or objective, which can vary greatly from fund to fund. Funds have the ability to offer diversification and professional management, but also involve risk, including the loss of principal.

A closed-end fund is an investment company, which typically makes one public offering of a fixed number of shares. Thereafter, shares are traded on a secondary market. As a result, the secondary market price may be higher or lower than the closed-end fund's net asset value (NAV). If these shares trade at a price above their NAV, they are said to be trading at a premium. Conversely, if they are trading at a price below their NAV, they are said to be trading at a discount. A closed-end mutual fund's expense ratio is an annual fee charged to a shareholder. It includes operating expenses and management fees, but does not take into account any brokerage costs. Closed-end funds may also have 12b-1 fees. Income distributions and capital gains of the closed-end fund are

subject to income tax, if held in a taxable account.

An ETF is an investment company that typically has an investment objective of striving to achieve a similar return as a particular market index. The ETF will invest in either all or a representative sample of the securities included in the index it is seeking to imitate. Like closed-end funds, an ETF can be traded on a secondary market and thus have a market price that may be higher or lower than its net asset value. If these shares trade at a price above their NAV, they are said to be trading at a premium. Conversely, if they are trading at a price below their NAV, they are said to be trading at a discount. ETFs are not actively managed, so their value may be affected by a general decline in the U.S. market segments relating to their underlying indexes. Similarly, an imperfect match between an ETF's holdings and those of its underlying index may cause its performance to vary from that of its underlying index. The expense ratio of an ETF is an annual fee charged to a shareholder. It includes operating expenses and management fees, but does not take into account any brokerage costs. ETFs do not have 12b-1 fees or sales loads. Capital gains from funds held in a taxable account are subject to income tax. In many, but not all cases, ETFs are generally considered to be more tax-efficient when compared to similarly invested mutual funds.

Holding company depository receipts (HOLDRs) are similar to ETFs, but they focus on narrow industry groups. HOLDRs initially own 20 stocks, which are unmanaged, and can become more concentrated due to mergers, or the disparate performance of their holdings. HOLDRs can only be bought in 100-share increments. Investors may exchange shares of a HOLDR for its underlying stocks at any time.

A money-market fund is an investment company that invests in commercial paper, banker's acceptances, repurchase agreements, government securities, certificates of deposit and other highly liquid securities, and pays money market rates of interest. Money markets are not FDIC-insured, may lose money, and are not guaranteed by a bank or other financial institution.

An open-end fund is an investment company that issues shares on a continuous basis. Shares can be purchased from the open-end mutual fund itself, or through an intermediary, but cannot be traded on a secondary market, such as the New York Stock Exchange. Investors pay the open-end mutual fund's current net asset value plus any initial sales loads. Net asset value is calculated daily, at the close of business. Open-end mutual fund shares can be redeemed, or sold back to the fund or intermediary, at their current net asset value minus any deferred sales loads or redemption fees. The expense ratio for an open-end mutual fund is an annual fee charged to a shareholder. It includes operating expenses and management fees, but does not take into account any brokerage costs. Open-end funds may also have 12b-1 fees. Income distributions and capital gains of the open-end fund are subject to income tax, if held in a taxable account.

A unit investment trust (UIT) is an investment company organized under a trust agreement between a sponsor and trustee. UITs typically purchase a fixed portfolio of securities and then sell units in the trust to investors. The major difference between a UIT and a mutual fund is that a mutual fund is actively managed, while a UIT is not. On a periodic basis, UITs usually distribute to the unit holder their pro rata share of the trust's net investment income and net realized capital gains, if any. If the trust is one that invests only in tax-free securities, then the income from the trust is also tax-free. UITs generally make one public offering of a fixed number of units. However, in some cases, the sponsor will maintain a secondary market that allows existing unit holders to sell their units and for new investors to buy units. A one-time initial sales charge is deducted from an investment made into the trust. UIT investors may also pay creation and development fees, organization costs, and/or trustee and operation expenses. UIT units may be redeemed by the sponsor at their net

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asset value minus a deferred sales charge, and sold to other investors. UITs have set termination dates, at which point the underlying securities are sold and the sales proceeds are paid to the investor. Typically, a UIT investment is rolled over into successive trusts as part of a long-term strategy. A rollover fee may be charged for the exercise of rollover purchases. There are tax consequences associated with rolling over an investment from one trust to the next.

Performance

The performance data given represents past performance and should not be considered indicative of future results. Principal value and investment return will fluctuate, so that an investor's shares, when sold, may be worth more or less than the original investment. Fund portfolio statistics change over time. Funds are not FDIC-insured, may lose value, and are not guaranteed by a bank or other financial institution.

Morningstar calculates after-tax returns using the highest applicable federal marginal income tax rate plus the investment income tax and Medicare surcharge. As of 2018, this rate is 37% plus 3.8% investment income plus 0.9% Medicare surcharge, or 41.7%. This rate changes periodically in accordance with changes in federal law.

Pre-Inception Returns

The analysis in this report may be based, in part, on adjusted historical returns for periods prior to the inception of the share class of the fund shown in this report ("Report Share Class"). If pre-inception returns are shown, a performance stream consisting of the Report Share Class and older share class(es) is created. Morningstar adjusts pre-inception returns downward to reflect higher expenses in the Report Share Class, we do not hypothetically adjust returns upwards for lower expenses. For more information regarding calculation of pre-inception returns please see the Morningstar Extended Performance Methodology.

When pre-inception data is presented in the report, the header at the top of the report will indicate this. In addition, the pre-inception data included in the report will appear in italics.

While the inclusion of pre-inception data provides valuable insight into the probable long-term behavior of newer share classes of a fund, investors should be aware that an adjusted historical return can only provide an approximation of that behavior. For example, the fee structures of a retail share class will vary from that of an institutional share class, as retail shares tend to have higher operating expenses and sales charges. These adjusted historical returns are not actual returns. The underlying investments in the share classes used to calculate the pre-performance string will likely vary from the underlying investments held in the fund after inception. Calculation methodologies utilized by Morningstar may differ from those applied by other entities, including the fund itself.

12b1 Expense %

A 12b-1 fee is a fee used to pay for a mutual fund's distribution costs. It is often used as a commission to brokers for selling the fund. The amount of the fee is taken from a fund's returns.

Alpha

Alpha is a measure of the difference between a security or portfolio's actual returns and its expected performance, given its level of risk (as measured by beta). Alpha is often seen as a measure of the value added or subtracted by a portfolio manager.

Asset Allocation

Asset Allocation reflects asset class weightings of the portfolio. The "Other" category includes security types that are not neatly classified in the other asset classes, such as convertible bonds and preferred stocks, or cannot be classified by Morningstar as a result of missing data. Morningstar may display asset allocation data in several ways, including tables or pie charts. In addition, Morningstar may compare the asset class breakdown of the fund against its three-year average, category average, and/or index proxy.

Asset allocations shown in tables may include a breakdown among the long, short, and net (long positions net of short) positions. These statistics summarize what the fund's managers are buying and how they are positioning the fund's portfolio. When short positions are captured in these portfolio statistics, investors get a more robust description of the fund's exposure and risk. Long positions involve buying the security outright and selling it later, with the hope the security's price rises over time. Short positions are taken with the hope of benefitting from anticipated price declines. The investor borrows the security from another investor, sells it and receives cash, and then is obligated to buy it back at some point in the future. If the price falls after the short sale, the investor will have sold high and can buy low to close the short position and lock in a profit. However, if the price of the security increases after the short sale, the investor will experience a loss buying it at a higher price than the sale price.

Most fund portfolios hold fairly conventional securities, such as long positions in equities and bonds. Morningstar may generate a colored pie chart for these portfolios. Other portfolios use other investment strategies or securities, such as short positions or derivatives, in an attempt to reduce transaction costs, enhance returns, or reduce risk. Some of these securities and strategies behave like conventional securities, while other have unique return and risk characteristics. Portfolios that incorporate investment strategies resulting in short positions or portfolio with relatively exotic derivative positions often report data to Morningstar that does not meet the parameters of the calculation underlying a pie chart's generation. Because of the nature of how these securities are reported to Morningstar, we may not always get complete portfolio information to report asset allocation. Morningstar, at its discretion, may determine if unidentified characteristics of fund holdings are material. Asset allocation and other breakdowns may be rescaled accordingly so that percentages total to 100 percent. (Morningstar used discretion to determine if unidentified characteristics of fund holdings are material, pie charts and other breakdowns may rescale identified characteristics to 100% for more intuitive presentation.)

Note that all other portfolio statistics presented in this report are based on the long (or long rescaled) holdings of the fund only.

Average Effective Duration

Duration is a time measure of a bond's interest-rate sensitivity. Average effective duration is a weighted average of the duration of the fixed-income securities within a portfolio.

Average Effective Maturity

Average Effective Maturity is a weighted average of the maturities of all bonds in a portfolio.

Average Weighted Coupon

A coupon is the fixed annual percentage paid out on a bond. The average weighted coupon is the asset-weighted coupon of each bond in the portfolio.

Average Weighted Price

Average Weighted Price is the asset-weighted price of bonds held in a portfolio, expressed as a percentage of par (face) value. This number reveals if

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the portfolio favors bonds selling at prices above or below par value (premium or discount securities respectively.)

Best Fit Index

Alpha, beta, and R-squared statistics are presented for a broad market index and a "best fit" index. The Best Fit Index identified in this report was determined by Morningstar by calculating R-squared for the fund against approximately 100 indexes tracked by Morningstar. The index representing the highest R-squared is identified as the best fit index. The best fit index may not be the fund's benchmark, nor does it necessarily contain the types of securities that may be held by the fund or portfolio.

Beta

Beta is a measure of a security or portfolio's sensitivity to market movements (proxied using an index.) A beta of greater than 1 indicates more volatility than the market, and a beta of less than 1 indicates less volatility than the market.

Credit Quality Breakdown

Credit Quality breakdowns are shown for corporate-bond holdings in the fund's portfolio and depict the quality of bonds in the underlying portfolio. It shows the percentage of fixed-income securities that fall within each credit-quality rating as assigned by a Nationally Recognized Statistical Rating Organization (NRSRO). Bonds not rated by an NRSRO are included in the Other/Not-Classified category.

Deferred Load %

The back-end sales charge or deferred load is imposed when an investor redeems shares of a fund. The percentage of the load charged generally declines the longer the fund's shares are held by the investor. This charge, coupled with 12b-1 fees, commonly serves as an alternative to a traditional front-end load.

Expense Ratio %

The expense ratio is the annual fee that all funds charge their shareholders. It expresses the percentage of assets deducted each fiscal year for fund expenses, including 12b-1 fees, management fees, administrative fees, operating costs, and all other asset-based costs incurred by the fund. Portfolio transaction fees, or brokerage costs, as well as front-end or deferred sales charges are not included in the expense ratio. The expense ratio, which is deducted from the fund's average net assets, is accrued on a daily basis. The gross expense ratio, in contrast to the net expense ratio, includes interest and dividends on borrowed securities but does not reflect any fee waivers in effect during the time period.

Front-end Load %

The initial sales charge or front-end load is a deduction made from each investment in the fund and is generally based on the amount of the investment.

Geometric Average Market Capitalization

Geometric Average Market Capitalization is a measure of the size of the companies in which a portfolio invests.

Growth of 10,000

For funds, this graph compares the growth of an investment of 10,000 (in the base currency of the fund) with that of an index and/or with that of the average for all funds in its Morningstar Category. The total returns are not adjusted to reflect sales charges or the effects of taxation but are adjusted to reflect actual ongoing fund expenses, and they assume reinvestment of dividends and capital gains. If adjusted, effects of sales charges and taxation would reduce the performance quoted. If pre-inception data is included in the analysis, it will be graphed.

The index in the Growth of 10,000 graph is an unmanaged portfolio of specified securities and cannot be invested in directly. The index does not reflect any initial or ongoing expenses. A fund's portfolio may differ significantly from the securities in the index. The index is chosen by Morningstar.

Management Fees %

The management fee includes the management and administrative fees listed in the Management Fees section of a fund's prospectus. Typically, these fees represent the costs shareholders paid for management and administrative services over the fund's prior fiscal year.

Maximum Redemption Fee %

The Maximum Redemption Fee is the maximum amount a fund may charge if redeemed in a specific time period after the fund's purchase (for example, 30, 180, or 365 days).

Mean

Mean is the annualized geometric return for the period shown.

Morningstar Analyst Rating™

The Morningstar Analyst Rating™ is not a credit or risk rating. It is a subjective evaluation performed by Morningstar's manager research group, which consists of various Morningstar, Inc. subsidiaries ("Manager Research Group"). In the United States, that subsidiary is Morningstar Research Services LLC, which is registered with and governed by the U.S. Securities and Exchange Commission. The Manager Research Group evaluates funds based on five key pillars, which are process, performance, people, parent, and price. The Manager Research Group uses this five pillar evaluation to determine how they believe funds are likely to perform relative to a benchmark, or in the case of exchange-traded funds and index mutual funds, a relevant peer group, over the long term on a risk-adjusted basis. They consider quantitative and qualitative factors in their research, and the weight of each pillar may vary. The Analyst Rating scale is Gold, Silver, Bronze, Neutral, and Negative. A Morningstar Analyst Rating of Gold, Silver, or Bronze reflects the Manager Research Group's conviction in a fund's prospects for outperformance. Analyst Ratings ultimately reflect the Manager Research Group's overall assessment, are overseen by an Analyst Rating Committee, and are continuously monitored and reevaluated at least every 14 months. For more detailed information about Morningstar's Analyst Rating, including its methodology, please go to global.morningstar.com/managerdisclosures/.

The Morningstar Analyst Rating (i) should not be used as the sole basis in evaluating a fund, (ii) involves unknown risks and uncertainties which may cause the Manager Research Group's expectations not to occur or to differ significantly from what they expected, and (iii) should not be considered an offer or solicitation to buy or sell the fund.

Morningstar Category

Morningstar Category is assigned by placing funds into peer groups based on their underlying holdings. The underlying securities in each portfolio are the primary factor in our analysis as the investment objective and investment strategy stated in a fund's prospectus may not be sufficiently detailed for our proprietary classification methodology. Funds are placed in a category based on their portfolio statistics and compositions over the past three years. Analysis of performance and other indicative facts are also considered. If the fund is new and has no portfolio history, Morningstar estimates where it will fall before giving it a permanent category assignment. Categories may be changed based on recent changes to the portfolio.

Morningstar Rank

Morningstar Rank is the total return percentile rank within each Morningstar Category. The highest (or most favorable) percentile rank is zero and the lowest

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(or least favorable) percentile rank is 100. Historical percentile ranks are based on a snapshot of a fund at the time of calculation.

Morningstar Rating™

The Morningstar Rating™ for funds, or "star rating", is calculated for funds and separate accounts with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The Morningstar Rating does not include any adjustment for sales loads. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. For more information about the Morningstar Rating for funds, including its methodology, please go to global.morningstar.com/managerdisclosures/.

The Morningstar Return rates a fund's performance relative to other managed products in its Morningstar Category. It is an assessment of a product's excess return over a risk-free rate (the return of the 90-day Treasury Bill) in comparison with the products in its Morningstar category. In each Morningstar category, the top 10% of products earn a High Morningstar Return (High), the next 22.5% Above Average (+Avg), the middle 35% Average (Avg), the next 22.5% Below Average (-Ave), and the bottom 10% Low (Low). Morningstar Return is measured for up to three time periods (three, five, and 10 years). These separate measures are then weighted and averaged to produce an overall measure for the product. Products with less than three years of performance history are not rated.

Morningstar Risk

Morningstar Risk evaluates a fund's downside volatility relative to that of other products in its Morningstar Category. It is an assessment of the variations in monthly returns, with an emphasis on downside variations, in comparison with the products in its Morningstar category. In each Morningstar category, the 10% of products with the lowest measured risk are described as Low Risk (Low), the next 22.5% Below Average (-Avg), the middle 35% Average (Avg), the next 22.5% Above Average (+Avg), and the top 10% High (High). Morningstar Risk is measured for up to three time periods (three, five, and 10 years). These separate measures are then weighted and averaged to produce an overall measure for the product. Products with less than three years of performance history are not rated.

Morningstar Style Box™

The Morningstar Style Box™ reveals a fund's investment strategy as of the date noted on this report.

For equity funds, the vertical axis shows the market capitalization of the long stocks owned, and the horizontal axis shows the investment style (value, blend, or growth.) A darkened square in the style box indicates the weighted average style of the portfolio.

For fixed-income funds, the vertical axis shows the credit quality of the long bonds owned and the horizontal axis shows interest-rate sensitivity as measured by a bond's effective duration. Morningstar seeks credit rating information from fund companies on a periodic basis (for example, quarterly). In compiling credit rating information, Morningstar accepts credit ratings reported by fund companies that have been issued by all Nationally Recognized Statistical Rating Organizations. For a list of all NRSROs, please visit <http://www.sec.gov/divisions/marketreg/ratingagency.htm>. Additionally,

Morningstar accepts foreign credit ratings from widely recognized or registered rating agencies. If two rating organizations/agencies have rated a security, fund companies are to report the lower rating; if three or more organizations/agencies have rated a security, fund companies are to report the median rating; and in cases where there are more than two organization/agency ratings and a median rating does not exist, fund companies are to use the lower of the two middle ratings.

Please Note: Morningstar, Inc. is not an NRSRO nor does it issue a credit rating on the fund. NRSRO or rating agency ratings can change from time to time.

For credit quality, Morningstar combines the credit rating information provided by the fund companies with an average default rate calculation to come up with a weighted-average credit quality. The weighted-average credit quality is currently a letter that roughly corresponds to the scale used by a leading NRSRO. Bond funds are assigned a style box placement of "low," "medium," or "high" based on their average credit quality. Funds with a "low" credit quality are those whose weighted-average credit quality is determined to be less than "BBB-"; "medium" are those less than "AA-", but greater or equal to "BBB-"; and "high" are those with a weighted-average credit quality of "AA-" or higher. When classifying a bond portfolio, Morningstar first maps the NRSRO credit ratings of the underlying holdings to their respective default rates (as determined by Morningstar's analysis of actual historical default rates). Morningstar then averages these default rates to determine the average default rate for the entire bond fund. Finally, Morningstar maps this average default rate to its corresponding credit rating along a convex curve.

For interest-rate sensitivity, Morningstar obtains from fund companies the average effective duration. Generally, Morningstar classifies a fixed-income fund's interest-rate sensitivity based on the effective duration of the Morningstar Core Bond Index, which is currently three years. The classification of Limited will be assigned to those funds whose average effective duration is between 25% to 75% of MCBI's average effective duration; funds whose average effective duration is between 75% to 125% of the MCBI will be classified as Moderate; and those that are at 125% or greater of the average effective duration of the MCBI will be classified as Extensive.

For municipal-bond funds, Morningstar also obtains from fund companies the average effective duration. In these cases, static breakpoints are used. These breakpoints are as follows: (i) Limited: 4.5 years or less; (ii) Moderate: more than 4.5 years but less than 7 years; and (iii) Extensive: more than 7 years. In addition, for non-U.S. taxable and non-U.S. domiciled fixed-income funds, static duration breakpoints are used: (i) Limited: less than or equal to 3.5 years; (ii) Moderate: more than 3.5 years but less than or equal to 6 years; (iii) Extensive: more than 6 years.

Interest-rate sensitivity for non-U.S. domiciled funds (excluding funds in convertible categories) may be measured with modified duration when effective duration is not available.

P/B Ratio TTM

The Price/Book Ratio (or P/B Ratio) for a fund is the weighted average of the P/B Ratio of the stocks in its portfolio. Book value is the total assets of a company, less total liabilities. The P/B ratio of a company is calculated by dividing the market price of its outstanding stock by the company's book value, and then adjusting for the number of shares outstanding. Stocks with negative book values are excluded from this calculation. It shows approximately how much an investor is paying for a company's assets based on historical valuations.

P/C Ratio TTM

The Price/Cash Flow Ratio (or P/C Ratio) for a fund is the weighted average of

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the P/C Ratio of the stocks in its portfolio. The P/C Ratio of a stock represents the amount an investor is willing to pay for a dollar generated from a company's operations. It shows the ability of a company to generate cash and acts as a gauge of liquidity and solvency.

P/E Ratio TTM

The Price/Earnings Ratio (or P/E Ratio) for a fund is the weighted average of the P/E Ratios of the stocks in its portfolio. The P/E Ratio of a stock is the stock's current price divided by the company's trailing 12-month earnings per share. A high P/E Ratio usually indicates the market will pay more to obtain the company's earnings because it believes in the company's abilities to increase their earnings. A low P/E Ratio indicates the market has less confidence that the company's earnings will increase, however value investors may believe such stocks have an overlooked or undervalued potential for appreciation.

Percentile Rank in Category

Percentile Rank is a standardized way of ranking items within a peer group, in this case, funds within the same Morningstar Category. The observation with the largest numerical value is ranked zero the observation with the smallest numerical value is ranked 100. The remaining observations are placed equal distance from one another on the rating scale. Note that lower percentile ranks are generally more favorable for returns (high returns), while higher percentile ranks are generally more favorable for risk measures (low risk).

Performance Quartile

Performance Quartile reflects a fund's Morningstar Rank.

Potential Capital Gains Exposure

Potential Capital Gains Exposure is an estimate of the percent of a fund's assets that represent gains. It measures how much the fund's assets have appreciated, and it can be an indicator of possible future capital gains distributions. A positive potential capital gains exposure value means that the fund's holdings have generally increased in value while a negative value means that the fund has reported losses on its book.

Quarterly Returns

Quarterly Return is calculated applying the same methodology as Total Return except it represents return through each quarter-end.

R-Squared

R-squared is the percentage of a security or portfolio's return movements that are explained by movements in its benchmark index, showing the degree of correlation between the security or portfolio and the benchmark. This figure is helpful in assessing how likely it is that beta and alpha are statistically significant. A value of 1 indicates perfect correlation between the security or portfolio and its benchmark. The lower the R-squared value, the lower the correlation.

Regional Exposure

The regional exposure is a display of the portfolio's assets invested in the regions shown on the report.

Sector Weightings

Super Sectors represent Morningstar's broadest classification of equity sectors by assigning the 11 equity sectors into three classifications. The Cyclical Super Sector includes industries significantly impacted by economic shifts, and the stocks included in these sectors generally have betas greater than 1. The Defensive Super Sector generally includes industries that are relatively immune to economic cycles, and the stocks in these industries generally have betas less than 1. The Sensitive Super Sector includes industries that ebb and flow with the overall economy, but not severely so. Stocks in the Sensitive Super Sector generally have betas that are close to 1.

Share Change

Shares Change represents the number of shares of a stock bought or sold by a fund since the previously reported portfolio of the fund.

Sharpe Ratio

Sharpe Ratio uses standard deviation and excess return (a measure of a security or portfolio's return in excess of the U.S. Treasury three-month Treasury Bill) to determine the reward per unit of risk.

Standard Deviation

Standard deviation is a statistical measure of the volatility of the security or portfolio's returns. The larger the standard deviation, the greater the volatility of return.

Standardized Returns

Standardized Return applies the methodology described in the Standardized Returns page of this report. Standardized Return is calculated through the most recent calendar-quarter end for one-year, five-year, 10-year, and/or since-inception periods, and it demonstrates the impact of sales charges (if applicable) and ongoing fund expenses. Standardized Return reflects the return an investor may have experienced if the security was purchased at the beginning of the period and sold at the end, incurring transaction charges.

Total Return

Total Return, or "Non Load-Adjusted Return", reflects performance without adjusting for sales charges (if applicable) or the effects of taxation, but it is adjusted to reflect all actual ongoing security expenses and assumes reinvestment of dividends and capital gains. It is the return an investor would have experienced if the fund was held throughout the period. If adjusted for sales charges and the effects of taxation, the performance quoted would be significantly reduced.

Total Return +/- indicates how a fund has performed relative to its peers (as measure by its Standard Index and/or Morningstar Category Index) over the time periods shown.

Trailing Returns

Standardized Return applies the methodology described in the Standardized Returns page of this report. Standardized Return is calculated through the most recent calendar-quarter end for one-year, five-year, 10-year, and/or since-inception periods, and it demonstrates the impact of sales charges (if applicable) and ongoing fund expenses. Standardized Return reflects the return an investor may have experienced if the fund was purchased at the beginning of the period and sold at the end, incurring transaction charges.

Load-Adjusted Monthly Return is calculated applying the same methodology as Standardized Return, except that it represents return through month-end. As with Standardized Return, it reflects the impact of sales charges and ongoing fund expenses, but not taxation. If adjusted for the effects of taxation, the performance quoted would be significantly different.

Trailing Return +/- indicates how a fund has performed relative to its peers (as measure by its Standard Index and/or Morningstar Category Index) over the time periods shown.

ETF Detail Report Disclosure Statement

The Exchange-Traded Fund (ETF) Detail Report is supplemental sales literature,

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and therefore must be preceded or accompanied by the mutual fund's current prospectus or an equivalent statement. Please read this information carefully. In all cases, this disclosure statement should accompany the ETF Detail Report. Morningstar is not itself a FINRA-member firm. All data presented is based on the most recent information available to Morningstar as of the release date and may or may not be an accurate reflection of current data for securities included in the fund's portfolio. There is no assurance that the data will remain the same.

Unless otherwise specified, the definition of "funds" used throughout this Disclosure Statement includes closed-end funds, exchange-traded funds, grantor trusts, index mutual funds, open-ended mutual funds, and unit investment trusts. It does not include exchange-traded notes or exchange-traded commodities.

Prior to 2016, Morningstar's methodology evaluated open-end mutual funds and exchange-traded funds as separate groups. Each group contained a subset of the current investments included in our current comparative analysis. In this report, historical data presented on a calendar-year basis and trailing periods ending at the most-recent month-end reflect the updated methodology.

Risk measures (such as alpha, beta, r-squared, standard deviation, mean, or Sharpe ratio) are calculated for securities or portfolios that have at least a three-year history.

Most Morningstar rankings do not include any adjustment for one-time sales charges, or loads. Morningstar does publish load-adjusted returns, and ranks such returns within a Morningstar Category in certain reports. The total returns for ETFs and fund share classes without one-time loads are equal to Morningstar's calculation of load-adjusted returns. Share classes that are subject to one-time loads relating to advice or sales commissions have their returns adjusted as part of the load-adjusted return calculation to reflect those loads.

Comparison of Fund Types

Funds, including closed-end funds, exchange-traded funds (ETFs), money market funds, open-end funds, and unit investment trusts (UITs), have many similarities, but also many important differences. In general, publically-offered funds are investment companies registered with the Securities and Exchange Commission under the Investment Company Act of 1940, as amended. Funds pool money from their investors and manage it according to an investment strategy or objective, which can vary greatly from fund to fund. Funds have the ability to offer diversification and professional management, but also involve risk, including the loss of principal.

A closed-end fund is an investment company, which typically makes one public offering of a fixed number of shares. Thereafter, shares are traded on a secondary market. As a result, the secondary market price may be higher or lower than the closed-end fund's net asset value (NAV). If these shares trade at a price above their NAV, they are said to be trading at a premium. Conversely, if they are trading at a price below their NAV, they are said to be trading at a discount. A closed-end mutual fund's expense ratio is an annual fee charged to a shareholder. It includes operating expenses and management fees, but does not take into account any brokerage costs. Closed-end funds may also have 12b-1 fees. Income distributions and capital gains of the closed-end fund are subject to income tax, if held in a taxable account.

An ETF is an investment company that typically has an investment objective of striving to achieve a similar return as a particular market index. The ETF will invest in either all or a representative sample of the securities included in the index it is seeking to imitate. Like closed-end funds, an ETF can be traded on a secondary market and thus have a market price that may be higher or lower

than its net asset value. If these shares trade at a price above their NAV, they are said to be trading at a premium. Conversely, if they are trading at a price below their NAV, they are said to be trading at a discount. ETFs are not actively managed, so their value may be affected by a general decline in the U.S. market segments relating to their underlying indexes. Similarly, an imperfect match between an ETF's holdings and those of its underlying index may cause its performance to vary from that of its underlying index. The expense ratio of an ETF is an annual fee charged to a shareholder. It includes operating expenses and management fees, but does not take into account any brokerage costs. ETFs do not have 12b-1 fees or sales loads. Capital gains from funds held in a taxable account are subject to income tax. In many, but not all cases, ETFs are generally considered to be more tax-efficient when compared to similarly invested mutual funds.

Holding company depository receipts (HOLDRs) are similar to ETFs, but they focus on narrow industry groups. HOLDRs initially own 20 stocks, which are unmanaged, and can become more concentrated due to mergers, or the disparate performance of their holdings. HOLDRs can only be bought in 100-share increments. Investors may exchange shares of a HOLDR for its underlying stocks at any time.

A money-market fund is an investment company that invests in commercial paper, banker's acceptances, repurchase agreements, government securities, certificates of deposit and other highly liquid securities, and pays money market rates of interest. Money markets are not FDIC-insured, may lose money, and are not guaranteed by a bank or other financial institution.

An open-end fund is an investment company that issues shares on a continuous basis. Shares can be purchased from the open-end mutual fund itself, or through an intermediary, but cannot be traded on a secondary market, such as the New York Stock Exchange. Investors pay the open-end mutual fund's current net asset value plus any initial sales loads. Net asset value is calculated daily, at the close of business. Open-end mutual fund shares can be redeemed, or sold back to the fund or intermediary, at their current net asset value minus any deferred sales loads or redemption fees. The expense ratio for an open-end mutual fund is an annual fee charged to a shareholder. It includes operating expenses and management fees, but does not take into account any brokerage costs. Open-end funds may also have 12b-1 fees. Income distributions and capital gains of the open-end fund are subject to income tax, if held in a taxable account.

A unit investment trust (UIT) is an investment company organized under a trust agreement between a sponsor and trustee. UITs typically purchase a fixed portfolio of securities and then sell units in the trust to investors. The major difference between a UIT and a mutual fund is that a mutual fund is actively managed, while a UIT is not. On a periodic basis, UITs usually distribute to the unit holder their pro rata share of the trust's net investment income and net realized capital gains, if any. If the trust is one that invests only in tax-free securities, then the income from the trust is also tax-free. UITs generally make one public offering of a fixed number of units. However, in some cases, the sponsor will maintain a secondary market that allows existing unit holders to sell their units and for new investors to buy units. A one-time initial sales charge is deducted from an investment made into the trust. UIT investors may also pay creation and development fees, organization costs, and/or trustee and operation expenses. UIT units may be redeemed by the sponsor at their net asset value minus a deferred sales charge, and sold to other investors. UITs have set termination dates, at which point the underlying securities are sold and the sales proceeds are paid to the investor. Typically, a UIT investment is rolled over into successive trusts as part of a long-term strategy. A rollover fee may be charged for the exercise of rollover purchases. There are tax consequences associated with rolling over an investment from one trust to the next.

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Performance

The performance data given represents past performance and should not be considered indicative of future results. Principal value and investment return will fluctuate, so that an investor's shares, when sold, may be worth more or less than the original investment. Fund portfolio statistics change over time. Funds are not FDIC-insured, may lose value, and are not guaranteed by a bank or other financial institution.

The market price noted on the ETF Detail Report is the price of the fund as of the close of trading on the last business day at month-end. This date is listed at the top of the ETF Detail Report.

Morningstar calculates after-tax returns using the highest applicable federal marginal income tax rate plus the investment income tax and Medicare surcharge. As of 2018, this rate is 37% plus 3.8% investment income plus 0.9% Medicare surcharge, or 41.7%. This rate changes periodically in accordance with changes in federal law.

12 Month Yield

12 Month Yield is derived by summing the trailing 12-months' income distributions and dividing the sum by the last month's ending NAV, plus any capital gains distributed over the same period. Income refers only to interest payments from fixed-income securities and dividend payoffs from common stocks.

12b1 Expense %

A 12b-1 fee is a fee used to pay for a mutual fund's distribution costs. It is often used as a commission to brokers for selling the fund. The amount of the fee is taken from a fund's returns.

30-Day SEC Yield

The 30-day SEC Yield is a calculation based on a 30-day period ending on the last day of the previous month. It is computed by dividing the net investment income per share earned during the period by the maximum offering price per share on the last day of the period. The figure listed lags by one month. When a dash appears, the yield available is more than 30 days old. This information is taken from fund surveys.

Alpha

Alpha is a measure of the difference between a security or portfolio's actual returns and its expected performance, given its level of risk (as measured by beta.) Alpha is often seen as a measure of the value added or subtracted by a portfolio manager.

Asset Allocation

Asset Allocation reflects asset class weightings of the portfolio. The "Other" category includes security types that are not neatly classified in the other asset classes, such as convertible bonds and preferred stocks, or cannot be classified by Morningstar as a result of missing data. Morningstar may display asset allocation data in several ways, including tables or pie charts. In addition, Morningstar may compare the asset class breakdown of the fund against its three-year average, category average, and/or index proxy.

Asset allocations shown in tables may include a breakdown among the long, short, and net (long positions net of short) positions. These statistics summarize what the fund's managers are buying and how they are positioning the fund's portfolio. When short positions are captured in these portfolio statistics, investors get a more robust description of the fund's exposure and risk. Long positions involve buying the security outright and selling it later, with the hope the security's price rises over time. Short positions are taken with the hope of benefitting from anticipated price declines. The investor borrows the security from another investor, sells it and receives cash, and then is obligated

to buy it back at some point in the future. If the price falls after the short sale, the investor will have sold high and can buy low to close the short position and lock in a profit. However, if the price of the security increases after the short sale, the investor will experience a loss buying it at a higher price than the sale price.

Most fund portfolios hold fairly conventional securities, such as long positions in equities and bonds. Morningstar may generate a colored pie chart for these portfolios. Other portfolios use other investment strategies or securities, such as short positions or derivatives, in an attempt to reduce transaction costs, enhance returns, or reduce risk. Some of these securities and strategies behave like conventional securities, while other have unique return and risk characteristics. Portfolios that incorporate investment strategies resulting in short positions or portfolio with relatively exotic derivative positions often report data to Morningstar that does not meet the parameters of the calculation underlying a pie chart's generation. Because of the nature of how these securities are reported to Morningstar, we may not always get complete portfolio information to report asset allocation. Morningstar, at its discretion, may determine if unidentified characteristics of fund holdings are material. Asset allocation and other breakdowns may be rescaled accordingly so that percentages total to 100 percent. (Morningstar used discretion to determine if unidentified characteristics of fund holdings are material, pie charts and other breakdowns may rescale identified characteristics to 100% for more intuitive presentation.)

Note that all other portfolio statistics presented in this report are based on the long (or long rescaled) holdings of the fund only.

Average Effective Duration

Duration is a time measure of a bond's interest-rate sensitivity. Average effective duration is a weighted average of the duration of the fixed-income securities within a portfolio.

Average Effective Maturity

Average Effective Maturity is a weighted average of the maturities of all bonds in a portfolio.

Average Weighted Coupon

A coupon is the fixed annual percentage paid out on a bond. The average weighted coupon is the asset-weighted coupon of each bond in the portfolio.

Average Weighted Price

Average Weighted Price is the asset-weighted price of bonds held in a portfolio, expressed as a percentage of par (face) value. This number reveals if the portfolio favors bonds selling at prices above or below par value (premium or discount securities respectively.)

Best Fit Index

Alpha, beta, and R-squared statistics are presented for a broad market index and a "best fit" index. The Best Fit Index identified in this report was determined by Morningstar by calculating R-squared for the fund against approximately 100 indexes tracked by Morningstar. The index representing the highest R-squared is identified as the best fit index. The best fit index may not be the fund's benchmark, nor does it necessarily contain the types of securities that may be held by the fund or portfolio.

Beta

Beta is a measure of a security or portfolio's sensitivity to market movements (proxied using an index.) A beta of greater than 1 indicates more volatility than the market, and a beta of less than 1 indicates less volatility than the market.

Credit Quality Breakdown

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Credit Quality breakdowns are shown for corporate-bond holdings in the fund's portfolio and depict the quality of bonds in the underlying portfolio. It shows the percentage of fixed-income securities that fall within each credit-quality rating as assigned by a Nationally Recognized Statistical Rating Organization (NRSRO). Bonds not rated by an NRSRO are included in the Other/Not-Classified category.

Expense Ratio %

The expense ratio is the annual fee that all funds charge their shareholders. It expresses the percentage of assets deducted each fiscal year for fund expenses, including 12b-1 fees, management fees, administrative fees, operating costs, and all other asset-based costs incurred by the fund. Portfolio transaction fees, or brokerage costs, as well as front-end or deferred sales charges are not included in the expense ratio. The expense ratio, which is deducted from the fund's average net assets, is accrued on a daily basis. The gross expense ratio, in contrast to the net expense ratio, includes interest and dividends on borrowed securities but does not reflect any fee waivers in effect during the time period.

Geometric Average Market Capitalization

Geometric Average Market Capitalization is a measure of the size of the companies in which a portfolio invests.

Growth of 10,000

For funds, this graph compares the growth of an investment of 10,000 (in the base currency of the fund) with that of an index and/or with that of the average for all funds in its Morningstar Category. The total returns are not adjusted to reflect sales charges or the effects of taxation but are adjusted to reflect actual ongoing fund expenses, and they assume reinvestment of dividends and capital gains. If adjusted, effects of sales charges and taxation would reduce the performance quoted. If pre-inception data is included in the analysis, it will be graphed.

The index in the Growth of 10,000 graph is an unmanaged portfolio of specified securities and cannot be invested in directly. The index does not reflect any initial or ongoing expenses. A fund's portfolio may differ significantly from the securities in the index. The index is chosen by Morningstar.

Management Fees %

The management fee includes the management and administrative fees listed in the Management Fees section of a fund's prospectus. Typically, these fees represent the costs shareholders paid for management and administrative services over the fund's prior fiscal year.

Maximum Redemption Fee %

The Maximum Redemption Fee is the maximum amount a fund may charge if redeemed in a specific time period after the fund's purchase (for example, 30, 180, or 365 days).

Mean

Mean is the annualized geometric return for the period shown.

Morningstar Analyst Rating™

The Morningstar Analyst Rating™ is not a credit or risk rating. It is a subjective evaluation performed by Morningstar's manager research group, which consists of various Morningstar, Inc. subsidiaries ("Manager Research Group"). In the United States, that subsidiary is Morningstar Research Services LLC, which is registered with and governed by the U.S. Securities and Exchange Commission. The Manager Research Group evaluates funds based on five key pillars, which are process, performance, people, parent, and price. The Manager Research Group uses this five pillar evaluation to determine how they believe funds are likely to perform relative to a benchmark, or in the case of exchange-traded

funds and index mutual funds, a relevant peer group, over the long term on a risk-adjusted basis. They consider quantitative and qualitative factors in their research, and the weight of each pillar may vary. The Analyst Rating scale is Gold, Silver, Bronze, Neutral, and Negative. A Morningstar Analyst Rating of Gold, Silver, or Bronze reflects the Manager Research Group's conviction in a fund's prospects for outperformance. Analyst Ratings ultimately reflect the Manager Research Group's overall assessment, are overseen by an Analyst Rating Committee, and are continuously monitored and reevaluated at least every 14 months. For more detailed information about Morningstar's Analyst Rating, including its methodology, please go to global.morningstar.com/managerdisclosures/.

The Morningstar Analyst Rating (i) should not be used as the sole basis in evaluating a fund, (ii) involves unknown risks and uncertainties which may cause the Manager Research Group's expectations not to occur or to differ significantly from what they expected, and (iii) should not be considered an offer or solicitation to buy or sell the fund.

Morningstar Category

Morningstar Category is assigned by placing funds into peer groups based on their underlying holdings. The underlying securities in each portfolio are the primary factor in our analysis as the investment objective and investment strategy stated in a fund's prospectus may not be sufficiently detailed for our proprietary classification methodology. Funds are placed in a category based on their portfolio statistics and compositions over the past three years. Analysis of performance and other indicative facts are also considered. If the fund is new and has no portfolio history, Morningstar estimates where it will fall before giving it a permanent category assignment. Categories may be changed based on recent changes to the portfolio.

Morningstar Rank

Morningstar Rank is the total return percentile rank within each Morningstar Category. The highest (or most favorable) percentile rank is zero and the lowest (or least favorable) percentile rank is 100. Historical percentile ranks are based on a snapshot of a fund at the time of calculation.

Morningstar Rating™

The Morningstar Rating™ for funds, or "star rating", is calculated for funds and separate accounts with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The Morningstar Rating does not include any adjustment for sales loads. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. For more information about the Morningstar Rating for funds, including its methodology, please go to global.morningstar.com/managerdisclosures/.

Morningstar Return

The Morningstar Return rates a fund's performance relative to other managed products in its Morningstar Category. It is an assessment of a product's excess return over a risk-free rate (the return of the 90-day Treasury Bill) in comparison with the products in its Morningstar category. In each Morningstar category, the top 10% of products earn a High Morningstar Return (High), the next 22.5% Above Average (+Avg), the middle 35% Average (Avg), the next 22.5% Below Average (-Ave), and the bottom 10% Low (Low). Morningstar Return is measured for up to three time periods (three, five, and 10 years). These

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separate measures are then weighted and averaged to produce an overall measure for the product. Products with less than three years of performance history are not rated.

Morningstar Risk

Morningstar Risk evaluates a fund's downside volatility relative to that of other products in its Morningstar Category. It is an assessment of the variations in monthly returns, with an emphasis on downside variations, in comparison with the products in its Morningstar category. In each Morningstar category, the 10% of products with the lowest measured risk are described as Low Risk (Low), the next 22.5% Below Average (-Avg), the middle 35% Average (Avg), the next 22.5% Above Average (+Avg), and the top 10% High (High). Morningstar Risk is measured for up to three time periods (three, five, and 10 years). These separate measures are then weighted and averaged to produce an overall measure for the product. Products with less than three years of performance history are not rated.

Morningstar Style Box™

The Morningstar Style Box™ reveals a fund's investment strategy as of the date noted on this report.

For equity funds, the vertical axis shows the market capitalization of the long stocks owned, and the horizontal axis shows the investment style (value, blend, or growth.) A darkened square in the style box indicates the weighted average style of the portfolio.

For fixed-income funds, the vertical axis shows the credit quality of the long bonds owned and the horizontal axis shows interest-rate sensitivity as measured by a bond's effective duration. Morningstar seeks credit rating information from fund companies on a periodic basis (for example, quarterly). In compiling credit rating information, Morningstar accepts credit ratings reported by fund companies that have been issued by all Nationally Recognized Statistical Rating Organizations. For a list of all NRSROs, please visit <http://www.sec.gov/divisions/marketreg/ratingagency.htm>. Additionally, Morningstar accepts foreign credit ratings from widely recognized or registered rating agencies. If two rating organizations/agencies have rated a security, fund companies are to report the lower rating; if three or more organizations/agencies have rated a security, fund companies are to report the median rating; and in cases where there are more than two organization/agency ratings and a median rating does not exist, fund companies are to use the lower of the two middle ratings.

Please Note: Morningstar, Inc. is not an NRSRO nor does it issue a credit rating on the fund. NRSRO or rating agency ratings can change from time to time.

For credit quality, Morningstar combines the credit rating information provided by the fund companies with an average default rate calculation to come up with a weighted-average credit quality. The weighted-average credit quality is currently a letter that roughly corresponds to the scale used by a leading NRSRO. Bond funds are assigned a style box placement of "low," "medium," or "high" based on their average credit quality. Funds with a "low" credit quality are those whose weighted-average credit quality is determined to be less than "BBB-"; "medium" are those less than "AA-", but greater or equal to "BBB-"; and "high" are those with a weighted-average credit quality of "AA-" or higher. When classifying a bond portfolio, Morningstar first maps the NRSRO credit ratings of the underlying holdings to their respective default rates (as determined by Morningstar's analysis of actual historical default rates). Morningstar then averages these default rates to determine the average default rate for the entire bond fund. Finally, Morningstar maps this average default rate to its corresponding credit rating along a convex curve.

For interest-rate sensitivity, Morningstar obtains from fund companies the average effective duration. Generally, Morningstar classifies a fixed-income fund's interest-rate sensitivity based on the effective duration of the Morningstar Core Bond Index, which is currently three years. The classification of Limited will be assigned to those funds whose average effective duration is between 25% to 75% of MCB's average effective duration; funds whose average effective duration is between 75% to 125% of the MCB will be classified as Moderate; and those that are at 125% or greater of the average effective duration of the MCB will be classified as Extensive.

For municipal-bond funds, Morningstar also obtains from fund companies the average effective duration. In these cases, static breakpoints are used. These breakpoints are as follows: (i) Limited: 4.5 years or less; (ii) Moderate: more than 4.5 years but less than 7 years; and (iii) Extensive: more than 7 years. In addition, for non-U.S. taxable and non-U.S. domiciled fixed-income funds, static duration breakpoints are used: (i) Limited: less than or equal to 3.5 years; (ii) Moderate: more than 3.5 years but less than or equal to 6 years; (iii) Extensive: more than 6 years.

Interest-rate sensitivity for non-U.S. domiciled funds (excluding funds in convertible categories) may be measured with modified duration when effective duration is not available.

P/B Ratio TTM

The Price/Book Ratio (or P/B Ratio) for a fund is the weighted average of the P/B Ratio of the stocks in its portfolio. Book value is the total assets of a company, less total liabilities. The P/B ratio of a company is calculated by dividing the market price of its outstanding stock by the company's book value, and then adjusting for the number of shares outstanding. Stocks with negative book values are excluded from this calculation. It shows approximately how much an investor is paying for a company's assets based on historical valuations.

P/C Ratio TTM

The Price/Cash Flow Ratio (or P/C Ratio) for a fund is the weighted average of the P/C Ratio of the stocks in its portfolio. The P/C Ratio of a stock represents the amount an investor is willing to pay for a dollar generated from a company's operations. It shows the ability of a company to generate cash and acts as a gauge of liquidity and solvency.

P/E Ratio TTM

The Price/Earnings Ratio (or P/E Ratio) for a fund is the weighted average of the P/E Ratios of the stocks in its portfolio. The P/E Ratio of a stock is the stock's current price divided by the company's trailing 12-month earnings per share. A high P/E Ratio usually indicates the market will pay more to obtain the company's earnings because it believes in the company's abilities to increase their earnings. A low P/E Ratio indicates the market has less confidence that the company's earnings will increase, however value investors may believe such stocks have an overlooked or undervalued potential for appreciation.

Percentile Rank in Category

Percentile Rank is a standardized way of ranking items within a peer group, in this case, funds within the same Morningstar Category. The observation with the largest numerical value is ranked zero the observation with the smallest numerical value is ranked 100. The remaining observations are placed equal distance from one another on the rating scale. Note that lower percentile ranks are generally more favorable for returns (high returns), while higher percentile ranks are generally more favorable for risk measures (low risk).

Performance Quartile

Performance Quartile reflects a fund's Morningstar Rank.

Potential Capital Gains Exposure

Potential Capital Gains Exposure is an estimate of the percent of a fund's assets that represent gains. It measures how much the fund's assets have appreciated, and it can be an indicator of possible future capital gains distributions. A positive potential capital gains exposure value means that the fund's holdings have generally increased in value while a negative value means that the fund has reported losses on its book.

Quarterly Returns

Quarterly Return is calculated applying the same methodology as Total Return except it represents return through each quarter-end.

R-Squared

R-squared is the percentage of a security or portfolio's return movements that are explained by movements in its benchmark index, showing the degree of correlation between the security or portfolio and the benchmark. This figure is helpful in assessing how likely it is that beta and alpha are statistically significant. A value of 1 indicates perfect correlation between the security or portfolio and its benchmark. The lower the R-squared value, the lower the correlation.

Regional Exposure

The regional exposure is a display of the portfolio's assets invested in the regions shown on the report.

Sector Weightings

Super Sectors represent Morningstar's broadest classification of equity sectors by assigning the 11 equity sectors into three classifications. The Cyclical Super Sector includes industries significantly impacted by economic shifts, and the stocks included in these sectors generally have betas greater than 1. The Defensive Super Sector generally includes industries that are relatively immune to economic cycles, and the stocks in these industries generally have betas less than 1. The Sensitive Super Sector includes industries that ebb and flow with the overall economy, but not severely so. Stocks in the Sensitive Super Sector generally have betas that are close to 1.

Share Change

Shares Change represents the number of shares of a stock bought or sold by a fund since the previously reported portfolio of the fund.

Sharpe Ratio

Sharpe Ratio uses standard deviation and excess return (a measure of a security or portfolio's return in excess of the U.S. Treasury three-month Treasury Bill) to determine the reward per unit of risk.

Standard Deviation

Standard deviation is a statistical measure of the volatility of the security or portfolio's returns. The larger the standard deviation, the greater the volatility of return.

Standardized Returns

Standardized Return applies the methodology described in the Standardized Returns page of this report. Standardized Return is calculated through the most recent calendar-quarter end for one-year, five-year, 10-year, and/or since-inception periods, and it demonstrates the impact of sales charges (if applicable) and ongoing fund expenses. Standardized Return reflects the return an investor may have experience if the security was purchased at the beginning of the period and sold at the end, incurring transaction charges.

Total Return

Total Return, or "Non Load-Adjusted Return", reflects performance without adjusting for sales charges (if applicable) or the effects of taxation, but it is

adjusted to reflect all actual ongoing security expenses and assumes reinvestment of dividends and capital gains. It is the return an investor would have experienced if the fund was held throughout the period. If adjusted for sales charges and the effects of taxation, the performance quoted would be significantly reduced.

Total Return +/- indicates how a fund has performed relative to its peers (as measure by its Standard Index and/or Morningstar Category Index) over the time periods shown.

Trailing Returns

Standardized Return applies the methodology described in the Standardized Returns page of this report. Standardized Return is calculated through the most recent calendar-quarter end for one-year, five-year, 10-year, and/or since-inception periods, and it demonstrates the impact of sales charges (if applicable) and ongoing fund expenses. Standardized Return reflects the return an investor may have experienced if the fund was purchased at the beginning of the period and sold at the end, incurring transaction charges.

Load-Adjusted Monthly Return is calculated applying the same methodology as Standardized Return, except that it represents return through month-end. As with Standardized Return, it reflects the impact of sales charges and ongoing fund expenses, but not taxation. If adjusted for the effects of taxation, the performance quoted would be significantly different.

Trailing Return +/- indicates how a fund has performed relative to its peers (as measure by its Standard Index and/or Morningstar Category Index) over the time periods shown.

Investment Risks

International/Emerging Market Equities: Investing in international securities involves special additional risks. These risks include, but are not limited to, currency risk, political risk, and risk associated with varying accounting standards. Investing in emerging markets may accentuate these risks.

Sector Strategies: Portfolios that invest exclusively in one sector or industry involve additional risks. The lack of industry diversification subjects the investor to increased industry-specific risks.

Non-Diversified Strategies: Portfolios that invest a significant percentage of assets in a single issuer involve additional risks, including share price fluctuations, because of the increased concentration of investments.

Small Cap Equities: Portfolios that invest in stocks of small companies involve additional risks. Smaller companies typically have a higher risk of failure, and are not as well established as larger blue-chip companies. Historically, smaller-company stocks have experienced a greater degree of market volatility than the overall market average.

Mid Cap Equities: Portfolios that invest in companies with market capitalization below \$10 billion involve additional risks. The securities of these companies may be more volatile and less liquid than the securities of larger companies.

High-Yield Bonds: Portfolios that invest in lower-rated debt securities (commonly referred to as junk bonds) involve additional risks because of the lower credit quality of the securities in the portfolio. The investor should be aware of the possible higher level of volatility, and increased risk of default.

Tax-Free Municipal Bonds: The investor should note that the income from tax-

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free municipal bond funds may be subject to state and local taxation and the Alternative Minimum Tax.

Bonds: Bonds are subject to interest rate risk. As the prevailing level of bond interest rates rise, the value of bonds already held in a portfolio declines. Portfolios that hold bonds are subject to declines and increases in value due to general changes in interest rates.

HOLDERS: The investor should note that these are narrow industry-focused products that, if the industry is hit by hard times, will lack diversification and possible loss of investment would be likely. These securities can trade at a discount to market price, ownership is of a fractional share interest, the underlying investments may not be representative of the particular industry, the HOLDER might be delisted from the AMEX if the number of underlying companies drops below nine, and the investor may experience trading halts.

Hedge Funds: The investor should note that hedge fund investing involves specialized risks that are dependent upon the type of strategies undertaken by the manager. This can include distressed or event-driven strategies, long/short strategies, using arbitrage (exploiting price inefficiencies), international investing, and use of leverage, options and/or derivatives. Although the goal of hedge fund managers may be to reduce volatility and produce positive absolute return under a variety of market conditions, hedge funds may involve a high degree of risk and are suitable only for investors of substantial financial means who could bear the entire loss of their investment.

Bank Loan/Senior Debt: Bank loans and senior loans are impacted by the risks associated with fixed income in general, including interest rate risk and default risk. They are often non-investment grade; therefore, the risk of default is high. These securities are also relatively illiquid. Managed products that invest in bank loans/senior debt are often highly leveraged, producing a high risk of return volatility.

Exchange Traded Notes (ETNs): ETNs are unsecured debt obligations. Any repayment of notes is subject to the issuer's ability to repay its obligations. ETNs do not typically pay interest.

Leveraged ETFs: Leveraged investments are designed to meet multiples of the return performance of the index they track and seek to meet their fund objectives on a daily basis (or other time period stated within the prospectus objective). The leverage/gearing ratio is the amount of excess return that a leveraged investment is designed to achieve in comparison to its index performance (i.e. 200%, 300%, -200%, or -300% or 2X, 3X, -2X, -3X). Compounding has the ability to affect the performance of the fund to be either greater or less than the index performance multiplied by the multiple stated within the funds objective over a stated time period.

Short Positions: When a short position moves in an unfavorable way, the losses are theoretically unlimited. The broker may demand more collateral and a manager might have to close out a short position at an inopportune time to limit further losses.

Long-Short: Due to the strategies used by long-short funds, which may include but are not limited to leverage, short selling, short-term trading, and investing in derivatives, these funds may have greater risk, volatility, and expenses than those focusing on traditional investment strategies.

Liquidity Risk: Closed-end fund, ETF, and HOLDER trading may be halted due to market conditions, impacting an investor's ability to sell a fund.

Market Price Risk: The market price of ETFs, HOLDERS, and closed-end funds traded on the secondary market is subject to the forces of supply and demand

and thus independent of the NAV. This can result in the market price trading at a premium or discount to the NAV, which will affect an investor's value.

Market Risk: The market prices of ETFs and HOLDERS can fluctuate as a result of several factors, such as security-specific factors or general investor sentiment. Therefore, investors should be aware of the prospect of market fluctuations and the impact it may have on the market price.

Target-Date Funds: Target-date funds typically invest in other mutual funds and are designed for investors who are planning to retire during the target date year. The fund's target date is the approximate date when investors expect to begin withdrawing their money. A target-date fund's investment objective/strategy typically becomes more conservative over time, primarily by reducing its allocation to equity mutual funds and increasing its allocations in fixed-income mutual funds. An investor's principal value in a target-date fund is not guaranteed at any time, including at the fund's target date.

High double- and triple-digit returns: High double- and triple-digit returns were the result of extremely favorable market conditions, which may not continue to be the case. High returns for short time periods must not be a major factor when making investment decisions.

Benchmark Disclosure

BBgBarc Government 1-5 Yr TR USD

Comprised of both the Treasury Bond index (all public obligations of the U.S. Treasury, excluding flower bonds and foreign-targeted issues) and the Agency Bond Index (all publicly issued debt of U.S. Government agencies and quasi-federal corporations and corporate-debt guaranteed by the U.S. Government). These bonds also must have maturities of one to five years. The returns we publish for the index are total returns, which include reinvestment of dividends. The constituents displayed for this index are from the following proxy: Vanguard Short-Term Bond Index Fund.

BBgBarc Govt/Corp 1 Yr Duration TR USD

Description unavailable.

BBgBarc Intermediate Treasury TR USD

This index includes treasury bonds with maturates of at least one year and up to 10 years with an outstanding par value of at least 100 million. They include fixed-rate debt issues, rated investment grade or higher by Moody's Investor Services, Standard & Poor's Corporation, or Fitch Investor's Service (in that order). Treasuries include all public obligations of the U.S. Treasury, excluding flower bonds and foreign-targeted issues. The returns we publish for the index are total returns, which include reinvestment of dividends. For more information, visit the BarCap indexes web site. The constituents displayed for this index are from the following proxy: SPDR® Blmbg Barclays Interm Term Trs ETF.

BBgBarc US Agg Bond TR USD

This index is composed of the BarCap Government/Credit Index, the Mortgage-Backed Securities Index, and the Asset-Backed Securities Index. The returns we publish for the index are total returns, which includes the daily reinvestment of dividends. The constituents displayed for this index are from the following proxy: iShares Core US Aggregate Bond ETF.

BBgBarc US Government Long TR USD

Includes those indexes found in the BarCap Government index which have a maturity of 10 years or more. The constituents displayed for this index are from

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the following proxy: iShares 20+ Year Treasury Bond ETF.

BBgBarc US Government TR USD

Tracks the returns of U.S. Treasuries, agency bonds, and one- to three-year U.S. government obligations.

BBgBarc US Govt/Credit Long TR USD

Includes the BarCap Government and BarCap Corporate Bond indices that have maturities of 10 years or longer. The returns we publish for the index are total returns, which include reinvestment of dividends. The constituents displayed for this index are from the following proxy: Vanguard Long-Term Bond Index Fund.

BBgBarc US MBS TR USD

Includes 15- and 30-year fixed-rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA). The constituents displayed for this index are from the following proxy: iShares MBS ETF.

BBgBarc US Universal TR USD

BarCap U.S. Universal Bond Index: The U.S. Universal Index mirrors the increasingly popular "Core Plus" choice set used by many U.S.-dollar investors. It is the union of the U.S. Aggregate Index, the U.S. High Yield Corporate Index, the 144A Index, the Eurodollar Index, the Emerging Markets Index, the non-ERISA portion of the CMBS Index, and the CMBS High Yield Index. Municipal debt, private placements, and non-dollar-denominated issues are excluded from the Universal Index. The constituents displayed for this index are from the following proxy: iShares Core Total USD Bond Market ETF.

Citi WGBI NonUSD USD

A market-capitalization weighted index consisting of the government bond markets of the following countries: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Italy, Japan, Netherlands, Spain, Sweden, Switzerland, and United Kingdom. Country eligibility is determined based upon market capitalization and investability criteria. The index includes all fixed-rate bonds with a remaining maturity of one year or longer and with amounts outstanding of at least the equivalent of US\$25 million. Government securities typically exclude floating or variable rate bonds.

ICE BofAML US High Yield TR USD

The US High Yield Master II Index tracks the performance of below investment grade US dollar-denominated corporate bonds publicly issued in the US domestic market. "Yankee" bonds are included in the Index provided the issuer is domiciled in a country having an investment grade foreign currency long-term debt rating. 144a issues are not included in the index until they are exchanged for registered securities. Qualifying bonds must have at least one year remaining term to maturity, a fixed coupon schedule and a minimum amount outstanding of USD 100 million.

ICE BofAML USD 3M Dep OR CM TR USD

The BofA Merrill Lynch USD LIBOR 3 Month Constant Maturity Index represents the London intrabank offered rate (LIBOR) with a constant 3-month average maturity. LIBOR is a composite of the rates of interest at which banks borrow from one another in the London market.

Morningstar Mod Agg Tgt Risk TR USD

The Morningstar Moderately Aggressive Target Risk Index represents a portfolio of global equities, bonds and traditional inflation hedges such as commodities and TIPS. This portfolio is held in a static allocation appropriate for U.S. investors who seek a slightly above-average exposure to equity market risk and returns.

Morningstar US Lng Gov Bd TR USD

The Morningstar Long-Term US Government Bond Index includes US Treasury and US Government Agency bonds with maturities of seven years or longer.

Morningstar US Mid Cap TR USD

The Morningstar Mid Cap Index tracks the performance of U.S. mid-cap stocks. These stocks fall between the 70th and 90th percentile in market capitalization of the investable universe. In aggregate, the Mid-Cap Index represents 20 percent of the investable universe.

Morningstar US Small Cap TR USD

The Morningstar Small Cap Index tracks the performance of U.S. small-cap stocks. These stocks fall between the 90th and 97th percentile in market capitalization of the investable universe. In aggregate, the Small Cap Index represents 7 percent of the investable universe.

MSCI ACWI Ex USA NR USD

The MSCI AC World ex USA is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets. The index consists of 48 developed and emerging market country indices. The returns we publish for the index are total returns, which include reinvestment of dividends. The constituents displayed for this index are from the following proxy: iShares MSCI ACWI ETF.

MSCI EAFE NR USD

This Europe, Australasia, and Far East index is a market-capitalization-weighted index of 21 non-U.S., industrialized country indexes.

This disclosure applies to all MSCI indices. Certain information included herein is derived by Morningstar in part from MSCI's Index Constituents (the "Index Data"). However, MSCI has not reviewed any information contained herein and does not endorse or express any opinion such information or analysis. MSCI does not make any express or implied warranties, representations or guarantees concerning the Index Data or any information or data derived therefrom, and in no event will MSCI have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) relating to any use of this information.

MSCI EAFE Value NR USD

The MSCI EAFE Value Index is an unmanaged index of value stocks of companies located in Europe, Australasia and the Far East. The constituents displayed for this index are from the following proxy: iShares MSCI EAFE Value ETF.

Russell 1000 TR USD

Consists of the 1000 largest companies within the Russell 3000 index, which represents approximately 98% of the investable US equity market. Also known as the Market-Oriented Index, because it represents the group of stocks from which most active money managers choose. The constituents displayed for this index are from the following proxy: iShares Russell 1000 ETF.

Russell 2000 TR USD

Consists of the 2000 smallest companies in the Russell 3000 Index. The constituents displayed for this index are from the following proxy: iShares Russell 2000 ETF.

Russell Mid Cap TR USD

Measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 25% of the total market capitalization of the Russell 1000 Index. The constituents displayed for this index are from the following proxy: iShares Russell Mid-Cap ETF.

S&P 500 TR USD

A market capitalization-weighted index composed of the 500 most widely held stocks whose assets and/or revenues are based in the US; it's often used as a proxy for the U.S. stock market. TR (Total Return) indexes include daily reinvestment of dividends. The constituents displayed for this index are from the following proxy: iShares Core S&P 500 ETF.

USTREAS T-Bill Auction Ave 3 Mon

Three-month T-bills are government-backed, short-term investments considered to be risk-free and as good as cash because the maturity is only three months. Morningstar collects yields on the T-bill on a weekly basis from the Wall Street Journal.

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Kalbert K. Young
Vice President for Budget and Finance
Chief Financial Officer

18 MAY 17 P3:53

RECEIVED

May 17, 2018

'18 MAY 17 P3:50

TO: Wayne Higaki
Chair, Committee on Budget and Finance, Board of Regents

VIA: David Lassner *David Lassner*
President

FROM: Kalbert K. Young *Kalbert K. Young*
Vice President for Budget and Finance/Chief Financial Officer

SUBJECT: Review of Federal Tax Law Implications – 2017 Tax Cuts and Jobs Act

UNIVERSITY OF HAWAII
PRESIDENT'S OFFICE

Attached is a presentation to summarize the impacts of the 2017 Tax Cuts and Jobs Act passed by Congress in December 2017. The presentation highlights those areas of the tax reform measure that Administration believes are of impact to higher education institutions and also discusses some of the business operational implications on the University of Hawai'i. This presentation was compiled from our industry resources and partners as we all have been curiously assessing the broad impacts of this significant federal legislation. This presentation is an information item for discussion at the Budget and Finance Committee meeting on May 24, 2018.

UH Tax Manager, Mr. Kenneth Lum, and I will be presenting this item to the Budget and Finance Committee.

Attachment

c: University Controller (w/o Attachment)

Review of Federal Tax Law Implications

Impact of 2017 Tax Cuts and Jobs Act on Higher Education and UH

Kenneth Lum

Tax Manager, Tax Services Office
University of Hawai'i System

Kalbert K. Young

VP - Budget & Finance / CFO
University of Hawai'i System



Tax Cuts and Jobs Act (TCJA)

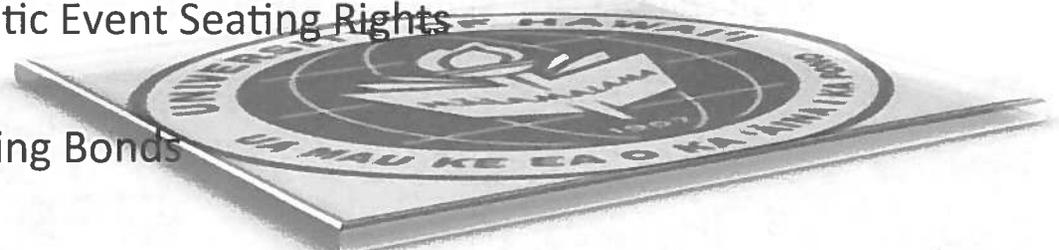
- Congress approved on December 22, 2017.
- Broad tax code revisions and reform.
- Impacts to individual taxpayers, as well as, corporate/businesses, non-profits, and higher education institutions.
- TCJA applicable
- Confirmed impacts to UH immediately in 2017.
- Business operations impact for UH going forward.



Source: NACUBO Webinar March 27, 2018

Significant Tax Reform Provisions Impacting Institutions of Higher Education

- Excise Tax on Investment Income of Private Colleges and Universities
- Excise Tax on Excess Executive Compensation
- International Tax Reform Provisions
- Unrelated Business Taxable Income (UBTI) Separately Computed for Each Trade or Business
- UBTI Increased by Amount of Certain Fringe Benefit Expenses
- Charitable Contributions and Repeal of Deduction for Amounts Paid in Exchange for College Athletic Event Seating Rights
- Moving Expenses
- Repeal of Advance Refunding Bonds



Source: NACUBO Webinar March 27, 2018

No Impact on University of Hawai'i

- **Excise Tax on Investment Income of Private Colleges and Universities**
 - Applies 1.4% excise tax on net investment income of an applicable educational institution
- **Excise Tax on Excess Executive Compensation**
 - Applies 21% excise tax to the remuneration (e.g. salary, benefits, and any payments included in W-2) paid by an applicable tax-exempt organization with respect to employment of any covered employee in excess of \$1,000,000
- **International Tax Reform Provisions**
 - This only affects U.S. companies who have foreign subsidiaries with foreign earnings and the companies have at least 10% ownership
 - Reporting for repatriation (deemed dividend) and global intangible low-taxed income
 - International students who are nonresident aliens no longer claim personal exemption and standard deductions

Impact on University of Hawai'i

- Unrelated Business Taxable Income (UBTI)
- Unrelated Business Income Tax (UBIT)
- Charitable Contributions and Repeal of Deduction for Amounts Paid in Exchange for College Athletic Event Seating Rights
- Moving Expenses
- Repeal of Advance Refunding Bonds



Source: NACUBO Webinar March 27, 2018

What is UBIT(unrelated business income tax)?

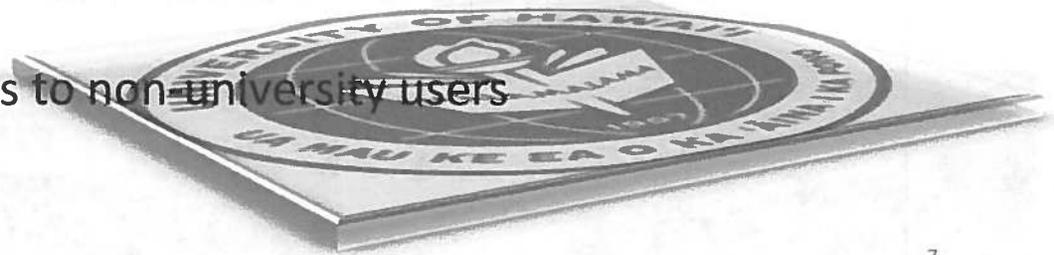
- UBIT applies to all tax exempt organizations such as charitable organizations and universities
- Unrelated Business Income is derived from a trade or business that is:
 - Regularly conducted (continuously or frequently carried on); and
 - For example: auxiliary's operation of a sandwich stand for 2 weeks at a state fair would not be the regular conduct of a trade of business.
 - Not substantially related to the exempt purposes of the organization
 - The business activity doesn't contribute importantly to accomplishing the exempt purpose.



Source: NACUBO Webinar March 27, 2018

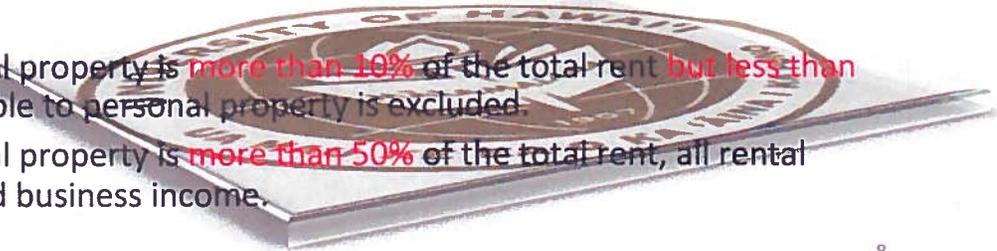
Examples of Unrelated Business Activities

- Sale of child care services to non-university users
- Catering (food service, etc.) to non-university users
- Cafeteria/restaurant service to non-university users
- Sale of recreation/activity center membership cards to the general public and alumni
- Sale of tickets to concerts for the general public at a place in the university
- Rental income of facilities to non-university users



Rental Income Exception

- Rent from real property **is** excluded in computing UBIT
 - No tax is imposed if rental income is based purely on renting space
- Rent that includes personal property (moveable fixtures such as furniture and computers) **is not** excluded. However, special rules apply:
 - ✓ If the rent attributable to personal property is **less than 10%** of the total rent, then all rental income is not taxable.
 - ✓ If the rent attributable to personal property is **more than 10%** of the total rent **but less than 50%**, then the only rent attributable to personal property is excluded.
 - ✓ If the rent attributable to personal property is **more than 50%** of the total rent, all rental income is considered as unrelated business income.



Hypothetical UBI analysis on Rental Income

- Scenario : HTDC signed a one-year lease with the University and paid monthly rent for \$100K.

Situations	Tax Consequences
\$100K rent "attributable" to personal property is worth \$9K (\$9K/\$100K= 9%)	None of the rent from HTDC would be unrelated business income
\$100K rent "attributable" to personal property is worth \$27K (\$27K/\$100K= 27%)	\$27K would be included in computing UBIT
\$100K rent "attributable" to personal property is worth \$51K (\$51K/\$100K= 51%)	The entire \$100K would be included in computing UBIT

New Laws on UBIT

- If a tax-exempt organization has more than 1 unrelated trade or business, UBIT must be computed separately with respect to each trade or business
- Any loss derived from one unrelated trade or business may not be used to offset income from another unrelated trade or business
- Net operating loss (NOL) deductions are allowed only with respect to the trade or business from which the loss arose
- The change does not apply to NOLs arising in a tax year beginning before 1/1/18; such NOLs may be applied to reduce aggregate UBIT from all unrelated businesses
- Limits NOLs carried forward to a tax year to 80% of the taxable income for the year
- Corporate tax rate is now 21%



Source: NACUBO Webinar March 27, 2018

New Laws on UBIT (cont.)

- Inclusion of certain employee fringe benefits in UBIT
 - e.g. UH would have to pay tax on behalf of the employees for those pre-tax fringe benefits
- UBIT is increased by any amount:
 - For which a deduction is not allowable by reason of section 274(a)(4), and
 - Which is paid or incurred by the organization for:
 - Any qualified transportation fringe – section 132(f)
 - Any parking facility used in connection with qualified parking – 132(f)(5)(C), or
 - Any on-premises athletic facility – 132(j)(4)(B)

Analysis of the Impact of Certain Fringe Benefits

- Disallowed by section 274 (items not deductible):
 - Qualified transportation fringe – section 132(f)
 - *Transportation in a commuter highway vehicle (no impact)*
 - *Transit passes (no impact)*
 - *Qualified bicycle commuting reimbursement (no impact)*
 - *Exclusion limited to \$260/month for 2018 (no impact)*
 - *Qualified parking – 132(f)(5)(C) (potential impact)*
 - *Parking provided to an employee on or near the business premises of the employer or on or near a location from which the employee commutes to work by mass transit, in a commuter highway vehicle, or by carpool*

Quantifying Taxable Amount for Parking Benefits

- Challenges
 - Cost versus fair market value
 - Valuation of parking (i.e. since free parking is not only offered to the UH employees but also to the public)
- Planning Considerations
 - Offering benefits on post-tax basis
 - Foregoing certain fringe benefits that are subject to UBIT
 - Gathering detailed facts about parking so that conclusions can be reached when further IRS/Treasury guidance becomes available

University of Hawai'i UBIT

- **Current UBIT Status**

- The tax returns (Form 990-T) combine all unrelated business income and expenses together to calculate net income or loss
- UH has been carrying net losses for the last 7 years. As a result, no income taxes have been paid
- Current line business generating UBIT:
 - Sales of merchandise at H Zone to public (formerly Rainbowtique)
 - Manoa rooftop rental for cellular phone towers

- **Next Steps**

- Unrelated activities need to be re-examined for potential taxable income
- Determine the appropriate taxable amount for income as well as associated expenses
- Be prepared to make taxes for UBI



Charitable Contributions and Repeal of Deduction for Amounts Paid in Exchange for College Athletic Seating Rights

- Denial of a charitable deduction for payments made in exchange for college athletic event seating rights
 - Previously, a payer could treat 80% of a payment as a charitable contribution for the right to purchase tickets for seating at a college athletic event
 - The tax law provision that denies a deduction for stadium seating payments is effective for contributions made in tax years beginning after 12/31/2017
- Planning Considerations
 - Points versus seating rights
 - Identifying events that are outside of this provision (non-athletic-related, non-University facilities, etc.)
 - Involving a multi-disciplinary team at the institution — legal, athletics, development, tax, etc.

Moving Expenses

- Employer paid or reimbursed moving expenses are taxable to the employee, and employees may no longer deduct moving expenses
- Issues to be addressed
 - Expenses incurred in 2017 but reimbursed in 2018 (UH applies the new rule to the reimbursements made in 2018 as taxable income)
- Planning Considerations
 - Change in recruitment package offerings (e.g. relocation allowance)
 - Grossing-up the allowance to cover taxes paid by the new employees



Source: NACUBO Webinar March 27, 2018

Repeal of Advance Refunding Bonds

- The exclusion for interest on advance refunding bonds is repealed for bonds issued after 12/31/2017
 - We are no longer able to take advantage of low interest rates before the call date of the revenue bonds



Source: NACUBO Webinar March 27, 2018

Questions



Source: NACUBO Webinar March 27, 2018



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2018 Legislative Session and Budget Recap

University of Hawai'i Board of Regents
Committee on Budget and Finance
May 24, 2018



2018 Budget Package Comparison

FY19 Supplemental Budget Request – Operating Comparison of Board-approved budget, Governor’s Request, and Conference Draft

Campus	Description	UH BOR	Governor	CD1
CCs	Hawai'i's Promise Program	\$ 700,000	\$ 700,000	
CCs	Architects/Engineers for Facilities	\$ 273,600		
UHWO	Health & Safety / Utilities / Equipment	\$ 781,000	\$ 300,000	\$ 501,000
Mānoa	Facilities	\$ 4,038,848	\$ 1,500,000	
CCs	Additional Positions for Security	\$ 1,083,264		
Hilo	DKICP - Janitorial & Groundskeeping	\$ 120,495	\$ 120,495	
System	Office of Strategic Planning & Development	\$ 500,000		\$ 90,000
Mānoa	Student Success Initiative - Veterans, Filipinos, Mental Health	\$ 575,000	\$ 400,000	\$ 300,000
CCs	Apprentice Lecturer Costs	\$ 260,000	\$ 260,000	\$ 260,000
CCs	Filipino Student Support	\$ 614,920	\$ 350,000	
CCs	Veterans Support	\$ 473,108	\$ 473,108	
Mānoa	Native Hawaiian Affairs Action Plan	\$ 700,000	\$ 500,000	
CCs	Native Hawaiian Student Support	\$ 1,729,908	\$ 500,000	
Hilo	Native Hawaiian Development	\$ 260,000	\$ 200,000	\$ 79,000
Hilo	Student Workforce	\$ 200,000		
Mānoa	Student Research & Innovation	\$ 535,000	\$ 175,000	
Mānoa	Graduate Student Initiative - Phase I	\$ 2,850,000	\$ 621,397	
UHWO	Academic Affairs Restructure & Growth	\$ 680,000	\$ 400,000	
UHWO	Student Affairs	\$ 446,364	\$ 200,000	
Mānoa	CTAHR positions			\$ 960,000
Hilo	Rat Lungworm Research at DKICP			\$ 300,000
Hilo	Hawai'i Ant Lab			\$ 200,000
UHWO	Health Sciences Academy			\$ 515,000
CCs	Student Success Initiative			\$ 750,000
CCs	Architects and Project and Construction Managers			\$ 364,800
CCs	Online Learning			\$ 565,372
System	Online Learning			\$ 685,000
Mānoa	Grant in Aid - Hawai'i Institute of Pacific Agriculture*			\$ 75,000
System	Grant in Aid - Friends of Ka Leo Hawai'i Media*			\$ 150,000
	Total	\$ 16,821,507	\$ 6,700,000	\$ 5,795,172

*HRS 42F-101 defines a Grant in Aid as "an award of state funds by the legislature, by an appropriation to a specified recipient, to support the activities of the recipient and permit the community to benefit from those activities".



2018 Budget Package Comparison

FY19 Supplemental Budget Request – CIP (\$) Comparison of Board-approved budget, Governor’s Request, and Conference Draft

Campus	Project Title	UH BOR	Governor	CD1
Mānoa	Renew, Improve, Modernize (RIM) projects	139,500,000		
Mānoa	Sinclair Library Renovation	41,000,000	20,000,000	700,000
Mānoa	Keller Hall Renovations, design phase	1,500,000		
Mānoa	Athletics (UOH900)			11,100,000
Mānoa	Cancer Center Annex - Early Phase Clinical Trials Program (UOH900)			200,000
Hilo	Renew, Improve, Modernize projects	27,900,000		
Hilo	Puako Marine Educational Center, design phase	1,000,000		
Hilo	Hale Alahonua Air Conditioning			3,000,000
Hilo	Phase II and Phase III of Haleolelo Complex for College of Hawaiian Language			500,000
UHWO	Renew, Improve, Modernize projects	3,000,000		
UHWO	Relocation of Dental Hygiene Program from UH Mānoa to UH West O’ahu	10,000,000		
UHWO	Campus Center Extension			5,000,000
CCs	Capital Renewal & Deferred Maintenance	25,000,000	12,000,000	10,000,000
CCs	Minor Capital Improvement Projects	10,000,000	10,000,000	10,000,000
CCs	Multi-Agency Facility - site of current Wahiawa Public Library			3,000,000
CCs	Hawai’i CC - Campus Development, design phase	2,000,000	2,000,000	
CCs	Leeward CC - Repave Fascia & Replace Walkways Campuswide	8,800,000		
CCs	Maui - Expansion of Culinary Arts Program to Lahaina			400,000
CCs	Hawai’i CC - Palamanui Outdoor Learning Area & Dining Area Improvements			1,173,000
System	Mauna Kea Cultural and Educational Visitor's Center			
System	Renew, Improve, Modernize (RIM) Projects		76,000,000	64,900,000
	Total	269,700,000	120,000,000	109,973,000



2018 Budget Provisos

Department of Agriculture/College of Tropical Agriculture and Human Resources Pest Management

SECTION 5.1 Provided that of the special fund appropriation for plant, pest, and disease control (AGR122), the sum of **\$500,000** for fiscal year 2018-2019 from the agricultural development and security special fund shall be transferred by the department of agriculture to University of Hawai'i college of tropical agriculture and human resources (UH CTAHR) for the implementation of pest management practices in production areas including but not limited to potted plants, cut-flowers, herbs, vegetables, and tropical fruits; provided further that a report describing each commodity group's current level of pest infestation, scope of work, list of expenditures, and post- level of pest infestation shall be submitted to the legislature thirty days prior to the convening of the 2019 regular session.



2018 Budget Provisos

Department of Agriculture/College of Tropical Agriculture and Human Resources New Disease Pathogens

SECTION 5.2 Provided that of the special fund appropriation for plant, pest, and disease control (AGR122), the sum of **\$100,000** for fiscal year 2018-2019 from the agricultural development and security special fund shall be transferred by the department of agriculture to University of Hawai'i college of tropical agriculture and human resources (UH CTAHR) for the development and implementation of enhanced tools for diagnostics to quickly and reliably identify new disease pathogens affecting agriculture; provided further that the department of agriculture shall submit a report on its progress to the legislature thirty days prior to the convening of the 2019 regular session.



2018 Budget Provisos

Department of Health/John A Burns School of Medicine Family Residency Program

SECTION 14.1 Provided that of the general fund appropriation for general administration (HTH907), the sum of **\$1,000,000** or so much thereof as may be necessary for fiscal year 2018-2019 shall be expended for the family medicine office practice and team-based training outpatient center which will serve as the family medicine officer practice for the John A. Burns school of medicine family residency program. The legislature finds and declares that the appropriation is in the public interest and for the public's health, safety and general welfare of the State."



2018 Bills of Interest

SUBJECT AREAS

1. 2018 UH Legislative Package (Admin Bills)
2. Hawai'i Promise
3. Board of Regents / Governance
4. UH Operations
5. Maunakea
6. Appropriation Bills
7. Board of Regents



2018 UH Legislative Package

Revenue Bonds

HB 2005 HD1 SD2

RELATING TO UNIVERSITY OF HAWAII REVENUE BONDS

Authorizes the University of Hawai'i to issue \$100,000,000 in revenue bonds for the purpose of financing the construction and maintenance of qualifying capital improvement projects.

Update: Passed the legislature; pending Governor's approval

SB 2833 SD1 HD1

RELATING TO UNIVERSITY OF HAWAII REVENUE BONDS

Authorizes the University of Hawai'i to issue revenue bonds for the purpose of financing the construction and maintenance of qualifying capital improvement projects.

Update: Failed to meet a deadline



2018 UH Legislative Package

Green Fund

HB 1830 HD2 SD2

RELATING TO ENERGY AT THE UNIVERSITY OF HAWAII

Allows the deposit of moneys appropriated by the Legislature into the University of Hawai'i Green Special Fund. Requires notice to the Legislature for any expenditure from the fund. Effective 1/1/2100.

Update: Failed to meet a deadline

Indemnification

HB 2299 HD1 SD1 CD1

RELATING TO INDEMNIFICATION OF COUNTY AGENCIES

Facilitates the process by which the University of Hawai'i obtains approval to indemnify, defend, and hold harmless a county agency, its officers, agents, and employees, for university purposes and university functions on county property.

Update: Passed the legislature; pending Governor's approval



2018 UH Legislative Package (cont.)

Procurement

SB 2831 SD2 HD1 CD1

RELATING TO PROCUREMENT FOR THE UNIVERSITY OF HAWAII

Reinstates the authority of the University of Hawai'i President as the Chief Procurement Officer for contracts for construction and construction-related professional services furnished by licensees under chapter 464, Hawaii Revised Statutes. Requires the University of Hawai'i to submit an annual report to the Legislature detailing all capital improvement projects approved by the Board of Regents no later than 20 days prior to each regular session.

Update: Passed the legislature; pending Governor's approval

HB 424 HD1 SD2

RELATING TO THE UNIVERSITY OF HAWAII

Reinstates the President of the University of Hawai'i as the chief procurement officer for contracts for construction and construction related professional services furnished by licensees under Chapter 464, Hawai'i Revised Statutes.

Update: Failed to meet a deadline



2018 UH Legislative Package (cont.)

P3

HB 2172 HD2 SD2

RELATING TO UNIVERSITY OF HAWAII PUBLIC-PRIVATE PARTNERSHIPS

Establishes and appropriates funds for an Office of Strategic Partnerships and Development to specifically analyze, evaluate, recommend, coordinate, oversee, and manage public-private partnerships that benefit the University of Hawai'i. Removes reference to the Board of Regents having exclusive jurisdiction over the internal structure, management, and operation of the University of Hawai'i.

Update: Failed to meet a deadline

SCR 85 SD2

URGING THE UNIVERSITY OF HAWAII SYSTEM'S VICE PRESIDENT FOR BUDGET AND FINANCE TO DEVELOP A PLAN TO REDEVELOP THE LOWER CAMPUS OF THE UNIVERSITY OF HAWAII AT MANOA THROUGH A PUBLIC PRIVATE PARTNERSHIP

Update: Failed to meet a deadline



2018 Bills of Interest – Hawai‘i Promise

HB 2501 HD1 SD2 CD1

RELATING TO THE UNIVERSITY OF HAWAII COMMUNITY COLLEGE PROMISE PROGRAM

Establishes the University of Hawai‘i Community College Promise Program to provide scholarships for the unmet direct cost needs of qualified students enrolled at any community college campus of the University of Hawai‘i system. Appropriates funds to establish and implement the program.

Update: Passed the legislature; pending Governor’s approval

HB 2165 HD1 SD1

RELATING TO THE UNIVERSITY OF HAWAII PROMISE PROGRAM

Establishes the University of Hawai‘i Promise Program to provide scholarships for the unmet direct cost needs of qualified students enrolled at any campus of the University of Hawai‘i system or any community college campus.

Update: Failed to meet a deadline



2018 Bills of Interest – Board of Regents

SB 2316 HD1

PROPOSING AN AMENDMENT TO ARTICLE X, SECTION 6, OF THE HAWAII STATE CONSTITUTION, TO MODIFY THE APPOINTMENT PROCESS FOR THE BOARD OF REGENTS OF THE UNIVERSITY OF HAWAII

Update: Failed to meet a deadline

SB 2319 SD2 HD1

RELATING TO THE UNIVERSITY OF HAWAII BOARD OF REGENTS

Amends the composition and term limit of the board of regents of the University of Hawai'i. Reestablishes the governor's authority to nominate and, with the advice and consent of the senate, appoint the members of the board of regents of the University of Hawai'i.

Update: Failed to meet a deadline



2018 Bills of Interest – Operations

Ceded Lands Pro Rata

SB 2136 SD3

RELATING TO INCREASING THE OFFICE OF HAWAIIAN AFFAIRS' PRO RATA SHARE OF PUBLIC LAND TRUST FUNDS

Establishes a committee within the Department of Budget and Finance to recommend the annual amount of the income and proceeds from the public land trust that the Office of Hawaiian Affairs shall receive annually.

Update: Failed to meet a deadline



2018 Bills of Interest – Operations

Institute for Astronomy

SB 2865 SD1

RELATING TO THE INSTITUTE FOR ASTRONOMY

Transfers administrative authority, personnel, and facilities for the University of Hawai'i Institute for Astronomy currently located at the University of Hawai'i at Mānoa to the University of Hawai'i at Hilo. Renames the University of Hawai'i Institute for Astronomy to the Paul H.I. Coleman Astronomy Center.

Update: Failed to meet a deadline

SCR 182

REQUESTING THE BOARD OF REGENTS OF THE UNIVERSITY OF HAWAI'I TO RENAME THE UNIVERSITY OF HAWAI'I INSTITUTE FOR ASTRONOMY TO THE PAUL H.I. COLEMAN ASTRONOMY CENTER

Update: Failed to meet a deadline



2018 Bills of Interest – Operations

Online Educational Resources (OER)

SB 2328 SD2

RELATING TO THE UNIVERSITY OF HAWAII

Establishes the University of Hawai'i open educational resources task force to conduct a comprehensive analysis and evaluation on all general education courses and high attendance courses taught at the University of Hawai'i system to identify open educational resources for those courses.

Update: Failed to meet a deadline

HCR 125/HR112

ENCOURAGING THE FACULTY OF THE UNIVERSITY OF HAWAII SYSTEM TO MAKE GREATER USE OF OPEN EDUCATION RESOURCES AND OTHER LOW-COST OR FREE RESOURCES

Update: Failed to meet a deadline



2018 Bills of Interest – Operations

Tuition

SB 2329 SD2

RELATING TO TUITION AT THE UNIVERSITY OF HAWAII

Caps increases in tuition for the University of Hawai'i based on the change in the State's median household income.

Update: Failed to meet a deadline

Collective Bargaining

SB 2585 SD2 HD1

RELATING TO COLLECTIVE BARGAINING

Establishes a collective bargaining unit for graduate student assistants employed by the University of Hawai'i.

Update: Failed to meet a deadline



2018 Bills of Interest – Operations

Funding

SB 2224 SD2 RELATING TO TOURISM

Renames the convention center enterprise special fund as the convention center operations and maintenance special fund, repeals the allocation of transient accommodations tax revenues to that fund, amends the allowable uses of that fund, and adds a cap to the amount of moneys deposited into the fund.

Update: Failed to meet a deadline

HB 2010 HD1 SD2 CD1 RELATING TO TOURISM

Cancels the debt owed to the State by the Hawai'i Tourism Authority for convention center construction costs and related interest. Amends the allocations of transient accommodations tax revenues to the convention center enterprise special fund and tourism special fund.

Appropriates moneys for the Hawai'i Tourism Authority to implement initiatives, in conjunction with the Hawai'i Lodging and Tourism Association, to address homelessness in tourist and resort areas; provided that the funds are matched dollar-for-dollar by the private sector.

Update: Passed the legislature; pending Governor's approval; **No longer pertains to UH*



2018 Bills of Interest – Operations

Funding

SB 192 SD1 HD1 CD1 RELATING TO THE STATE BUDGET

Deposits moneys received in 2018 pursuant to the Tobacco Master Settlement Agreement into the Emergency and Budget Reserve Fund. Specifies that Tobacco Settlement Special Fund excess moneys shall be used to supplant any losses that result from any discount or reduction taken against regular Master Settlement Agreement payments received by the State between calendar years 2018 and 2022. Authorizes the Director of Finance to transfer excess balances from the Natural Area Reserve Fund into the general fund. Appropriates moneys in fiscal year 2017-2018 to the Department of Defense for disaster and flood relief for the County of Kauai and other areas of the State.

Update: Passed the legislature; pending Governor's approval



2018 Bills of Interest – Operations

Mānoa Innovation Center

SB 48 SD3 HD2 CD1

RELATING TO TECHNOLOGY

Merges the Hawaii Strategic Development Corporation into the Hawai'i Technology Development Corporation and renames the resulting entity as the Hawai'i Innovation, Technology, and Research Corporation.

Appropriates funds.

Update: Passed the legislature; pending Governor's approval; **No longer pertains to UH*



2018 Bills of Interest – Operations

Land

HCR 166 HD1

SUPPORTING THE FINALIZATION AND EXECUTION OF THE UNIVERSITY OF HAWAII'S TRANSFER OF THE OPERATION AND LANDS OF WAIALEE LIVESTOCK EXPERIMENT STATION TO THE AGRIBUSINESS DEVELOPMENT CORPORATION

Update: Adopted by the Legislature

Title IX

HB 1489 HD1 SD2 CD1

RELATING TO CIVIL RIGHTS

Prohibits discrimination on the basis of sex, including gender identity or expression, or sexual orientation, in any state educational program or activity, or in any educational program or activity that receives state financial assistance. Requires the Legislative Reference Bureau to study how other jurisdictions oversee Title IX enforcement. Effective 1/1/2020, except study effective 7/1/2018.

Update: Passed the legislature; pending Governor's approval



2018 Bills of Interest – Maunakea

HB 1985 HD1 SD2

RELATING TO LAND USE

Establishes the Mauna Kea Management Authority and membership of the Authority. Establishes and specifies duties of the Mauna Kea candidate advisory council.

Update: Failed to meet deadline

SB 3090 SD2

RELATING TO GOVERNMENT

Establishes the Mauna Kea Management Authority.

Update: Failed to meet deadline



2018 Bills of Interest – Maunakea

SB 757 SD2

RELATING TO THE UNIVERSITY OF HAWAII

Requires the Auditor to conduct a financial, performance, and management audit of the University of Hawai'i's activities related to Mauna Kea.

Update: Failed to meet a deadline

HB 1585 HD1 SD3

RELATING TO THE UNIVERSITY OF HAWAII

Requires the Auditor to conduct a financial, performance, and management audit of the University of Hawaii's activities related to Mauna Kea. Requires the University of Hawai'i Board of Regents to adopt rules to regulate public and commercial activities on Mauna Kea lands.

Update: Failed to meet deadline

SCR 29 SD2

REQUESTING THE STATE AUDITOR TO CONDUCT A FINANCIAL AUDIT OF THE UNIVERSITY OF HAWAII'S ACTIVITIES RELATED TO MAUNA KEA

Update: Failed to meet deadline



2018 Bills of Interest – Appropriation Bills

Appropriation of General Funds (External to the Biennial Budget)

Measure	Appropriation	Description
HB 2501 CD1	\$700,000 FY19	UHCC: Hawai'i Promise Program
HB 2613 CD1	\$150,000 FY19	UHM: He'eia Reserve
SB 2567 CD1	\$500,000 FY19	UHM: WRRC with DOH Study of sewage contamination in nearshore marine areas



2018 Board of Regents

The following Board of Regent nominees have been confirmed by the full Senate:

GM 735 – EUGENE BAL III, for a term to expire 06-30-2023

GM 736 – RANDOLPH MOORE, for a term to expire 06-30-2023



Notable Dates

June 25 - 35th day after *Sine Die*

- Governor must notify the legislature his “intent” to veto any bill pending his approval

July 10 - 45th day after *Sine Die*

- Last day for Governor to sign, veto, or allow bill to become law without his signature



Conclusion



Item IV.F.
Committee Annual
Review

**ITEM WILL BE
DISCUSSED AT
MEETING**