



**Jeffrey A. Bogart**  
Registered Investment Advisor

# Q2

Quarterly Market Review  
Second Quarter 2017



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Registered Investment Advisor

# Quarterly Market Review

Second Quarter 2017

This report features world capital market performance and a timeline of events for the last quarter. It begins with a global overview, then features the returns of stock and bond asset classes in the US and international markets.

The report also illustrates the impact of globally diversified portfolios and features a quarterly topic.

## Overview:

### Market Summary

### World Stock Market Performance

### World Asset Classes

### US Stocks

### International Developed Stocks

### Emerging Markets Stocks

### Select Country Performance

### Real Estate Investment Trusts (RE

### Fixed Income

### Impact of Diversification

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# Market Summary

## Index Returns

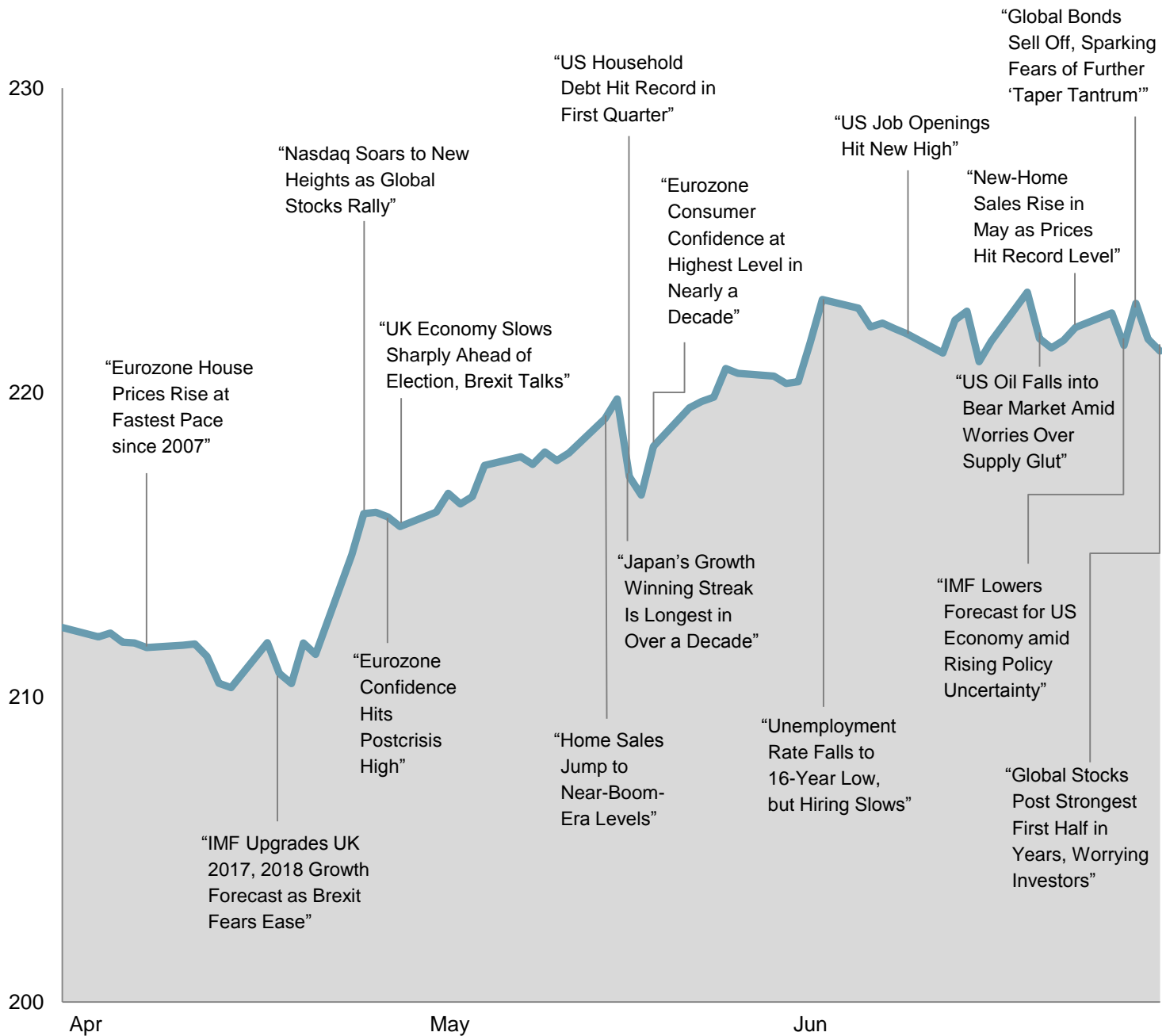
	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	US Bond Market	Global Bond Market ex US
<b>Q2 2017</b>	<b>STOCKS</b>				<b>BONDS</b>	
	3.02%	5.63%	6.27%	1.67%	1.45%	0.60%
<b>Since Jan. 2001</b>						
Avg. Quarterly Return	1.9%	1.5%	3.1%	2.7%	1.2%	1.1%
Best Quarter	16.8% Q2 2009	25.9% Q2 2009	34.7% Q2 2009	32.3% Q3 2009	4.6% Q3 2001	5.5% Q4 2008
Worst Quarter	-22.8% Q4 2008	-21.2% Q4 2008	-27.6% Q4 2008	-36.1% Q4 2008	-3.0% Q4 2016	-3.2% Q2 2015

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: US Stock Market (Russell 3000 Index), International Developed Stocks (MSCI World ex USA Index [net div.]), Emerging Markets (MSCI Emerging Markets Index [net div.]), Global Real Estate (S&P Global REIT Index [net div.]), US Bond Market (Bloomberg Barclays US Aggregate Bond Index), and Global Bond ex US Market (Citi WGBI ex USA 1-30 Years [Hedged to USD]). The S&P data are provided by Standard & Poor's Index Services Group. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. MSCI data © MSCI 2017, all rights reserved. Bloomberg Barclays data provided by Bloomberg. Citi fixed income indices copyright 2017 by Citigroup.



# World Stock Market Performance

MSCI All Country World Index with selected headlines from Q2 2017



These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.

Graph Source: MSCI ACWI Index [net div.], MSCI data © MSCI 2017, all rights reserved.

It is not possible to invest directly in an index. Performance does not reflect the expenses associated with management of an actual portfolio. Past performance is not a guarantee of future results.



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Registered Investment Advisor

# World Stock Market Performance

MSCI All Country World Index with selected headlines from past 12 months

## Short Term (Q3 2016–Q2 2017)



These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.

Graph Source: MSCI ACWI Index [net div.]. MSCI data © MSCI 2017, all rights reserved.

It is not possible to invest directly in an index. Performance does not reflect the expenses associated with management of an actual portfolio. Past performance is not a guarantee of future results.

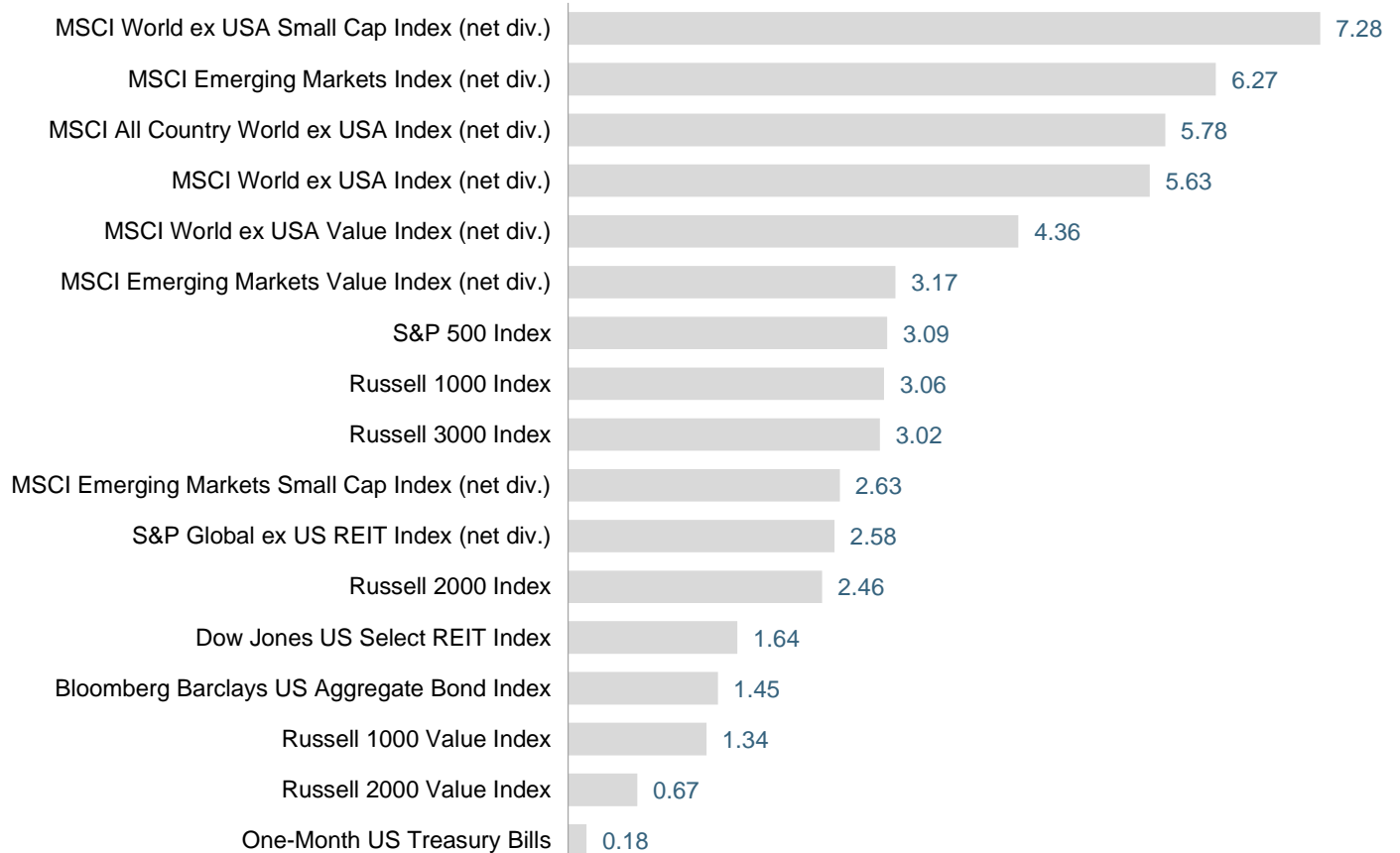


# World Asset Classes

## Second Quarter 2017 Index Returns (%)

Looking at broad market indices, non-US developed markets and emerging markets recorded similar returns, outperforming the US during the quarter.

The value effect was negative in the US, non-US, and emerging markets. Small caps outperformed large caps in non-US developed markets but underperformed in the US and emerging markets.



Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. The S&P data is provided by Standard & Poor's Index Services Group. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. MSCI data © MSCI 2017, all rights reserved. Dow Jones data (formerly Dow Jones Wilshire) provided by Dow Jones Indices. Bloomberg Barclays data provided by Bloomberg. Treasury bills © Stocks, Bonds, Bills, and Inflation Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld).



# US Stocks

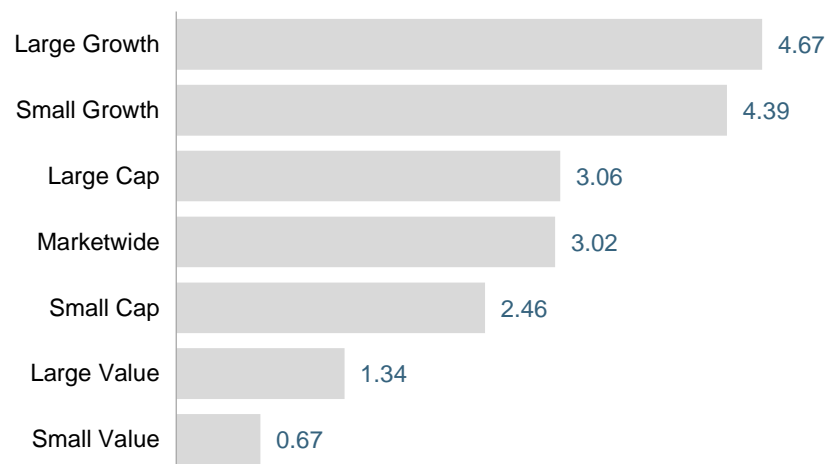
## Second Quarter 2017 Index Returns

The broad US equity market posted positive returns for the quarter but underperformed both non-US developed and emerging markets.

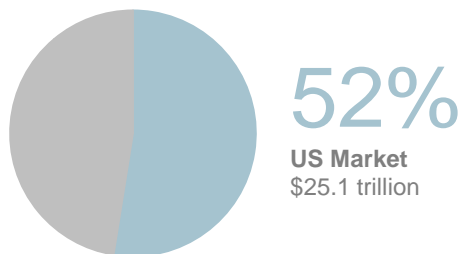
Value underperformed growth indices in the US across all size ranges.

Small caps in the US underperformed large caps.

### Ranked Returns for the Quarter (%)



### World Market Capitalization—US



### Period Returns (%)

Asset Class	YTD	1 Year	3 Years*	5 Years*	10 Years*
Marketwide	8.93	18.51	9.10	14.58	7.26
Large Cap	9.27	18.03	9.26	14.67	7.29
Large Value	4.66	15.53	7.36	13.94	5.57
Large Growth	13.99	20.42	11.11	15.30	8.91
Small Cap	4.99	24.60	7.36	13.70	6.92
Small Value	0.54	24.86	7.02	13.39	5.92
Small Growth	9.97	24.40	7.64	13.98	7.82

\* Annualized

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: Marketwide (Russell 3000 Index), Large Cap (Russell 1000 Index), Large Cap Value (Russell 1000 Value Index), Large Cap Growth (Russell 1000 Growth Index), Small Cap (Russell 2000 Index), Small Cap Value (Russell 2000 Value Index), and Small Cap Growth (Russell 2000 Growth Index). World Market Cap represented by Russell 3000 Index, MSCI World ex USA IMI Index, and MSCI Emerging Markets IMI Index. Russell 3000 Index is used as the proxy for the US market. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. MSCI data © MSCI 2017, all rights reserved.



# International Developed Stocks

## Second Quarter 2017 Index Returns

In US dollar terms, developed markets outperformed the US equity market and had similar performance to emerging markets indices during the quarter.

Looking at broad market indices, the value effect was negative across all size ranges in non-US developed markets.

Small caps outperformed large caps in non-US developed markets.

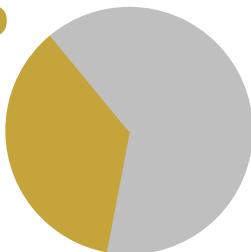
### Ranked Returns (%)



### World Market Capitalization—International Developed

36%

International Developed Market  
\$17.5 trillion



### Period Returns (%)

Asset Class	YTD	1 Year	3 Years*	5 Years*	10 Years*
Large Cap	12.82	19.49	0.67	8.15	1.00
Small Cap	15.45	21.26	4.02	11.43	2.92
Value	10.27	24.24	-0.94	7.69	0.09
Growth	15.57	14.90	2.22	8.54	1.84

\* Annualized

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: Large Cap (MSCI World ex USA Index), Small Cap (MSCI World ex USA Small Cap Index), Value (MSCI World ex USA Value Index), and Growth (MSCI World ex USA Growth). All index returns are net of withholding tax on dividends. World Market Cap represented by Russell 3000 Index, MSCI World ex USA IMI Index, and MSCI Emerging Markets IMI Index. MSCI World ex USA IMI Index is used as the proxy for the International Developed market. MSCI data © MSCI 2017, all rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes.





# Emerging Markets Stocks

## Second Quarter 2017 Index Returns

In US dollar terms, emerging markets indices outperformed the US and recorded similar performance to developed markets outside the US.

Looking at broad market indices, the value effect was negative across all size ranges in emerging markets.

Small caps underperformed large caps in emerging markets.

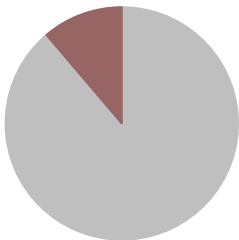
### Ranked Returns (%)



### World Market Capitalization— Emerging Markets

11%

Emerging Markets  
\$5.4 trillion



### Period Returns (%)

Asset Class	YTD	1 Year	3 Years*	5 Years*	10 Years*
Large Cap	18.43	23.75	1.07	3.96	1.91
Small Cap	15.99	17.03	0.81	5.15	2.17
Value	13.65	21.57	-1.33	1.67	1.53
Growth	23.45	25.99	3.42	6.18	2.22

\* Annualized

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: Large Cap (MSCI Emerging Markets Index), Small Cap (MSCI Emerging Markets Small Cap Index), Value (MSCI Emerging Markets Value Index), and Growth (MSCI Emerging Markets Growth Index). All index returns are net of withholding tax on dividends. World Market Cap represented by Russell 3000 Index, MSCI World ex USA IMI Index, and MSCI Emerging Markets IMI Index. MSCI Emerging Markets IMI Index used as the proxy for the emerging market portion of the market. MSCI data © MSCI 2017, all rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes.

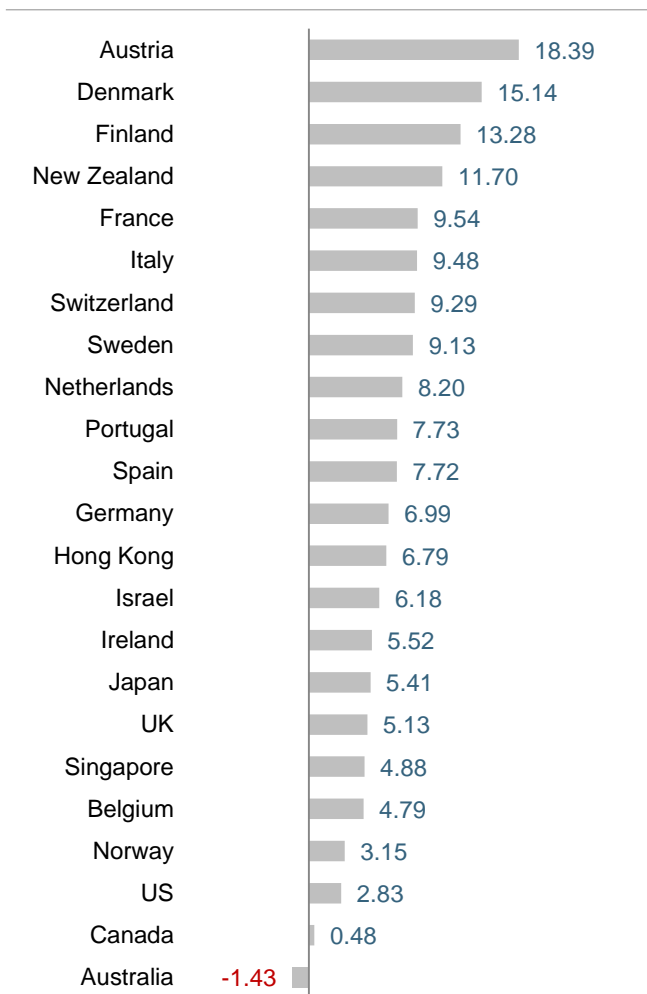


# Select Country Performance

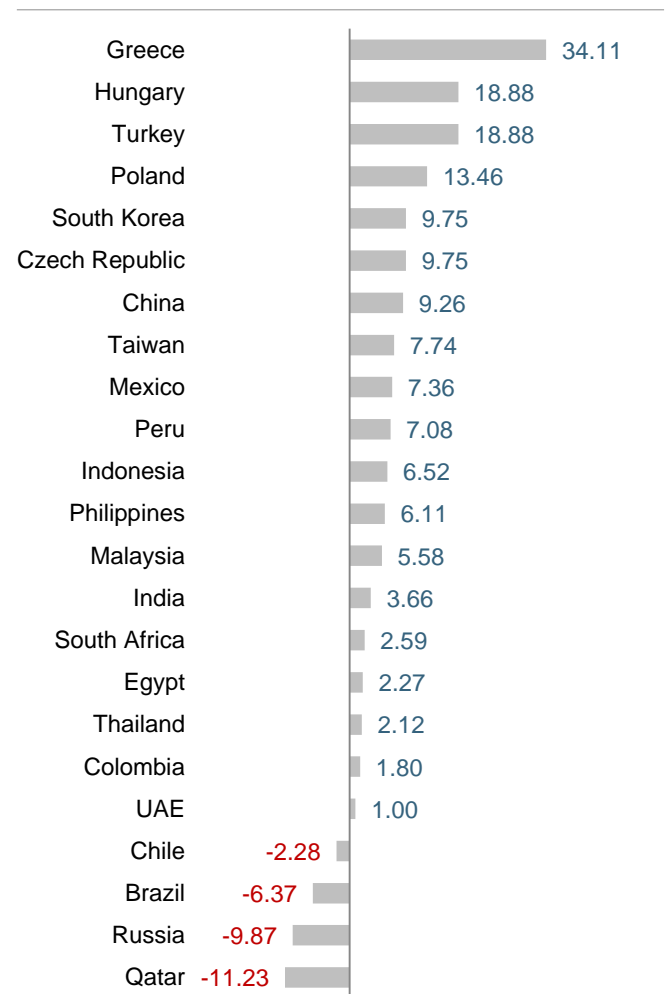
## Second Quarter 2017 Index Returns

In US dollar terms, Austria and Denmark recorded the highest country performance in developed markets, while Australia and Canada posted the lowest returns for the quarter. In emerging markets, Greece, Hungary, and Turkey posted the highest country returns, while Qatar and Russia had the lowest performance.

Ranked Developed Markets Returns (%)



Ranked Emerging Markets Returns (%)



Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Country performance based on respective indices in the MSCI World ex US IMI Index (for developed markets), MSCI USA IMI Index (for US), and MSCI Emerging Markets IMI Index. All returns in USD and net of withholding tax on dividends. MSCI data © MSCI 2017, all rights reserved. UAE and Qatar have been reclassified as emerging markets by MSCI, effective May 2014.

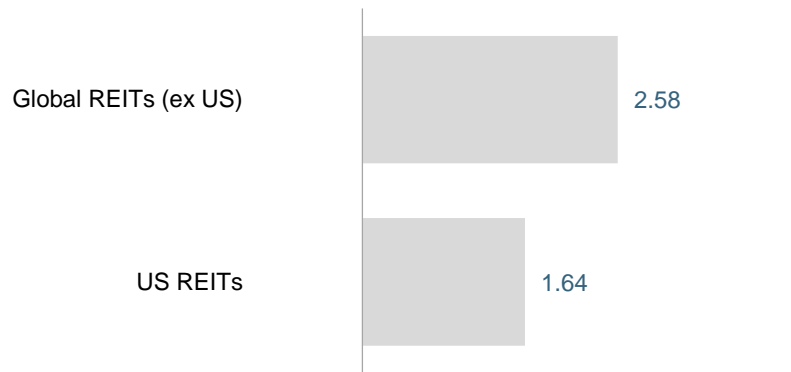


# Real Estate Investment Trusts (REITs)

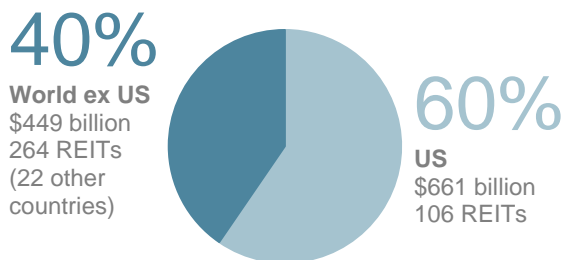
## Second Quarter 2017 Index Returns

Non-US real estate investment trusts outperformed US REITs.

### Ranked Returns (%)



### Total Value of REIT Stocks



### Period Returns (%)

Asset Class	YTD	1 Year	3 Years*	5 Years*	10 Years*
US REITs	1.36	-2.43	8.04	9.00	5.42
Global REITs (ex US)	6.30	-0.37	1.13	6.86	0.20

\* Annualized

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Number of REIT stocks and total value based on the two indices. All index returns are net of withholding tax on dividends. Total value of REIT stocks represented by Dow Jones US Select REIT Index and the S&P Global ex US REIT Index. Dow Jones US Select REIT Index used as proxy for the US market, and S&P Global ex US REIT Index used as proxy for the World ex US market. Dow Jones US Select REIT Index data provided by Dow Jones ©. S&P Global ex US REIT Index data provided by Standard and Poor's Index Services Group © 2017.



# Fixed Income

## Second Quarter 2017 Index Returns

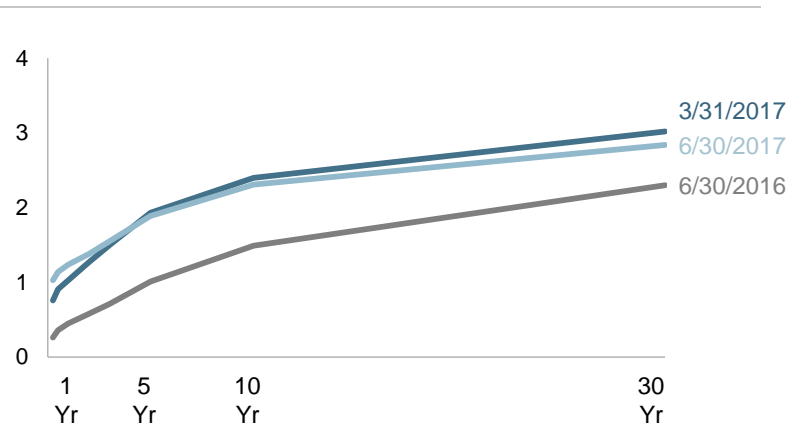
Interest rates were mixed across the US fixed income market during the second quarter. The yield on the 5-year Treasury note decreased 4 basis points (bps) to 1.89%. The yield on the 10-year Treasury note decreased 9 bps to 2.31%. The 30-year Treasury bond yield decreased 18 bps to finish at 2.84%.

The yield on the 1-year Treasury bill rose 21 bps to 1.24%, and the 2-year Treasury note yield rose 11 bps to 1.38%. The yield on the 3-month Treasury bill climbed 27 bps to 1.03%, while the 6-month Treasury bill yield increased 23 bps to 1.14%.

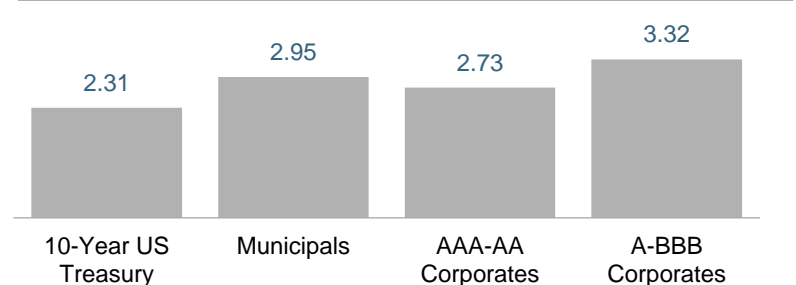
In terms of total returns, short-term corporate bonds gained 0.59% and intermediate corporates gained 1.49%.

Short-term municipal bonds gained 0.56%, while intermediate muni bonds returned 1.97%. Revenue bonds gained 2.19%, outperforming general obligation bonds by 39 bps.

US Treasury Yield Curve (%)



Bond Yields across Issuers (%)



### Period Returns (%)

\* Annualized

Asset Class	YTD	1 Year	3 Years*	5 Years*	10 Years*
Bloomberg Barclays Long US Government Bond Index	5.44	-6.96	5.54	2.82	7.27
Bloomberg Barclays Municipal Bond Index	3.57	-0.49	3.33	3.26	4.60
Bloomberg Barclays US Aggregate Bond Index	2.27	-0.31	2.48	2.21	4.48
Bloomberg Barclays US Corporate High Yield Index	4.93	12.70	4.48	6.89	7.67
Bloomberg Barclays US TIPS Index	0.85	-0.63	0.63	0.27	4.27
BofA Merrill Lynch 1-Year US Treasury Note Index	0.30	0.40	0.41	0.37	1.21
BofA Merrill Lynch Three-Month US Treasury Bill Index	0.31	0.49	0.23	0.17	0.58
Citi World Government Bond Index 1-5 Years (hedged to USD)	0.65	0.28	1.30	1.37	2.52

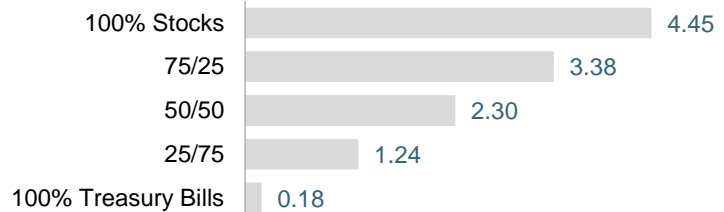
Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Yield curve data from Federal Reserve. State and local bonds are from the S&P National AMT-Free Municipal Bond Index. AAA-AA Corporates represent the Bank of America Merrill Lynch US Corporates, AA-AAA rated. A-BBB Corporates represent the Bank of America Merrill Lynch US Corporates, BBB-A rated. Bloomberg Barclays data provided by Bloomberg. US long-term bonds, bills, inflation, and fixed income factor data © Stocks, Bonds, Bills, and Inflation (SBBI) Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld). Citi fixed income indices copyright 2017 by Citigroup. The BofA Merrill Lynch Indices are used with permission; © 2017 Merrill Lynch, Pierce, Fenner & Smith Incorporated; all rights reserved. Merrill Lynch, Pierce, Fenner & Smith Incorporated is a wholly owned subsidiary of Bank of America Corporation. The S&P data are provided by Standard & Poor's Index Services Group.

# Impact of Diversification

## Second Quarter 2017 Index Returns

These portfolios illustrate the performance of different global stock/bond mixes and highlight the benefits of diversification. Mixes with larger allocations to stocks are considered riskier but have higher expected returns over time.

### Ranked Returns (%)

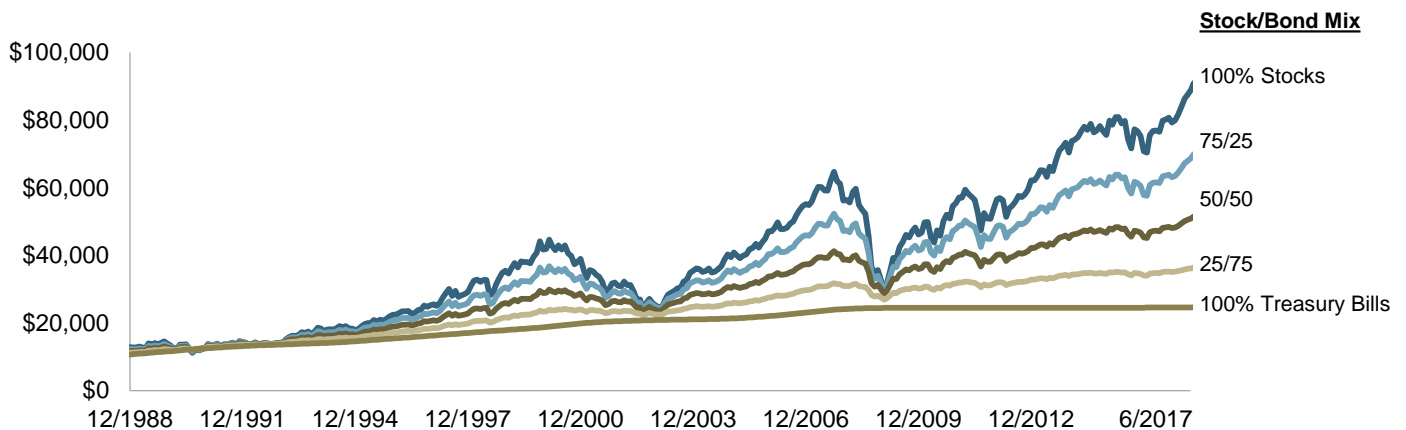


### Period Returns (%)

\* Annualized

Asset Class	YTD	1 Year	3 Years*	5 Years*	10 Years*	10-Year STDEV <sup>1</sup>
100% Stocks	11.82	19.42	5.39	11.14	4.27	16.96
75/25	8.84	14.41	4.17	8.38	3.60	12.71
50/50	5.93	9.57	2.89	5.62	2.73	8.46
25/75	3.08	4.90	1.56	2.87	1.68	4.22
100% Treasury Bills	0.29	0.40	0.17	0.12	0.45	0.29

## Growth of Wealth: The Relationship between Risk and Return



1. STDEV (standard deviation) is a measure of the variation or dispersion of a set of data points. Standard deviations are often used to quantify the historical return volatility of a security or portfolio.

Diversification does not eliminate the risk of market loss. **Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect expenses associated with the management of an actual portfolio.** Asset allocations and the hypothetical index portfolio returns are for illustrative purposes only and do not represent actual performance. Global Stocks represented by MSCI All Country World Index (gross div.) and Treasury Bills represented by US One-Month Treasury Bills. Globally diversified allocations rebalanced monthly, no withdrawals. Data © MSCI 2017, all rights reserved. Treasury bills © Stocks, Bonds, Bills, and Inflation Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld).

# Index Definitions

## INDEX DEFINITION

An index is list of stocks provided by an index provider that tracks a given segment of the investment universe and serves as a benchmark against which performance and characteristics are measured. Indices are not available for direct investment; its performance does not reflect the expenses associated with the management of an actual portfolio.

## RATINGS AGENCIES DEFINITION OF CREDIT RISK

Credit rating agencies Moody's Investors Service and Standard & Poor's Corporation rate the credit quality of debt issues from governments, corporations, financial institutions, states, cities and municipalities. The ratings illustrated in this analysis reflect their independent opinions and assessment of the creditworthiness of the issuer, and its ability to make timely payments of principal and interest. The rating agencies' assessment of the creditworthiness of the issuer may focus on the issuer's financial condition, credit history and other factors.

## DATA SOURCES AND DESCRIPTION

MSCI data copyright MSCI 2010, all rights reserved. The MSCI All Country World Index is a free float adjusted market capitalization index comprised of developed and emerging markets countries designed to capture the characteristics of a global equity market portfolio. The MSCI World ex USA Index is a free float adjusted market capitalization index comprised of developed countries designed to capture the characteristics of the developed equity markets globally excluding the United States. The MSCI Emerging Markets Index is a free float adjusted market capitalization index comprised of emerging markets countries designed to capture the characteristics of the emerging equity markets globally.

Center for Research in Security Prices (CRSP): CRSP data provided by the Center for Research in Security Prices, University of Chicago. Includes indices of securities in each decile as well as other segments of NYSE securities (plus AMEX equivalents since July 1962 and NASDAQ equivalents since 1973). Additionally, includes US Treasury constant maturity indices.

The S&P data are provided by Standard & Poor's Index Services Group. The S& P 500 is an index consisting of 500 stocks, which are weighted by market value. Its performance is thought to be representative of the stock market as a whole and provides a broad snapshot of the overall U.S. equity market.

Russell data copyright © Russell Investment Group 1995-2010, all rights reserved. The Russell 1000 Value Index is comprised of the companies with lower price to book and lower expected growth values from the 1,000 largest U.S. common stocks ranked by market capitalization. The Russell 2000 Index is comprised of the 1,001 to 3,000 largest U.S. common stocks ranked by market capitalization.

Dow Jones data provided by Dow Jones Indexes. The Dow Jones U.S. Select REIT Index is a float adjusted market capitalization index consisting of publicly traded U.S. real estate securities.

US bonds, bills, and inflation data © Stocks, Bonds, Bills, and Inflation Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld).

Dimensional data available at [www.dimensional.com](http://www.dimensional.com).

## Indexes Glossary

### Index Definition:

An index is a statistical measure that shows changes in the economy or financial markets and serves as a benchmark against which economic and financial performance is measured.

Indices are not available for direct investment; its performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is no guarantee of future results.

### Barclays Capital Municipal Bond Index 3 Years

This is a broad-based market index. To be included in the index, bonds must have a minimum credit rating of Baa. They must have an outstanding par value of at least \$5 million and be issued as part of a transaction of at least \$50 million. The bonds must have a dated-date after December 31, 1990 and must be at least one year from their maturity date.

### Barclays Capital US Government Bond Index Intermediate

The index comprised of all publicly issued non-convertible domestic debt of the U.S. government or any agency thereof, or any quasi-federal corporation and of corporate debt guaranteed by the U.S. government. Only notes and bonds with minimum outstanding principal of \$1 million and minimum maturity of one year and maximum maturity of ten years are included.

### Barclays Capital US Government Bond Index

Market value weighted index of U.S. government and government agency securities (other than mortgage securities) with maturities of one year or more.

### Barclays Capital US Tips Index

The index represents securities that protect against adverse inflation and provide a minimum level of real return. To be included in this index, bonds must have cash flows linked to an inflation index, be sovereign issues denominated in U.S. currency, and have more than one year to maturity, and, as a portion of the index, total a minimum amount outstanding of 100 million U.S. dollars.

TIPS stands for Treasury Inflation Protected Securities.

### Citigroup World Government Bond Index

The index includes the most significant and liquid government bond markets globally that carry at least an investment grade rating. Index weights are based on the market capitalization of qualifying outstanding debt stocks.

### Dow Jones Industrial Average

The Dow is a price-weighted average of 30 actively traded blue chip stocks. The 30 stocks are chosen by the editors of the Wall Street Journal (which is published by Dow Jones & Company). The DJIA was founded on May 26, 1896. It is maintained and reviewed by editors of The Wall Street Journal.

#### Dow Jones US Select REIT Index

Is comprised of all publicly traded real estate investment trusts in the Dow Jones U.S. stock universe (i.e. real estate investment trusts (REITs) and real estate operating companies (REOCs) traded in the U.S). The indexes are designed to serve as proxies for direct real estate investment, in part by excluding companies whose performance may be driven by factors other than the value of real estate. Date of introduction Total Return: January 30, 1987; Price Return: December 31, 1998.

#### Dow Jones U.S. Total Stock Market Index

It seeks to represent all U.S. equity issues with readily available prices. To be included in the index, a security must be the primary equity issue of a U.S. company. Excluded are bulletin-board issues, because in general they do not have consistently readily available prices. — Two versions of the index are maintained, one weighted by full market capitalization and the other weighted by float-adjusted market capitalization. Date of inception January 1, 1987

#### FTSE Global Government Bonds Index

FTSE Global Government Bond Indices comprise central government debt from 22 countries, denominated in the domicile currency or Euros for Eurozone countries. Sub-indices per index segmented by maturity band also form part of the product set. Its base date is May 1988. FTSE International Limited owns and maintains this index.

#### Indexes Glossary

##### Merrill Lynch Six-Month US Treasury Bill Index

The index tracks 6-month U.S. government securities.

##### Merrill Lynch One-Year US Treasury Note Index

The index tracks U.S. government securities.

##### Merrill Lynch US Treasury/Agency Index 1-3 Years

The index tracks short-term government securities with maturities between 1 and 2.99 years. The index consists of Treasury securities with maturities between one and three years, and a total value outstanding of at least \$1 billion.

##### Merrill Lynch US Treasury/Agency Index 1-5 Years

The index tracks U.S. Treasury securities with maturities of 3 and 4.99 years. Merrill Lynch US Corporate and Government Index 1-5 Years

Merrill Lynch indices are produced by Merrill Lynch, Pierce, Fenner & Smith, Inc.

##### The MSCI ACWI (All Country World Index)

The MSCI ACWI (All Country World Index) Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI All Country World Index includes 48 markets. The index has been calculated since 1995



## MSCI Pacific ex Japan Index

The Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of Australia, Hong Kong, New Zealand and Singapore.

## MSCI EAFE

The MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. The index has been calculated since 31 December 1969. The EAFE acronym stands for Europe, Australasia, and Far East.

## MSCI Emerging Markets Index

The MSCI Emerging Markets Index has a base date of December 31, 1987. It is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.

## MSCI Frontier Markets Index

The MSCI Frontier Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of frontier markets. The index has been calculated since 2007.

## MSCI Small Cap

The objective of the MSCI Small Cap Indices is to represent the business activities of small cap companies across developed markets. MSCI selects the most liquid securities relative to their market capitalization, and targets for index inclusion 40% of the full market capitalization of the eligible small cap universe within each industry group, within each country.

## Indexes Glossary

### MSCI Global Small Cap Indices

The MSCI Global Small Cap Indices offer an exhaustive representation of this size segment by targeting companies that are in the investable Market Index but not in the Standard Index in a particular market. The indices include 48 Developed and Emerging Markets as well as Value and Growth style indices and industry indices based on the Global Industry Classification Standard (GICS®).

MSCI Can Small Cap Index - Inception Date: 12/31/1992 MSCI EAFE Small Cap Index – Inception Date: 12/31/1992  
MSCI Japan Small Cap Index - Inception Date: 12/31/1992

Pacific ex Japan Small Cap Index - Inception Date: 12/31/1992 MSCI UK Small Cap Index - Inception Date: 12/31/1992)

MSCI World ex USA Small Cap Index - Inception Date: 12/31/1992

MSCI Europe ex UK Small Cap - Inception Date: 12/31/1992

Each index measures the sum of the free float-weighted market capitalization price returns of all its constituents on a given day.

## MSCI Provisional All Country World Index

To facilitate client transition to the MSCI Global Investable Market Indices (GIMI) Methodology, MSCI Barra provided Provisional Standard and Provisional Developed Market Small Cap Indices. The Provisional indices reflected the performance of the MSCI Standard and Developed Market Small Cap Indices had they been maintained according to the rules of the MSCI Global Investable Market Indices Methodology during the transition. The Provisional indices were discontinued as of July 1, 2008, with the last day of calculation for the Provisional indices being June 30, 2008.

## MSCI World Index

The MSCI World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. As of June 2007 the MSCI World Index consisted of the following 23 developed market country indices: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom, and the United States. The index has been calculated since 1995.

The MSCI Indices are maintained by Morgan Stanley Capital International/Barra.

## Russell 1000 Value Index

The Russell 1000 Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values. . The index is a subset of the much larger Russell 3000 Index It is reconstituted annually.

## Russell 2000 Index

The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. It is reconstituted annually and was launched in 1984.

## Russell 2500 Index

The Russell 2500 Index measures the performance of the small to mid-cap segment of the U.S. equity universe, commonly referred to as "smid" cap. The Russell 2500 Index is a subset of the Russell 3000® Index. It includes approximately 2500 of the smallest securities based on a combination of their market cap and current index membership.

## Indexes Glossary

## Russell 3000 Index

The Russell 3000 Index measures the performance of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. The U.S.-based requirement disqualifies many large international firms from inclusion into the index. It is reconstituted annually and was started in 1984.

### Russell 3000 Value Index

The Russell 3000 Value Index measures the performance of the broad value segment of the U.S. equity universe. It includes those Russell 3000 companies with lower price-to-book ratios and lower forecasted growth values. It is reconstituted annually.

### Russell Microcap Index

The Russell Microcap Index measures the performance of the microcap segment of the U.S. equity market. It makes up less than 3% of the U.S. equity market. It includes 1000 of the smallest securities in the small-cap Russell 2000® Index based on a combination of their market cap and current index membership and it includes the next 1,000 securities. It excludes lesser-regulated OTC bulletin board securities and pink-sheet stocks due to their failure to meet national exchange listing requirements. It is reconstituted annually.

The Russell indices are owned and maintained by Russell Investments.

### S&P 500 Index

The S&P 500 is an index consisting of 500 stocks, which are weighted by market value. Its performance is thought to be representative of the stock market as a whole and provides a broad snapshot of the overall U.S. equity market. It is meant to reflect the risk/return characteristics of the large-cap universe. The index selects its companies based upon their market size, liquidity, and sector. Most of the companies in the index are solid mid cap or large cap corporations thus the effect of fluctuations in the price of a large firm's stock counts proportionately more than that of a smaller firm. Its inception date is 1957 and is owned and maintained by Standard & Poor's, a division of McGraw-Hill.

### S&P Global REIT Index

The index consists of all real estate investment trusts in both developed and emerging markets. The REITs in the index are primarily companies that invest in buildings, which are human occupied or used for storage. The index specifically excludes timber REITs, mortgage REITs and mortgage backed REITs. It is reconstitution annually. The date of base values is 12/31/97 and the inception dates, which correspond to the first date of data history is 7/30/89.

The initials I.M.F on page 4 stands for the International Monetary Fund.