

## Retirement Funding Advisors

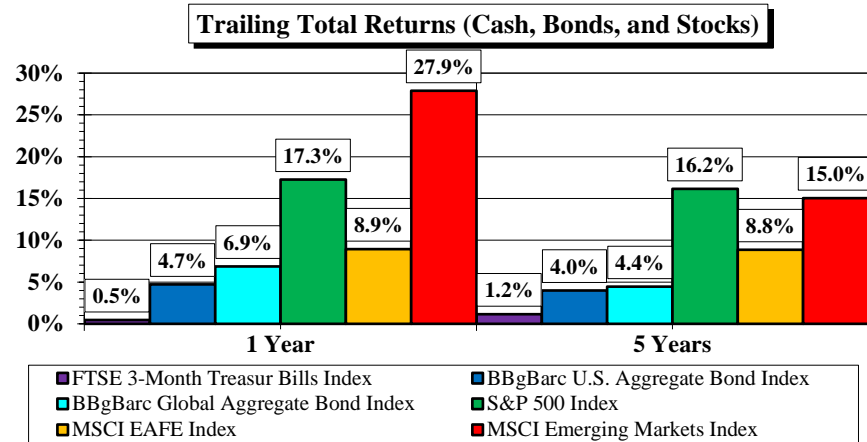
# THE (CAPITAL) MARKETS ENVIRONMENT

For the Periods Ending January 31, 2021

*Seasons ebb and flow/markets rise and fall/keep calm, invest on*

Stock Market Index Select Characteristics	Trail. 12M P/E Ratio	Fwd. 12M P/E Ratio	Fwd. 12M EPS Grw.	Dividend Yield
S&P 500 Index	31.7x	24.7x	+28.5%	1.5%
MSCI EAFE Index	22.7x	17.0x	+33.5%	2.4%
MSCI EM Index	22.8x	15.7x	+45.2%	2.1%

Source: S&P Dow Jones Indices, LLC and MSCI, Inc.



Capital Market Index / Morningstar Category	25 years	YTD	1 Mon.	3 Mos.	1 Yr.	3 Yrs.	5 Yrs.	7 Yrs.	10 Yrs.	15 Yrs.	20 Yrs.
U.S. Consumer Price Index (Inflation)	2.1%	0.3%	0.3%	0.7%	1.4%	1.9%	2.0%	1.6%	1.7%	1.8%	2.0%
FTSE 3-Month Treasury Bills Index (Cash)	2.2%	0.0%	0.0%	0.0%	0.5%	1.5%	1.2%	0.8%	0.6%	1.1%	1.4%
Bloomberg Barclays U.S. Aggregate Bond Index (Domestic Bonds)	5.1%	-0.7%	-0.7%	0.4%	4.7%	5.5%	4.0%	3.8%	3.8%	4.4%	4.7%
Bloomberg Barclays Global Aggregate Bond Index (Global Bonds)	4.6%	-0.9%	-0.9%	2.3%	6.9%	4.1%	4.4%	2.7%	2.7%	3.9%	4.7%
S&P 500 Index (Large-Cap Stocks)	9.4%	-1.0%	-1.0%	14.1%	17.3%	11.7%	16.2%	13.3%	13.5%	9.6%	7.2%
S&P MidCap 400 Index (Mid-Cap Stocks)	11.5%	1.5%	1.5%	23.6%	18.5%	8.0%	14.0%	10.4%	11.5%	9.2%	9.3%
Russell 2000 Index (Small-Cap Stocks)	9.3%	5.0%	5.0%	35.2%	30.2%	11.1%	16.5%	10.6%	11.8%	8.7%	8.7%
MSCI EAFE Index (Intl. Stocks - Developed Mkts.)	5.0%	-1.1%	-1.1%	19.6%	8.9%	2.2%	8.8%	4.8%	5.2%	4.0%	4.5%
MSCI Emerging Markets Index (Intl. Stocks - Undeveloped Mkts.)	N/A	3.1%	3.1%	20.9%	27.9%	4.4%	15.0%	7.7%	4.2%	6.1%	9.1%
Morningstar Allocation--15% to 30% Equity	4.8%	-0.2%	-0.2%	5.4%	5.4%	4.3%	5.3%	3.8%	4.0%	4.0%	4.3%
Morningstar Allocation--30% to 50% Equity	5.2%	-0.3%	-0.3%	8.2%	7.8%	5.0%	7.0%	5.0%	5.1%	4.7%	4.3%
Morningstar Allocation--50% to 70% Equity	6.3%	-0.3%	-0.3%	11.4%	11.4%	6.6%	9.4%	6.9%	7.2%	5.8%	5.1%
Morningstar Allocation--70% to 85% Equity	6.6%	0.0%	0.0%	14.4%	12.0%	6.1%	10.2%	7.3%	7.6%	6.0%	5.3%
Morningstar Allocation--85% + Equity	7.4%	0.0%	0.0%	17.6%	14.8%	7.0%	11.9%	8.5%	9.0%	6.6%	5.8%
Morningstar Nontraditional Bond	4.3%	0.3%	0.3%	3.8%	3.3%	2.7%	3.8%	2.4%	2.3%	2.6%	3.0%
Morningstar Muni National Intermediate Bond	3.9%	0.7%	0.7%	2.8%	3.4%	4.5%	3.1%	3.4%	3.7%	3.6%	3.8%
Morningstar Intermediate Core Bond	4.6%	-0.5%	-0.5%	0.8%	5.0%	5.1%	4.1%	3.6%	3.7%	4.1%	4.3%
Morningstar Intermediate Core-Plus Bond	5.1%	-0.5%	-0.5%	1.8%	5.7%	5.5%	4.6%	3.9%	4.1%	4.7%	4.9%
Morningstar High Yield Bond	5.7%	0.3%	0.3%	5.9%	5.0%	4.5%	7.0%	4.2%	5.2%	5.6%	5.7%
Morningstar World Bond	4.6%	-0.7%	-0.7%	3.4%	6.5%	3.8%	4.6%	2.9%	2.8%	3.8%	4.6%
Morningstar Large Value	7.3%	-0.4%	-0.4%	17.1%	5.2%	3.9%	10.4%	7.9%	9.1%	6.3%	5.7%
Morningstar Large Blend	7.9%	-0.8%	-0.8%	14.4%	14.9%	9.4%	14.1%	10.9%	11.3%	8.0%	5.9%
Morningstar Large Growth	9.0%	-0.7%	-0.7%	14.7%	31.5%	17.1%	19.6%	15.0%	14.4%	10.1%	6.5%
Morningstar Mid-Cap Value	9.0%	1.0%	1.0%	22.2%	7.6%	3.1%	10.0%	7.0%	8.8%	7.0%	7.6%
Morningstar Mid-Cap Blend	9.2%	0.6%	0.6%	20.5%	15.1%	6.8%	12.1%	8.4%	9.6%	7.4%	7.3%
Morningstar Mid-Cap Growth	9.7%	0.7%	0.7%	22.0%	36.7%	17.5%	19.7%	13.5%	13.2%	9.7%	7.2%
Morningstar Small Value	9.3%	3.7%	3.7%	31.3%	14.0%	2.9%	10.2%	6.1%	8.2%	6.2%	8.1%
Morningstar Small Growth	10.0%	3.4%	3.4%	29.9%	41.9%	17.9%	20.6%	13.0%	13.4%	9.4%	7.9%
Morningstar Foreign Large Value	4.8%	-0.6%	-0.6%	21.1%	4.1%	-1.4%	6.0%	2.6%	3.2%	2.6%	3.9%
Morningstar Foreign Large Growth	6.0%	-0.6%	-0.6%	16.9%	24.8%	8.5%	12.9%	8.4%	7.4%	5.7%	5.1%
Morningstar Diversified Emerging Mkts	6.4%	2.1%	2.1%	20.4%	25.1%	3.7%	13.0%	6.5%	3.6%	5.0%	8.0%

### R.F.A. Mathematics of Investing Fact

**-20%/+25%** - An initial investment of \$10,000 that falls to \$8,000 is a mathematical loss of **-20%**. To gain back your original \$10,000 investment from \$8,000 requires not a return of +20% but **+25%**. Given this mathematical principal, prudent Investment Advisors hue to the edict of being the ‘tortoise’ rather than the ‘hare’. Or, in a different vernacular, provide Clients upside participation but with moreover downside protection.

Capital Market Index / Morningstar Category	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
U.S. Consumer Price Index ( <i>Inflation</i> )	1.3%	2.3%	2.0%	2.0%	2.1%	0.8%	0.6%	1.4%	1.8%	3.0%	1.4%
FTSE 3-Month Treasury Bills Index ( <i>Cash</i> )	0.6%	2.3%	1.9%	0.8%	0.3%	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%
Bloomberg Barclays U.S. Aggregate Bond Index ( <i>Domestic Bonds</i> )	7.5%	8.7%	0.0%	3.5%	2.7%	0.6%	6.0%	-2.0%	4.2%	7.8%	6.5%
Bloomberg Barclays Global Aggregate Bond Index ( <i>Global Bonds</i> )	9.2%	6.8%	-1.2%	7.4%	2.1%	-3.2%	0.6%	-2.6%	4.3%	5.6%	5.5%
S&P 500 Index ( <i>Large-Cap Stocks</i> )	18.4%	31.5%	-4.4%	21.8%	12.0%	1.4%	13.7%	32.4%	16.0%	2.1%	15.1%
S&P MidCap 400 Index ( <i>Mid-Cap Stocks</i> )	13.7%	26.2%	-11.1%	16.2%	20.7%	-2.2%	9.8%	33.5%	17.9%	-1.7%	26.6%
Russell 2000 Index ( <i>Small-Cap Stocks</i> )	20.0%	25.5%	-11.0%	14.7%	21.3%	-4.4%	4.9%	38.8%	16.4%	-4.2%	26.9%
MSCIEAFE Index ( <i>Intl. Stocks - Developed Mkts.</i> )	7.8%	22.0%	-13.8%	25.0%	1.0%	-0.8%	-4.9%	22.8%	17.3%	-12.1%	7.8%
MSCI Emerging Markets Index ( <i>Intl. Stocks - Undeveloped Mkts.</i> )	18.3%	18.4%	-14.6%	37.3%	11.2%	-14.9%	-2.2%	-2.6%	18.2%	-18.4%	18.9%
Morningstar Allocation--15% to 30% Equity	6.3%	10.9%	-3.1%	6.5%	5.7%	-2.1%	3.4%	4.0%	8.3%	1.8%	9.6%
Morningstar Allocation--30% to 50% Equity	8.2%	14.8%	-5.0%	9.6%	6.7%	-2.4%	3.9%	7.1%	9.2%	1.7%	10.0%
Morningstar Allocation--50% to 70% Equity	11.4%	18.9%	-5.9%	13.2%	7.4%	-2.0%	5.8%	16.1%	11.9%	-0.4%	11.7%
Morningstar Allocation--70% to 85% Equity	11.0%	21.1%	-7.8%	16.2%	7.8%	-2.7%	5.6%	20.9%	13.4%	-3.4%	13.4%
Morningstar Allocation--85% + Equity	13.3%	24.5%	-9.2%	19.7%	7.9%	-1.8%	5.5%	26.7%	15.4%	-4.2%	14.8%
Morningstar Nontraditional Bond	3.3%	6.7%	-1.2%	4.3%	4.7%	-1.5%	0.9%	0.4%	7.0%	-0.9%	5.6%
Morningstar Muni National Intermediate Bond	4.4%	6.8%	0.8%	4.5%	-0.2%	2.5%	6.3%	-2.3%	5.6%	8.4%	2.2%
Morningstar Intermediate Core Bond	7.5%	8.3%	-0.5%	3.8%	3.2%	-0.3%	5.1%	-1.4%	6.9%	5.8%	7.7%
Morningstar Intermediate Core-Plus Bond	8.1%	8.9%	-0.6%	4.3%	3.9%	-0.4%	5.4%	-0.9%	7.8%	6.3%	8.6%
Morningstar High Yield Bond	4.8%	12.5%	-2.8%	6.4%	13.2%	-4.1%	1.1%	6.9%	14.7%	2.8%	14.1%
Morningstar World Bond	8.1%	6.8%	-1.4%	6.9%	3.8%	-4.1%	1.7%	-2.9%	7.8%	3.3%	6.8%
Morningstar Large Value	2.7%	25.0%	-8.6%	16.1%	14.6%	-4.1%	10.2%	31.2%	14.6%	-0.8%	13.6%
Morningstar Large Blend	15.1%	28.6%	-6.2%	20.5%	10.1%	-1.5%	10.7%	31.3%	14.9%	-1.4%	14.2%
Morningstar Large Growth	34.8%	31.7%	-2.2%	27.8%	3.2%	3.6%	10.1%	33.9%	15.2%	-2.6%	15.4%
Morningstar Mid-Cap Value	2.9%	24.8%	-12.9%	13.6%	17.6%	-5.2%	9.3%	34.9%	16.5%	-3.9%	22.0%
Morningstar Mid-Cap Blend	12.2%	25.9%	-11.3%	15.9%	13.7%	-4.5%	7.8%	34.4%	15.9%	-4.1%	22.7%
Morningstar Mid-Cap Growth	37.3%	32.3%	-6.7%	24.5%	5.7%	-1.0%	6.9%	34.8%	14.0%	-4.2%	24.8%
Morningstar Small Value	3.9%	21.2%	-15.4%	9.1%	25.7%	-7.0%	3.3%	36.2%	16.0%	-4.3%	25.7%
Morningstar Small Growth	36.9%	27.7%	-6.0%	21.8%	11.0%	-2.5%	2.6%	40.8%	13.2%	-3.6%	27.0%
Morningstar Foreign Large Value	1.0%	18.0%	-15.4%	22.4%	3.1%	-3.3%	-6.1%	21.0%	16.5%	-12.9%	7.4%
Morningstar Foreign Large Growth	23.5%	27.9%	-14.2%	31.3%	-2.6%	1.1%	-4.0%	17.9%	18.1%	-12.6%	14.2%
Morningstar Diversified Emerging Mkts	17.2%	19.1%	-16.1%	34.7%	8.1%	-13.7%	-3.0%	-0.7%	18.1%	-19.6%	18.6%

Note: Periods beyond 1-year are average annualized rates of total return. Source: Morningstar™ and Zephyr StyleADVISOR™.

### R.F.A. Bond Market Fact

**...except 2018 [nearly], 2013, 1999, and 1994** – In the past 20 calendar years, the domestic bond market has never posted a negative total return...**except 2018 [nearly], 2013, 1999, and 1994**. In a normal interest rate cycle, bonds can be the ‘buoyant life-jackets’ to a diversified asset allocation portfolio. Generally, Bonds provide long-term total returns lower than Stocks, but their fundamental structure and priority along the capital structure provide diversification benefits. **Note that for 2018, the total return for the domestic bond market was 0.0%; but up until 4<sup>th</sup> quarter it had a negative -1.6% year-to-date total return.**