Investment Monitoring Report

08/31/2026

Prepared by Lighthouse Advisory



Investment Monitoring Report

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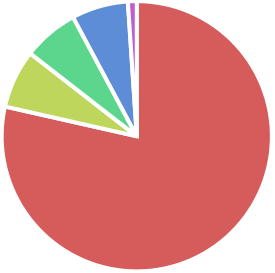
Investment Monitoring Report

Inv. Data as of 06/30/26. Holdings as of 06/30/26. (P) Proposed (R) Remove (W) Watch (N) Not Rated

STATE OF AFFAIRS

3	13	0.09 %
INVESTMENTS TO WATCH/REMOVE	INVESTMENTS THAT PASS	WEIGHTED AVERAGE NET EXP RATIO

ASSET ALLOCATION



BROAD ASSET CLASS	# INVESTMENTS	$ ASSETS	% OF TOTAL ASSETS
U.S. Equity	9	7,676,407	78.54
International Equity	2	682,943	6.99
Sector Equity	1	651,198	6.66
Taxable Bond	3	661,127	6.76
Money Market	1	102,807	1.05
TOTAL	16	9,774,482	100

INVESTMENTS TO WATCH

The Custom Score is based on your IPS monitoring criteria for that investment type (active/passive/tdf/money market and stable value). Investments that met the criteria will be shaded with a green background while investments that did not will be shaded in yellow.

Qtrs on watch includes the number of quarters the fund has been labeled with a status of Watch or Remove.

INVESTMENTS NAME	PEER GROUP	CUSTOM SCORE	QTRS ON WATCH		$ ASSETS	
			IN A ROW	LAST 3 YEARS	THIS FUND	% OF TOTAL
American Funds Capital World Bd R-6 (W)	Global Bond	30	1	1	148,245.74	1.52

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STATE OF AFFAIRS

PROPOSED INVESTMENT CHANGES

INVESTMENTS NAME	TICKER	PEER GROUP	CUSTOM SCORE	QTRS ON WATCH		$ ASSETS		NET EXP. RATIO (% RANK)
				IN A ROW	LAST 3 YEARS	THIS FUND	% OF TOTAL	
#1								
T. Rowe Price New Horizons I (R)	PRJIX	Mid-Cap Growth	**40**	5	5	(80,000)	0.82	0.66 (14)
Lord Abbett Growth Opportunities R4 (P)	LGOSX	Mid-Cap Growth	**85**	-	-	80,000	0.82	0.96 (52)
#2								
Vanguard Real Estate Index Admiral (R)	VGSLX	Real Estate	**40**	7	7	(651,198.29)	6.66	0.13 (6)

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Investment Monitoring Report

Inv. Data as of 06/30/26. Holdings as of 06/30/26. (P) Proposed (R) Remove (W) Watch (N) Not Rated

HOLDINGS SUMMARY

$9,774,481	16	3
TOTAL ASSETS	INVESTMENTS	INVESTMENTS TO WATCH/REMOVE

INVESTMENT NAME	TYPE	TICKER	PEER GROUP	ACTION	$ ASSETS	% OF TOTAL ASSETS
American Funds Capital World Bd R-6 (W)	MF	RCWGX	Global Bond	Watch	148,246	1.52
Fidelity Government MMkt (N)	MF	SPAXX	Money Market Taxable	Not Rated	102,807	1.05
Lord Abbett Growth Opportunities R4 (P)	MF	LGOSX	Mid-Cap Growth	Proposed	0	0.00
PIMCO Income Instl	MF	PIMIX	Multisector Bond	-	187,966	1.92
T. Rowe Price New Horizons I (R)	MF	PRJIX	Mid-Cap Growth	Remove	80,000	0.82
Vanguard 500 Index Admiral	MF	VFIAX	Large Blend	-	1,222,986	12.51
Vanguard Emerging Mkts Stock Idx Adm	MF	VEMAX	Diversified Emerging Mkts	-	472,370	4.83
Vanguard Growth Index Admiral	MF	VIGAX	Large Growth	-	435,056	4.45
Vanguard Mid Cap Index Admiral	MF	VIMAX	Mid-Cap Blend	-	153,041	1.57
Vanguard Mid-Cap Value Index Admiral	MF	VMVAX	Mid-Cap Value	-	446,300	4.57
Vanguard Real Estate Index Admiral (R)	MF	VGSLX	Real Estate	Remove	651,198	6.66
Vanguard Small Cap Growth Index Admiral	MF	VSGAX	Small Growth	-	538,479	5.51
Vanguard Small Cap Index Admiral Shares	MF	VSMAX	Small Blend	-	792,081	8.10
Vanguard Small Cap Value Index Admiral	MF	VSIAX	Small Value	-	3,013,671	30.83
Vanguard Total Bond Market Index Adm	MF	VBTLX	Intermediate Core Bond	-	324,915	3.32
Vanguard Total Intl Stock Index Admiral	MF	VTIAX	Foreign Large Blend	-	210,573	2.15
Vanguard Value Index Adm	MF	VVIAX	Large Value	-	994,792	10.18
					9,774,481	

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EXECUTIVE SUMMARY

The Custom Score is based on your due diligence criteria for that investment type (active/passive/target date/money market and stable value). Investments that met the criteria will be shaded with a green background while investments that did not will be shaded in yellow.

INVESTMENT NAME	TICKER	PEER GROUP	ASSETS	PRIOR QUARTERS SCORES											
				26 Q2	26 Q1	25 Q4	25 Q3	25 Q2	25 Q1	24 Q4	24 Q3	24 Q2	24 Q1	23 Q4	23 Q3
American Funds Capital World Bd R-6 (W)	RCWGX	IB	148,246	30	40	55	55	55	40	40	75	60	60	75	75
Fidelity Government MMkt (N)	SPAXX	TM	102,807	-	-	-	-	-	-	-	-	-	-	-	-
Lord Abbett Growth Opportunities R4 (P)	LGOSX	MG	-	85	85	75	85	55	40	40	40	40	25	25	25
PIMCO Income Instl	PIMIX	MU	187,966	100	100	100	100	85	85	70	70	75	90	90	90
T. Rowe Price New Horizons I (R)	PRJIX	MG	80,000	40	40	25	25	40	40	40	40	40	40	75	60
Vanguard 500 Index Admiral	VFIAX	LB	1,222,986	85	100	100	100	100	100	90	75	75	75	90	90
Vanguard Emerging Mkts Stock Idx Adm	VEMAX	EM	472,370	65	75	87.5	87.5	92.5	100	100	100	100	95	95	95
Vanguard Growth Index Admiral	VIGAX	LG	435,056	75	75	75	75	75	75	75	75	75	75	75	75
Vanguard Mid Cap Index Admiral	VIMAX	MB	153,041	85	95	90	90	100	100	92.5	92.5	77.5	77.5	82.5	87.5
Vanguard Mid-Cap Value Index Admiral	VMVAX	MV	446,300	100	100	100	90	100	100	82.5	100	77.5	77.5	77.5	77.5
Vanguard Real Estate Index Admiral (R)	VGSLX	SR	651,198	40	40	65	65	57.5	52.5	40	57.5	40	57.5	52.5	40
Vanguard Small Cap Growth Index Admiral	VSGAX	SG	538,479	95	75	70	75	65	65	75	40	45	62.5	70	70
Vanguard Small Cap Index Admiral Shares	VSMAX	SB	792,081	85	100	100	90	100	100	100	100	90	90	92.5	92.5
Vanguard Small Cap Value Index Admiral	VSIAX	SV	3,013,671	95	100	100	100	100	100	100	100	100	100	95	92.5
Vanguard Total Bond Market Index Adm	VBTLX	CI	324,915	87.5	87.5	70	70	82.5	85	85	85	85	95	100	92.5
Vanguard Total Intl Stock Index Admiral	VTIAX	FB	210,573	90	100	90	82.5	82.5	70	90	70	70	65	77.5	65
Vanguard Value Index Adm	VVIAX	LV	994,792	100	100	87.5	95	95	100	100	100	100	100	95	100

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SCORECARD

CRITERIA FOR: ACTIVE

A SCORE of **50.0** or greater is required for the investment to pass

LABEL	DATA POINT	WEIGHT
1 YR Peer	**1-Year Return - % Rank** Is In The Top *50* Percent Of Peer Group	15
3 YR Peer	**3-Year Return - % Rank** Is In The Top *50* Percent Of Peer Group	15
5 YR Peer	**5-Year Return - % Rank** Is In The Top *50* Percent Of Peer Group	10
Net EXP	**Prospectus Net Exp Ratio - % Rank** Is In The Top *25* Percent Of Peer Group	15
3 YR Alpha	**Alpha (3 Yr) - % Rank - BestFit Index** Is In The Top *50* Percent Of Peer Group	10
5 YR Beta	**Beta (5 Yr) - Primary Index** Between *0.75* And *1.25*	10
5 YR SHRP	**Sharpe Ratio (5 Yr) - % Rank** Is In The Top *50* Percent Of Peer Group	10
Style Drift	**Style Screen** Has No Style Drift	15

CRITERIA FOR: PASSIVE

A SCORE of **75.0** or greater is required for the investment to pass

LABEL	DATA POINT	WEIGHT
1 YR Peer	**1-Year Return - % Rank** Is In The Top *50* Percent Of Peer Group	5
3 YR Peer	**3-Year Return - % Rank** Is In The Top *50* Percent Of Peer Group	7.5
5 YR Peer	**5-Year Return - % Rank** Is In The Top *50* Percent Of Peer Group	10
10 YR Peer	**10-Year Return - % Rank** Is In The Top *50* Percent Of Peer Group	12.5
Net EXP	**Prospectus Net Exp Ratio - % Rank** Is In The Top *35* Percent Of Peer Group	20
3 YR STD DEV	**Standard Deviation (3 Yr) - % Rank** Is In The Top *50* Percent Of Peer Group	10
5 YR STD DEV	**Standard Deviation (5 Yr) - % Rank** Is In The Top *50* Percent Of Peer Group	15
3 YR TRK ERR	**Tracking Error (3 Yr) - Prospectus Benchmark** Is Less Than Or Equal To *3*	10
5 YR TRK ERR	**Tracking Error (5 Yr) - Prospectus Benchmark** Is Less Than Or Equal To *3*	10

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SCORECARD

Each investment will be evaluated against the watch list criteria applicable to it's investment type (active, passive, target date or money market/stable value). The sum of the passing weights for each criteria will be display for the quarter end and will be colored green or yellow based on the threshold established.

ACTIVE

MID-CAP GROWTH

INVESTMENT NAME	Q2 2026	SCORECARD - CURRENT QUARTER BREAKDOWN							
		1 YR PEER	3 YR PEER	5 YR PEER	NET EXP	3 YR ALPHA	5 YR BETA	5 YR SHRP	STYLE DRIFT
Lord Abbett Growth Opportunities R4-LGOSX (P)	85	25.58	21.39	6.25	0.96	3.71	1.18	0.22	No
T. Rowe Price New Horizons I-PRJIX (R)	40	30.25	10.33	-0.38	0.66	-5.61	1.05	-0.10	Yes
RUSSELL MID CAP GROWTH TR USD		6.17	15.60	6.02					
MEDIAN		12.00	14.07	3.85	0.95	-2.08	1.11	0.10	

GLOBAL BOND

INVESTMENT NAME	Q2 2026	SCORECARD - CURRENT QUARTER BREAKDOWN							
		1 YR PEER	3 YR PEER	5 YR PEER	NET EXP	3 YR ALPHA	5 YR BETA	5 YR SHRP	STYLE DRIFT
American Funds Capital World Bd R-6-RCWGX (W)	30	-0.01	3.39	-1.78	0.48	0.13	1.29	-0.60	No
FTSE WGBI NONUSD USD		-2.08	2.01	-4.19					
MEDIAN		1.90	4.08	-1.28	0.85	0.15	1.21	-0.56	

MULTISECTOR BOND

INVESTMENT NAME	Q2 2026	SCORECARD - CURRENT QUARTER BREAKDOWN							
		1 YR PEER	3 YR PEER	5 YR PEER	NET EXP	3 YR ALPHA	5 YR BETA	5 YR SHRP	STYLE DRIFT
PIMCO Income Instl-PIMIX	100	6.78	7.77	3.83	0.54	1.29	0.79	0.03	No
BLOOMBERG US UNIVERSAL TR USD		4.15	4.70	0.44					
MEDIAN		5.13	6.97	2.51	0.79	0.60	0.79	-0.20	

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SCORECARD

PASSIVE

LARGE BLEND

INVESTMENT NAME	Q2 2026	SCORECARD - CURRENT QUARTER BREAKDOWN								
		1 YR PEER	3 YR PEER	5 YR PEER	10 YR PEER	NET EXP	3 YR STD DEV	5 YR STD DEV	3 YR TRK ERR	5 YR TRK ERR
Vanguard 500 Index Admiral-VFIAX	85	22.27	20.56	13.36	15.46	0.04	13.05	15.85	0.00	0.00
MORNINGSTAR US LM CAP MKT TR USD		22.24	20.82	12.84	15.40					
MEDIAN		20.54	19.34	12.03	14.43	0.67	13.20	15.84	2.50	2.82

LARGE GROWTH

INVESTMENT NAME	Q2 2026	SCORECARD - CURRENT QUARTER BREAKDOWN								
		1 YR PEER	3 YR PEER	5 YR PEER	10 YR PEER	NET EXP	3 YR STD DEV	5 YR STD DEV	3 YR TRK ERR	5 YR TRK ERR
Vanguard Growth Index Admiral-VIGAX	75	18.59	22.91	13.17	18.00	0.05	17.42	20.55	0.01	0.01
RUSSELL 1000 GROWTH TR USD		17.70	22.57	13.71	18.58					
MEDIAN		15.78	20.95	10.46	16.33	0.80	16.84	19.60	4.14	4.61

LARGE VALUE

INVESTMENT NAME	Q2 2026	SCORECARD - CURRENT QUARTER BREAKDOWN								
		1 YR PEER	3 YR PEER	5 YR PEER	10 YR PEER	NET EXP	3 YR STD DEV	5 YR STD DEV	3 YR TRK ERR	5 YR TRK ERR
Vanguard Value Index Adm-VVIAX	100	25.91	18.00	12.30	12.66	0.05	11.56	14.07	0.09	0.08
RUSSELL 1000 VALUE TR USD		27.11	17.78	11.17	11.52					
MEDIAN		20.88	15.95	10.48	11.46	0.75	12.05	14.61	3.97	3.99

MID-CAP BLEND

INVESTMENT NAME	Q2 2026	SCORECARD - CURRENT QUARTER BREAKDOWN								
		1 YR PEER	3 YR PEER	5 YR PEER	10 YR PEER	NET EXP	3 YR STD DEV	5 YR STD DEV	3 YR TRK ERR	5 YR TRK ERR
Vanguard Mid Cap Index Admiral-VIMAX	85	16.75	15.32	7.94	11.77	0.05	14.34	17.04	0.01	0.01
MORNINGSTAR US MID CAP MKT TR USD		22.94	16.89	9.22	12.75					
MEDIAN		22.91	15.18	8.61	11.10	0.83	15.66	17.54	4.13	4.47

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SCORECARD

PASSIVE

MID-CAP VALUE

INVESTMENT NAME	Q2 2026	SCORECARD - CURRENT QUARTER BREAKDOWN								
		1 YR PEER	3 YR PEER	5 YR PEER	10 YR PEER	NET EXP	3 YR STD DEV	5 YR STD DEV	3 YR TRK ERR	5 YR TRK ERR
Vanguard Mid-Cap Value Index Admiral-VMVAX	100	22.61	15.14	9.45	10.76	0.07	13.40	16.19	0.03	0.03
RUSSELL MID CAP VALUE TR USD		26.61	16.50	9.47	10.62					
MEDIAN		21.52	13.86	9.02	10.30	0.86	14.46	16.63	4.60	4.86

SMALL BLEND

INVESTMENT NAME	Q2 2026	SCORECARD - CURRENT QUARTER BREAKDOWN								
		1 YR PEER	3 YR PEER	5 YR PEER	10 YR PEER	NET EXP	3 YR STD DEV	5 YR STD DEV	3 YR TRK ERR	5 YR TRK ERR
Vanguard Small Cap Index Admiral Shares-VSMAX	85	29.48	16.72	7.68	11.74	0.05	17.26	18.94	0.02	0.02
MORNINGSTAR US SMALL CAP MKT TR USD		26.95	15.56	6.85	10.67					
MEDIAN		34.01	16.31	7.76	11.27	0.94	18.63	19.56	5.26	5.06

SMALL GROWTH

INVESTMENT NAME	Q2 2026	SCORECARD - CURRENT QUARTER BREAKDOWN								
		1 YR PEER	3 YR PEER	5 YR PEER	10 YR PEER	NET EXP	3 YR STD DEV	5 YR STD DEV	3 YR TRK ERR	5 YR TRK ERR
Vanguard Small Cap Growth Index Admiral-VSGAX	95	32.73	17.46	5.37	12.15	0.07	19.18	20.66	0.02	0.03
RUSSELL 2000 GROWTH TR USD		38.74	18.43	5.56	11.97					
MEDIAN		33.56	16.11	4.72	12.12	1.06	19.74	20.81	7.21	6.96

SMALL VALUE

INVESTMENT NAME	Q2 2026	SCORECARD - CURRENT QUARTER BREAKDOWN								
		1 YR PEER	3 YR PEER	5 YR PEER	10 YR PEER	NET EXP	3 YR STD DEV	5 YR STD DEV	3 YR TRK ERR	5 YR TRK ERR
Vanguard Small Cap Value Index Admiral-VSIAX	95	27.00	16.08	9.22	10.99	0.07	16.43	18.50	0.03	0.03
RUSSELL 2000 VALUE TR USD		43.00	18.72	8.23	10.89					
MEDIAN		32.47	15.44	8.50	10.47	1.02	18.44	19.64	5.47	5.49

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SCORECARD

PASSIVE

DIVERSIFIED EMERGING MKTS

INVESTMENT NAME	Q2 2026	SCORECARD - CURRENT QUARTER BREAKDOWN								
		1 YR PEER	3 YR PEER	5 YR PEER	10 YR PEER	NET EXP	3 YR STD DEV	5 YR STD DEV	3 YR TRK ERR	5 YR TRK ERR
Vanguard Emerging Mkts Stock Idx Adm-VEMAX	65	24.01	17.05	5.05	8.43	0.13	12.42	15.04	2.77	2.62
MSCI EM NR USD		43.50	23.02	7.19	10.07					
MEDIAN		43.73	22.10	6.69	9.76	1.02	16.13	17.93	5.17	5.60

FOREIGN LARGE BLEND

INVESTMENT NAME	Q2 2026	SCORECARD - CURRENT QUARTER BREAKDOWN								
		1 YR PEER	3 YR PEER	5 YR PEER	10 YR PEER	NET EXP	3 YR STD DEV	5 YR STD DEV	3 YR TRK ERR	5 YR TRK ERR
Vanguard Total Intl Stock Index Admiral-VTIAX	90	27.36	18.68	8.76	9.92	0.09	12.91	15.43	2.39	2.48
MSCI ACWI EX USA NR USD		27.65	18.81	8.78	9.92					
MEDIAN		21.46	16.72	8.43	9.59	0.82	12.82	15.76	3.58	3.77

REAL ESTATE

INVESTMENT NAME	Q2 2026	SCORECARD - CURRENT QUARTER BREAKDOWN								
		1 YR PEER	3 YR PEER	5 YR PEER	10 YR PEER	NET EXP	3 YR STD DEV	5 YR STD DEV	3 YR TRK ERR	5 YR TRK ERR
Vanguard Real Estate Index Admiral-VGSLX (R)	40	12.49	9.14	2.81	4.92	0.13	16.72	19.14	0.01	0.01
MORNINGSTAR US REAL EST TR USD		12.45	9.47	3.18	5.30					
MEDIAN		13.54	9.37	3.45	5.38	0.89	16.36	18.77	2.17	2.18

INTERMEDIATE CORE BOND

INVESTMENT NAME	Q2 2026	SCORECARD - CURRENT QUARTER BREAKDOWN								
		1 YR PEER	3 YR PEER	5 YR PEER	10 YR PEER	NET EXP	3 YR STD DEV	5 YR STD DEV	3 YR TRK ERR	5 YR TRK ERR
Vanguard Total Bond Market Index Adm-VBTLX	87.5	3.70	4.16	0.07	1.50	0.04	5.46	6.32	0.21	0.22
BLOOMBERG US AGG BOND TR USD		3.79	4.15	0.08	1.54					
MEDIAN		3.69	4.16	0.02	1.56	0.46	5.52	6.35	0.46	0.64

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INVESTMENT SNAPSHOT

Mutual funds and Exchange Traded Funds (ETFs) are sold by prospectus. Please consider the investment objectives, risks, charges and expenses carefully before investing. The prospectus, and, if available, the summary prospectus, which contains this and other information, can be obtained by calling your financial advisor. Read the prospectus and, if available, the summary prospectus carefully before you invest. *The performance information shown represents past performance and is not a guarantee of future results. Investment returns and principal value of an investment will fluctuate so that when shares are redeemed, they may be worth more or less than their original cost. The performance information shown reflects performance without adjusting for sales charges. If adjusted, the load would reduce the performance quoted. Current performance may be higher or lower than the data shown. For the most recent month-end performance and information on expenses, visit www.fi360.com/directory.* Percentile ranks calculated by Fi360, are based on the return shown compared to peer group (1 = top rank), do not account for sales charges, and are not provided for periods under a year.

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U.S. EQUITY : LARGE BLEND

INVESTMENT NAME	TYPE	TICKER	TOTAL RETURN (% RANK)						NET EXP. RATIO (% RANK)
			3 MO	YTD	1 YR	3 YR	5 YR	10 YR	
Vanguard 500 Index Admiral	MF	VFIAX	15.19	10.19	22.27 (30)	20.56 (27)	13.36 (21)	15.46 (16)	0.04 (5)
MORNINGSTAR US LM CAP MKT TR USD			15.62	10.45	22.24	20.82	12.84	15.40	-
MEDIAN MF/ETF/CIT			14.61	9.64	20.54	19.34	12.03	14.42	0.67
# OF MF/ETF/CIT PEERS			1,383	1,363	1,321	1,243	1,168	1,014	1,397

U.S. EQUITY : LARGE GROWTH

INVESTMENT NAME	TYPE	TICKER	TOTAL RETURN (% RANK)						NET EXP. RATIO (% RANK)
			3 MO	YTD	1 YR	3 YR	5 YR	10 YR	
Vanguard Growth Index Admiral	MF	VIGAX	18.7	6.36	18.59 (34)	22.91 (31)	13.17 (21)	18.00 (21)	0.05 (3)
RUSSELL 1000 GROWTH TR USD			16.74	5.32	17.70	22.57	13.71	18.58	-
MEDIAN MF/ETF/CIT			17.40	6.36	15.78	20.95	10.46	16.33	0.81
# OF MF/ETF/CIT PEERS			1,082	1,078	1,063	1,012	970	883	1,093

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INVESTMENT SNAPSHOT

U.S. EQUITY : LARGE VALUE

INVESTMENT NAME	TYPE	TICKER	TOTAL RETURN (% RANK)						NET EXP. RATIO (% RANK)
			3 MO	YTD	1 YR	3 YR	5 YR	10 YR	
Vanguard Value Index Adm	MF	VVIAX	11.65	15.34	25.91 (22)	18.00 (25)	12.30 (16)	12.66 (22)	0.05 (3)
RUSSELL 1000 VALUE TR USD			13.86	16.25	27.11	17.78	11.17	11.52	-
MEDIAN MF/ETF/CIT			10.26	10.75	20.89	15.94	10.47	11.45	0.75
# OF MF/ETF/CIT PEERS			1,141	1,137	1,124	1,088	1,038	964	1,147

U.S. EQUITY : MID-CAP BLEND

INVESTMENT NAME	TYPE	TICKER	TOTAL RETURN (% RANK)						NET EXP. RATIO (% RANK)
			3 MO	YTD	1 YR	3 YR	5 YR	10 YR	
Vanguard Mid Cap Index Admiral	MF	VIMAX	12.55	11.84	16.75 (75)	15.32 (47)	7.94 (63)	11.77 (31)	0.05 (5)
MORNINGSTAR US MID CAP MKT TR USD			16.04	17.46	22.94	16.89	9.22	12.75	-
MEDIAN MF/ETF/CIT			14.28	16.00	22.97	15.19	8.61	11.10	0.83
# OF MF/ETF/CIT PEERS			424	424	415	374	355	302	424

U.S. EQUITY : MID-CAP GROWTH

INVESTMENT NAME	TYPE	TICKER	TOTAL RETURN (% RANK)						NET EXP. RATIO (% RANK)
			3 MO	YTD	1 YR	3 YR	5 YR	10 YR	
Lord Abbett Growth Opportunities R4 (P)	MF	LGOSX	25.68	21.63	25.58 (20)	21.39 (12)	6.25 (27)	12.63 (37)	0.96 (52)
T. Rowe Price New Horizons I (R)	MF	PRJIX	20.72	19.29	30.25 (11)	10.33 (74)	-0.38 (90)	13.16 (28)	0.66 (14)
RUSSELL MID CAP GROWTH TR USD			14.54	7.27	6.17	15.60	6.02	13.04	-
MEDIAN MF/ETF/CIT			17.76	11.76	12.06	14.13	3.85	12.01	0.95
# OF MF/ETF/CIT PEERS			483	482	479	470	463	436	487

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INVESTMENT SNAPSHOT

U.S. EQUITY : MID-CAP VALUE

INVESTMENT NAME	TYPE	TICKER	TOTAL RETURN (% RANK)						NET EXP. RATIO (% RANK)
			3 MO	YTD	1 YR	3 YR	5 YR	10 YR	
Vanguard Mid-Cap Value Index Admiral	MF	VMVAX	7.73	12.58	22.61 (46)	15.14 (38)	9.45 (43)	10.76 (39)	0.07 (3)
RUSSELL MID CAP VALUE TR USD			13.40	17.58	26.61	16.50	9.47	10.62	-
MEDIAN MF/ETF/CIT			11.15	13.37	21.54	13.88	9.07	10.32	0.87
# OF MF/ETF/CIT PEERS			406	405	404	382	371	339	408

U.S. EQUITY : SMALL BLEND

INVESTMENT NAME	TYPE	TICKER	TOTAL RETURN (% RANK)						NET EXP. RATIO (% RANK)
			3 MO	YTD	1 YR	3 YR	5 YR	10 YR	
Vanguard Small Cap Index Admiral Shares	MF	VSMAX	16.02	18.24	29.48 (73)	16.72 (46)	7.68 (52)	11.74 (33)	0.05 (4)
MORNINGSTAR US SMALL CAP MKT TR USD			14.00	14.00	26.95	15.56	6.85	10.67	-
MEDIAN MF/ETF/CIT			19.88	22.03	34.10	16.33	7.77	11.27	0.94
# OF MF/ETF/CIT PEERS			631	629	623	596	579	523	631

U.S. EQUITY : SMALL GROWTH

INVESTMENT NAME	TYPE	TICKER	TOTAL RETURN (% RANK)						NET EXP. RATIO (% RANK)
			3 MO	YTD	1 YR	3 YR	5 YR	10 YR	
Vanguard Small Cap Growth Index Admiral	MF	VSGAX	21.11	21.43	32.73 (54)	17.46 (36)	5.37 (43)	12.15 (49)	0.07 (3)
RUSSELL 2000 GROWTH TR USD			25.70	22.17	38.74	18.43	5.56	11.97	-
MEDIAN MF/ETF/CIT			24.85	22.23	33.63	16.11	4.73	12.12	1.06
# OF MF/ETF/CIT PEERS			538	537	536	531	516	479	540

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INVESTMENT SNAPSHOT

U.S. EQUITY : SMALL VALUE

INVESTMENT NAME	TYPE	TICKER	TOTAL RETURN (% RANK)						NET EXP. RATIO (% RANK)
			3 MO	YTD	1 YR	3 YR	5 YR	10 YR	
Vanguard Small Cap Value Index Admiral	MF	VSIAX	12.33	15.82	27.00 (71)	16.08 (46)	9.22 (38)	10.99 (32)	0.07 (3)
RUSSELL 2000 VALUE TR USD			17.18	22.99	43.00	18.72	8.23	10.89	-
MEDIAN MF/ETF/CIT			16.62	20.85	32.48	15.45	8.51	10.47	1.02
# OF MF/ETF/CIT PEERS			476	476	475	463	448	416	478

INTERNATIONAL EQUITY : DIVERSIFIED EMERGING MKTS

INVESTMENT NAME	TYPE	TICKER	TOTAL RETURN (% RANK)						NET EXP. RATIO (% RANK)
			3 MO	YTD	1 YR	3 YR	5 YR	10 YR	
Vanguard Emerging Mkts Stock Idx Adm	MF	VEMAX	11.39	11.14	24.01 (87)	17.05 (82)	5.05 (71)	8.43 (74)	0.13 (5)
MSCI EM NR USD			24.05	23.84	43.50	23.02	7.19	10.07	-
MEDIAN MF/ETF/CIT			22.30	25.31	43.73	22.14	6.69	9.76	1.02
# OF MF/ETF/CIT PEERS			739	735	729	697	643	539	744

INTERNATIONAL EQUITY : FOREIGN LARGE BLEND

INVESTMENT NAME	TYPE	TICKER	TOTAL RETURN (% RANK)						NET EXP. RATIO (% RANK)
			3 MO	YTD	1 YR	3 YR	5 YR	10 YR	
Vanguard Total Intl Stock Index Admiral	MF	VTIAX	11.99	13.95	27.36 (20)	18.68 (28)	8.76 (44)	9.92 (37)	0.09 (7)
MSCI ACWI EX USA NR USD			14.49	13.68	27.65	18.81	8.78	9.92	-
MEDIAN MF/ETF/CIT			10.45	10.47	21.46	16.72	8.43	9.59	0.81
# OF MF/ETF/CIT PEERS			698	692	678	651	620	548	701

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INVESTMENT SNAPSHOT

SECTOR EQUITY : REAL ESTATE

INVESTMENT NAME	TYPE	TICKER	TOTAL RETURN (% RANK)						NET EXP. RATIO (% RANK)
			3 MO	YTD	1 YR	3 YR	5 YR	10 YR	
Vanguard Real Estate Index Admiral (R)	MF	VGSLX	9.68	11.12	12.49 (70)	9.14 (60)	2.81 (71)	4.92 (65)	0.13 (6)
MORNINGSTAR US REAL EST TR USD			9.30	11.14	12.45	9.47	3.18	5.30	-
MEDIAN MF/ETF/CIT			10.49	13.76	13.56	9.37	3.45	5.40	0.89
# OF MF/ETF/CIT PEERS			215	214	212	205	198	178	217

TAXABLE BOND : GLOBAL BOND

INVESTMENT NAME	TYPE	TICKER	TOTAL RETURN (% RANK)						NET EXP. RATIO (% RANK)
			3 MO	YTD	1 YR	3 YR	5 YR	10 YR	
American Funds Capital World Bd R-6 (W)	MF	RCWGX	1.11	-0.8	-0.01 (68)	3.39 (66)	-1.78 (62)	0.68 (57)	0.48 (9)
FTSE WGBI NONUSD USD			0.95	-0.82	-2.08	2.01	-4.19	-1.49	-
MEDIAN MF/ETF/CIT			1.47	-0.17	1.86	4.11	-1.18	0.91	0.84
# OF MF/ETF/CIT PEERS			145	145	145	145	145	140	145

TAXABLE BOND : INTERMEDIATE CORE BOND

INVESTMENT NAME	TYPE	TICKER	TOTAL RETURN (% RANK)						NET EXP. RATIO (% RANK)
			3 MO	YTD	1 YR	3 YR	5 YR	10 YR	
Vanguard Total Bond Market Index Adm	MF	VBTLX	0.7	0.74	3.70 (49)	4.16 (50)	0.07 (42)	1.50 (58)	0.04 (8)
BLOOMBERG US AGG BOND TR USD			0.66	0.61	3.79	4.15	0.08	1.54	-
MEDIAN MF/ETF/CIT			0.69	0.63	3.69	4.16	0.01	1.56	0.46
# OF MF/ETF/CIT PEERS			463	459	454	428	406	342	463

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INVESTMENT SNAPSHOT

TAXABLE BOND : MULTISECTOR BOND

INVESTMENT NAME	TYPE	TICKER	TOTAL RETURN (% RANK)						NET EXP. RATIO (% RANK)
			3 MO	YTD	1 YR	3 YR	5 YR	10 YR	
PIMCO Income Instl	MF	PIMIX	2.09	1.53	6.78 (12)	7.77 (20)	3.83 (10)	4.81 (9)	0.54 (16)
BLOOMBERG US UNIVERSAL TR USD			0.92	0.77	4.15	4.70	0.44	1.94	-
MEDIAN MF/ETF/CIT			1.81	1.55	5.13	6.97	2.51	3.83	0.79
# OF MF/ETF/CIT PEERS			387	382	372	352	322	258	388

MONEY MARKET : MONEY MARKET TAXABLE

INVESTMENT NAME	TYPE	TICKER	TOTAL RETURN (% RANK)						NET EXP. RATIO (% RANK)
			3 MO	YTD	1 YR	3 YR	5 YR	10 YR	
Fidelity Government MMkt (N)	MF	SPAXX	0.82	1.65	3.60 (59)	4.36 (58)	3.31 (56)	2.06 (51)	0.42 (63)
ICE BOFA USD 3M DEP OR CM TR USD			0.90	1.82	4.07	4.83	3.60	2.52	-
MEDIAN MF/ETF/CIT			0.84	1.69	3.68	4.44	3.35	2.06	0.31
# OF MF/ETF/CIT PEERS			670	658	642	576	543	446	684

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FIDUCIARY NEWS

Quick Takes: Q2 2026 Review of Defined Contribution Regulation, Legislation, & Litigation

Regulatory Updates

Trump Signs Order to Expand Retirement Coverage

In an executive order on April 30, 2026, President Trump unveiled TrumpIRA.gov.[i] Stating that "It is the policy of the United States to promote high-quality, low-cost individual retirement accounts (IRAs) offered by private-sector financial institutions that meet objective standards of cost, transparency, and fiduciary responsibility" as well as "access to retirement-savings options similar to those enjoyed by Federal employees." He further noted an intention to "...give these often-left-out American workers access to the same type of retirement-savings opportunities offered to every Federal worker and to establish an easy and transparent way for eligible workers to obtain up to a $1,000 match for their savings", linking the initiative to the Saver's Match provisions in SECURE 2.0. For employers, it's important to note that no action is required for the related Saver's Match; it is optional to allow receipt of Saver's Match deposits.

DOL: Trump Accounts Aren't Subject to ERISA

On June 18, 2026, the Department of Labor (DOL) issued guidance clarifying whether newly created Trump Accounts and employer contribution arrangements associated with them are subject to the Employee Retirement Income Security Act (ERISA). The bottom line, according to Technical Release 2026-02, is that Internal Revenue Code (IRC) section 530A Trump Accounts and section 128 Trump Account contribution programs generally will not constitute "employee pension benefit plans" for purposes of Title I of ERISA.[ii]

The guidance also addresses employers that allow employees to make contributions through payroll deductions. In general, the DOL notes that these arrangements can continue to qualify for the existing IRA payroll-deduction safe harbor if employer contributions cease after the growth period, participation remains voluntary and employers remain neutral and do not "endorse" specific providers or products.

DOL Announces 'Good Faith' Enforcement Policy on Paper Statements

On May 12, 2026, in Field Assistance Bulletin (FAB) No. 2026-02, the DOL announced its approach to monitoring adherence to the new paper statement requirement mandated in SECURE 2.0.[iii] In the FAB, the DOL explained that until it issues a final regulation or other applicable administrative guidance, it will not take enforcement action against plan administrators that comply in good faith with a reasonable interpretation of the provisions contained in the notice of proposed rulemaking issued this past February.[iv] For plan sponsors, while this is a welcome reprieve, this time should be used to discuss with service providers how the paper statement requirement will be deployed once the enforcement policy is in effect.

Slight Increase Announced for 2027 HSA Limits

Health savings account (HSA) holders will have slightly higher account limits in 2027. On May 29, 2026, the Internal Revenue Service (IRS) issued the HSA limits for 2027, which include an increase for those with high-deductible health plan (HDHP) coverage.[v] For calendar year 2027, the annual limits for an individual with self-only coverage is $4,500 and an individual with family coverage is $9,000. There were also slight increases from 2026 to the eligibility thresholds for the HDHP for both self-only and family coverage.

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EBSA Announces (New) Enforcement Priorities

In mid-April 2026, EBSA outlined its enforcement priorities and guiding principles — and there's a definite shift in emphasis. FAB No. 2026-01 outlines four priorities of focus that the DOL says will "ensure that the Department's enforcement authority is used in a manner that promotes transparency, consistency, and the rule of law":[vi]

1. Focusing enforcement on the most egregious conduct and significant harm
2. Ensuring, whenever possible and consistent with our mission, that EBSA does not regulate by enforcement and instead promotes fairness, prior notice, and clarity to the regulated community
3. Requiring proper review by senior agency officials of all critical enforcement initiatives
4. Committing to timely and responsive enforcement

For plan sponsors, this practically means that there will be less focus on the small technical errors (made in good faith efforts) and more focus on core breaches of fiduciary duty. Plan fiduciaries should be prepared with strong fiduciary documentation to ensure expeditious DOL inquiries.

SEC Provides Some PEP Guidance

The Securities and Exchange Commission (SEC) has issued informal guidance addressing the applicability of the "single trust exclusion" under the Investment Company Act (ICA) in relation to pooled employer plans (PEPs). The SEC also addressed Rule 180 — the so-called "sophistication requirement" — in relation to collective investment trusts (CITs) issued to PEPs that cover self-employed individuals.

The guidance came in the form of a Staff Statement issued by the SEC's Division of Investment Management, which noted that since enactment of the SECURE Act, the staff has received inquiries about how PEPs should be treated under federal securities laws.[vii]

"...in the staff's view, it is reasonable to similarly treat pooled employer plans as single employer plans for purposes of Rule 180(a)(2)," the guidance advises. The guidance further notes that the staff understands that ERISA requires the pooled plan provider to provide most of the administrative and fiduciary responsibilities with respect to that plan, effectively assuming the role of the employer. "As such, the staff takes the view that a CIT may apply the rule's sophistication requirement with respect to the plan's pooled plan provider, rather than any employer, to confirm that the provider is able to adequately represent the interests of plan participants."

However, it also includes a caveat noting that it represents the views of the staff, and is not a "rule, regulation, or statement of the Commission," and "like all staff statements, has no legal force or effect."

Legislative Updates

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Several bills were introduced, though not yet passed legislation targeting employer flexible benefits programs – effectively codifying IRS Private Letter Ruling from 2024 – and a bill to permit deductible charitable contributions from 401(k)s.[viii] Here are a few other pieces of legislation that are pending, though not yet finalized.

Bill Seeks to Make Small Business Tax Credit Easier to Claim

The Retirement Investment in Small Employers (RISE) Act (H.R. 8837) was introduced in April 2026 and was referred to the U.S. House Ways and Means Committee.[ix] The House version of the RISE Act builds on a version introduced in the U.S. Senate last year, adding a provision to make it easier to claim the small business tax credit.

Currently, small business owners must front all costs, manage paperwork, and wait for tax season to partially recover expenses. The new provision will allow the service provider (i.e., the company managing the retirement plan for the business) to claim the tax credit as payment for services that would ordinarily be charged to the employer for starting the plan, thereby reducing the administrative headaches of tracking, and ultimately collecting the tax credit owed. This bill has not yet made it out of Committee.

New Legislation Would Expand Catch-Up Eligibility for Caregivers

Two companion bills that seek to alleviate the negative impact that unpaid family caregiving has on saving for retirement were introduced in both the House and Senate in April 2026 with bipartisan support.

The Catching Up Family Caregivers Act (H.R. 8273 / S. 4291) would allow family caregivers additional years of eligibility for the highest catch-up contribution levels in employer-sponsored retirement plans.[x] More specifically, it would allow full-time family caregivers to qualify for up to five additional years of maximum catch-up contributions.

The second bill, Improving Retirement Security for Family Caregivers Act (H.R. 8274 / S. 4292), would allow family caregivers to contribute to a Roth IRA up to the maximum amount allowed even if they don't make that much in earned income.[xi] These bills have been introduced but are not yet law.

HSA Expansion Bill Introduced

A bill has been introduced that would expand the expenses that HSA funds can be used for and expand the eligible population for HSAs.[xii]

The Health Savings Account Expansion Act (S. 4353) would permit HSA owners to use their HSA funds to cover insurance premiums, as well as membership and administrative fees for healthcare sharing ministries. Additionally, HSA funds could be used for "periodic fees paid to a physician for a defined set of medical services," and "amounts prepaid for medical services designed to screen for, diagnose, cure, mitigate, treat, or prevent disease and promote wellness."

Litigation Updates

Collective Investment Trust (CIT) Selection Challenged

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Noting that this case "demonstrates definitively what plan sponsors have observed from 401(k) litigation for decades: they will be a target for strike suits no matter what decisions they make," the U.S. Chamber of Commerce has weighed in on a case challenging the use of a CIT.[xiii] The suit was filed earlier this year and while it targeted — as numerous other suits have — the use of plan forfeitures, not to mention allegedly excessive recordkeeping fees, it also pursued the decision to invest in what it termed "structurally opaque" CIT target-date fund series by the $1.03 billion Lithia Motors, Inc. 401(k) Plan.[xiv]

Participant Data Challenge Rebuffed

The defendants in a massive participant data usage suit have asked the court to dismiss the case, arguing that as a recordkeeper they weren't fiduciaries, that investment decisions made after a rollover aren't governed by ERISA, and that a single transaction doesn't constitute advice.[xv]

The suit, filed in August 2025, argued that Empower used data it possessed as a recordkeeper to target rollover candidates that its advisory unit encouraged to move to its managed account product.[xvi] The suit further alleged that the additional fees, limited personal customization and incentives to promote that offering, were not disclosed. Moreover, it took issue with the plan sponsors (their clients) as not monitoring or supervising these activities, though they aren't parties to the suit.

The arguments echo those in a similar case also filed by the law firm of Schlichter Bogard LLC almost a year prior involving TIAA and multiple university plans using its managed account services (provided by Morningstar), which is still active.[xvii]

In their new motion, the Empower defendants first argue that their participant interactions did not constitute investment advice for a fee, essentially that it failed to meet the "regular basis" test from the 1975 five-part test, "and that failure alone defeats Plaintiffs' theory that Empower acted as an ERISA fiduciary by providing investment advice."[xviii] The motion also pushed back on an attempt to link "multiple ongoing interactions" as advice, rather than "education or other routine interactions."

For plan sponsors, it is important to review and understand recordkeeper practices related to conflicts of interest, participant data and cross-selling.

Meaningful Benchmarks and the Investment Policy Statement (IPS)

A recent suit challenged the plan's IPS as "non-specific and vague" and that it lacked standard fund evaluation metrics such as expense ratio requirements, style consistency, and risk-adjusted performance measures, but that it relied on "overly generous peer fund evaluation metrics" that allowed imprudent funds to remain in the plan despite consistent underperformance relative to appropriate benchmarks.[xix] The suit further alleged that the committee failed to follow the IPS, and that all these failures resulted in substantial losses to participants.

However, the heart of the decision lies in its treatment of the prudence claims. Reiterating a familiar but increasingly consequential principle, the court stressed that ERISA's duty of prudence is "process-oriented, not results-oriented." As the opinion puts it, courts are not tasked with second-guessing investment outcomes, but with evaluating whether fiduciaries engaged in a "reasoned decision-making process." Or, more pointedly: "Prudence does not mean clairvoyance."

"Underperformance" Suits Surface

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Volatile markets have predictably produced another wave of suits alleging fiduciary breaches tied to allegedly underperforming investments. But while plaintiffs continue to challenge investment lineups based on hindsight comparisons and disappointing returns, courts remain focused on a more fundamental question: whether fiduciaries employed a prudent decision-making process.

Several recent cases underscore that simply alleging underperformance is not enough.

One suit against the fiduciaries of the Aon retirement plan alleged "massive underperformance" relative to supposedly comparable investment options and claimed that the breadth of that underperformance itself suggested a flawed monitoring process.[xx] Yet notably, the complaint itself acknowledged that many of the facts necessary to support those allegations were "known only to Defendants or are exclusively within their control," effectively conceding that the actual fiduciary process had not yet been identified.

A similar theory appeared in litigation involving the nearly $9 billion American Express plan, where plaintiffs challenged a custom target-date fund suite that allegedly compounded participant losses by investing heavily in other underperforming funds already included in the plan lineup.[xxi] The suit further alleged conflicts of interest tied to relationships with Morgan Stanley Investment Management and claimed those relationships influenced investment selection and retention decisions.

Meanwhile, courts continue to emphasize that ERISA's prudence standard is "process-oriented, not results-oriented." In dismissing excessive fee and underperformance claims involving the Sonic Automotive 401(k) Plan, a federal judge reiterated that courts are not tasked with second-guessing investment outcomes but rather evaluating whether fiduciaries engaged in a reasoned decision-making process.

Taken together, these decisions reflect a continuing judicial reluctance to allow ERISA claims to proceed based solely on poor outcomes, fee comparisons, or retrospective disagreements with fiduciary judgments. Increasingly, courts appear to be demanding specific allegations showing not merely that investments underperformed, but that fiduciaries failed to engage in a prudent and well-documented process in selecting and monitoring those investments.

Shifts in "Standing"

Courts are beginning to make it easier for ERISA plaintiffs to get past early dismissal by recognizing overpayment and risk exposure, not just denied benefits, as sufficient injury to establish standing. In recent healthcare fiduciary cases, judges have allowed claims to proceed based on allegations that participants paid more than they should have for coverage, even when they received all promised benefits.[xxii] This signals a shift: claims tied to excess costs resulting from poor fiduciary oversight such as vendor selection, PPO arrangements, or fee management can now be enough to move a case forward.

A similar dynamic is emerging in pension risk transfer (PRT) litigation. At least one court has been willing to find standing based on allegations that participants received a less secure annuity, even without a present financial loss, recognizing potential future harm as sufficient at the pleading stage. While many of these cases are still being dismissed on the merits, the key takeaway is that the threshold issue of standing is becoming less of a barrier for plaintiffs, increasing the likelihood that fiduciary decisions will face deeper judicial scrutiny.

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For plan sponsors, this raises the stakes on process and documentation. Fiduciaries should treat health plans with the same rigor as retirement plans, particularly around fee reasonableness and vendor oversight, and should regularly benchmark costs and document decision-making for providers, networks, and insurers. Just as importantly, fiduciaries should evaluate and record not only cost outcomes but also risk considerations, especially in areas like PRT. Even without benefit denials, allegations of overpayment or increased risk can trigger litigation, making well-documented, prudent processes essential.

Schlichter Bogard LLC Files a Fifth VBO Fiduciary Suit

Having already filed four suits alleging fiduciary breaches regarding voluntary benefit programs, Schlichter Bogard has filed another, and they are not the first firm to do so.

The suit alleges that the plan fiduciaries "violated their duties with respect to the management and administration of accident, critical illness, and hospital indemnity insurance programs ('Voluntary Benefits Insurance') offered as a plan governed by ERISA (the 'Plan')."[xxiii] The suit further alleges that Banner, Lockton, and BCInsourcing, all fiduciaries of the Plan, engaged in self-dealing regarding the Plan, and that each was a knowing participant in the self-dealing of the others. Moreover, that Lockton and BCInsourcing are liable for disgorgement and other equitable relief as a party-in-interest, knowing participant in, and beneficiary of Banner's fiduciary breaches.

Schlichter Bogard filed a series of similar suits just ahead of the Christmas holidays targeting four national employers, and their benefit consultants.

[i] Donald J. Trump, "Promoting Retirement-Savings Access for American Workers by Establishing TrumpIRA.gov," Executive Order, April 30, 2026, https://www.whitehouse.gov/presidential-actions/2026/04/promoting-retirement-savings-access-for-american-workers-by-establishing-trumpira-gov/.[ii] U.S. Department of Labor, Employee Benefits Security Administration, "Application of Title I of ERISA to Trump Accounts and Employer Trump Account Contribution Programs," Technical Release 2026-02 (June 18, 2026), https://www.dol.gov/agencies/ebsa/employers-and-advisers/guidance/technical-releases/26-02.[iii] Section 338 of SECURE 2.0 amends Section 105(a)(2) of ERISA to require that defined contribution plans provide at least one pension benefit statement per year on paper; and defined benefit plans furnish at least one pension benefit statement on paper every three years.[iv] U.S. Department of Labor, Employee Benefits Security Administration, "Temporary Enforcement Policy Regarding Pension Benefit Statements Under ERISA Section 105(a)(2)(E)," Field Assistance Bulletin No. 2026-02 (May 12, 2026), https://www.dol.gov/agencies/ebsa/employers-and-advisers/guidance/field-assistance-bulletins/2026-02.[v] U.S. Department of the Treasury and Internal Revenue Service, "2027 Inflation Adjusted Amounts for Health Savings Accounts," Revenue Procedure 2026-24, *Internal Revenue Bulletin* 2026-25 (May 29, 2026), https://www.irs.gov/pub/irs-drop/rp-26-24.pdf.[vi] U.S. Department of Labor, Employee Benefits Security Administration, "Guiding Principles for EBSA Enforcement Priorities," Field Assistance Bulletin No. 2026-01 (April 14, 2026), https://www.dol.gov/agencies/ebsa/employers-and-advisers/guidance/field-assistance-bulletins/2026-01.[vii] U.S. Securities and Exchange Commission, Division of Investment Management, "Staff Statement Regarding Pooled Employer Plans," May 4, 2026, https://www.sec.gov/newsroom/speeches-statements/im-staff-statement-pooled-employer-plans-050426.[viii] The Optimizing Participant Tax Incentives through Optional Noncash Selections (OPTIONS) Act (H.R. 8314) was introduced to enable employees to "prioritize savings according to their immediate and long-term financial needs." See, Optimizing Participant Tax Incentives through Optional Noncash Selections Act (OPTIONS Act), H.R. 8314, 119th Cong. (2026). The legislation has been referred for consideration to the House Ways and Means Committee; The Charity Parity Act (H.R. 8783 / S. 4511) was introduced in the House of Representatives on May 13, 2026. See, *Charity Parity Act*, H.R. 8783 / S. 4511, 119th Cong. (2026). The Charity Parity Act would expand on SECURE 2.0 by allowing direct qualified charitable distributions (QCDs) from employer-sponsored retirement plans, as SECURE 2.0 did with IRAs.[ix] *Retirement Investment in Small Employers Act*, H.R. 8837, 119th Cong. (2026).[x] *Catching Up Family Caregivers Act of 2026*, H.R. 8273 / S. 4291, 119th Cong. (2026).[xi] *Improving Retirement Security for Family Caregivers Act of 2026*, H.R. 8274 / S. 4292, 119th Cong. (2026).[xii] *Health Savings Account Expansion Act*, S. 4353, 119th Cong. (2026).[xiii] Brief of the U.S. Chamber of Commerce as *Amicus Curiae* in Support of Defendants, *Ventura v. Lithia Motors, Inc.* (C.D. Cal. 2026).[xiv] Complaint, *Ventura v. Lithia Motors, Inc.* (C.D. Cal. Feb. 20, 2026).[xv] Motion to Dismiss, *Williams-Linzey v. Empower Advisory Group, LLC*, No. 3:25-cv-14660 (D.N.J. 2026).[xvi] Complaint, *Williams-Linzey v. Empower Advisory Group, LLC*, No. 3:25-cv-14660 (D.N.J. Aug. 15, 2025).[xvii] Complaint, *Kelley v. Teachers Insurance and Annuity Association of America*, No. 24-5945 (S.D.N.Y. Aug. 5, 2024).[xviii] 29 CFR § 2510.3-21(c)[xix] *Nolan v. Sonic Automotive, Inc.*, No. 3:25-cv-00474 (W.D.N.C. May 1, 2026).[xx] Complaint, *Clayton v. Aon Corp.*, No. 1:26-cv-06026 (N.D. Ill. May 22,

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2026).[xxi] Complaint, *Rivetti v. American Express Co.*, No. 1:26-cv-04082 (S.D.N.Y. May 15, 2026).[xxii] *Barbich v. Northwestern University*, No. 25-cv-6849 (N.D. Ill. Apr. 3, 2026) (denying motion to dismiss).[xxiii] Complaint, *Haller v. Banner Health*, No. 2:26-cv-03114 (D. Ariz. May 5, 2026).

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MARKET REVIEW

Q2 2026 Overview

Wall Street enjoyed a solid quarter of growth during a period of time that was anything but stable. April, May, and June saw a de-escalation in a major conflict, a reaffirmation of the independence of the central bank from political pressure, strong corporate earnings, a resilient consumer, and a U.S. economy that continued to expand, despite several tumultuous developments.



Both the S&P 500 and the NASDAQ enjoyed their strongest quarters since 2020. The gains posted by the Dow put that index on track for its best first half in about five years and its biggest quarter since 2022. The quarter opened with investors still digesting tariff uncertainty and the ongoing U.S.-Iran conflict, which pushed energy prices higher and raised concerns about the efficacy of risk assets. There were concerns that equities were overvalued, while volatility increased as investors tried to price in the possibility of prolonged disruption to global trade and shipping routes. However, news of U.S.-Iran peace talks and a ceasefire in the Strait of Hormuz helped defuse one of the quarter's biggest concerns. The reopening of key shipping lanes and the prospect of more stable energy markets supported risk appetite, with stocks moving higher.

The Markets Snapshot

Information technology and communication services were the sector leaders as investor enthusiasm for AI drove much of the market. Industrials, real estate, financials, and health care also made notable strides by the end of the second quarter.

The U.S. bond market spent much of the second quarter oscillating between rising and falling yields, influenced by resilient growth, stubborn inflation, and a cautious Federal Reserve. Treasury yields drifted higher in the second quarter as energy-linked inflation coupled with fading hopes for near-term fiscal easing ultimately pushed yields up but not without periods of decline. The 10-year Treasury yield spent most of the quarter swaying within a volatile 4.0%-4.5% range. The two-year note also ebbed and flowed for much of the quarter. However, the yield curve (the 10-year yield minus the 2-year yield) shifted from a prolonged inversion into positive territory.

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According to FactSet, following a blowout Q1 in which S&P 500 companies posted 28.6% earnings growth (the highest since 2021), corporate profits are expected to carry strong momentum into the second quarter. Since the start of Q2 earnings season in mid-July, analysts are projecting a year-over-

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year growth rate of 20.6%-21.3% for the S&P 500. Corporate America remains resilient despite market anxiety surrounding sticky inflation and a potential Federal Reserve interest rate hike in September.

The second quarter of 2026 proved to be a difficult period for gold, which endured its worst quarterly performance in 13 years. After hitting an all-time high of $5,589.38 per ounce in late January, gold prices steadily declined. Gold began Q2 at about $4,700.00 per ounce, only to slide to under $4,030.00 per ounce by the end of June, marking the first negative quarterly performance in the last 11 quarters. Typically, the tensions in the Middle East would trigger a flight to safety, boosting gold. However, surging crude oil prices stoked fears of inflation and evaporated projected interest rate cuts by the Federal Reserve, which dampened interest in non-yielding gold and other precious metals.

To describe the second quarter as a roller-coaster ride for energy markets would be an understatement. Volatility in the Middle East sent crude oil prices surging to near four-year highs in April. However, a diplomatic compromise, including the reopening of the Strait of Hormuz, led to a massive reduction in crude oil prices throughout June. April saw prices rise to a 46-month high of nearly $113.00 per barrel, more than double the price at the start of the year. Escalating crude oil prices impacted consumers at the pumps, where gasoline prices climbed to a national average of over $4.00 per gallon. In mid-May, peace talks slowed price increases, culminating in a ceasefire agreement in mid-June, which resulted in the rapid deflation of crude oil prices to about $70.00 per barrel by the end of the quarter. The retail price for regular gasoline was $3.914 per gallon on June 22, $0.561 below the price at the end of May but $0.701 more than the price a year ago. According to Freddie Mac, the 30-year fixed-rate mortgage averaged 6.49% as of June 25. That's up from 6.38% at the end of March but under the 6.77% rate from a year earlier.

Stock Market Indexes

Market/Index	2025 Close	As of June 30	Monthly Change	Quarterly Change	YTD Change
DJIA	48,063.29	52,319.20	2.52%	12.90%	8.85%
NASDAQ	23,241.99	26,213.72	-2.81%	21.41%	12.79%
S&P 500	6,845.50	7,499.36	-1.06%	14.87%	9.55%
Russell 2000	2,481.91	3,024.37	3.60%	21.15%	21.86%
Global Dow	6,169.34	6,823.89	-1.09%	9.60%	10.61%
fed. funds target rate	3.50%-3.75%	3.50%-3.75%	0 bps	0 bps	0 bps
10-year Treasuries	4.16%	4.41%	-4 bps	10 bps	25 bps
US Dollar-DXY	98.26	101.15	2.24%	1.29%	2.94%
Crude Oil-CL=F	$57.46	$70.05	-20.28%	-30.99%	21.91%
Gold-GC=F	$4,323.90	$4,026.50	-11.95%	-14.34%	-6.88%

Despite persistent inflation, tighter financial conditions, and geopolitical tensions, the U.S. economy showed surprising resilience. Gross domestic product held steady at an annualized rate of 2.1% during the quarter. While growth was modest, it exceeded fears of an economic contraction that prevailed throughout the end of the first quarter. The conflict in the Middle East, beginning in mid-March, had a ripple effect throughout the economy. Crude oil prices rapidly increased, inflationary pressures were felt for both products and services, and consumer spending retreated. Employment

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growth, which cooled in the first quarter, exceeded expectations in the second quarter, with job gains averaging 175,500 for April and May. The unemployment rate remained at 4.3% for April and May.

Inflationary pressures, which had stabilized somewhat in the first quarter, made a supply-driven return in the second quarter. Driven by rising energy prices, the Consumer Price Index spiked to an estimated annualized average of 6.0% for the quarter, while core prices hovered around 3.2%. The personal consumption expenditures price index peaked near 3.8% during the second quarter. In response, the Federal Reserve, under new leadership, maintained the federal funds target rate range but is expected to hike rates during the remainder of the year in an attempt to rein in rising prices.

Latest Economic News

The following section contains a review of the latest economic data available as of June 30, 2026.

- Employment: Job growth exceeded expectations for the second consecutive month in May as employment rose by 172,000 after increasing 179,000 (revised) in the previous month. The change in employment for March was revised up by 29,000 to 214,000, and the change for April was revised up by 64,000 to 179,000. With these revisions, employment in March and April combined was 93,000 higher than previously reported. The unemployment rate was 4.3% in May, unchanged from the previous month's rate and from May 2025. The number of unemployed persons in May was 7.3 million, which was essentially unchanged from the previous month and from May 2025. The number of long-term unemployed (those jobless for 27 weeks or more), at 2.0 million in May, rose 155,000 from the April rate and accounted for 27.5% of all unemployed persons. The total number of long-term unemployed in May was about 524,000 more than the estimate from a year earlier. The labor force participation rate, at 61.8% in May, was unchanged from the April rate and was 0.6 percentage point below the rate from a year earlier. The employment-population ratio in May, at 59.2%, increased 0.1 percentage point from April but was 0.5 percentage point below the May 2025 estimate. In May, average hourly earnings increased by $0.12, or 0.3%, to $37.53. Over the past 12 months ended in May, average hourly earnings rose by 3.4%, down 0.2 percentage point from the 12 months ended in April 2026 (3.6%). The average workweek was unchanged at 34.3 hours last month.

- There were 215,000 initial claims for unemployment insurance for the week ended June 20, 2026. During the same period, the total number of workers receiving unemployment insurance was 1,821,000. The insured unemployment rate was 1.2%, 0.1 percentage point below the rate a year earlier. A year ago, there were 236,000 initial claims, while the total number of workers receiving unemployment insurance was 1,960,000.

- FOMC/interest rates: As expected, the Federal Open Market Committee (FOMC) left the federal funds target rate range unchanged at its current 3.50%-3.75%. Following its first meeting under new Fed chair Kevin Warsh, the Committee's statement, which was much briefer than in the past, indicated that economic activity was moving at a solid pace and that inflation remained elevated.

- GDP/budget:The rate of economic expansion accelerated somewhat in the first quarter of 2026, with gross domestic product (GDP) rising 2.1%, according to the third and final estimate from the Bureau of Economic Analysis. In the fourth quarter, GDP rose 0.5%. Compared to the fourth quarter, the increase in GDP in the first quarter reflected advances in government spending (-5.6% to +4.4%) and exports (-3.2% to +10.9%) and a deceleration in consumer spending (+1.9% to +0.5%) that were partly offset by an acceleration in investment (+2.3% to +7.9%). Consumer spending, as measured by personal consumption expenditures, is the primary driver of GDP. In the first quarter, spending on both goods and services each rose 0.5%.

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- May 2026 saw the federal budget register a deficit of $239 billion following April's $215 billion surplus, which was driven by large individual tax deposits. A year earlier, the surplus was $316 billion. In May, receipts totaled $356 billion, while expenditures were $628 billion. Over the eight months of the current fiscal year, the government deficit sits at $1,246 billion, $118 billion less than the cumulative deficit over the same period of the previous fiscal year. Over the same eight months, individual income taxes, at $1,913 billion, accounted for more than half of the total receipts of $3,656 billion. Total expenditures for this fiscal year equal $4,902 billion, of which Social Security ($1,097 billion) was the largest outlay.

- Inflation/consumer spending: According to the latest Personal Income and Outlays report, both personal income and disposable (after-tax) personal income each rose 0.7% in May from April. Personal consumption expenditures increased 0.7%. Consumer prices, as measured by the PCE price index, rose 0.4% in May, the same increase as in April. Excluding food and energy, the PCE price index increased 0.3% in May. From the same month one year ago, the PCE price index increased 4.1% (3.8% for the 12 months ended in April). Excluding food and energy, the PCE price index increased 3.4% from May 2025 (3.3% for the year ended in April).

- The Consumer Price Index (CPI) advanced 0.5% in May and 4.2% over the last 12 months, 0.4 percentage point higher than for the 12 months ended in April. Energy prices, which drove the overall surge in CPI, rose 3.9% in May and 23.5% over the last 12 months. Gasoline prices increased 7.8% in May and 40.5% since May 2025. Shelter prices increased 0.3% in May and 3.4% since May 2025. Food prices rose 0.2% in May and 2.7% over the last 12 months. Prices less food and energy rose 0.2% in May and 2.9% over the last 12 months.

- The latest data reveals that the Producer Price Index increased 1.1% in May, unchanged from the revised April estimate. Producer prices increased 6.5% over the last 12 months, the largest 12-month advance since the 12 months ended November 2022. In May, prices for goods rose 2.8% from the previous month, which accounted for nearly 80.0% of the overall increase. Gasoline prices rose 23.4% in May. Prices for services increased 0.3% in May. For the year, producer prices for goods rose 10.4%, while prices for services advanced 4.9%. Excluding foods and energy, prices increased 0.4% in May and 4.9% over the year. Excluding foods, energy, and trade services, producer prices moved up 0.8% in May and 5.1% since May 2025.

- Housing: Existing home sales increased 3.2% in May and 3.2% from a year ago. Inventory of existing homes for sale in May, at a 4.5-month supply, was unchanged from the prior month's estimate. The median sales price in May was $429,300, up from the April estimate of $417,500, and greater than the May 2025 price of $423,700. Sales of existing single-family homes rose 3.5% in May and 3.3% from May 2025. The median sales price for existing single-family homes in May was $434,300, up from the previous month's price of $421,900, and higher than the May 2025 price of $428,800.

- The most recent data shows sales of new single-family houses in May 2026 were 7.3% below the April rate and 6.8% under the May 2025 estimate. Inventory of new single-family homes for sale in May represented a supply of 10.3 months at the current sales rate, 10.8% above the April estimate and 6.2% over the May 2025 figure. The median sales price of new houses sold in May 2026 was $424,900. This was 2.0% above the April price and unchanged from the May 2025 price. The average sales price of new houses sold in May 2026 was $540,600. This was 7.8% above the April price and 5.0% higher than the April 2025 figure.

- Manufacturing: Industrial production (IP) ticked up 0.1% in May after rising 0.9% in April. IP was 1.7% above its year-earlier level. Manufacturing output was unchanged from the prior month last month but 1.4% above the May 2025 estimate. In May, the index for mining rose 1.3% and was up 2.0% from last year, while the index for utilities decreased 0.4% in May but was 3.1% over the May 2025 estimate.

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- According to the latest report from the Census Bureau, new orders for durable goods decreased $15.6 billion, or 4.5%, in May following an 8.5% April advance. Excluding transportation, new orders increased 1.3%. Excluding defense, new orders decreased 4.6%. Transportation equipment led the May decrease, falling $18.5 billion, or 14.0%.

- Imports and exports:U.S. import prices increased 1.9% in May, according to the latest report from the Bureau of Labor Statistics. Prices for exports increased 1.3% in May. Over the 12 months ended in May, import prices rose 6.7%, the largest over-the-year advance since import prices rose 7.7% in August 2022. Export prices increased 11.2% since May 2025, the largest over-the-year increase since export prices rose 11.2% in August 2022.

- The international trade in goods deficit was $105.8 billion in May, up $22.7 billion, or 27.4%, from April. Exports of goods for May were $207.7 billion, $11.8 billion, or 5.4%, less than April exports. Imports of goods for May were $313.4 billion, $10.9 billion, or 3.6%, more than April imports.

- The latest information on international trade in goods and services, released June 9, 2026, was for April and revealed that the goods and services trade deficit was $55.9 billion, a decrease of $0.7 billion, or 1.2%, from the March deficit. April exports were $327.1 billion, $8.3 billion, or 2.6%, more than March exports. April imports were $383.0 billion, $7.6 billion, or 2.0%, above the March estimate. Year to date, the goods and services deficit decreased $213.5 billion, or 49.1%, from the same period in 2025. Exports increased $128.2 billion, or 11.3%. Imports decreased $85.3 billion, or 5.5%.

- International markets: June saw strong stock market performances in Europe and Asia, driven by easing energy costs and a continuing surge in AI shares. European equities had their strongest quarterly performance since the three months ended October 2020. Asian stock markets enjoyed their strongest quarter in 17 years. By the end of June, the STOXX Europe 600 Index rose 2.5% for the month and 9.9% for the second quarter; the United Kingdom's FTSE ticked up 1.7% for the month and 3.7% for the second quarter; Japan's Nikkei 225 Index gained 5.0% in June and 37.2% in the second quarter; and China's Shanghai Composite Index ticked up 0.5% in June and 5.2% in the second quarter.

- Consumer confidence: The Consumer Confidence Index inched up in June to 91.2 from 90.6 in May. The Present Situation Index, based on consumers' assessment of current business and labor market conditions, decreased by 3.0 points to 116.4. The Expectations Index, based on consumers' short-term outlook for income, business, and labor market conditions, rose by 3.0 points to 74.4.

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PERFORMANCE

Total Return (No Load). Expressed in percentage terms, an investment's total return is determined each month by taking the change in monthly net asset value, reinvesting all income and capital gains distributions during that month, and dividing by the starting NAV. Reinvestments are made using the actual reinvestment NAV, and daily payoffs are reinvested monthly. Total Return (No Load) is not adjusted for sales charges (such as front-end loads, deferred loads and redemption fees), but do reflect management, administrative, 12b-1 fees and other costs taken out of fund assets. Total returns for periods longer than one year are expressed in terms of compounded average annual returns (also known as geometric total returns).

Percentile Rank. The relative ranking of an investment within its peer group on a scale of 1-100 (1 being the best) for the data point and time period being measured. Rankings are calculated against the corresponding Peer Group and Number of Peers as explained in the following paragraph. Performance ranks do not account for an investment's sales charge (if applicable). Ranks will not be provided for periods less than one year.

Number of Peers. The number of investments in the same peer group which were used to calculate any percentile rank or Fi360 Fiduciary Score. Only investments which had the given data point being ranked are included in this number, so the number of peers can change for the same investment by data point being ranked. For Mutual funds (MF) and Exchange Traded Funds (ETF), we combine both sets of investments together to form one peer group for ranking purposes. For Collective Investment Trusts (CIT), since many do not report timely, we utilize the pre-defined MF/ETF peer group and calculate the ranks as an overlay on that peer group. There is no existing MF/ETF peer group for Stable Value, Leveraged Net Long and Money Market Non-40 Act. We use the following MF/ETF peer group as a proxy instead (Stable Value uses Short-Term Bond, Leveraged Net Long uses Large Blend and Money Market Non-40 Act uses Money Market Taxable) so we can calculate the ranks. For Group Retirement Plan Annuities (GRPA), we combine this universe with all mutual funds and ETFs to form one peer group for ranking purposes. For Separately managed accounts (SMA) and Variable annuity sub accounts (VA), we use their respective universe of investments only.

Benchmarks. A benchmark gives an investor a point of reference for evaluating a fund's performance by comparing benchmark returns to the fund's returns. This report may utilize one or many of these benchmarks:

Broad Index. The index used in the calculation of metrics such as Alpha, Beta, and R-Squared. The Broad Index provides a common comparison point for funds with similar investing styles across different peer groups.

Peer Group Index. The index assigned to the fund's peer group, which is a group of funds with similar investment style. Each peer group has its own index which can be used as a common comparison point between funds.

Best-fit Index. The market index that shows the highest correlation with a fund over the most-recent 36 months, as measured by the highest R-Squared. In addition, the Best-fit Index can be used to compare the betas and alphas of similar funds that show the same 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.

Indices are unmanaged and cannot be invested in directly. Please reference the Index Descriptions section for more specific detail on each index that is included in this report.

EXPENSES

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STATEMENT OF ADDITIONAL DISCLOSURES

Prospectus Net Expense Ratio. This value is from the investment's most recent prospectus. The percentage of investment assets used to pay for operating expenses and management fees, including 12b-1 fees, administrative fees, and all other asset-based costs incurred by the fund, except brokerage costs. Fund expenses are reflected in the fund's Net Asset Value. Sales charges are not included in the expense ratio. The expense ratio for fund of funds is the aggregate expense ratio defined as the sum of the wrap or sponsor fees plus the estimated weighted average of the underlying fund fees. A higher expense ratio will "drag" on the overall performance of a fund compared to peers with a lower expense ratio.

Net Expense Ratio (Rank). The percentile rank for the Net Expense Ratio within the investment's peer group. 1 being the best and 100 the worst.

Weighted Average Expense Ratio. Fi360 calculates this value by taking the Total Investment Option Costs and dividing by the Total Client Assets. It represents the average expenses paid through the investment options.

INVESTMENT STRATEGY & STYLE

Peer Group. Fi360 utilizes the Morningstar Category for peer group assignment. In an effort to distinguish funds by what they own, as well as by their prospectus objectives and styles, Morningstar developed the Morningstar Categories. While the prospectus objective identifies a fund's investment goals based on the wording in the fund prospectus, the Morningstar Category identifies funds based on their actual investment styles as measured by their underlying portfolio holdings (portfolio and other statistics over the past three years). Peer groups are for comparison only, and do not represent any investable products. Please reference the Peer Group Descriptions section for more specific detail on each peer group that is included in this report.

WEIGHTINGS & HOLDINGS

IPS Alignment. If a current holding does not fit within the ranges specified in the Investment Policy Statement, an alignment notice is generated. A notice can occur due to temporary style drift in an investment, a difference in categorization methodology or a gap in allocation.

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This following indices are part of this family:

- **Bloomberg US Agg Bond TR USD.** The index measures the performance of investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS. It rolls up into other Barclays flagship indices, such as the multi-currency Global Aggregate Index and the U.S. Universal Index, which includes high yield and emerging markets debt.
- **Bloomberg US Universal TR USD.** The index measures the performance of USD-denominated, taxable bonds that are rated either investment grade or high-yield. It represents the union of the U.S. Aggregate Index, U.S. Corporate High Yield Index, Investment Grade 144A Index, Eurodollar Index, U.S. Emerging Markets Index, and the non-ERISA eligible portion of the CMBS Index.

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This following indices are part of this family:

- **ICE BofA USD 3M Dep OR CM TR USD.** The index measures the performance of a synthetic asset paying Libor to a stated maturity. It is based on the assumed purchase at par of a synthetic instrument having exactly its stated maturity and with a coupon equal to that days fixing rate. That issue is assumed to be sold the following business day (priced at a yield equal to the current day fixing rate) and rolled into a new instrument.

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This following indices are part of this family:

- **FTSE WGBI NonUSD USD.** The index measures the performance of fixed-rate, local currency, investment-grade sovereign bonds of all WGBI countries except the United States and is stated in US dollar terms. It is a subset of Citigroup World Government Bond Index (WGBI).
- **Russell 1000 Growth TR USD.** The index measures the performance of the large-cap growth segment of the US equity securities. It includes the Russell 1000 index companies with higher price-to-book ratios and higher forecasted growth values. It is market-capitalization weighted. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related

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- **Russell 1000 Value TR USD.** The index measures the performance of the large-cap value segment of the US equity securities. It includes the Russell 1000 index companies with lower price-to-book ratios and lower expected growth values. It is market-capitalization weighted. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Russell Investment Group.
- **Russell 2000 Growth TR USD.** The index measures the performance of small-cap growth segment of the US equity universe. It includes those Russell 2000 companies with higher price-to-value ratios and higher forecasted growth values. It is market-capitalization weighted. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Russell Investment Group.
- **Russell 2000 Value TR USD.** The index measures the performance of small-cap value segment of the US equity universe. It includes those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. It is market-capitalization weighted. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Russell Investment Group.
- **Russell Mid Cap Growth TR USD.** The index measures the performance of the mid-cap growth segment of the US equity universe. It includes Russell midcap index companies with higher price-to-book ratios and higher forecasted growth values. It is market-capitalization weighted. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Russell Investment Group.
- **Russell Mid Cap Value TR USD.** The index measures the performance of the mid-cap value segment of the US equity universe. It includes Russell midcap index companies with lower price-to-book ratios and lower forecasted growth values. It is market-capitalization weighted.

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This following indices are part of this family:

- **Morningstar US Mid TR USD.** The index measures the performance of US 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 Real Est TR USD.** The index measures the performance of mortgage companies, property management companies and REITs.
- **Morningstar US Small TR USD.** The index measures the performance of US 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.

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STATEMENT OF ADDITIONAL DISCLOSURES: INDEX DESCRIPTIONS

This following indices are part of this family:

- **MSCI ACWI Ex USA NR USD.** The index measures the performance of the large and mid cap segments of the particular regions, excluding USA equity securities, including developed and emerging market. It is free float-adjusted market-capitalization weighted.
- **MSCI EM NR USD.** The index measures the performance of the large and mid cap segments of emerging market equity securities. It is free float-adjusted market-capitalization weighted.

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STATEMENT OF ADDITIONAL DISCLOSURES: PEER GROUP DESCRIPTIONS

- **Diversified Emerging Mkts (EM).** Diversified emerging-markets portfolios tend to divide their assets among 20 or more nations, although they tend to focus on the emerging markets of Asia and Latin America rather than on those of the Middle East, Africa, or Europe. These portfolios invest predominantly in emerging market equities, but some funds also invest in both equities and fixed income investments from emerging markets.

- **Foreign Large Blend (FB).** Foreign large-blend portfolios invest in a variety of big international stocks. Most of these portfolios divide their assets among a dozen or more developed markets, including Japan, Britain, France, and Germany. These portfolios primarily invest in stocks that have market caps in the top 70% of each economically integrated market (such as Europe or Asia ex-Japan). The blend style is assigned to portfolios where neither growth nor value characteristics predominate. These portfolios typically will have less than 20% of assets invested in U.S. stocks.

- **Global Bond (IB).** World bond portfolios typically invest 40% or more of their assets in fixed-income instruments issued outside of the U.S. These portfolios invest primarily in investment-grade rated issues, but their strategies can vary. Some follow a conservative approach, sticking with high-quality bonds from developed markets. Others are more adventurous, owning some lower-quality bonds from developed or emerging markets. Some portfolios invest exclusively outside the U.S., while others invest in both U.S. and nonU.S. bonds. Many consistently maintain significant allocations to non-U.S. dollar currencies, while others have the flexibility to make sizeable adjustments between their U.S. dollar and non-U.S. currency exposures.

- **Intermediate Core Bond (CI).** Intermediate-term core bond portfolios invest primarily in investment-grade U.S. fixed-income issues including government, corporate, and securitized debt, and hold less than 5% in below-investment-grade exposures. Their durations (a measure of interest-rate sensitivity) typically range between 75% and 125% of the three-year average of the effective duration of the Morningstar Core Bond Index.

- **Large Blend (LB).** Large-blend portfolios are fairly representative of the overall US stock market in size, growth rates and price. Stocks in the top 70% of the capitalization of the US equity market are defined as large cap. The blend style is assigned to portfolios where neither growth nor value characteristics predominate. These portfolios tend to invest across the spectrum of US industries, and owing to their broad exposure, the portfolios' returns are often similar to those of the S&P 500 Index.

- **Large Growth (LG).** Large-growth portfolios invest primarily in big U.S. companies that are projected to grow faster than other large-cap stocks. Stocks in the top 70% of the capitalization of the U.S. equity market are defined as large cap. Growth is defined based on fast growth (high growth rates for earnings, sales, book value, and cash flow) and high valuations (high price ratios and low dividend yields). Most of these portfolios focus on companies in rapidly expanding industries.

- **Large Value (LV).** Large-value portfolios invest primarily in big U.S. companies that are less expensive or growing more slowly than other large-cap stocks. Stocks in the top 70% of the capitalization of the U.S. equity market are defined as large cap. Value is defined based on low valuations (low price ratios and high dividend yields) and slow growth (low growth rates for earnings, sales, book value, and cash flow).

- **Mid-Cap Blend (MB).** The typical mid-cap blend portfolio invests in U.S. stocks of various sizes and styles, giving it a middle-of the-road profile. Most shy away from high-priced growth stocks but aren't so price-conscious that they land in value territory. Stocks in the middle 20% of the capitalization of the U.S. equity market are defined as mid-cap. The blend style is assigned to portfolios where neither growth nor value characteristics predominate.

- **Mid-Cap Growth (MG).** Some mid-cap growth portfolios invest in stocks of all sizes, thus leading to a mid-cap profile, but others focus on midsize companies. Mid-cap growth portfolios target U.S. firms that are projected to grow faster than other mid-cap stocks, therefore commanding relatively higher prices. Stocks in the middle 20% of the capitalization of the U.S. equity market are defined as mid-cap. Growth is defined based on fast growth (high growth rates for earnings, sales, book value, and cash flow) and high valuations (high price ratios and low dividend yields).

- **Mid-Cap Value (MV).** Some mid-cap value portfolios focus on medium-size companies while others land here because they own a mix of small-, mid-, and large-cap stocks. All look for U.S. stocks that are less expensive or growing more slowly than the market. Stocks in the middle 20% of the capitalization of the U.S. equity market are defined as mid-cap. Value is defined based on low valuations (low price ratios and high dividend yields) and slow growth (low growth rates for earnings, sales, book value, and cash flow).

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- **Money Market Taxable (TM).** These portfolios invest in short-term money market securities in order to provide a level of current income that is consistent with the preservation of capital. These funds do not designate themselves as Prime in form N-MFP and transact at a fixed net asset value.
- **Multisector Bond (MU).** Multisector-bond portfolios seek income by diversifying their assets among several fixedincome sectors, usually U.S. government obligations, U.S. corporate bonds, foreign bonds, and high-yield U.S. debt securities. These portfolios typically hold 35% to 65% of bond assets in securities that are not rated or are rated by a major agency such as Standard & Poor"s or Moody"s at the level of BB (considered speculative for taxable bonds) and below.
- **Real Estate (SR).** Real estate portfolios invest primarily in real estate investment trusts of various types. REITs are companies that develop and manage real estate properties. There are several different types of REITs, including apartment, factory-outlet, health-care, hotel, industrial, mortgage, office, and shopping center REITs. Some portfolios in this category also invest in real estate operating companies.
- **Small Blend (SB).** Small-blend portfolios favor U.S. firms at the smaller end of the market-capitalization range. Some aim to own an array of value and growth stocks while others employ a discipline that leads to holdings with valuations and growth rates close to the small-cap averages. Stocks in the bottom 10% of the capitalization of the U.S. equity market are defined as small cap. The blend style is assigned to portfolios where neither growth nor value characteristics predominate.
- **Small Growth (SG).** Small-growth portfolios focus on faster-growing companies whose shares are at the lower end of the market-capitalization range. These portfolios tend to favor companies in up-and-coming industries or young firms in their early growth stages. Because these businesses are fastgrowing and often richly valued, their stocks tend to be volatile. Stocks in the bottom 10% of the capitalization of the U.S. equity market are defined as small cap. Growth is defined based on fast growth (high growth rates for earnings, sales, book value, and cash flow) and high valuations (high price ratios and low dividend yields).
- **Small Value (SV).** Small-value portfolios invest in small U.S. companies with valuations and growth rates below other small-cap peers. Stocks in the bottom 10% of the capitalization of the U.S. equity market are defined as small cap. Value is defined based on low valuations (low price ratios and high dividend yields) and slow growth (low growth rates for earnings, sales, book value, and cash flow).

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In general, some of the risks associated with the Morningstar Categories shown in this report are as follows:

- **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 decline. Portfolios that hold bonds are subject to declines and increases in value due to general changes in interest rates. Bonds are also subject to prepayment risk, which is the chance that an issuer may exercise its right to prepay its security, if falling interest rates prompt the issuer to do so. Forced to reinvest the unanticipated proceeds at lower interest rates, the fund would experience a decline in income and lose the opportunity for additional price appreciation.
- **Emerging Markets.** Investments in emerging markets securities may be subject to greater market, credit, currency, liquidity, legal, political, and other risks compared with assets invested in developed foreign countries.
- **Foreign.** Investments in foreign securities may be more volatile than investing solely in U.S. markets due to interest-rate, currency, exchange rate, economic, and political risks. The value of these securities can change more rapidly and extremely than can the value of U.S. securities. Foreign securities are subject to increased issuer risk because foreign issuers may not experience the same degree of regulation as U.S. issuers do and are held to different reporting, accounting, and auditing standards. In addition, foreign securities are subject to increased costs because there are generally higher commission rates on transactions, transfer taxes, higher custodial costs, and the potential for foreign tax charges on dividend and interest payments. Many foreign markets are relatively small, and securities issued in less-developed countries face the risks of nationalization, expropriation or confiscatory taxation, and adverse changes in investment or exchange control regulations, including suspension of the ability to transfer currency from a country. Economic, political, social, or diplomatic developments can also negatively impact performance.
- **Foreign Currencies.** Foreign currencies are subject to the risks associated with such currencies and the changes in their values relative to the U.S. dollar. Such risks include volatility in the price relationship between the U.S. dollar and foreign currencies. The value of foreign currencies relative to the U.S. dollar can be affected by many factors, including national debt levels, trade deficits, international trade and foreign policies, changes in trade and balance of payments, governmental fiscal and monetary policies, currency exchange rates and changes in supply and demand that affect those rates, investment and trading activity of mutual funds, hedge funds and currency funds, exchange rate controls and government intervention in currency markets, inflation rates, interest and deposit rates, market expectations about future inflation rates and interest rates, and global and national economic, financial, political, regulatory, judicial, military and geographical events or developments. Prices of currencies of less developed or emerging market nations tend to be more volatile than those of developed countries, given the greater political, regulatory, economic, financial, military and social instability and uncertainty in less developed or emerging market nations.
- **Large Cap Equities.** Concentrating assets in large-capitalization stocks may subject the portfolio to the risk that those stocks underperform other capitalizations or the market as a whole. Large-cap companies may be unable to respond as quickly as small- and mid-cap companies can to new competitive pressures and may lack the growth potential of those securities. Historically, large-cap companies do not recover as quickly as smaller companies do from market declines.
- **Money Market.** An investment in a money market mutual fund is not insured or guaranteed by the FDIC or any other government agency. Although the funds seek to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in a money market fund.
- **Sector.** Concentrating assets in a particular industry, sector of the economy, or markets may increase volatility because the investment will be more susceptible to the impact of factors such as the market, the economy, regulations, and other dynamics affecting that industry or sector compared with a more broadly diversified asset allocation.

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STATEMENT OF ADDITIONAL DISCLOSURES: RISKS

- **Small/Mid Cap Equities.** Portfolios that invest in stocks of small- to mid-cap 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 that the overall market average.
- **Taxable Bond.** Investments in taxable bonds such as government bonds, long-term and short-term bonds, bank loans, corporate bonds, preferred stock, high-yield bonds, etc. are subject to numerous risks including those relating to reinvestment, inflation, market, selection, timing, and duration.

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