Wellington (Lux) Commodities Fund

CitiFocus Non-US Mutual Fund | Alternative Mutual Fund | ISIN: LU0277044177 | Report Currency: USD

December 31, 2022
For One-On-One Use Only

INVESTMENT STRATEGY

Actively managed commodity futures strategy, seeking to provide diversified exposure to a range of investable and traded commodities across the entire spectrum of commodity sectors (energy; industrial metals; precious metals; agriculture & livestock). Strategy will primarily invest in commodity futures, and to a lesser degree or selectively in other commodity derivatives including swaps, options, and commodity ETFs amongst other. The strategy will not invest in commodities directly (on a physical basis), nor take net short positions on individual commodities, or generally engage in arbitrage trades. Relative value style strategy, aiming to actively and opportunistically select and allocate to commodities identified as offering the most attractive fundamentals, investment potential and risk / return characteristics. Allocations are made relative to an equal weighted strategic asset allocation to the 4 main commodity sectors, with the strategy typically expected to comprise between 20 to 40 individual commodities. The strategy should be considered as an appropriate investment option for investors seeking an actively managed core or "beta-plus" exposure to commodity markets. Emphasis is placed on providing a more efficient and effective means of gaining diversified commodity exposure compared to passive commodity Exchange Traded Funds (ETFs).

Investment Manager

The Fund is lead managed by David Chang, Head of the Wellington Commodity Team, who has 20+ years commodity investment experience, and portfolio manager on the fund since its launch in March 2007. In managing the strategy, he is supported by the Wellington Commodity Team, as well as Wellington's broader global natural resource sector analysts and specialists, and relevant quantitative and technical analysts at the firm.

Positive Attributes

- Active, diversified commodity strategy, employing a relative value approach around an equal weighted strategic asset allocation to the four main commodity sectors – this approach seeks to provide scope for reduced strategy drawdowns and improved risk/return profile, when compared to many passive commodity (ETF) strategies and/or commodity sector biased commodity strategies.
- Flexibility to invest along entire term structure of commodity futures curves (using commodity derivatives), as a means to minimising negative roll yield impacts on commodities in contango, a drawback often encountered by passive commodity (ETF) strategies. Active contract selection thus seeks to achieve improved exposures.
- Lead managed by David Chang (20+ years commodity investment experience), supported by Wellington's broader commodity and natural resource sector research capabilities.

Points To Consider

- Luxembourg FCP Part II (Non-UCITS) investment fund.
- Active and directionally net long, "beta plus" investment strategy – therefore exposed to the general price and return trends across commodity markets.
- Commodity exposures gained primarily via commodity futures (commodity derivatives).

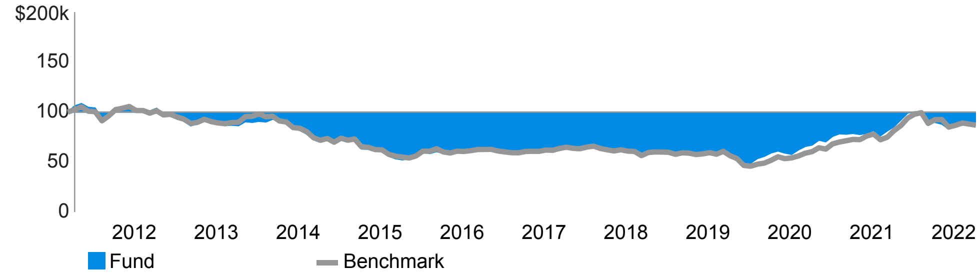
PERFORMANCE

(Net of Fees)

Inception Date | September 6, 2007   Benchmark | Bloomberg Commodity TR USD Index

Growth of a Hypothetical $100k Investment[1]

Since Inception or Latest 10 Years



Rolling 12-Month Past Performance ending 12/31/2022

	1/1/2022 – 12/31/2022	1/1/2021 – 12/31/2021	1/1/2020 – 12/31/2020	1/1/2019 – 12/31/2019	1/1/2018 – 12/31/2018
Fund	9.08	23.47	4.76	10.54	-13.35
Benchmark	16.09	27.11	-3.12	7.69	-11.25

Annualized Trailing Returns ending 12/31/2022

	MTD	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Cumulative Since Inception
Fund	0.91	6.68	9.08	9.08	12.16	6.21	-1.31	-0.67	-9.74
Benchmark	-2.45	2.22	16.09	16.09	12.65	6.44	-1.28	-1.81	-24.44

Calendar Year Returns

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Fund	9.08	23.47	4.76	10.54	-13.35	7.90	13.79	-27.37	-15.46	-13.98
Benchmark	16.09	27.11	-3.12	7.69	-11.25	1.70	11.77	-24.66	-17.01	-9.52

Source: Morningstar as of December 31, 2022. Performance results are provided by Morningstar and are net-of-fees. Please see the Performance Disclosure Notes for additional information. Please see the Important Information and Risks section for important terms and definitions. **Past performance is not indicative of future returns. Real results may vary.**

[1] Calculations provided by Morningstar and based on 120+ months of returns data.

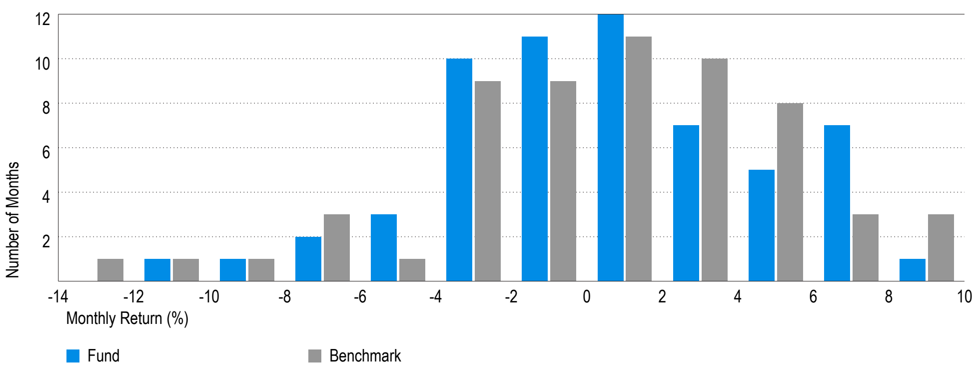
UK BOOKED AND/OR UK ADVISED RETAIL INVESTORS: Don't invest unless you're prepared to lose all the money you invest. This is a high-risk investment and you are unlikely to be protected if something goes wrong.

Monthly Returns

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
Fund	5.34	7.88	7.48	1.00	-0.48	-9.13	-0.94	-1.94	-5.65	3.11	2.53	0.91	9.08
Benchmark	8.78	6.23	8.65	4.14	1.52	-10.77	4.26	0.09	-8.11	1.99	2.74	-2.45	16.09

Distribution Of Monthly Returns

1/1/2018 to 12/31/2022



Absolute Return Relative To Peer Group[1]

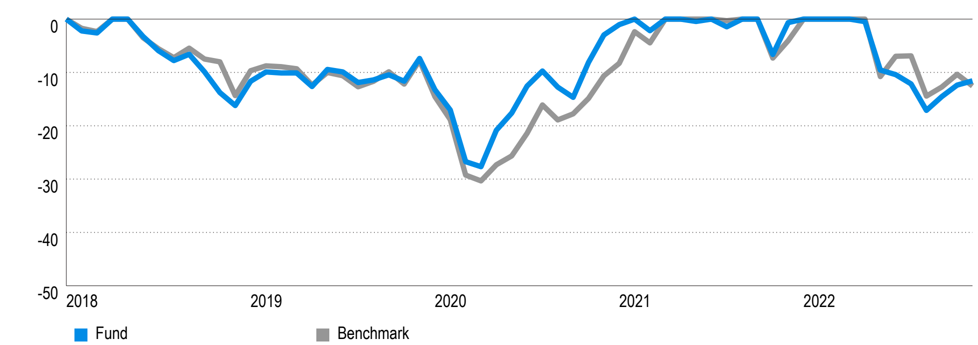
FCP – Commodities - Broad Basket

Performance Statistics

	3 Year		5 Year		10 Year	
	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark
Return (%)	12.16	12.65	6.21	6.44	-1.31	-1.28
Standard Deviation	17.91	18.64	15.14	15.76	14.06	14.13
Sharpe Ratio	0.68	0.69	0.38	0.39	-0.08	-0.08
Information Ratio	-0.06	—	-0.03	—	0.00	—
Alpha	1.08	—	0.48	—	-0.15	—
Beta	0.87	—	0.87	—	0.91	—
R2	81.95	—	81.85	—	83.47	—
Tracking Error	8.03	—	6.82	—	5.87	—
Batting Average	52.78	—	50.00	—	51.67	—
Up Percent	58.33	69.44	53.33	58.33	47.50	50.00
Down Percent	41.67	30.56	46.67	41.67	52.50	50.00
Maximum Drawdown	-21.91	-24.47	-27.67	-30.34	-52.78	-54.66
Up Capture	87.69	—	89.82	—	93.41	—
Down Capture	83.59	—	88.00	—	94.16	—

Drawdown (%)[2]

1/1/2018 to 12/31/2022



Source: Morningstar as of December 31, 2022. Performance results are provided by Morningstar and are net-of-fees. Please see the Performance Disclosure Notes for additional information. Please see the Important Information and Risks section for important terms and definitions. **Past performance is not indicative of future returns. Real results may vary.**

[1] Peer group category assigned by Morningstar, which Morningstar determines based on underlying portfolio holdings. As of December 31, 2022 there were 450 funds within this peer group. Information on data for previous time periods is available upon request.

[2] A drawdown value below 0 indicates loss of principal, expressed as a percentage, due to negative returns.

For UK Booked and/or Advised Retail Investors: This disclosure is provided in accordance with FCA Financial Promotions and High-risk Investments Instrument 2022.

Risk Summary for Non-Mainstream Pooled Investments

Estimated reading time: 2 min

Due to the potential for losses, the Financial Conduct Authority (FCA) considers this investment to be very complex and high risk.

What are the key risks?

1. You could lose all the money you invest

- If the business offering this investment fails, there is a high risk that you will lose all your money.
- Advertised rates of return aren't guaranteed. This is not a savings account. If the issuer doesn't pay you back as agreed, you could earn less money than expected or nothing at all. A higher advertised rate of return means a higher risk of losing your money. If it looks too good to be true, it probably is.

2. You are unlikely to be protected if something goes wrong

- The Financial Services Compensation Scheme (FSCS), in relation to claims against failed regulated firms, does not cover investments in unregulated collective investment schemes. You may be able to claim if you received regulated advice to invest in one, and the adviser has since failed. Try the FSCS investment protection checker here. https://www.fscs.org.uk/check/investment-protection-checker/
- Protection from the Financial Ombudsman Service (FOS) does not cover poor investment performance. If you have a complaint against an FCA regulated firm, FOS may be able to consider it. Learn more about FOS protection here. https://www.financial-ombudsman.org.uk/consumers

3. You are unlikely to get your money back quickly

- This type of business could face cash-flow problems that delay payments to investors. It could also fail altogether and be unable to repay any of the money owed to you.
- You are unlikely to be able to cash in your investment early by selling your investment. In the rare circumstances where it is possible to sell your investment in a 'secondary market', you may not find a buyer at the price you are willing to sell.
- You may have to pay exit fees or additional charges to take any money out of your investment early.

4. This is a complex investment

- This kind of investment has a complex structure based on other risky investments, which makes it difficult for the investor to know where their money is going.
- This makes it difficult to predict how risky the investment is, but it will most likely be high.
- You may wish to get financial advice before deciding to invest.

5. Don't put all your eggs in one basket

- Putting all your money into a single business or type of investment for example, is risky. Spreading your money across different investments makes you less dependent on any one to do well.
- A good rule of thumb is not to invest more than 10% of your money in high-risk investments. https://www.fca.org.uk/investsmart/5- questions-ask-you-invest

If you are interested in learning more about how to protect yourself, visit the FCA's website: https://www.fca.org.uk/investsmart
For further information about unregulated collective investment schemes (UCIS), visit the FCA's website: https://www.fca.org.uk/consumers/unregulated-collective-investment-schemes

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Bloomberg Commodity TR USD Index: The index measures the performance of future contracts on physical commodities which traded on US echanges and London Metal Exchange. The commodity weightings are based on production and liquidity, subject to weighting restrictions applied annually.

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

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General
Market & Macroeconomic Risk - The value of an investment will be increased or decreased by the performance of its underlying investments. Investors should be familiar with the underlying asset class and underlying investments and with investments in the global markets generally. Investors should understand that economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes, and differences in financial and accounting standards may have a material effect on the performance of the investment.

Derivatives and Specialized Investment Techniques - Selected managers may utilize specialized investment and trading techniques, including purchasing or selling derivatives including options, forward contracts, financial futures, standby contracts, swaps, structured notes and other derivative instruments or contracts relating to financial and other underlying assets. They may also use derivatives for leverage, in which case their use would involve leveraging risk. The use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Derivatives are subject to a number of risks described elsewhere in this section, such as liquidity risk, interest rate risk, market risk, credit risk and management risk. They also involve the risk of mispricing or improper valuation and the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index. When investing in a derivative instrument one could lose more than the principal amount invested. Also, suitable derivative transactions may not be available in all circumstances and there can be no assurance that engaging in these transactions to reduce exposure to other risks would be beneficial. Other risks include the potential inability to terminate or sell derivative positions, as a result of counterparty failure to settle or other reasons.

Concentration Risk - Concentrated exposure to any one industry, sector, asset class country, issuer or position limits diversification and increases risk. To reduce this risk, portfolio holdings are diversified across multiple industries and companies. Products that invest a large percentage of assets in only one industry sector (or in only a few sectors) are more vulnerable to price fluctuation than portfolios that diversify among a broad range of sectors.

Emerging Market and International Issuers - Investing in securities issued by emerging market and/or international issuers may involve unique risks compared to investing in the securities of issuers in your local domicile. These risks are more pronounced to the extent a portfolio or fund invests in issuers in countries with emerging markets or if a portfolio or fund invests significantly in one country. These risks may include (i) changes in exchange rates; (ii) less rigorous disclosure and accounting standards or regulatory practices; (iii) smaller, less liquid and more volatile markets; (iv) economic, political and social instability; (v) foreign taxation; (vi) possibility of government-imposed restrictions with respect to investment, exchange controls and repatriation of the proceeds of investment in that country, and (vii) other monetary and/or legal factors. The risks of investing in non-domestic securities are more pronounced in emerging markets such as those of Asian, Latin and South American, Eastern European, African and other emerging countries.

Fixed Income
General - Fixed income investments could lose money, or may not perform as well as other investments, if (i) the issuer of a security defaults or has its credit rating downgraded; (ii) interest rates increase; or (iii) the relevant investment manager‘s judgment about the attractiveness, value or credit quality of a particular security proves to be incorrect. With respect to fixed income securities, please note that in general, as prevailing interest rates rise, fixed income securities prices will fall.

High Yield Securities - High yield securities are considered speculative and, compared to investment grade securities, tend to have more volatile prices and are more susceptible to (i) changing interest rates and adverse economic and business developments; (ii) defaults or declining credit qualities; (iii) adverse economic or company specific events and (iv) negative market sentiment towards high yield securities in general.

Cash and Short-Term Investments - Money market investments could lose money, or may not perform as well as other investments, if (i) interest rates rise sharply; (ii) an issuer or guarantor defaults, or the security‘s credit rating is downgraded or (iii) the manager‘s judgment about the value or credit quality of a particular security proves to be incorrect.

General Risks: Investing in stocks, bonds and ETFs entails the risks of market volatility. The value of all types of stocks, bonds and ETFs may increase or decrease over varying time periods.

To the extent the investments depicted herein represent international securities, you should be aware that there may be additional risks associated with international investing, including foreign economic, political, monetary and/ or legal factors, changing currency exchange rates, foreign taxes and differences in financial and accounting standards. International investing may not be for everyone. These risks may be magnified in emerging markets. Small capitalization companies may lack the financial resources, product diversification and competitive strengths of larger companies.

The securities of small capitalization companies may not trade as readily as, and be subject to higher volatility than, those of larger, more established companies. Funds that invest a large percentage of assets in only one industry sector (or in only a few sectors) are more vulnerable to price fluctuation than funds that diversify among a broad range of sectors.

With respect to fixed income securities, please note that in general, as prevailing interest rates rise, fixed income securities prices will fall. High yield bonds are subject to additional risks such as increased risk of default and greater volatility because of the lower credit quality of the issues.

With respect to real estate investments, property values can fall due to environmental, economic or other reasons, and changes in interest rates can negatively impact the performance of real estate companies. Other risks include the potential inability to terminate or sell derivative positions, as a result of counterparty failure to settle or other reasons.

Mortgage-backed securities ("MBS"), which include collateralized mortgage obligations ("CMOs"), also referred to as real estate mortgage investment conduits ("REMICs"), may not be suitable for all investors. There is the possibility of early return of principal due to mortgage prepayments, which can reduce expected yield and result in reinvestment risk. Conversely, return of principal may be slower than initial prepayment speed assumptions, extending the average life of the security up to its listed maturity date (also referred to as extension risk). Additionally, the underlying collateral supporting MBS may default on principal and interest payments. In certain cases, this could cause the income stream of the security to decline and result in loss of principal. Further, an insufficient level of credit support may result in a downgrade of a mortgage bond's credit rating and lead to a higher probability of principal loss and increased price volatility. Investments in subordinated MBS involve greater credit risk of default than the senior classes of the same issue. Default risk may be pronounced in cases where the MBS security is secured by, or evidencing an interest in, a relatively small or less diverse pool of underlying mortgage loans. MBS are also sensitive to interest rate changes which can negatively impact the market value of the security. During times of heightened volatility, MBS can experience greater levels of illiquidity and larger price movements. Price volatility may also occur from other factors including, but not limited to, prepayments, future prepayment expectations, credit concerns, underlying collateral performance and technical changes in the market.

Technology Industry: The technology industries can be significantly affected by obsolescence of existing technology, short product cycles, falling prices and profits, competition from new market entrants, and general economic conditions.

Health Care Sector Risk: The profitability of companies in the health care sector may be adversely affected by the following factors, among others: extensive government regulations, restrictions on government reimbursement for medical expenses, rising costs of medical products and services, pricing pressure, an increased emphasis on outpatient services, a limited number of products, industry innovation, changes in technologies and other market developments. A number of issuers in the health care sector have recently merged or otherwise experienced consolidation. The effects of this trend toward consolidation are unknown and may be far-reaching. Many health care companies are heavily dependent on patent protection. The expiration of a company’s patents may adversely affect that company’s profitability. Many health care companies are subject to extensive litigation based on product liability and similar claims. Health care companies are subject to competitive forces that may make it difficult to raise prices and, in fact, may result in price discounting. Many new products in the health care sector may be subject to regulatory approvals. The process of obtaining such approvals may be long and costly, and such efforts ultimately may be unsuccessful. Companies in the health care sector may be thinly capitalized and may be susceptible to product obsolescence.

Financial Sector Risk: Financial services companies are subject to extensive governmental regulation which may limit both the amounts and types of loans and other financial commitments they can make, the interest rates and fees they can charge, the scope of their activities, the prices they can charge and the amount of capital they must maintain. Profitability is largely dependent on the availability and cost of capital funds and can fluctuate significantly when interest rates change or due to increased competition. In addition, deterioration of the credit markets generally may cause an adverse impact in a broad range of markets, including U.S. and international credit and interbank money markets generally, thereby affecting a wide range of financial institutions and markets. Certain events in the financial sector may cause an unusually high degree of volatility in the financial markets, both domestic and foreign, and cause certain financial services companies to incur large losses. Securities of financial services companies may experience a dramatic decline in value when such companies experience substantial declines in the valuations of their assets, take action to raise capital (such as the issuance of debt or equity securities), or cease operations. Credit losses resulting from financial difficulties of borrowers and financial losses associated with investment activities can negatively impact the sector. Insurance companies may be subject to severe price competition. Adverse economic, business or political developments could adversely affect financial institutions engaged in mortgage finance or other lending or investing activities directly or indirectly connected to the value of real estate.

Biotechnology Risk: Biotechnology companies face intense competition and potentially rapid product obsolescence. Biotechnology companies may be adversely affected by the loss or impairment of intellectual property rights or changes in government regulations Hedging: Any hedging strategy using derivatives may not achieve a perfect hedge.

Investment in China: Changes in Chinese political, social or economic policies or securities law and regulations may significantly affect the value of the Fund. Chinese securities may be subject to trading suspensions which could impact the Funds investment strategy and affect performance. Chinese tax law is applied under policies that may change without notice and with retrospective effect.

Concentration Risk: Concentration of investments in a relatively small number of securities, sectors or industries, or geographical regions may significantly affect performance.

Issuer Specific Risk: A security issued by a particular issuer may be impacted by factors that are unique to that issuer and thus may cause that security's return to differ from that of the market.

Manager Risk: Investment performance depends on the portfolio management team and the team's investment strategies. If the investment strategies do not perform as expected, if opportunities to implement those strategies do not arise, or if the team does not implement its investment strategies successfully, an investment portfolio may underperform or suffer significant losses.

Currency Risk: Investments in currencies, currency futures contracts, forward currency exchange contracts or similar instruments, as well as in securities that are denominated in foreign currency, are subject to the risk that the value of a particular currency will change in relation to one or more other currencies.

Leverage Risk: Use of leverage exposes the portfolio to a higher degree of additional risk, including (i) greater losses from investments than would otherwise have been the case had leverage not been used to make the investments, (ii) margin calls that may force premature liquidations of investment positions.

Risks of Investments in Other Pools: Investors in a fund that has invested in another fund will be subject to the same risks, in direct proportion to the amount of assets the first fund has invested in the second, as direct investors in that second fund.

Covered Call Writing: Covered call writing is considered a more conservative strategy than outright stock ownership because the investor's downside risk is partially offset by the premium received for selling the call option however the investor forgoes appreciation in the stock price above the strike price of the option sold.

Derivatives: Derivatives are financial contracts whose value depends on, or is derived from, the value of an underlying asset, reference rate or index. Typically, derivatives are used as a substitute for taking a position in the underlying asset and/or as part of a strategy designed to reduce exposure to other risks, such as interest rate or currency risk. They may also use derivatives for leverage, in which case their use would involve leveraging risk. The use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Derivatives are subject to a number of risks described elsewhere in this section, such as liquidity risk, interest rate risk, market risk, credit risk and management risk. They also involve the risk of mispricing or improper valuation and the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index. When investing in a derivative instrument one could lose more than the principal amount invested. Also, suitable derivative transactions may not be available in all circumstances and there can be no assurance that engaging in these transactions to reduce exposure to other risks would be beneficial.

High-Yield Bond: A bond with unfavorable credit characteristics that is typically non-rated or rated below investment grade. A high-yield bond trades at yields substantially higher than bonds with more favorable credit characteristics and often suffers from lack of liquidity and marketability.

Municipal Bonds: An Investment in Municipal Bonds may be subject to state and local taxes and you may also be subject to Alternative Minimum Tax (AMT). Official offerings may be made only by the final Official Statement. If sold prior to maturity you may receive more or less than your original investment. Past performance is not a guarantee of future results. Bonds are affected by a number of risks, including fluctuations in interest rates, credit risk and prepayment risk. In general, as prevailing interest rates rise, fixed income securities prices will fall. Bonds face credit risk if a decline in an issuer's credit rating, or creditworthiness, causes a bond's price to decline. High yield bonds are subject to additional risks such as increased risk of default and greater volatility because of the lower credit quality of the issues. Finally, bonds can be subject to prepayment risk. When interest rates fall, an issuer may choose to borrow money at a lower interest rate, while paying off its previously issued bonds. As a consequence, underlying bonds will lose the interest payments from the investment and will be forced to reinvest in a market where prevailing interest rates are lower than when the initial investment was made.

Investment Grade: Bonds considered suitable for preservation of invested capital; ordinarily, those rated Baa3 or better by Moody's Investors Service, or BBB- or better by Standard & Poor's Corporation (see credit quality breakdown).

Sustainability Risk: Risk of an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment. The financial position of the investments in the portfolios managed by the portfolio managers may deteriorate due to the environmental, or social, or governance risks these investments are exposed to, which in turn may impact the market value of investments made by the portfolio managers.

GLOSSARY

Performance Based

Alpha: Measures the difference between a manager's actual returns and its expected performance, given its level of risk as measured by Beta. A positive Alpha figure indicates the manager has performed better than its Beta would predict. A negative Alpha indicates the manager's underperformance given the expectations established by the Beta. The accuracy of the Alpha is therefore dependent on the accuracy of the Beta.

Batting Average: Measures how frequently a manager outperforms its benchmark on a quarterly basis. The statistic is obtained by dividing the number of quarters in which the manager outperformed the total return of the benchmark by the total number of quarters. For example, a fund with a batting average of 60% has outperformed the index more than it has underperformed.

Beta: Measures a manager's volatility relative to its benchmark. A manager with a Beta higher than 1.0 has historically been more volatile than the benchmark, while a manager with a Beta lower than 1.0 has been less volatile. The accuracy of the Beta is dependent on R-Squared.

Correlation: The extent to which the values of different types of investments move in tandem with one another in response to changing economic and market conditions. Correlation is measured on a scale of -1 to +1. Investments with a correlation of +.5 or more tend to rise and fall in value at the same time, while investments with a negative correlation of -.5 to -1 are more likely to gain or lose value in opposing cycles. The extent to which the values of different types of investments move in tandem with one another in response to changing economic and market conditions. The greater the correlation, the more the two investments move in tandem with each other.

Down Capture: The ratio of the manager's overall performance to the benchmark's overall performance, considering only periods that are negative in the benchmark. A Down Capture Ratio of less than 100.0 indicates a manager who outperforms the relative benchmark in the benchmark's negative quarters and preserves more of a portfolio's value during down markets.

Down Percent: Represents the percentage of months that the portfolio returned below 0%.

Excess Returns: Represents the average quarterly total returns of the manager relative to its benchmark. A manager with a positive Excess Return has on average outperformed its benchmark on a quarterly basis. This statistic is obtained by subtracting the benchmark return from the manager's return.

Information Ratio: Represents the Excess Return divided by the Tracking Error. It provides a measure of the historical consistency of the manager's outperformance or underperformance relative to its benchmark.

Maximum Drawdown: This is the maximum loss (compounded, not annualized) that the manager ever incurred during any sub-period of the entire time period.

R-Squared (R2): Represents the percentage of the volatility of returns that is attributable to movements of the benchmark. It is a measure of "co-movement" between portfolio returns and benchmark returns. The closer the portfolio's R2 is to 100%, the more closely the portfolio correlates to, or follows, the benchmark. Generally, highly diversified portfolios have higher R2 percentages.

Sharpe Ratio: Measures a portfolio's rate of return based on the risk it assumed and is often referred to as its risk-adjusted performance. Using Standard Deviation and returns in excess of the returns of T-bills, it determines reward per unit of risk. This measurement can help determine if the portfolio is reaching its goal of increasing returns while managing risk.

Standard Deviation: Quantifies the volatility associated with a given product's returns. The statistic measures the variation in returns around the mean return. Unlike Beta, which measures volatility relative to the aggregate market, Standard Deviation measures the absolute volatility.

Sustainable / Sustainability - In environmental science, the quality of not being harmful to the environment or depleting natural resources, and thereby supporting long-term ecological balance. Sustainability presumes that resources are finite, and should be used conservatively and wisely with a view to long-term priorities and consequences of the ways in which resources are used. Within context of sustainable development, operating practices that meet the needs of present users without compromising the ability of future generations to meet their own needs, particularly with regard to use and waste of natural resources. UNESCO assigns four dimensions to sustainable development – society, environment, culture and economy.

Tracking Error: Represents the Standard Deviation of the Excess Return. This provides a historical measure of the variability of the manager's returns relative to its benchmark. A manager with a low Tracking Error would have quarterly Excess Returns that have exhibited very low volatility.

Up Capture: The ratio of the manager's overall performance to the benchmark's overall performance, considering only periods that are positive in the benchmark. An Up Capture Ratio of greater than 100.0 indicates a manager who outperforms the relative benchmark in the benchmark's positive quarters and generates more of a portfolio's value during up markets.

Up Percent: Represents the percentage of months that the portfolio returned above 0%.

Holdings Based

Avg Effective Duration: A measure of a fund's interest-rate sensitivity--the longer a fund's duration, the more sensitive the fund is to shifts in interest rates. Duration is determined by a formula that includes coupon rates and bond maturities. Small coupons tend to increase duration, while shorter maturities and higher coupons shorten duration. The relationship between funds with different durations is straightforward: A fund with a duration of 10 years is twice as volatile as a fund with a five-year duration.

Avg Effective Maturity: Average effective maturity is a weighted average of all the maturities of the bonds in a portfolio, computed by weighting each bond's effective maturity by the market value of the security. Average effective maturity takes into consideration all mortgage prepayments, puts, and adjustable coupons. Longer-maturity funds are generally considered more interest-rate sensitive than their shorter counterparts. We list Average Effective Maturity for Taxable Fixed-Income and Hybrid funds and Average Nominal Maturity for Municipal Bond Funds. Since this is collected by survey, it is important to bear in mind that different fund companies may use different interest-rate assumptions in determining call likelihood and timing. Generally speaking, the longer the maturity, the greater the interest rate risk. When duration is unavailable, this is used in the calculation of the fixed-income style box.

Avg Weighted Coupon: This figure is calculated by weighting each bond's coupon by its relative size in the portfolio. It indicates whether the underlying fund owns more high- or low-coupon bonds. There can be advantages to holding higher coupon bonds, but many funds buy them simply to tempt investors with a high payout. This can be damaging to investors for two reasons. The first is that higher-coupon bonds often carry greater risk than lower-coupon issues. The second is that when these bonds don't carry extra risk, they are old issues that the fund has paid up for and if the offering doesn't amortize the extra yield, investors are likely to find that their principal erodes over time.

Yield to Maturity: The Yield to maturity (YTM) or redemption yield of a bond or other fixed-interest security, such as gilts, is the internal rate of return (IRR, overall interest rate) earned by an investor who buys the bond today at the market price, assuming that the bond will be held until maturity, and that all coupon and principal payments will be made on schedule. Yield to maturity is actually an estimation of future return, as the rate at which coupon payments can be reinvested when received is unknown. If purchased at a premium (above par), then your overall yield to maturity will be lower than your fixed coupon rate. A bond purchased at a discount will have the reverse affect on yield. It will be higher based on the fact that you are still earning interest on par even though you paid under par.

Turnover Ratio: This is a measure of the fund's trading activity, which is computed by taking the lesser of purchases or sales (excluding all securities with maturities of less than one year) and dividing by average monthly net assets. A turnover ratio of 100% or more does not necessarily suggest that all securities in the portfolio have been traded. In practical terms, the resulting percentage loosely represents the percentage of the portfolio's holdings that have changed over the past year. A low turnover figure (20% to 30%) would indicate a buy-and-hold strategy. High turnover (more than 100%) would indicate an investment strategy involving considerable buying and selling of securities. Morningstar does not calculate turnover ratios. The figure is culled directly from the financial highlights of the fund's annual report.

There is no guarantee that these strategies will succeed. The strategies do not necessarily represent the experience of other clients, nor do they indicate future performance. The investment strategies presented are not appropriate for every investor. Individual clients should review with their Financial Professional the terms and conditions and risks involved with specific products or services.