

# Morningstar's Top IRA Picks for 2019.



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1	Highlights
2	How To Get The Most Out Of Your IRA Contributions
4	Backdoor Roth IRAs: What You Need To Know
8	Should You Make IRA Contributions After 65?
11	Picks

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## Highlights

- ▶ The first step in making the most of your IRA contributions is determining what type of IRA is right for you—and be sure to fund a spousal IRA if you have a spouse who isn't currently generating income.
- ▶ You can use your IRA contributions to balance out your portfolio each year.
- ▶ Use IRA funding time to review all of your IRAs and their roles in your overall portfolio.
- ▶ Those who cannot contribute directly to a Roth IRA because they earn too much are prime candidates for backdoor Roth IRAs.
- ▶ An IRA conversion can often trigger a tax bill. If you deducted your contribution on your tax return and/or your investments have made money since you purchased them, when you convert those assets to a Roth IRA you'll owe taxes on your contribution, your investment gains, or both.
- ▶ The logistics of opening a backdoor Roth IRA aren't very cumbersome.
- ▶ Although Congress could clamp down on the backdoor Roth IRA, it's highly unlikely that any new legislation will have any impact on assets that have already been converted to Roth.
- ▶ Some investors over age 65 can contribute to IRAs if they meet three requirements.
- ▶ If you qualify, should you make IRA contributions after age 65? The longer the holding period, the greater the tax benefits of utilizing any type of tax-sheltered savings vehicle.

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# How to Get The Most Out of Your IRA Contributions

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By Christine Benz  
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In an ideal world you wouldn't wait until the last minute—your tax-filing deadline, which is April 15th in 2019—to contribute to these accounts for the year prior. As discussed here, these 11th-hour contributions can cost you some compounding.

But let's face it, many investors do wait until the following year to make their IRA contributions, and it's better later than never. If you're just getting around to contributing to an IRA for the 2018 tax year—or if you're ahead of the game and making your 2019 contribution—here are some tips for getting the most from your contribution.

## Identify the Right Type

One of the first decisions you'll need to make when contributing to an IRA is whether to steer those dollars into a traditional IRA or a Roth account. Of course, income limits may rule out a traditional deductible IRA right out of the box; to make a traditional IRA contribution and deduct it on your tax return, your adjusted gross income needs to be less than \$73,000 (\$74,000 in 2019) if you're a single filer and \$121,000 (\$123,000 in 2019) if you're part of a married couple filing jointly, assuming you can contribute to a retirement plan at work. Meanwhile, income limits are more generous for Roth contributions, and even investors with very high incomes can get into a Roth.

If your income puts both account types within reach, the key question to ask is if you're better off taking the tax break now, at the time of your contribution, or waiting until you're retired to take it. (The same calculus comes into play if you can steer your 401(k) contributions to either a Roth account or a traditional one.) If the answer is "now" because you think you're in a high tax bracket relative to where you're apt to be in retirement, you're a good candidate for a traditional deductible IRA, assuming your income allows you to contribute to such an account. (That's not often the case for investors in this situation, as their taxable income is high so they cannot deduct their contributions.)

If the answer is that you're more likely to need the tax break in retirement, or that your current tax rate is quite low relative to what it's apt to be in the future (for example, you're a bright shiny new graduate who's not making much currently), a Roth IRA is the better bet. It's also possible to split your contributions across both account types in a single year.

**Don't Forget about the Nonearning Spouse**

Single-earner couples can fall behind on the retirement-savings front, which is why it's so important for them to fund an IRA on behalf of the spouse who's not generating an income currently. You won't find an account called a "spousal IRA" on your brokerage firm or fund company's website, but you can fund the IRA of your choice in the nonearning spouse's name. The one caveat is that the earning spouse must have enough earned income to cover the contribution(s).

**Use New Contributions to Address Portfolio Problem Spots**

After selecting your IRA type and getting the IRA account funded, the next step is deciding what type of investment to put that money into. Many investors stall out on this step, according to Vanguard research, likely paralyzed by their (too?) many investment choices. My advice is to start by using Morningstar X-Ray to view your portfolio's asset allocation and suballocations; you can then identify areas where your portfolio is light, such as bonds or international stocks. (The weightings in Morningstar's Lifetime Allocation Indexes—or those of a good target-date fund, such as the Vanguard or Blackrock series—provide some benchmarks for sensible asset allocations.) Of course, if you have a larger portfolio and its allocations are seriously out of whack, new IRA contributions won't be enough to move the needle; you'll need to engage in rebalancing.

**Take Time to Conduct 'IRA Maintenance'**

For many investors, their IRAs play second fiddle to their company retirement plans, which allow for higher annual contributions. It can be easy to lose track of what investments you hold in your IRA accounts, or to think of them as unimportant supporting players in your overall plan. Thus, if you haven't taken a close look at what's in your IRA for awhile, or if you have several smaller IRAs, it's valuable to use IRA-contribution season as an impetus to check up on how these accounts fit into the whole of your portfolio. It's also a good time to check up on the status of your accounts: For example, if you've been getting into a Roth IRA via the backdoor, make sure that you're periodically converting those traditional IRA accounts to Roth. ■■■

*A version of this article appeared on March 9, 2017.*

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## Backdoor Roth IRAs: What You Need to Know

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By Christine Benz  
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The Tax Increase Prevention and Reconciliation Act of 2005 extended several popular provisions of the Jobs and Growth Tax Relief Reconciliation Act of 2003. Not only did TIPRA renew the low tax rates on qualified dividends and long-term capital gains rates that so many investors hold dear today (it seems like a lifetime ago that dividends were taxed at ordinary income tax rates!), but it also lifted the income restrictions for converting a traditional IRA to Roth, starting in 2010. Before 2010, you could only convert traditional IRAs to Roth if your adjusted gross income was below \$100,000.

And with the lifting of those income limits—but not the income limits governing who can contribute to a Roth IRA directly—the “backdoor Roth IRA” was born. The backdoor Roth IRA strategy is often touted as an easy way for high-income folks who are otherwise shut out of direct Roth IRA contributions because they earn too much to get at least some assets into the Roth column without having to pay a big tax bill. The basic idea is to fund a traditional IRA, for which there are no income limits (assuming you’re not deducting the contribution), then convert to a Roth—again, no income limits thanks to TIPRA.

That sounds simple enough, but there’s still plenty of confusion about backdoor Roths. Who should consider one, and who shouldn’t bother? What are the tax implications? And importantly, could this loophole eventually go away, and what would happen if it did?

What follows are some frequently asked questions about the backdoor Roth IRA maneuver.

**Q:** Who should consider a backdoor Roth IRA?

**A:** People who cannot contribute directly to a Roth IRA because they earn too much are prime candidates for backdoor Roth IRAs.

For 2018, single filers with less than \$120,000 (\$122,000 in 2019) in modified adjusted gross income and married couples filing jointly with less than \$189,000 (\$193,000 in 2019) in modified adjusted gross income can make full, direct Roth IRA contributions. They can make partial direct Roth IRA contributions if their incomes fall between \$120,000 and \$135,000 (\$122,000 to \$137,000 in 2019) for single filers and \$189,000 and \$199,000 (\$193,000 to \$203,000 in 2019) for married couples filing jointly, but it’s hard to see why they’d bother with a partial contribution; the backdoor Roth IRA gives them the latitude to make a full IRA contribution of \$5,500 (\$6,000 in 2019) if they’re younger than 50 or \$6,500 (\$7,000 in 2019) if they’re 50-plus. Single filers with modified adjusted

gross income above \$135,000 (\$137,000 in 2019) and married couples filing jointly with modified adjusted gross income above \$199,000 (\$203,000 in 2019) cannot make a direct Roth IRA contribution, so a backdoor Roth IRA is the only reasonable option.

**Q:** Forget backdoor. What's the big deal about Roth IRAs in the first place?

**A:** The tax treatment of a Roth IRA is almost exactly opposite of the tax treatment of a traditional IRA. With a traditional IRA, you get a tax break at the time you make your contribution (assuming your income is below the thresholds to make a deductible contribution) but pay ordinary income tax on your money when you pull it out in retirement (save for dollars that you've already paid taxes on). With a Roth IRA, you put in money that you've already paid tax on, but you're able to take your money out tax-free during retirement.

If you knew your tax rate would be the same when you took your money out in retirement as it was when you made the contribution, it wouldn't matter whether you made a Roth or traditional IRA contribution. It's a wash. The virtue of Roth contributions, however, is that if your tax rate is higher when you take the money out in retirement—either because your income is higher than it was at the time of your contribution or because tax rates have gone up secularly since then—you'll be glad you made Roth contribution. Another big benefit of Roth IRAs is that they don't carry required minimum distributions, unlike traditional IRA assets. Thus, they can be ideal accounts for your heirs to inherit: Not only will you not have to draw down Roth accounts in your lifetime, but your heirs can inherit them free of federal taxes. (Estate taxes may apply, however.)

Finally, there's a logistical reason that higher-income folks often fund Roth IRA accounts: the income limit on direct Roth contributions is higher than is the case for traditional deductible IRAs, and the backdoor maneuver is open to investors of all income levels.

**Q:** I've always heard that IRA conversions mean a tax bill. Won't that be the case if I open a traditional IRA and then convert it to Roth?

**A:** You're right that an IRA conversion can often trigger a tax bill. If you deducted your contribution on your tax return and/or your investments have made money since you purchased them, when you convert those assets to a Roth IRA you'll owe taxes on your contribution, your investment gains, or both.

In the case of a nondeductible contribution, however, you're putting in money that you've already paid taxes on, so you won't owe taxes on it again. Moreover, if you convert your new traditional IRA account to Roth before your investments have made any money, you won't owe taxes on investment appreciation, either. That's why the backdoor Roth IRA can be a tax-free or nearly tax-free maneuver for many investors.

**Q:** You say the backdoor Roth IRA can be a tax-free or nearly tax-free maneuver for many investors. Why not all investors?

**A:** The key reason a backdoor IRA could be taxable is what's called the pro rata rule for IRA conversions. That means that for the purpose of calculating the tax you owe for the year of the conversion (and at the time you pull your money out in retirement, too), you need to look at the tax complexion of all of your IRAs in aggregate. If you have additional IRA assets that you've never paid taxes on (consisting of pretax contributions and/or investment gains) the ratio between your never-been-taxed IRA assets and your already-been-taxed IRA assets will determine your tax bill at the time you convert your IRAs.

Let's assume a person who earns \$200,000 a year and has \$20,000 in traditional IRA assets rolled over from a former employer's 401(k) puts \$5,000 into a traditional nondeductible IRA, seeking to take advantage of the backdoor option. At first blush, it seems like this converter shouldn't owe any taxes, either. Her contribution to the new IRA was already taxed, and if she makes the conversion right away, before her investment goes up in value, she wouldn't owe any taxes on investment gains, either.

But here's where the pro rata rule comes in. Her other traditional IRA assets consist entirely of money that she had rolled over from an old 401(k) plan, meaning that money has never been taxed.

Because of those other IRA assets, the tax she'll owe upon conversion will depend on percentage of taxable versus tax-free assets in all of her IRA accounts, not just the one she just opened.

In her case, \$20,000 of her IRA assets haven't yet been taxed totals and her new nondeductible IRA contribution of \$5,000 already has. That means that 80%, or \$4,000, of her recent \$5,000 contribution would be taxable upon conversion; only \$1,000 (the other 20%) would not be.

All of this means that if you have other traditional IRA assets, or SEP and SIMPLE IRAs, you'll need to proceed carefully before opening up a traditional nondeductible IRA with an eye toward immediately converting to a Roth.

**Q:** Do my 401(k) assets count in the pro rata calculation? They've never been taxed, either.

**A:** No. Any company retirement plan assets — whether 401(k), 403(b), or 457 — are considered distinct from the IRA assets. They wouldn't affect the taxation of any IRA conversion.

**Q:** Is there any way around the pro rata rule if I have other traditional IRA assets?

**A:** Participants in 401(k) plans that allow external assets to be rolled into the plan can roll their traditional IRA assets into the plan, effectively removing them from the pro rata calculation. This maneuver is only advisable if the 401(k) plan is low-cost and high-quality, however.

**Q:** How complicated are the logistics of a backdoor Roth IRA?

**A:** Not very. The first step is to contribute to a traditional IRA. You'll also need to file IRS Form 8606, specifying that you made a nondeductible IRA contribution, for the tax year in which you made the contribution. When you eventually convert the assets to Roth from traditional you'll need to fill out a form with your investment provider. You'll also need to indicate the amount you converted, and the amount of the conversion that was taxable, on your tax return for the conversion year. And if you don't already have a Roth IRA, you'll need to set one up so that it can "receive" the assets. Finally, once the Roth IRA is established, you'll need to specify what you'd like the money invested in.

**Q:** How long after initially funding my IRA do I have to wait to convert?

**A:** Ed Slott and Jeffrey Levine believe that investors needn't wait a protracted period of time to conduct the conversion, as the IRS has indirectly blessed the maneuver and it's better to convert shortly after contributing so that you can get the money investing in long-term assets.

**Q:** Should I invest the money in my traditional IRA in long-term assets, or leave it in cash until I do the conversion?

**A:** The virtue of leaving the money in cash is that with cash yields close to nil currently, there will be a limited chance of investment appreciation in the traditional IRA between the time the account is funded and when the conversion occurs. That limits the possibility that the conversion will be taxable in any way.

**Q:** Could Congress clamp down on this maneuver? And what would happen if it does?

**A:** This is the \$64,000 question. Congress has put limits on tax-sheltered investment options in an effort to limit their use by very high-income investors; the Roth IRA maneuver runs counter to the spirit of those limits. Further limiting the appeal of the backdoor IRA in the eyes of Congress is that, unlike other IRA conversions, a correctly executed backdoor Roth IRA is unlikely to bring new tax revenues in the door. It's highly unlikely that any new legislation will have any impact on assets that have already been converted to Roth. ■■

*A version of this article appeared on Sept. 21, 2017.*

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## Should You Make IRA Contributions After 65?

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By Christine Benz  
Published November 26, 2018

As I was listening to my voicemail on a Saturday morning, I picked up a message from a relative. “Christine, I have some extra money to invest,” she said. “I put some cash into my traditional IRA earlier this year, but this time I wonder if I should make a Roth contribution instead. Call me back, please.”

Uh-oh, I thought to myself.

Her basic question, of course, is commonplace—people often want to know which IRA (or 401(k)) contribution type to make, and the right answer is usually not abundantly clear. But my relative is already retired—she’s no longer earning an income—and that’s where the “uh-oh” comes in. She can’t make an IRA contribution at all, because all of her income is unearned income—she lives on income from Social Security and her investment accounts. Only people with earned income (usually income from paid work or some variant of it, discussed below) can contribute to an IRA.

I hear some version of my relative’s question from retirees a lot. Can I take my RMD proceeds and use them to invest in a Roth IRA? (No, unless you have earned income.) Are IRA contributions even worth it later in life? (Probably.) Can I put my inheritance into an IRA, even though I’m retired? (Yes, but you’ll be subject to the annual IRA contribution limits and you need to have enough earned income to cover the contribution.) And so on.

Indeed, even as a healthy share of the population struggles to make ends meet in retirement, other retirees find themselves in the enviable position of still being able to save, either because they’re working part-time and/or because their other sources of income supply them with more than enough to live on. But is investing in an IRA later in life a good idea?

To answer that question, you need to address two separate issues. First, are you allowed to make an IRA contribution, given your age and the type and level of income you have? And if you can make an IRA contribution, should you opt for traditional or Roth contributions, assuming both are open to you? Would you be better off saving in a taxable account instead?

### **Will It Float?**

The answer to the first question—is an IRA contribution even allowable for you?—is easier to answer, and hinges on meeting three requirements.

Having earned income is the first one: Your income from paid work in the year for which you’re making the contribution must be at least equal to or above the amount of the contribution. Note that



spousal income counts, too. Even if you personally didn't have any earned income, if your 65-year-old spouse earned \$15,000 from a consulting gig in a given year and wanted to make \$6,500 IRA contributions for each of you, that would be perfectly allowable. Income from a job, net earnings from self-employment, and disability benefits received prior to minimum retirement age all count as earned income. Income from other common sources—Social Security, portfolio income, pension income, annuity payments, RMDs, and rental properties—doesn't count. (This handy chart from Ed Slott and Company details exactly what qualifies as earned income and what doesn't.)

Age limits also come into play: While Roth IRA contributions are allowable at any age, provided a person meets the earned income test outlined above, traditional IRA contributions aren't allowable after age 70 1/2. Not coincidentally, that's the same age when required minimum distributions from traditional IRAs must commence.

Finally, income limits apply to IRA contributions throughout your life. The contribution limits for traditional IRA contributions that you can deduct on your tax return are the most stringent; Roth IRA contributions are allowable at a higher income limit. (You can see details for 2018 contribution limits here.) Anyone can make a traditional nondeductible IRA contribution, regardless of income, assuming they're younger than age 70 1/2. Those contributions could then be converted to Roth for a "backdoor Roth IRA." However, such a maneuver isn't advisable in the (likely) scenario that a retiree has significant traditional IRA assets that have never been taxed yet, as discussed here.

### **Should You Make Them?**

Assuming you meet the income and age tests that apply to IRA contributions, the next question is whether those contributions are advisable. And if you're eligible for both types of contributions, which type is best?

Generally speaking, the longer the holding period, the greater the tax benefits of utilizing any type of tax-sheltered savings vehicle. Young accumulators, for example, have many years to benefit from the tax-deferred compounding on their money. Not only can they stash away assets without paying taxes on them, in the case of deductible contributions, but they won't owe any taxes on the money on a year-to-year basis, either. In the case of Roth contributions, they'll benefit from tax-free compounding in the years leading up to retirement, and will also be able to take tax-free withdrawals on the account in retirement. The longer the holding period, the greater the appreciation and the greater the tax-saving benefit of using some type of tax-sheltered wrapper.

Contributions to IRAs made later in life benefit less from the tax-sheltered compounding simply because of a domino effect: with a shorter time horizon, the investment gains are less, and so are the taxes due upon them. That's not to say that older adults, even those past age 65, shouldn't run any additional savings through an IRA, though—just that the benefits may be limited if your plan is to put the money in at 65 and take it out at 70.

To use a simple example, let's say a 65-year-old woman who's retired from her full-time occupation decides to pick up some part-time work and is able to save \$6,000 a year in a Roth IRA for five years. Assuming she earns a 4% annualized return on her money, she'd have \$32,500 five years later.

Her \$2,500 in investment gains (the amount over and above her \$30,000 in contributions) would be tax-free, and she wouldn't have to pay any income or capital gains taxes during that five-year holding period, either.

By contrast, if she steered the same amount into a taxable account, she'd have to pay taxes on any income and capital gains that her holdings kick off during her holding period, and she'd also owe capital gains taxes when she withdraws the money. She'd receive a step-up in her cost basis to account for the income and capital gains distributions she already paid taxes on, but the fact that she's having to pay those taxes each year means that she has less money working for her during her holding period. Assuming a modest tax-cost ratio of 0.25% (taking her return down to 3.75% from 4%) and a 15% capital gains rate at the time of withdrawal, her take-home return would be about a bit less than \$32,000, \$500 less than the Roth.

That's a pretty small differential, for sure—an inevitable outgrowth of the fact that IRA contributions are limited to \$7,000 for 2019 (\$6,500 for 2018) as well as her short holding period and modest return. But the advantage of funneling her contributions through the IRA grow if she's able to keep the money in the account longer, as she can do with a Roth IRA, provided she doesn't need the money. (Roths, in contrast with traditional IRAs, don't carry required minimum distributions.) If she leaves the money in the account until age 80 and continued to earn 4% on her dough, she'd be able to take a \$48,106 tax-free withdrawal from the Roth—even though she only put in \$30,000 in those first five years. Meanwhile, her taxable account would amount to \$44,086 on an after-tax basis. Again, that's not a huge differential, but \$4,000 is \$4,000. If her ultimate plan is to not spend the money and instead leave the money undisturbed even longer—or pass it to her heirs—the advantage of the Roth IRA would grow even more.

No RMDs—and the ability to stretch out the holding period—is the key reason that people who can make IRA contributions in the post-retirement, pre-RMD period should prioritize Roth rather than traditional contributions. A person approaching 70 1/2 wouldn't get a lot of bang from traditional IRA contributions because required minimum distributions from the IRA account would soon commence. (Of course, there may be extenuating circumstances that would call for prioritizing a traditional IRA contribution over Roth later in life; check with your financial or tax advisor to be sure.)

### **Accidents Will Happen**

Finally, what about my relative's IRA contribution, which she made before she realized she was ineligible? Her first job is to contact the investment provider and let them know her mistake. Her improper IRA contribution is classified as an excess contribution, so she'll need to fill out a form spelling out the excess contribution—when it was made and when it was corrected. The taxes due—as well as whether the 6% excess contribution penalty would apply—would depend on when the excess contribution was corrected and appreciation in the account since the contribution was made. ■■

*A version of this article appeared on Sept. 21, 2017.*

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**Short-Term Time Horizon**

VTAPX

# Vanguard Shrt-Term Infl-Prot Sec Idx Adm

**Ticker** VTAPX **Yield** 3.2% **SEC Yield** 0.93% **Total Assets** \$21,117 mil

**Mstar Category**  
Inflation-Protected Bond

**Benchmark 1:** BBGBarc US Treasury US TIPS TR USD  
**Benchmark 2:** BBGBarc US Agg Bond TR USD

**Morningstar Analyst Rating** 01-03-18



### Morningstar Pillars

- Process: Positive
- Performance: Positive
- People: Positive
- Parent: Positive
- Price: Positive

### Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

### Analyst Rating Spectrum

Gold Silver Bronze Neutral Negative

### Pillar Spectrum

Positive Negative Neutral

### Performance 10-31-18

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2014	0.16	1.54	-1.39	-1.46	-1.18
2015	0.33	0.54	-0.61	-0.41	-0.17
2016	1.82	0.85	0.24	-0.21	2.72
2017	0.69	-0.52	0.45	0.21	0.82
2018	0.20	0.48	0.10	—	—

### Trailing

Time Period	Total Return%	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
1 Yr	0.38	1	2	5	9,985
3 Mo	-0.15	1.62	0.64	5	9,985
6 Mo	0.20	1.63	0.39	4	10,020
1 Yr	0.38	1.62	2.43	8	10,038
3 Yr Avg	1.16	-0.30	0.12	61	10,351
5 Yr Avg	0.42	-0.55	-1.42	60	10,211
10 Yr Avg	—	—	—	—	—
15 Yr Avg	—	—	—	—	—

### Tax Analysis

	Tax Adj Rtn%	%Rank	Cat	Tax-Cost Rat	%Rank
3 Yr (estimated)	0.60	32	0.55	21	
5 Yr (estimated)	0.01	30	0.41	11	
10 Yr (estimated)	—	—	—	—	

Potential Capital Gain Exposure: -3% of assets

### Morningstar's Take by Phillip Yoo 01-03-18

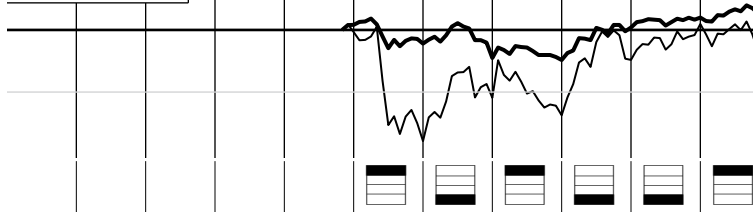
Vanguard Short-Term Inflation-Protected Securities Index is one of the cheapest short-term Treasury Inflation-Protected Securities funds available, underpinning its Morningstar Analyst Rating of Gold. The fund's short duration reduces interest-rate risk and provides a high correlation to immediate inflation but leads to a lower yield and return than most of its peers.

The fund provides protection against inflation, credit, and interest-rate risk because it only invests in TIPS with less than five years until maturity. These securities are backed by the full faith and credit of the U.S. government. The fund's duration was 2.6 years as of November 2017, shorter than the inflation-protected bond Morningstar Category average of 5.9 years, as many of the funds in the category invest in longer-dated TIPS. If rates rise by 1 percentage point, this fund would lose approximately 2.6% of its value, while the average TIPS fund would decline by 5.9%.

The fund's returns are directly correlated to short-term inflation, as its principal and distributions evolve with changes in the Consumer Price Index. Gains and losses from price volatility are mitigated thanks to the

### Historical Profile

**Return** Average  
**Risk** Low  
**Rating** ★★★  
Neutral



Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	10-18	History
NAV	—	—	—	—	25.10	24.70	24.21	24.17	24.64	24.47	24.15	NAV
Total Return %	—	—	—	—	—	-1.54	-1.18	-0.17	2.72	0.82	0.37	Total Return %
+/- Bmark 1	—	—	—	—	—	7.07	-4.82	1.27	-1.96	-2.18	2.63	+/- Bmark 1
+/- Bmark 2	—	—	—	—	—	0.49	-7.15	-0.72	0.07	-2.72	2.74	+/- Bmark 2
Income Return %	—	—	—	—	—	0.06	0.80	0.00	0.77	1.51	1.68	Income Return %
Capital Return %	—	—	—	—	—	-1.59	-1.98	-0.17	1.95	-0.69	-1.32	Capital Return %
Total Rtn % Rank Cat	—	—	—	—	—	5	89	2	92	86	7	Total Rtn % Rank Cat
Income \$	—	—	—	—	0.03	0.01	0.20	0.00	0.19	0.37	0.41	Income \$
Capital Gains \$	—	—	—	—	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Capital Gains \$
Expense Ratio %	—	—	—	—	—	0.10	0.10	0.08	0.07	0.06	0.06	Expense Ratio %
Income Ratio %	—	—	—	—	—	0.11	0.98	-0.44	0.51	1.35	2.30	Income Ratio %
Turnover Rate %	—	—	—	—	—	13	18	26	28	27	—	Turnover Rate %
Net Assets \$mil	—	—	—	—	37	1,048	1,479	2,554	3,734	5,372	6,564	Net Assets \$mil

### Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	0.38	—	—	—
3 Yr	1.16	Avg	Low	★★★
5 Yr	0.42	Avg	Low	★★★
10 Yr	—	—	—	—
Incept	0.24	—	—	—

### Other Measures

	Standard Index	Best Fit Index
Alpha	0.2	0.0
Beta	0.34	0.36
R-Squared	49	73
Standard Deviation	1.31	—
Mean	1.16	—
Sharpe Ratio	0.13	—

### Portfolio Analysis 09-30-18

Total Fixed Income: 15	Date of Maturity	Amount 000	Value \$000	% Assets
United States Treasury	04-15-19	2,368,971	2,532,265	9.48
United States Treasury	04-15-20	2,373,265	2,521,202	9.44
United States Treasury	04-15-21	2,086,324	2,173,312	8.14
United States Treasury	04-15-22	2,082,192	2,096,612	7.85
United States Treasury	07-15-23	1,942,808	2,062,740	7.73
United States Treasury	07-15-22	1,928,722	2,062,399	7.72
United States Treasury	01-15-23	1,944,537	2,055,325	7.70
United States Treasury	01-15-22	1,840,130	1,997,944	7.48
United States Treasury	07-15-21	1,661,078	1,852,344	6.94
United States Treasury	01-15-21	1,524,576	1,766,478	6.62
United States Treasury	07-15-20	1,316,264	1,538,578	5.76
United States Treasury	04-15-23	1,471,333	1,473,843	5.52
United States Treasury	01-15-20	854,400	1,002,692	3.76
United States Treasury	07-15-19	691,566	826,300	3.10
United States Treasury	01-15-19	611,359	719,383	2.69

### Current Investment Style

Duration	Ltd	Mod	Ext	Quality
	High	Med	Low	

1 figure provided by fund

Avg Eff Duration<sup>1</sup> 2.7  
Avg Eff Maturity 2.7 Yrs  
Avg Credit Quality AAA  
Avg Wtd Coupon 0.49%  
Avg Wtd Price 98.74% of par

### Coupon Range

% of Bonds	% of Bonds
0% PIK	0.0
0% to 4%	100.0
4% to 6%	0.0
6% to 8%	0.0
8% to 10%	0.0
More than 10%	0.0

### Credit Analysis

% bonds 09-30-18	% bonds 09-30-18
AAA	100
AA	0
A	0
BBB	0
Below B	0
Not Rated	0

### Sector Breakdown

% Assets	% Assets
Government	100
Government Related	0
Corporate	0
Agency MBS	0
Non-Agency Residential MBS	0
Commercial MBS	0
Covered Bond	0
Asset Backed	0
Municipal	0
Cash & Equivalents	0
Other	0

### Composition - Net

Cash	Bonds	Other
0.1	99.9	0.0
0.0	0.0	0.0

**Special Securities**

Restricted/Illicit Secs	0
Emerging-Markets Secs	0
Options/Futures/Warrants	0

Address: Vanguard Malvern Funds  
Valley Forge PA 19482  
800-662-7447

Web Address: www.vanguard.com

Inception: 10-16-12

Advisor: Vanguard Group Inc

Subadvisor: None

Minimum Purchase: \$10000 Add: \$1 IRA: —  
Min Auto Inv Plan: — Add: —  
Sales Fees: No-load  
Management Fee: 0.05%  
Actual Fees: Mgt:0.05% Dist:—  
Expense Projections: 3Yr:\$19 5Yr:\$34 10Yr:\$77  
Income Distribution: Quarterly

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**Medium-Term Time Horizon**

DODBX

FTBFX

WACPX

BAGIX

BSBIX

# Dodge & Cox Balanced

**Benchmark 1:** Morningstar Mod Tgt Risk TR USD  
**Benchmark 2:** Morningstar Mod Tgt Risk TR USD

**Morningstar Analyst Rating** 06-28-18



### Morningstar Pillars

Process	⊕ Positive
Performance	⊕ Positive
People	⊕ Positive
Parent	⊕ Positive
Price	⊕ Positive

### Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

### Analyst Rating Spectrum

Gold Silver Bronze Neutral Negative

### Pillar Spectrum

⊕ Positive ⊖ Negative ● Neutral

### Performance 10-31-18

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2014	2.44	3.73	0.68	1.77	8.87
2015	-0.26	1.37	-6.87	3.16	-2.87
2016	0.31	2.01	6.65	6.80	16.56
2017	3.74	1.56	3.14	3.61	12.59
2018	-1.49	1.53	4.17	—	—

### Trailing

	Total Return%	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	-2.50	1.48	1.48	14	9,750
6 Mo	1.78	3.64	3.64	14	10,178
1 Yr	3.73	3.95	3.95	12	10,373
3 Yr Avg	8.78	2.79	2.80	2	12,873
5 Yr Avg	7.89	2.93	2.93	5	14,619
10 Yr Avg	11.35	3.07	3.07	4	29,308
15 Yr Avg	7.48	0.81	0.82	14	29,513

### Tax Analysis

	Tax Adj Rtn%	%Rank	Tax-Cost Rat	%Rank
3 Yr (estimated)	6.83	4	1.79	81
5 Yr (estimated)	6.27	6	1.50	61
10 Yr (estimated)	10.05	3	1.17	58

Potential Capital Gain Exposure: 27% of assets

### Morningstar's Take by Andrew Daniels 06-28-18

Dodge & Cox Balanced benefits from a decisive value approach, talented investment team, and low fees. The fund retains its Morningstar Analyst Rating of Gold.

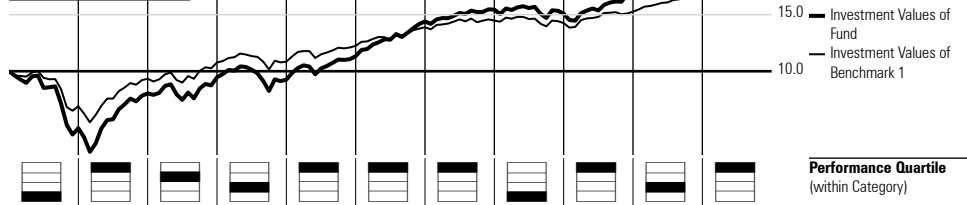
Dodge & Cox's U.S. equity and U.S. fixed-income investment committees manage this fund. Each committee is composed of at least nine members who average more than 20 years of firm tenure. Moreover, a deep and experienced analyst team, most of whom are Dodge & Cox lifers, supports the committees. The seasoned investment staff, combined with the consensus-oriented team approach, limit key-person risk.

The fund ranges beyond the 60%/40% balance between stocks and bonds that its name implies. Its equity stake can range from 25% to 75% of assets, and it has been toward the high end in recent years. The allocation depends on relative valuations, and the portfolio is built with a three- to five-year time horizon.

It's not just asset allocation that sets the fund apart. The stock portfolio holds primarily large-cap stocks that look cheap on a range of valuation measures. Management often takes advantage of bad

### Historical Profile

Return High  
Risk High  
Rating ★★★★★ Highest



Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	10-18	History
NAV	51.26	64.03	70.22	67.45	78.06	98.30	102.48	94.42	103.35	107.00	104.73	NAV
Total Return %	-33.57	28.37	12.22	-1.66	18.32	28.37	8.87	-2.87	16.56	12.59	0.46	Total Return %
+/- Bmark 1	-11.37	6.60	-0.11	-2.25	6.28	14.06	3.98	-1.08	7.99	-2.06	3.07	+/- Bmark 1
+/- Bmark 2	-11.37	6.60	-0.11	-2.25	6.28	14.06	3.98	-1.08	7.99	-2.06	3.07	+/- Bmark 2
Income Return %	2.46	2.98	2.39	2.33	2.47	2.13	2.08	2.04	2.52	2.26	1.54	Income Return %
Capital Return %	-36.03	25.39	9.83	-3.98	15.85	26.24	6.79	-4.90	14.04	10.34	-1.09	Capital Return %
Total Rtn % Rank Cat	89	23	43	69	1	1	18	79	3	64	16	Total Rtn % Rank Cat
Income \$	1.95	1.51	1.52	1.62	1.66	1.65	2.03	2.06	2.34	2.29	1.63	Income \$
Capital Gains \$	1.34	0.00	0.00	0.00	0.00	0.07	2.41	3.07	3.96	6.79	1.12	Capital Gains \$
Expense Ratio %	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53	Expense Ratio %
Income Ratio %	2.85	2.61	2.13	2.26	2.21	1.85	2.00	2.03	2.41	2.12	2.12	Income Ratio %
Turnover Rate %	27	19	12	19	16	25	23	20	24	19	—	Turnover Rate %
Net Assets \$mil	14,700	15,468	14,849	12,220	12,217	14,404	15,465	14,269	15,382	16,387	—	Net Assets \$mil

### Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	3.73			
3 Yr	8.78	High	High	★★★★★
5 Yr	7.89	High	High	★★★★★
10 Yr	11.35	High	High	★★★★★
Incept	9.74			

### Other Measures

	Standard Index	Best Fit Index
Alpha	2.5	1.6
Beta	1.05	0.76
R-Squared	68	88
Standard Deviation	7.63	
Mean	8.78	
Sharpe Ratio	1.01	

### Portfolio Analysis 09-30-18

#### Total Stocks: 70

Share change since 06-30-18	Sector	YTD Ret %	% Assets
Comcast Corp Class A	Comm Svcs	-2.95	2.64
Wells Fargo & Co	Finan Svcs	-10.27	2.42
Microsoft Corp	Technology	26.34	2.36
Charter Communications In	Comm Svcs	-4.64	2.20
Charles Schwab Corp	Finan Svcs	-9.34	2.15
Express Scripts Holding C	Hlth Care	29.92	2.15
Capital One Financial Cor	Finan Svcs	-9.12	2.04
Alphabet Inc Class C	Technology	—	1.97
Bank of America Corporati	Finan Svcs	-5.52	1.89

#### Total Fixed Income: 343

	Date of Maturity	Amount 000	Value \$000	% Assets
JPMorgan Chase & Co. 6.	10-29-49	246,575	255,205	1.60
Wells Fargo & Company 5	12-31-49	203,645	214,212	1.34

### Equity Style

Style: Blend  
Size: Large-Cap

Value Measures	Rel Category	Avg Eff Duration <sup>1</sup>
Price/Earnings	14.84	0.90
Price/Book	1.92	0.76
Price/Sales	1.87	0.97
Price/Cash Flow	8.99	0.91
Dividend Yield %	1.89	0.84

### Growth Measures

	% Rel Category
Long-Term Erngs	10.86
Book Value	1.33
Sales	0.35
Cash Flow	3.81
Historical Erngs	7.98

### Market Cap %

	Small	Micro	% of Stocks	Rel Bmark 1
Giant	43.6	0.1		
Large	47.5	0.0		
Mid	8.8	75,022		

### Composition - Net

Cash	3.5
Stocks	66.9
Bonds	29.3
Other	0.4
Foreign (% of Stock)	12.0

### Fixed-Income Style

Duration: Limited  
Quality: Medium

	Avg Eff Maturity	Avg Credit Quality	Avg Wtd Coupon
	8.7 Yrs	A	4.66%

### Sector Weightings

	% of Stocks	Rel Bmark 1
Cyclical	32.07	0.78
BasicMat	0.88	0.16
CnsmrCyc	5.98	0.55
FinanSvcs	25.21	1.44
Real Est	0.00	0.00
Sensitive	42.04	1.14
CommSvcs	9.61	2.94
Energy	8.87	1.40
Industrl	5.50	0.48
Technlgy	18.06	1.14
Defensive	25.89	1.18
CnsmrDef	1.08	0.14
Hlthcare	24.81	2.22
Utilities	0.00	0.00

Address:	Dodge & Cox Funds San Francisco, CA 94104 800-621-3979	Minimum Purchase:	\$2500	Add:	\$100	IRA:	\$1000
Web Address:	www.dodgeandcox.com	Min Auto Inv Plan:	—	Add:	\$100		
Inception:	06-26-31	Sales Fees:	No-load				
Advisor:	Dodge & Cox	Management Fee:	0.50%				
Subadvisor:	None	Actual Fees:	Mgt:0.50% Dist:—				
		Expense Projections:	3Yr:\$170 5Yr:\$296 10Yr:\$665				
		Income Distribution:	Quarterly				

# Fidelity® Total Bond Fund

**Ticker** FTBFX **Yield** 2.9% **SEC Yield** 3.38% **Total Assets** \$20,247 mil

**Mstar Category**  
Intermediate-Term Bond

**Benchmark 1:** BBgBarc US Agg Bond TR USD  
**Benchmark 2:** BBgBarc US Agg Bond TR USD

**Morningstar Analyst Rating** 09-07-18



### Morningstar Pillars

- Process: Positive
- Performance: Positive
- People: Positive
- Parent: Positive
- Price: Positive

### Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

### Analyst Rating Spectrum

Gold Silver Bronze Neutral Negative

### Pillar Spectrum

Positive Negative Neutral

### Performance 10-31-18

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2014	2.17	2.12	-0.06	1.22	5.54
2015	1.93	-1.44	-0.12	-0.76	-0.42
2016	3.23	2.91	1.79	-2.11	5.86
2017	1.32	1.30	1.11	0.40	4.19
2018	-1.16	-0.19	0.33	—	—

### Trailing

	Total Return%	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	-0.84	-0.05	-0.04	59	9,916
6 Mo	-0.14	0.05	0.04	44	9,986
1 Yr	-1.62	0.43	0.44	31	9,838
3 Yr Avg	2.17	1.13	1.13	12	10,665
5 Yr Avg	2.46	0.63	0.62	14	11,292
10 Yr Avg	5.56	1.62	1.62	16	17,180
15 Yr Avg	4.36	0.57	0.57	18	18,969

### Tax Analysis

	Tax Adj Rtn%	%Rank	Cat	Tax-Cost Rat	%Rank	Cat
3 Yr (estimated)	0.87	10		1.27	69	
5 Yr (estimated)	1.11	11		1.31	71	
10 Yr (estimated)	3.95	15		1.53	77	

Potential Capital Gain Exposure: -6% of assets

### Morningstar's Take by Emory Zink 09-07-18

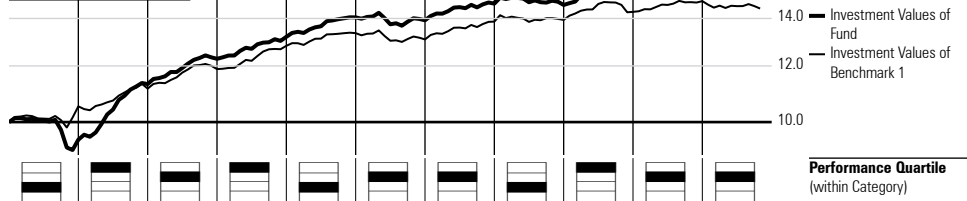
An experienced portfolio management roster benefits from a wealth of support—including sector specialists, quantitative tools, and a robust cohort of analysts—all critical components to this team-managed offering that derives an edge from deep research and nimble implementation. In conjunction with a disciplined track record and attractive fees, that earns Fidelity Total Bond a Morningstar Analyst Rating of Gold.

Besides investing in the typical investment-grade credit, mortgages, and U.S. Treasuries in the fund's Bloomberg Barclays U.S. Aggregate Bond Index benchmark, lead portfolio manager Ford O'Neil and his comanagers may allocate up to 20% in non-investment-grade bonds, including high-yield and emerging-markets debt, when the team finds market valuations compelling. This gives the fund an edge versus more-conservative benchmarklike intermediate-bond peers, but it may also invite more volatility.

The team has executed this mandate with skill. For example, through 2015 and into early 2016, anxiety over dipping oil prices caused volatility in energy-related names, but sector specialists recommended exposures

### Historical Profile

**Return** Above Avg  
**Risk** Above Avg  
**Rating** ★★★★★ Above Avg



Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	10-18	History
NAV	9.20	10.47	10.72	10.92	10.95	10.44	10.68	10.26	10.52	10.64	10.20	NAV
Total Return %	-5.56	19.80	8.55	7.40	6.51	-0.92	5.54	-0.42	5.86	4.19	-1.95	Total Return %
+/- Bmark 1	-10.80	13.87	2.01	-0.44	2.30	1.10	-0.42	-0.97	3.21	0.65	0.43	+/- Bmark 1
+/- Bmark 2	-10.80	13.87	2.01	-0.44	2.30	1.10	-0.42	-0.97	3.21	0.65	0.43	+/- Bmark 2
Income Return %	5.03	5.34	4.15	3.82	2.97	2.78	2.92	3.05	3.06	2.80	2.24	Income Return %
Capital Return %	-10.59	14.46	4.41	3.58	3.54	-3.71	2.62	-3.47	2.79	1.38	-4.19	Capital Return %
Total Rtn % Rank Cat	57	15	29	18	53	28	46	64	4	32	34	Total Rtn % Rank Cat
Income \$	0.51	0.48	0.42	0.40	0.32	0.30	0.30	0.32	0.31	0.29	0.24	Income \$
Capital Gains \$	0.07	0.03	0.21	0.18	0.36	0.11	0.03	0.06	0.03	0.03	0.00	Capital Gains \$
Expense Ratio %	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	Expense Ratio %
Income Rate %	5.12	5.52	4.37	3.89	3.29	2.75	3.07	2.99	3.25	2.84	2.90	Income Rate %
Turnover Rate %	122	104	130	168	155	201	108	140	134	137	109	Turnover Rate %
Net Assets \$mil	8,280	11,443	10,956	11,937	12,894	11,611	15,933	17,600	20,709	24,390	11,911	Net Assets \$mil

### Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-1.62			
3 Yr	2.17	+ Avg	+ Avg	★★★★
5 Yr	2.46	+ Avg	+ Avg	★★★★
10 Yr	5.56	+ Avg	Avg	★★★★
Incept	4.57			

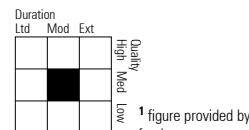
### Other Measures

	Standard Index	Best Fit Index
Alpha	1.1	0.1
Beta	0.94	0.77
R-Squared	80	94
Standard Deviation	2.82	
Mean	2.17	
Sharpe Ratio	0.42	

### Portfolio Analysis 08-31-18

Total Fixed Income: 2458	Date of Maturity	Amount 000	Value \$000	% Assets
United States Treasury	03-31-22	1,455,761	1,413,453	4.41
United States Treasury	06-30-22	952,845	918,825	2.87
United States Treasury	12-31-21	906,934	886,209	2.76
United States Treasury	07-31-22	903,426	874,594	2.73
United States Treasury	08-15-48	752,883	749,089	2.34
Fannie Mae 3.5% 30 Year	—	749,533	746,996	2.33
United States Treasury	03-31-23	653,872	646,925	2.02
United States Treasury	07-31-24	649,329	625,842	1.95
United States Treasury	12-31-24	618,783	599,108	1.87
Fannie Mae 4% 30 Year	—	546,623	558,343	1.74
Ginnie Mae 3.5% 30 Year	—	553,014	555,984	1.73
Ginnie Mae 3% 30 Year	—	486,106	476,304	1.49
United States Treasury	10-31-21	453,470	433,507	1.35
Fannie Mae 3% 30 Year	—	425,719	413,389	1.29
United States Treasury	07-15-25	396,692	412,455	1.29
United States Treasury	11-30-24	424,340	408,046	1.27
Freddie Mac 4% 30 Year	—	391,997	400,843	1.25
United States Treasury	01-15-27	396,460	400,037	1.25
Freddie Mac 3.5% 30 Year	—	389,840	389,399	1.21
United States Treasury	12-31-22	368,686	359,339	1.12

### Current Investment Style



Avg Eff Duration <sup>1</sup>	5.6
Avg Eff Maturity	—
Avg Credit Quality	BBB
Avg Wtd Coupon	3.51%
Avg Wtd Price	99.07% of par

### Coupon Range

Coupon Range	% of Bonds
0% PIK	0.5
0% to 4%	67.2
4% to 6%	22.5
6% to 8%	8.3
8% to 10%	1.2
More than 10%	0.3

### Credit Analysis

Credit Analysis	% bonds 09-30-18
AAA	60
AA	1
A	9
BBB	18
BB	7
B	5
Below B	0
Not Rated	-1

### Sector Breakdown

Sector	% Assets
Government	37
Government Related	2
Corporate	34
Agency MBS	19
Non-Agency Residential MBS	0
Commercial MBS	2
Covered Bond	0
Asset Backed	2
Municipal	1
Cash & Equivalents	2
Other	0

### Composition - Net

Cash	1.5	Bonds	100.0
Stocks	0.1	Other	-1.5

### Special Securities

Restricted/Illicit Secs	10
Emerging-Markets Secs	3
Options/Futures/Warrants	0

Address:	Fidelity Income Fund Boston, MA 02109 800-544-6666	Minimum Purchase:	\$0	Add: —	IRA: \$2500
Web Address:	www.institutional.fidelity.com	Min Auto Inv Plan:	—	Add: —	
Inception:	10-15-02	Sales Fees:	No-load		
Advisor:	Fidelity Management & Research Company	Management Fee:	0.20%		
Subadvisor:	FMR Investment Management (U.K.) Limited	Actual Fees:	Mgt:0.31% Dist:—		
		Expense Projections:	3Yr:\$144 5Yr:\$252 10Yr:\$567		
		Income Distribution:	Monthly		

# Western Asset Core Plus Bond I

**Ticker** WACPX **Yield** 3.7% **SEC Yield** 3.67% **Total Assets** \$23,989 mil

**Mstar Category**  
Intermediate-Term Bond

**Benchmark 1:** BBgBarc US Agg Bond TR USD  
**Benchmark 2:** BBgBarc US Agg Bond TR USD

**Morningstar Analyst Rating** 03-08-18



### Morningstar Pillars

- Process + Positive
- Performance + Positive
- People + Positive
- Parent + Positive
- Price + Positive

### Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

### Analyst Rating Spectrum

Gold Silver Bronze Neutral Negative

### Pillar Spectrum

Positive Negative Neutral

### Performance 10-31-18

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2014	2.78	2.84	0.35	1.52	7.68
2015	2.18	-1.80	0.72	0.24	1.31
2016	2.59	2.91	1.58	-2.29	4.79
2017	1.91	2.68	1.74	0.47	6.96
2018	-1.08	-1.55	0.29	—	—

### Trailing

	Total	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	-2.10	-1.31	-1.31	100	9,790
6 Mo	-1.75	-1.56	-1.56	100	9,825
1 Yr	-3.26	-1.21	-1.21	97	9,674
3 Yr Avg	2.26	1.22	1.23	8	10,695
5 Yr Avg	3.09	1.26	1.26	4	11,644
10 Yr Avg	6.95	3.01	3.01	3	19,573
15 Yr Avg	5.07	1.28	1.29	4	21,011

### Tax Analysis

	Tax Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	0.64	18	1.59	95
5 Yr (estimated)	1.53	4	1.52	89
10 Yr (estimated)	5.24	3	1.59	84

Potential Capital Gain Exposure: -6% of assets

### Morningstar's Take by Maciej Kowara 03-08-18

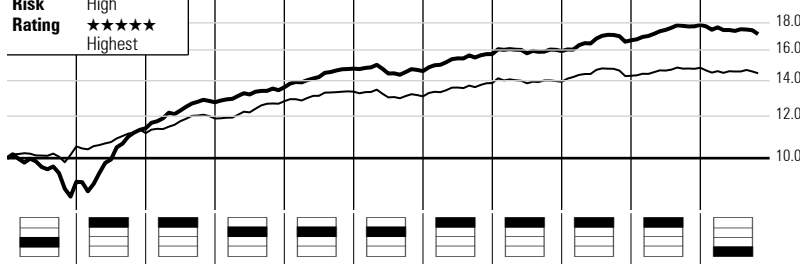
Western Asset Core Plus Bond will be losing one of its longtime managers at the end of 2018, but that doesn't change our views on the fund's prospects. The fund retains its Morningstar Analyst Rating of Gold.

Carl Eichstaedt, who has comanaged this fund since 1998, will be retiring at the end of 2018. The fund will lose some of the experience that comes with having been through multiple market crises, but given the fund's—and Western's—team-oriented approach, we don't think it will affect the fund in very concrete ways. All the fund's managers, and there will be five of them after Eichstaedt is gone, are generalists; the fund won't be losing any dedicated asset- or sector-specific expertise. Furthermore, two of the remaining managers, Ken Leech—Western's CIO—and Mark Lindbloom have comparable levels of market experience and will provide continuity to the fund's approach.

The fund's approach was good enough to earn its management team the Morningstar Fixed-Income Manager of the Year award in 2014, and the fund has lived up to the promise implicit in such recognition. Its returns were in the best-performing quintile of its

### Historical Profile

**Return** High  
**Risk** High  
**Rating** ★★★★★ Highest



Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	10-18	History
NAV	8.66	10.14	10.78	11.11	11.67	11.19	11.64	11.43	11.43	11.84	11.00	NAV
Total Return %	-9.78	26.20	11.97	6.72	8.44	-1.07	7.68	1.31	4.79	6.96	-3.96	Total Return %
+/- Bmark 1	-15.02	20.27	5.43	-1.12	4.22	0.96	1.72	0.76	2.14	3.41	-1.58	+/- Bmark 1
+/- Bmark 2	-15.02	20.27	5.43	-1.12	4.22	0.96	1.72	0.76	2.14	3.41	-1.58	+/- Bmark 2
Income Return %	5.63	6.85	5.62	3.61	3.34	3.10	3.63	3.17	3.91	3.34	2.79	Income Return %
Capital Return %	-15.41	19.35	6.35	3.11	5.09	-4.17	4.05	-1.86	0.87	3.61	-6.75	Capital Return %
Total Rtn % Rank Cat	75	7	3	36	28	31	3	7	13	1	99	Total Rtn % Rank Cat
Income \$	0.56	0.57	0.56	0.38	0.37	0.36	0.40	0.36	0.44	0.38	0.33	Income \$
Capital Gains \$	0.00	0.14	0.00	0.00	0.00	0.00	0.00	0.00	0.11	0.00	0.05	Capital Gains \$
Expense Ratio %	0.46	0.46	0.45	0.45	0.46	0.51	0.49	0.52	0.52	0.52	0.45	Expense Ratio %
Income Ratio %	5.50	5.20	4.20	3.28	3.06	2.98	3.39	3.05	3.21	3.03	3.31	Income Ratio %
Turnover Rate %	124	202	464	734	127	109	78	93	97	94	—	Turnover Rate %
Net Assets \$mil	6,580	5,417	5,162	4,686	4,746	4,035	5,567	9,641	12,130	14,685	15,681	Net Assets \$mil

### Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-3.26			
3 Yr	2.26	High	High	★★★★★
5 Yr	3.09	High	High	★★★★★
10 Yr	6.95	High	High	★★★★★
Incept	5.72			

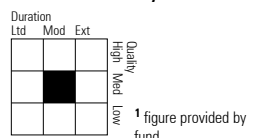
### Other Measures

	Standard Index	Best Fit Index
Alpha	1.2	0.1
Beta	1.07	0.89
R-Squared	76	89
Standard Deviation		3.31
Mean		2.26
Sharpe Ratio		0.39

### Portfolio Analysis 09-30-18

	Date of Maturity	Amount 000	Value \$000	% Assets
<b>Total Fixed Income: 2017</b>				
Ir Swap 1d-Fed/01 31 Bp	12-19-23	2,114,967	2,134,290	8.94
Ir Swap 3m-Libor-Bba	12-19-23	2,114,967	-2,134,423	8.94
Federal National Mortg	—	643,900	664,202	2.78
United States Treasury	—	674,989	651,908	2.73
United States Treasury	—	622,540	607,748	2.55
Government National Mor	—	563,380	582,199	2.44
Fx Fut Mexican Peso Fut	12-17-18	9,877,000	-528,203	2.21
Fx Fut Mexican Peso Fut	12-17-18	9,877,000	528,203	2.21
United States Treasury	—	539,930	510,365	2.14
United States Treasury	—	409,880	454,647	1.90
United States Treasury	08-31-23	350,024	347,796	1.46
United States Treasury	—	347,860	305,776	1.28
Government National Mor	—	277,600	282,317	1.18
Fx Fut Jpn Yen Curr Fut	12-17-18	29,325,000	-258,177	1.08
Fx Fut Jpn Yen Curr Fut	12-17-18	29,325,000	258,177	1.08
Federal National Mortg	—	235,900	247,623	1.04
Federal National Mortg	—	240,500	241,712	1.01
CSMC Trust 3.5%	—	217,426	212,657	0.89
Federal Home Loan Mortg	—	211,325	202,192	0.85
Government National Mor	—	193,200	201,752	0.85

### Current Investment Style



1 figure provided by fund

Avg Eff Duration<sup>1</sup> 7.5  
Avg Eff Maturity 10.3 Yrs  
Avg Credit Quality BBB  
Avg Wtd Coupon 3.85%  
Avg Wtd Price 97.22% of par

### Coupon Range

Coupon Range	% of Bonds
0% PIK	3.8
0% to 4%	57.7
4% to 6%	29.3
6% to 8%	6.7
8% to 10%	1.9
More than 10%	0.6

### Credit Analysis

	% bonds 09-30-18
AAA	56
AA	3
A	15
BBB	14
BB	6
B	3
Below B	3
Not Rated	0

### Sector Breakdown

Sector	% Assets
Government	17
Government Related	9
Corporate	21
Agency MBS	17
Non-Agency Residential MBS	3
Commercial MBS	2
Covered Bond	0
Asset Backed	3
Municipal	0
Cash & Equivalents	9
Other	19

### Composition - Net

Category	Value	% Assets
Cash	1.5	97.9
Stocks	0.0	0.6

### Special Securities

Category	Value	% Assets
Restricted/Illicit Secs	16	
Emerging-Markets Secs	12	
Options/Futures/Warrants	6	

Address: Western Asset Funds Inc  
Baltimore MD 21202  
877-721-1926  
www.leggmason.com  
Inception: 07-08-98  
Advisor: Legg Mason Partners Fund Advisor, LLC  
Subadvisor: Western Asset Management Company Pte Ltd

Minimum Purchase: \$100,000 Add: — IRA: \$100,000  
Min Auto Inv Plan: \$100,000 Add: —  
Sales Fees: No-load  
Management Fee: 0.45% mx./0.40% mn.  
Actual Fees: Mgt:0.40% Dist:—  
Expense Projections: 3Yr:\$160 5Yr:\$284 10Yr:\$646  
Income Distribution: Monthly



# Baird Aggregate Bond Inst

**Ticker** Yield **SEC Yield** **Total Assets**  
BAGIX 2.9% 3.25% \$15,527 mil

**Mstar Category**  
Intermediate-Term Bond

**Benchmark 1:** BBGBarc US Agg Bond TR USD  
**Benchmark 2:** BBGBarc US Agg Bond TR USD

**Morningstar Analyst Rating** 03-01-18



### Morningstar Pillars

- Process + Positive
- Performance + Positive
- People + Positive
- Parent + Positive
- Price + Positive

### Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

### Analyst Rating Spectrum

Gold Silver **Silver** Bronze Neutral Negative

### Pillar Spectrum

Positive Negative Neutral

### Performance 10-31-18

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2014	2.36	2.38	0.24	1.76	6.89
2015	1.79	-1.64	1.08	-0.64	0.55
2016	3.03	2.55	0.76	-2.76	3.52
2017	1.04	1.66	0.99	0.45	4.20
2018	-1.52	-0.24	0.07	—	—

### Trailing

	Total Return%	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	-0.80	-0.01	0.00	53	9,920
6 Mo	-0.28	-0.09	-0.09	60	9,972
1 Yr	-2.17	-0.12	-0.12	62	9,783
3 Yr Avg	1.45	0.41	0.41	41	10,441
5 Yr Avg	2.30	0.47	0.47	21	11,207
10 Yr Avg	5.01	1.07	1.07	31	16,301
15 Yr Avg	4.22	0.43	0.43	24	18,586

### Tax Analysis

	Tax Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	0.32	31	1.11	44
5 Yr (estimated)	1.14	10	1.14	46
10 Yr (estimated)	3.51	28	1.43	65

Potential Capital Gain Exposure: -4% of assets

### Morningstar's Take by Alaina Bompiedi 03-01-18

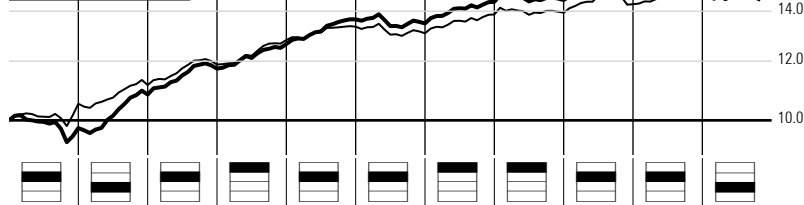
An experienced and collaborative process, clear objectives, and low fees position Baird Aggregate Bond for success, earning a Morningstar Analyst Rating of Silver.

Lead manager and Baird CIO Mary Ellen Stanek heads a five-manager team that has worked together on the fund since its inception in 2000. Providing support are five additional portfolio managers and nine dedicated analysts. While the team is somewhat smaller than those of some other firms, it sticks to sectors and bonds that it can thoroughly understand, and the group works in a relatively flat and collaborative structure.

Stanek and team curate the portfolio with credit, mortgages, and U.S. government bonds. They keep these allocations relatively close to the fund's Bloomberg Barclays U.S. Aggregate Bond Index benchmark, choosing to over- or underweight names within the benchmark to reflect their level of conviction. Duration is kept neutral to the index, and the fund avoids derivatives, leverage, and esoteric fare. These limitations allow the managers to focus on adding value

### Historical Profile

**Return** Above Avg  
**Risk** Above Avg  
**Rating** ★★★★★ Above Avg



Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	10-18	History
NAV	9.74	10.23	10.52	10.65	10.89	10.41	10.81	10.61	10.70	10.87	10.36	NAV
Total Return %	-2.36	10.88	8.34	7.85	7.92	-1.25	6.89	0.55	3.52	4.20	-2.48	Total Return %
+/- Bmark 1	-7.60	4.95	1.79	0.01	3.70	0.77	0.93	0.00	0.87	0.66	-0.10	+/- Bmark 1
+/- Bmark 2	-7.60	4.95	1.79	0.01	3.70	0.77	0.93	0.00	0.87	0.66	-0.10	+/- Bmark 2
Income Return %	5.42	5.64	4.90	4.50	4.08	3.21	3.02	2.44	2.51	2.61	2.25	Income Return %
Capital Return %	-7.77	5.24	3.44	3.35	3.84	-4.47	3.87	-1.89	1.01	1.60	-4.73	Capital Return %
Total Rtn % Rank Cat	45	62	31	9	34	36	8	22	37	31	63	Total Rtn % Rank Cat
Income \$	0.56	0.54	0.49	0.46	0.43	0.34	0.31	0.26	0.26	0.28	0.24	Income \$
Capital Gains \$	0.00	0.00	0.06	0.21	0.16	0.00	0.00	0.00	0.02	0.00	0.00	Capital Gains \$
Expense Ratio %	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	Expense Ratio %
Income Ratio %	5.46	5.37	4.44	4.10	3.51	3.01	2.81	2.24	2.25	2.40	2.69	Income Ratio %
Turnover Rate %	22	38	41	46	64	28	32	40	36	28	—	Turnover Rate %
Net Assets \$mil	841	1,360	1,657	1,480	1,497	1,663	3,441	6,323	9,754	13,563	14,807	Net Assets \$mil

### Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-2.17			
3 Yr	1.45	Avg	+ Avg	★★★★
5 Yr	2.30	+ Avg	+ Avg	★★★★★
10 Yr	5.01	+ Avg	Avg	★★★★★
Incept	5.04			

### Other Measures

	Standard Index	Best Fit Index
Alpha	0.4	0.4
Beta	1.00	1.00
R-Squared	99	99
Standard Deviation	2.72	
Mean	1.45	
Sharpe Ratio	0.18	

### Portfolio Analysis 09-30-18

Total Fixed Income: 1088	Date of Maturity	Amount 000	Value \$000	% Assets
United States Treasury	—	677,000	640,029	4.10
United States Treasury	05-15-24	644,475	628,539	4.02
United States Treasury	—	502,356	529,220	3.39
United States Treasury	11-15-25	518,100	492,458	3.15
United States Treasury	03-31-22	408,825	394,804	2.53
United States Treasury	03-31-22	360,480	346,624	2.22
United States Treasury	11-15-26	319,050	295,171	1.89
United States Treasury	11-15-27	165,000	154,443	0.99
Federal Home Loan Mortg	—	76,994	75,891	0.49
FEDERAL HOME LN MTG COR	08-25-25	72,374	72,168	0.46
Federal Home Loan Mortg	—	75,449	72,329	0.46
Federal Home Loan Mortg	—	73,525	70,484	0.45
Government National Mor	—	67,235	69,552	0.45
Federal Home Loan Mortg	01-25-24	68,125	68,792	0.44
Federal Home Loan Mortg	—	69,027	68,409	0.44
Federal National Mortga	—	67,763	66,938	0.43
Federal National Mortga	—	64,998	64,454	0.41
Federal National Mortga	—	60,135	59,434	0.38
Federal National Mortga	—	59,042	58,657	0.38
Federal National Mortga	—	56,413	57,418	0.37

### Current Investment Style

Duration	Ltd	Mod	Ext	Quality
				High
				Med
				Low

1 figure provided by fund

Avg Eff Duration <sup>1</sup>	6.0
Avg Eff Maturity	8.2 Yrs
Avg Credit Quality	A
Avg Wtd Coupon	3.54%
Avg Wtd Price	99.14% of par

Coupon Range	% of Bonds
0% PIK	0.0
0% to 4%	76.1
4% to 6%	19.7
6% to 8%	3.1
8% to 10%	1.0
More than 10%	0.1

Credit Analysis	% bonds 09-30-18
AAA	55
AA	5
A	18
BBB	22
BB	0
B	0
Below B	0
Not Rated	0

Sector Breakdown	% Assets
Government	22
Government Related	0
Corporate	41
Agency MBS	24
Non-Agency Residential MBS	1
Commercial MBS	4
Covered Bond	0
Asset Backed	3
Municipal	1
Cash & Equivalents	2
Other	0

Composition - Net			
Cash	1.7	Bonds	97.5
Stocks	0.0	Other	0.7

Special Securities	
Restricted/Illicit Secs	16
Emerging-Markets Secs	1
Options/Futures/Warrants	0

Address:	Baird Funds Inc Milwaukee, WI 53202 866-442-2473	Minimum Purchase:	\$25000	Add: —	IRA: \$25000
Web Address:	www.bairdfunds.com	Min Auto Inv Plan:	\$25000	Add: —	
Inception:	09-29-00	Sales Fees:	No-load		
Advisor:	Robert W. Baird & Co. Incorporated	Management Fee:	0.25%, 0.05%A		
Subadvisor:	None	Actual Fees:	Mgt:0.25% Dist:—		
		Expense Projections:	3Yr:\$97 5Yr:\$169 10Yr:\$381		
		Income Distribution:	Monthly		



# Baird Short-Term Bond Inst

**Ticker** BSBX **Yield** 2.1% **SEC Yield** 2.85% **Total Assets** \$5,693 mil **Mstar Category** Short-Term Bond

**Benchmark 1:** BBgBarc US Govt/Credit 1-5 Yr TR USD  
**Benchmark 2:** BBgBarc US Agg Bond TR USD

**Morningstar Analyst Rating** 02-28-18



### Morningstar Pillars

Process	⊕ Positive
Performance	⊕ Positive
People	⊕ Positive
Parent	⊕ Positive
Price	⊕ Positive

### Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

### Analyst Rating Spectrum

Gold Silver Bronze Neutral Negative

### Pillar Spectrum

⊕ Positive ⊖ Negative ● Neutral

### Performance 10-31-18

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2014	0.59	0.72	-0.02	0.20	1.49
2015	0.79	0.08	0.26	-0.24	0.89
2016	1.21	1.12	0.27	-0.36	2.25
2017	0.58	0.52	0.51	-0.09	1.53
2018	-0.29	0.41	0.49	—	—

### Trailing

Time Period	Total Return%	+/- Bmark	+/- Bmark	%Rank Cat	Growth of \$10,000
1 Yr	0.56	0.85	2.61	38	10,056
3 Yr Avg	1.40	0.62	0.37	39	10,427
5 Yr Avg	1.39	0.39	-0.44	30	10,716
10 Yr Avg	2.75	0.43	-1.19	46	13,119
15 Yr Avg	—	—	—	—	—

### Tax Analysis

	Tax Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	0.63	32	0.76	49
5 Yr (estimated)	0.63	24	0.75	57
10 Yr (estimated)	1.82	43	0.91	60

Potential Capital Gain Exposure: -1% of assets

### Morningstar's Take by Alaina Bompiedi 02-28-18

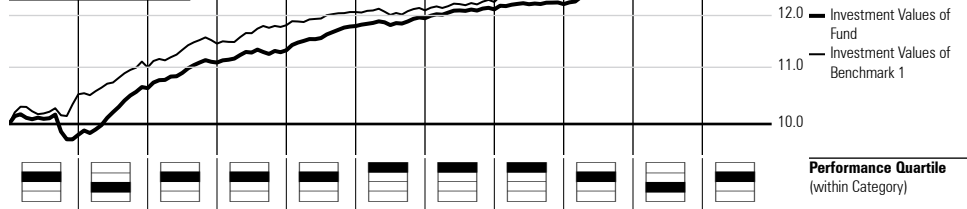
We think highly of the small but tight-knit team behind Baird Short-Term Bond. The fund's diverse, high-quality basket of corporate bonds, Treasuries, and mortgages has achieved consistent, above-average returns over the long term, meriting a Morningstar Analyst Rating of Silver.

Mary Ellen Stanek manages the fund with five additional comanagers who average 34 years of industry experience. Five additional portfolio managers and nine dedicated analysts round out the effort. While this team has a smaller headcount and somewhat younger analyst bench than other firms', Stanek and team stick to sectors and investments they can thoroughly research with their resources.

The team uses a no-nonsense recipe of investment-grade corporate, securitized, and government bonds, and keeps duration neutral to its Bloomberg Barclays U.S. Government/Credit 1-3 Year Index benchmark. Emphasis is on higher-quality holdings, and the fund tends to have a higher allocation to A and BBB rated securities and a lower allocation to below-investment-grade or nonrated securities than the

### Historical Profile

**Return** Average  
**Risk** Average  
**Rating** ★★★  
Neutral



Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	10-18	History
Return	9.24	9.57	9.68	9.59	9.75	9.69	9.67	9.60	9.66	9.64	9.54	NAV
Risk	-1.79	8.14	4.39	2.08	4.16	1.33	1.49	0.89	2.25	1.53	0.70	Total Return %
Rating	-6.91	3.53	0.31	-1.05	1.92	1.04	0.07	-0.09	0.68	0.26	0.72	+/- Bmark 1
	-7.03	2.21	-2.15	-5.76	-0.06	3.35	-4.47	0.34	-0.40	-2.01	3.08	+/- Bmark 2
	5.17	4.48	3.03	2.44	2.32	1.76	1.65	1.58	1.62	1.72	1.74	Income Return %
	-6.96	3.67	1.37	-0.35	1.83	-0.43	-0.16	-0.69	0.63	-0.20	-1.04	Capital Return %
	47	54	36	29	38	17	24	10	33	56	31	Total Rtn % Rank Cat
	0.50	0.41	0.29	0.23	0.22	0.17	0.16	0.15	0.15	0.17	0.17	Income \$
	0.00	0.00	0.02	0.06	0.01	0.02	0.01	0.00	0.00	0.00	0.00	Capital Gains \$
	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	Expense Ratio %
	5.01	4.28	2.92	2.40	2.23	1.71	1.56	1.30	1.57	1.73	2.03	Income Rate %
	99	56	59	61	40	45	51	38	44	55	—	Turnover Rate %
	215	605	919	1,022	1,288	1,989	2,641	2,974	3,764	5,403	5,554	Net Assets \$mil

### Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	0.56			
3 Yr	1.40	Avg	Avg	★★★
5 Yr	1.39	+Avg	Avg	★★★★
10 Yr	2.75	Avg	-Avg	★★★
Incept	2.64			

### Other Measures

	Standard Index	Best Fit Index
Alpha	0.4	0.6
Beta	0.27	0.78
R-Squared	69	81
Standard Deviation	0.84	
Mean	1.40	
Sharpe Ratio	0.47	

### Portfolio Analysis 09-30-18

Total Fixed Income: 495	Date of Maturity	Amount 000	Value \$000	% Assets
United States Treasury	09-30-21	687,225	652,649	11.84
United States Treasury	08-31-21	535,325	522,235	9.47
Capital One Multi Asset	07-17-23	42,500	41,628	0.75
Citibank Credit Card Is	04-07-22	33,225	32,700	0.59
Master Credit Card Trus	07-21-21	31,800	31,468	0.57
Molex Electronics Techno	04-15-20	31,303	30,960	0.56
Verizon Communications	03-15-22	30,880	30,390	0.55
BA Credit Card Trust 3%	09-15-23	29,775	29,697	0.54
Grupo Bimbo S.A.B de C.	06-30-20	28,075	28,647	0.52
Keysight Technologies,	10-30-19	28,625	28,612	0.52
Microchip Technology In	06-01-21	28,643	28,475	0.52
SYNCHRONY CARD	09-15-24	27,950	27,950	0.51
<b>ISSUANCE</b>				
Federal Home Loan Mortg	06-25-20	27,325	27,517	0.50
Newell Brands Inc. 3.15	04-01-21	28,283	27,830	0.50
Verizon Owner Trust 2.8	09-20-22	28,000	27,810	0.50
Zimmer Biomet Holdings	04-01-20	27,610	27,342	0.50
Stifel Financial Corpor	12-01-20	27,373	27,234	0.49
Broadcom Corporation/Br	01-15-20	27,000	26,683	0.48
Bayer US Finance II LLC	06-25-21	24,700	24,643	0.45
Maple Escrow Subsidiary	05-25-21	24,700	24,655	0.45

### Current Investment Style

Duration	Ltd	Mod	Ext	Quality
	High	Med	Low	
Avg Eff Duration <sup>1</sup>	1.9			
Avg Eff Maturity	2.1 Yrs			
Avg Credit Quality	A			
Avg Wtd Coupon	2.96%			
Avg Wtd Price	99.01% of par			

### Coupon Range

% of Bonds	
0% PIK	0.0
0% to 4%	83.7
4% to 6%	11.0
6% to 8%	3.8
8% to 10%	1.3
More than 10%	0.2

### Credit Analysis

% bonds 09-30-18			
AAA	38	BB	0
AA	8	B	0
A	20	Below B	0
BBB	34	Not Rated	0

### Sector Breakdown

% Assets	
21	Government
1	Government Related
57	Corporate
1	Agency MBS
0	Non-Agency Residential MBS
1	Commercial MBS
0	Covered Bond
11	Asset Backed
1	Municipal
5	Cash & Equivalents
0	Other

### Composition - Net

Cash	5.1	Bonds	94.7
Stocks	0.0	Other	0.1

### Special Securities

26	Restricted/Illiquid Secs
1	Emerging-Markets Secs
0	Options/Futures/Warrants

Address:	Baird Funds Inc Milwaukee, WI 53202 866-442-2473	Minimum Purchase:	\$25000	Add: —	IRA: \$25000
Web Address:	www.bairdfunds.com	Min Auto Inv Plan:	\$25000	Add: —	
Inception:	08-31-04	Sales Fees:	No-load		
Advisor:	Robert W. Baird & Co. Incorporated	Management Fee:	0.25%, 0.05%A		
Subadvisor:	None	Actual Fees:	Mgt:0.25% Dist:—		
		Expense Projections:	3Yr:\$97 5Yr:\$169 10Yr:\$381		
		Income Distribution:	Monthly		

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**Long-Term Time Horizon**

<i>Funds</i>	<i>Stocks</i>
FMIHX	MCK
FLPSX	GIS
TBGVX	ENB
OAKWX	MCHP
NWFFX	
VWEHX	
TGBAX	

# FMI Large Cap

Benchmark 1: Russell 1000 TR USD  
 Benchmark 2: S&P 500 TR USD

Morningstar Analyst Rating 01-11-18



### Morningstar Pillars

Process	⊕ Positive
Performance	⊕ Positive
People	⊕ Positive
Parent	⊕ Positive
Price	○ Neutral

### Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

### Analyst Rating Spectrum

Gold Silver Bronze Neutral Negative

### Pillar Spectrum

⊕ Positive ⊖ Negative ○ Neutral

### Performance 10-31-18

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2014	2.49	5.75	-1.77	5.53	12.36
2015	1.79	0.19	-7.58	3.52	-2.44
2016	3.39	1.87	3.06	4.83	13.79
2017	5.48	2.88	3.60	6.02	19.19
2018	-1.16	3.34	4.05	—	—

### Trailing

Time Period	Total Return %	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
1 Yr	6.22	1	2	42	9,651
3 Yr	9.82	-1.49	-1.70	58	13,244
5 Yr	9.46	-1.59	-1.88	59	15,713
10 Yr	12.00	-1.42	-1.24	61	31,047
15 Yr	9.55	0.66	0.81	4	39,283

### Tax Analysis

	Tax Adj Rtn %	%Rank	Cat	Tax-Cost Rat	%Rank
3 Yr (estimated)	7.39	66		2.21	81
5 Yr (estimated)	7.06	64		2.19	77
10 Yr (estimated)	10.52	63		1.32	72

Potential Capital Gain Exposure: 47% of assets

### Morningstar's Take by Alec Lucas, Ph.D. 01-11-18

FMI Large Cap earns a Morningstar Analyst Rating of Gold for its consistent execution.

CIO and longest-tenured manager Patrick English helped mold this fund's value-oriented, team-based approach. English and research director Jonathan Bloom vet each team member's investment ideas. They look for proven businesses that are trading meaningfully below their estimated intrinsic worth, often because of controversy, uncertainty, or short-term headwinds.

An opportunistic streak helps the team find such bargains. In mid-2014, it thought the business model of off-price retailers Ross Stores ROST and TJX Companies TJX held more promise against Internet-based competition than the market was giving them credit for. The team bought Ross Stores because its shares were then a better bargain. In early 2017, the team swapped Ross for TJX because the valuation gap between the two had closed, and it thought TJX's international business made it more attractive.

Paying heed to fundamentals in building the fund's 20-30 stock portfolio leads to sector weightings that often differ substantially from the S&P 500's and can

Address: FMI Funds Inc  
 Milwaukee, WI 53202  
 800-811-5311

Web Address: www.fmidfunds.com

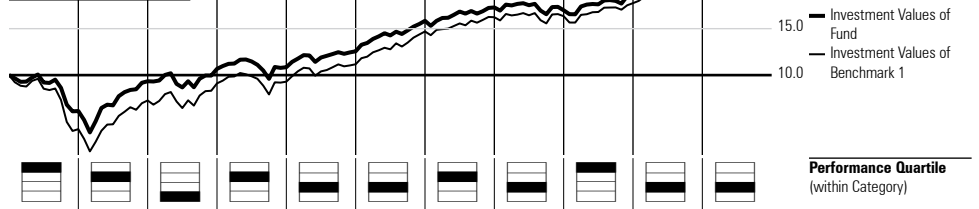
Inception: 12-31-01

Advisor: Fiduciary Management, Inc. of Milwaukee

Subadvisor: None

### Historical Profile

Return Average  
 Risk Below Avg  
 Rating ★★★  
 Neutral



Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	10-18	History
NAV	11.04	14.14	15.61	15.25	17.10	20.86	21.22	18.61	19.72	21.50	21.59	NAV
Total Return %	-26.91	29.68	11.41	1.49	14.86	30.48	12.36	-2.44	13.79	19.19	0.42	Total Return %
+/- Bmark 1	10.69	1.25	-4.68	-0.01	-1.56	-2.63	-0.88	-3.35	1.74	-2.50	-2.25	+/- Bmark 1
+/- Bmark 2	10.09	3.22	-3.65	-0.62	-1.14	-1.90	-1.33	-3.82	1.83	-2.64	-2.59	+/- Bmark 2
Income Return %	0.75	1.55	0.97	1.14	1.29	1.03	0.87	0.98	1.23	0.86	0.00	Income Return %
Capital Return %	-27.66	28.13	10.44	0.35	13.57	29.45	11.49	-3.42	12.56	18.33	0.42	Capital Return %
Total Rtn % Rank Cat	3	34	81	26	58	67	39	69	12	71	67	Total Rtn % Rank Cat
Income \$	0.11	0.17	0.14	0.18	0.20	0.18	0.18	0.21	0.23	0.17	0.00	Income \$
Capital Gains \$	0.00	0.00	0.00	0.42	0.21	1.24	2.05	1.84	1.25	1.82	0.00	Capital Gains \$
Expense Ratio %	1.11	0.97	0.97	0.97	0.96	0.96	0.94	0.93	0.90	0.86	0.85	Expense Ratio %
Income Ratio %	1.13	1.80	1.18	1.03	1.25	0.95	0.87	0.87	1.09	0.71	1.01	Income Ratio %
Turnover Rate %	30	32	20	28	21	30	31	18	17	16	—	Turnover Rate %
Net Assets \$mil	1,543	2,404	3,676	4,477	6,233	8,689	9,631	8,245	4,943	3,753	2,932	Net Assets \$mil

### Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	6.22			
3 Yr	9.82	Avg	-Avg	★★★
5 Yr	9.46	Avg	-Avg	★★★
10 Yr	12.00	Avg	-Avg	★★★
Incept	8.86			

### Other Measures

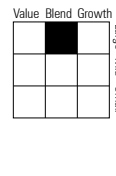
	Standard Index	Best Fit Index
Alpha	-0.4	1.8
Beta	0.88	0.79
R-Squared	82	86
Standard Deviation		9.12
Mean		9.82
Sharpe Ratio		0.96

### Portfolio Analysis 06-30-18

#### Total Stocks: 28

Share change since 03-31-18	Sector	YTD Ret %	% Assets
⊖ TJX Companies Inc	Cnsmr Cyc	45.14	5.35
⊖ Berkshire Hathaway Inc B	Finan Svcs	3.56	4.77
⊖ Dollar General Corp	Cnsmr Def	20.97	4.71
⊖ UnitedHealth Group Inc	Hlth Care	19.70	4.52
⊖ Honeywell International I	Industrl	-0.86	4.31
⊖ Twenty-First Century Fox	Cnsmr Cyc	33.47	4.18
⊖ JPMorgan Chase & Co	Finan Svcs	4.26	3.91
⊕ eBay Inc	Cnsmr Cyc	-23.08	3.77
⊖ Accenture PLC A	Technology	4.78	3.60
⊕ Quest Diagnostics Inc	Hlth Care	-2.47	3.54
⊖ Nutrien Ltd	Basic Mat	—	3.34
⊖ Bank of New York Mellon C	Finan Svcs	-10.19	3.14
⊖ Schlumberger Ltd	Energy	-21.64	3.10
⊖ Cerner Corp	Technology	-15.00	2.99
⊕ Nestle SA ADR	Cnsmr Def	—	2.94
⊖ Progressive Corp	Finan Svcs	25.75	2.94
⊖ Stanley Black & Decker In	Industrl	-30.20	2.91
⊕ Unilever PLC ADR	Cnsmr Def	—	2.90
⊖ Expeditors International	Industrl	4.54	2.87
⊖ Omnicom Group Inc	Cnsmr Cyc	4.52	2.83

### Current Investment Style

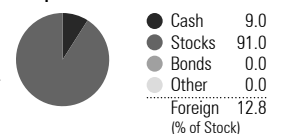


Value Measures	Rel Category	Sector Weightings	% of Stocks	% of Bmark 1
Price/Earnings	18.02 1.05	Cyclical	39.80	1.19
Price/Book	3.11 1.02	BasicMat	5.85	2.19
Price/Sales	1.85 0.87	CnsmrCyc	17.73	1.49
Price/Cash Flow	11.69 0.92	FinanSvcs	16.22	1.03
Dividend Yield %	1.85 0.99	Real Est	0.00	0.00
Growth Measures	% Rel Category	Sensitive	31.67	0.76
Long-Term Erngs	10.65 0.91	CommSvcs	2.74	0.82
Book Value	1.90 0.45	Energy	3.41	0.62
Sales	4.37 1.24	Industrl	13.44	1.31
Cash Flow	-5.89 -1.86	Technlgy	12.08	0.53
Historical Erngs	31.74 3.12	Defensive	28.52	1.16
		CnsmrDef	14.56	1.98
		Hlthcare	13.96	0.97
		Utilities	0.00	0.00

### Profitability

Return on Equity	20.47
Return on Assets	7.21
Net Margin	8.89

### Composition - Net



# Fidelity® Low-Priced Stock

**Ticker** FLPSX **Yield** 1.5% **Total Assets** \$32,866 mil **Mstar Category** Mid-Cap Value

**Benchmark 1:** Russell Mid Cap Value TR USD  
**Benchmark 2:** S&P 500 TR USD

**Morningstar Analyst Rating** 06-21-18



### Morningstar Pillars

Process	⊕ Positive
Performance	⊕ Positive
People	⊕ Positive
Parent	⊕ Positive
Price	⊕ Positive

### Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

### Analyst Rating Spectrum

Gold Silver Bronze Neutral Negative

### Pillar Spectrum

⊕ Positive ⊖ Negative ● Neutral

### Performance 10-31-18

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2014	2.02	2.81	-1.49	4.18	7.65
2015	1.77	2.50	-6.20	1.63	-0.56
2016	0.98	-0.62	4.93	3.31	8.79
2017	4.30	3.29	5.03	6.63	20.67
2018	-1.06	1.97	2.32	—	—

### Trailing

	Total Return%	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
1 Yr	0.97	0.81	-6.37	35	10,097
3 Yr Avg	7.31	-0.84	-4.21	52	12,356
5 Yr Avg	7.10	-1.01	-4.24	42	14,094
10 Yr Avg	13.60	0.25	0.36	20	35,801
15 Yr Avg	9.63	-0.15	0.90	12	39,725

### Tax Analysis

	Tax Adj Rtn%	%Rank	Cat	Tax-Cost Rat	%Rank
3 Yr (estimated)	5.44	54	1.74	65	
5 Yr (estimated)	5.39	40	1.60	49	
10 Yr (estimated)	12.27	20	1.18	55	

Potential Capital Gain Exposure: 46% of assets

### Morningstar's Take by Robby Greengold 06-21-18

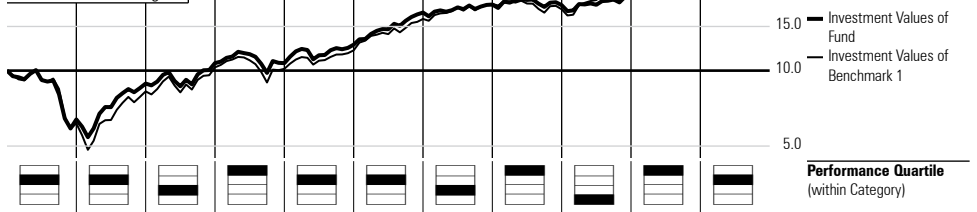
Fidelity Low-Priced Stock's excellence earns it a Morningstar Analyst Rating of Silver.

During his 28 years at the helm of this fund, manager Joel Tillinghast has diligently adhered to the same core strategy of buying undervalued companies and patiently holding them over multiyear horizons. He favors profitable businesses operating within a growing market, and invests with management teams he believes are honest and adept. Each company in the portfolio should have an easily understood business model with clear profit drivers; early-stage Internet outfits or biotech firms relying on unproven science, for example, are off the table.

Outwardly simple and straightforward, the process is well-defined and consistently delivers a portfolio full of relatively inexpensive businesses with benchmark-beating returns on equity and modest debt. The "low-priced" mandate has historically been defined as a stock-price ceiling on portfolio candidates; initially set at \$15 at the fund's inception, the ceiling was periodically lifted and eventually reached \$35. This condition was relaxed in November 2017 to allow stocks trading

### Historical Profile

**Return** Above Avg  
**Risk** Low  
**Rating** ★★★★★  
Above Avg



Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	10-18	History
NAV	23.12	31.94	38.38	35.73	39.50	49.46	50.25	47.75	49.48	54.52	48.98	NAV
Total Return %	-36.17	39.08	20.70	-0.06	18.50	34.31	7.65	-0.56	8.79	20.67	-3.70	Total Return %
+/- Bmark 1	2.27	4.87	-4.05	1.32	-0.01	0.86	-7.10	4.22	-11.21	7.32	0.60	+/- Bmark 1
+/- Bmark 2	0.82	12.61	5.64	-2.17	2.49	1.93	-6.04	-1.95	-3.17	-1.17	-6.71	+/- Bmark 2
Income Return %	0.43	0.53	0.47	0.75	1.40	1.01	1.07	1.25	1.27	1.66	0.78	Income Return %
Capital Return %	-36.60	38.55	20.23	-0.81	17.10	33.31	6.59	-1.82	7.52	19.00	-4.48	Capital Return %
Total Rtn % Rank Cat	29	28	68	17	26	48	69	12	98	5	37	Total Rtn % Rank Cat
Income \$	0.17	0.12	0.15	0.28	0.49	0.39	0.52	0.62	0.60	0.79	0.43	Income \$
Capital Gains \$	4.11	0.08	0.01	2.21	2.28	2.91	2.44	1.61	1.80	4.06	3.31	Capital Gains \$
Expense Ratio %	0.99	0.99	0.99	0.83	0.88	0.79	0.82	0.79	0.88	0.67	0.62	Expense Ratio %
Income Ratio %	0.68	0.67	0.21	0.61	1.00	1.14	1.07	1.02	1.24	1.46	1.48	Income Ratio %
Turnover Rate %	36	31	20	15	19	11	12	9	9	8	11	Turnover Rate %
Net Assets \$mil	18,351	24,672	27,094	23,444	23,433	31,079	30,318	28,055	28,263	30,330	26,056	Net Assets \$mil

### Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	0.97			
3 Yr	7.31	Avg	Low	★★★★
5 Yr	7.10	Avg	Low	★★★★★
10 Yr	13.60	+Avg	Low	★★★★★
Incept	13.32			

### Other Measures

	Standard Index	Best Fit Index
Alpha	-2.6	-0.6
Beta	0.88	0.79
R-Squared	82	88
Standard Deviation		9.04
Mean		7.31
Sharpe Ratio		0.72

### Portfolio Analysis 07-31-18

**Total Stocks: 893**

Share change since 04-30-18	Sector	YTD Ret %	% Assets
⊖ Fidelity Reverse Str Tr	—	—	9.17
⊖ UnitedHealth Group Inc	Hlth Care	—	6.25
⊖ Ross Stores Inc	Cnsmr Cyc	—	3.22
⊖ Best Buy Co Inc	Cnsmr Cyc	—	2.78
⊖ Next PLC	Cnsmr Cyc	—	2.72
⊖ Seagate Technology PLC	Technology	—	2.69
⊖ Metro Inc	Cnsmr Def	—	2.29
⊖ Aetna Inc	Hlth Care	—	2.16
⊖ Unum Group	Finan Svcs	—	1.65
⊖ Ansys Inc	Technology	—	1.64
⊖ Amgen Inc	Hlth Care	—	1.55
⊖ AutoZone Inc	Cnsmr Cyc	—	1.42
⊖ Barratt Developments PLC	Cnsmr Cyc	—	1.39
⊖ Hon Hai Precision Industr	Technology	—	1.38
⊖ MetLife Inc	Finan Svcs	—	1.33
⊖ Anthem Inc	Hlth Care	—	1.30
⊖ Amdocs Ltd	Technology	—	1.19
⊖ Monster Beverage Corp	Cnsmr Def	—	1.11
⊖ Oracle Corp	Technology	—	1.05
⊖ Murphy Oil Corp	Energy	—	1.00

### Current Investment Style

Value Blend Growth	Market Cap	%	Sector Weightings	% of Stocks	Rel Bmark 1
Large Mid Small	Giant	12.6	🔄 Cyclical	42.02	0.88
	Large	24.7	🏠 BasicMat	4.39	0.83
	Mid	37.6	🏠 CnsmrCyc	23.30	1.96
	Small	18.4	🏠 FinanSvcs	13.29	0.79
	Micro	6.7	🏠 Real Est	1.04	0.08
	Avg \$mil:	8,215	🏠 Sensitive	30.96	1.05
			🏠 CommSvcs	0.43	0.36

Value Measures	Rel Category
Price/Earnings	12.97 0.88
Price/Book	1.76 0.87
Price/Sales	0.81 0.61
Price/Cash Flow	5.74 0.65
Dividend Yield %	2.27 1.09
Growth Measures	% Rel Category
Long-Term Erngs	11.80 1.02
Book Value	1.27 0.49
Sales	2.45 1.18
Cash Flow	-4.67 4.50
Historical Erngs	5.14 0.56

### Composition - Net

	%
Cash	9.1
Stocks	90.8
Bonds	0.0
Other	0.0
Foreign	40.9

Profitability	%
Return on Equity	19.17
Return on Assets	7.44
Net Margin	8.48

Address: Fidelity Puritan Trust  
Boston, MA 02109  
800-544-8544  
Web Address: www.institutional.fidelity.com  
Inception: 12-27-89  
Advisor: Fidelity Management & Research Company  
Subadvisor: FMR Investment Management (U.K.) Limited

Minimum Purchase: \$0 Add: — IRA: \$2500  
Min Auto Inv Plan: — Add: —  
Sales Fees: No-load  
Management Fee: 0.35%  
Actual Fees: Mgt:0.47% Dist:—  
Expense Projections: 3Yr:\$199 5Yr:\$346 10Yr:\$774  
Income Distribution: None



# Tweedy, Browne Global Value

**Ticker** TBGVX **Yield** 1.1% **Total Assets** \$8,936 mil **Mstar Category** Foreign Large Value

**Benchmark 1:** MSCI ACWI Ex USA Value NR USD  
**Benchmark 2:** MSCI ACWI Ex USA NR USD

**Morningstar Analyst Rating** 08-09-18



### Morningstar Pillars

Process	⊕ Positive
Performance	⊕ Positive
People	⊕ Positive
Parent	⊕ Positive
Price	⊖ Negative

### Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

### Analyst Rating Spectrum

Gold Silver Bronze Neutral Negative

### Pillar Spectrum

⊕ Positive ⊖ Negative ● Neutral

### Performance 10-31-18

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2014	1.39	3.30	-1.18	-1.92	1.51
2015	3.57	-1.97	-5.37	2.55	-1.46
2016	-2.33	2.80	3.30	1.83	5.62
2017	6.79	3.03	2.00	2.86	15.43
2018	-2.11	2.40	2.10	—	—

### Trailing

	Total Return%	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	-5.81	2.31	3.84	4	9,419
6 Mo	-5.48	5.62	5.84	2	9,452
1 Yr	-1.54	6.19	6.70	3	9,846
3 Yr Avg	4.74	0.49	0.36	21	11,489
5 Yr Avg	3.74	3.13	2.11	3	12,017
10 Yr Avg	9.20	2.81	2.28	7	24,118
15 Yr Avg	7.42	1.45	1.28	3	29,277

### Tax Analysis

	Tax Adj Rtn%	%Rank	Cat	Tax-Cost Rat	%Rank
3 Yr (estimated)	3.66	21	1.03	57	
5 Yr (estimated)	2.58	5	1.12	54	
10 Yr (estimated)	7.76	6	1.32	69	

Potential Capital Gain Exposure: 33% of assets

### Morningstar's Take by Kevin McDevitt 08-09-18

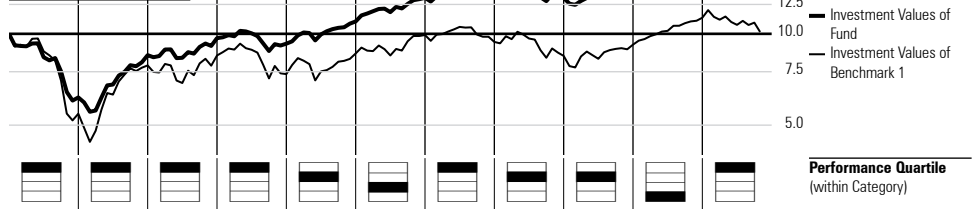
Tweedy, Browne Global Value remains in a slump, but it can still shine. Its Morningstar Analyst Rating remains Bronze.

Any discussion of this fund's results requires context. It doesn't fit neatly in a box, which makes comparisons difficult. No matter the axis, it usually falls between the poles. Its prospectus benchmark is the MSCI EAFE 100% Hedged Index, but the fund doesn't hedge all of its foreign-currency exposure; recently, it directly hedged about 65%-70% of its foreign-currency exposure. The MSCI EAFE Value Index is another potential boggy, but the fund tends to land on the value-blend border, with average price multiples that typically fall between those of the two indexes.

So, even though the fund's peer rankings look good, its results have actually disappointed over the past five years. Its 6.1% annualized return during that stretch lagged the MSCI EAFE 100% Hedged Index's 9.2% through July 2018, although it beat the value index's 4.8% thanks in part to its partially hedged currency exposure. Over the past 12 months, the fund's 6.1% gain eclipsed the value index by 2.3 percentage points

### Historical Profile

**Risk** High  
**Risk** Low  
**Rating** ★★★★★  
Highest



Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	10-18	History
NAV	15.62	21.20	23.82	21.85	23.24	26.62	26.04	24.46	25.04	28.49	27.58	NAV
Total Return %	-38.31	37.85	13.82	-4.13	18.38	19.62	1.51	-1.46	5.62	15.43	-3.19	Total Return %
+/- Bmark 1	7.16	-6.43	5.98	9.07	1.42	4.58	6.61	8.60	-3.30	-7.23	7.08	+/- Bmark 1
+/- Bmark 2	7.22	-3.60	2.66	9.58	1.55	4.33	5.37	4.20	1.13	-11.76	7.78	+/- Bmark 2
Income Return %	2.52	2.13	1.20	1.76	1.60	1.38	1.24	0.81	1.19	1.25	0.00	Income Return %
Capital Return %	-40.82	35.73	12.62	-5.89	16.78	18.25	0.27	-2.27	4.43	14.18	-3.19	Capital Return %
Total Rtn % Rank Cat	9	17	5	5	30	70	1	39	26	91	2	Total Rtn % Rank Cat
Income \$	0.75	0.33	0.25	0.42	0.35	0.32	0.33	0.21	0.29	0.31	0.00	Income \$
Capital Gains \$	2.07	0.00	0.06	0.56	2.29	0.86	0.66	1.00	0.50	0.10	0.00	Capital Gains \$
Expense Ratio %	1.37	1.40	1.40	1.39	1.38	1.38	1.37	1.36	1.37	1.38	1.36	Expense Ratio %
Income Rate %	1.45	3.05	1.62	1.16	1.80	1.45	1.30	0.94	0.83	1.25	0.91	Income Rate %
Turnover Rate %	9	16	7	12	9	16	4	8	1	3	5	Turnover Rate %
Net Assets \$mil	3,615	4,199	4,663	4,368	5,221	7,388	8,720	8,881	8,995	10,262	8,936	Net Assets \$mil

### Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-1.54			
3 Yr	4.74	+ Avg	Low	★★★★★
5 Yr	3.74	High	Low	★★★★★
10 Yr	9.20	High	Low	★★★★★
Incept	9.02			

### Other Measures

	Standard Index	Best Fit Index
Alpha	1.7	2.4
Beta	0.57	0.58
R-Squared	73	81
Standard Deviation		7.56
Mean		4.74
Sharpe Ratio		0.52

### Portfolio Analysis 09-30-18

#### Total Stocks: 91

Share change since 06-30-18	Sector	Country	% Assets
Safran SA	Industrl	France	5.62
⊖ Dreyfus Treasury Secs Cas	—	United States	4.98
⊖ Roche Holding AG Dividend	Hlth Care	Switzerland	3.27
Total SA	Energy	France	3.25
Nestle SA	Cnsmr Def	Switzerland	3.15
Heineken Holding NV	Cnsmr Def	Netherlands	3.00
Novartis AG	Hlth Care	Switzerland	2.97
Diageo PLC	Cnsmr Def	United Kingdom	2.92
SCOR SE	Finan Svcs	France	2.92
Royal Dutch Shell PLC Cla	Energy	United Kingdom	2.72
Zurich Insurance Group AG	Finan Svcs	Switzerland	2.69
Axel Springer SE	Cnsmr Cyc	Germany	2.59
⊖ GlaxoSmithKline PLC	Hlth Care	United Kingdom	2.55
Cisco Systems Inc	Technology	United States	2.35
DBS Group Holdings Ltd	Finan Svcs	Singapore	2.31
⊖ WPP PLC	Cnsmr Cyc	United Kingdom	2.29
⊖ Standard Chartered PLC	Finan Svcs	United Kingdom	2.22
⊖ HSBC Holdings PLC	Finan Svcs	United Kingdom	2.01
Henkel AG & Co KGaA	Cnsmr Def	Germany	1.96
United Overseas Bank Ltd	Finan Svcs	Singapore	1.93

### Current Investment Style

Value Blend Growth	Market Cap	%	Sector Weightings	% of Stocks	Rel Bmark 1
Large	Giant	57.8	Cyclical	42.61	0.79
Mid	Large	21.9	BasicMat	4.03	0.51
Small	Mid	15.7	CnsmrCyc	14.59	1.90
Micro	Small	3.1	FinanSvcs	23.42	0.69
	Micro	1.5	Real Est	0.57	0.13
	Avg \$mil:	39,784	Sensitive	29.73	1.01
			CommSvcs	0.00	0.00

Value Measures	Rel Category	%	Regional Exposure	% Stock
Price/Earnings	13.91	1.19	UK/W. Europe	69
Price/Book	1.60	1.19	N. America	13
Price/Sales	1.23	1.25	Japan	2
Price/Cash Flow	8.70	2.26	Latn America	1
Dividend Yield %	2.99	0.84	Asia X Japan	15
			Other	0
Growth Measures	% Rel Category			
Long-Term Erngs	12.02	1.18		
Book Value	4.30	2.46		
Sales	-2.56	1.42		
Cash Flow	6.48	4.25		
Historical Erngs	1.84	0.18		

Composition - Net	Country Exposure	% Stock
Cash	UK	24
Stocks	Switzerland	14
	France	16
	Germany	7
	United States	15
Foreign (% of Stock)		88.5

Address: Tweedy Browne Fund Inc  
New York, NY 10022  
800-432-4789  
www.tweedy.com  
Inception: 06-15-93  
Advisor: Tweedy, Browne Co LLC  
Subadvisor: None

Minimum Purchase: \$2500 Add: \$200 IRA: \$500  
Min Auto Inv Plan: — Add: —  
Sales Fees: No-load, 2.00%R  
Management Fee: 1.25%, 0.03%A  
Actual Fees: Mgt:1.25% Dist:—  
Expense Projections: 3Yr:\$431 5Yr:\$745 10Yr:\$1635  
Income Distribution: Annually



# Oakmark Global Select Investor

**Ticker** OAKWX **Yield** 1.0% **Total Assets** \$2,358 mil **Mstar Category** World Large Stock

**Benchmark 1:** MSCI ACWI Large Cap NR USD  
**Benchmark 2:** MSCI ACWI Ex USA NR USD

**Morningstar Analyst Rating** 12-14-17



### Morningstar Pillars

Process	⊕ Positive
Performance	⊕ Positive
People	⊕ Positive
Parent	⊙ Neutral
Price	⊙ Neutral

### Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

### Analyst Rating Spectrum

Gold	Silver	Bronze	Neutral	Negative
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### Pillar Spectrum

⊕ Positive	⊖ Negative	⊙ Neutral
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### Performance 10-31-18

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2014	1.51	2.98	-3.65	1.83	2.57
2015	2.43	1.22	-8.55	7.42	1.85
2016	-3.82	-3.70	10.48	7.43	9.93
2017	5.83	6.18	4.71	2.98	21.18
2018	-3.32	-2.20	1.81	—	—

### Trailing

	Total Return %	+/- Bmark 1	+/- Bmark 2	%Rank Cat	Growth of \$10,000
3 Mo	-12.23	-6.42	-2.59	98	8,777
6 Mo	-10.69	-7.56	0.63	98	8,931
1 Yr	-11.92	-12.03	-3.68	100	8,808
3 Yr Avg	3.94	-4.09	-0.43	91	11,229
5 Yr Avg	4.93	-1.37	3.30	68	12,720
10 Yr Avg	12.46	2.96	5.54	10	32,362
15 Yr Avg	—	—	—	—	—

### Tax Analysis

	Tax Adj Rtn %	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	2.98	86	0.92	52
5 Yr (estimated)	3.83	59	1.05	47
10 Yr (estimated)	11.58	7	0.78	45

Potential Capital Gain Exposure: 16% of assets

### Morningstar's Take by Greg Carlson 12-14-17

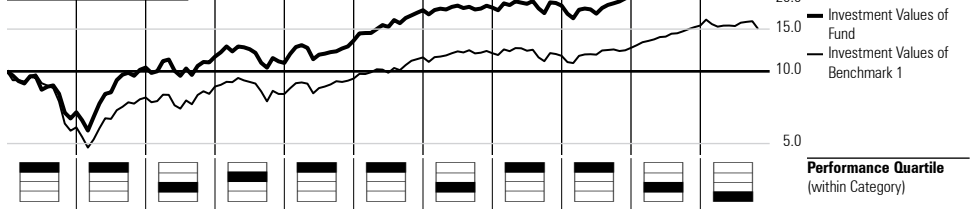
Oakmark Global Select features the highest-conviction ideas from a proven team employing a disciplined approach, and thus earns a Morningstar Analyst Rating of Silver.

This fund is helmed by Bill Nygren of Gold-rated Oakmark OAKMX and David Herro of Gold-rated Oakmark International OAKIX. They have overseen the U.S. and non-U.S. portions of the portfolio, respectively, since its 2006 inception. In November 2016, Tony Coniaris joined Nygren and Eric Liu joined Herro as comanagers here. Coniaris has comanaged Oakmark Select OAKLX with Nygren since 2013, while Liu has overseen Japan-focused separately managed accounts for the firm. The managers are backed by roughly 20 other team members, most of them highly experienced.

The promotions are part of long-term succession planning at Harris Associates, but Herro and Nygren (who will be 57 and 59 at the end of 2017, respectively) aren't expected to leave anytime soon. They continue to serve as leads here and draw ideas from their respective charges.

### Historical Profile

**Return** Above Avg  
**Risk** High  
**Rating** ★★★  
Neutral



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	10-18	History
NAV	6.53	9.99	11.07	10.42	12.65	16.51	16.02	15.45	16.81	19.30	16.79	NAV
Total Return %	-32.49	53.58	11.06	-5.87	23.95	33.80	2.57	1.85	9.93	21.18	-13.01	Total Return %
+/- Bmark 1	9.10	20.44	-0.06	1.03	7.96	11.31	-1.55	4.37	1.93	-2.69	-9.78	+/- Bmark 1
+/- Bmark 2	13.04	12.13	-0.09	7.84	7.12	18.51	6.44	7.52	5.43	-6.01	-2.04	+/- Bmark 2
Income Return %	3.45	0.59	0.25	0.00	1.55	1.07	0.86	0.78	1.09	1.03	0.00	Income Return %
Capital Return %	-35.93	52.99	10.81	-5.87	22.40	32.73	1.71	1.07	8.84	20.15	-13.01	Capital Return %
Total Rtn % Rank Cat	11	8	66	33	3	11	51	21	14	67	99	Total Rtn % Rank Cat
Income \$	0.35	0.04	0.02	0.00	0.16	0.14	0.14	0.13	0.17	0.17	0.00	Income \$
Capital Gains \$	0.00	0.00	0.00	0.00	0.10	0.27	0.77	0.74	0.00	0.89	0.00	Capital Gains \$
Expense Ratio %	1.35	1.43	1.29	1.24	1.23	1.15	1.13	1.13	1.15	1.18	1.12	Expense Ratio %
Income Ratio %	1.41	0.88	0.40	0.33	0.72	1.01	0.92	0.70	1.12	1.25	-0.18	Income Ratio %
Turnover Rate %	62	41	50	49	36	36	24	48	17	39	—	Turnover Rate %
Net Assets \$mil	198	299	363	443	630	1,476	1,966	2,265	2,081	1,915	1,261	Net Assets \$mil

### Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-11.92			
3 Yr	3.94	Low	High	★
5 Yr	4.93	Avg	High	★★★
10 Yr	12.46	High	+Avg	★★★★
Incept	7.22			

### Other Measures

	Standard Index	Best Fit Index
Alpha	-0.3	-4.7
Beta	1.02	1.21
R-Squared	79	82
Standard Deviation	13.01	
Mean	3.94	
Sharpe Ratio	0.28	

### Portfolio Analysis 09-30-18

#### Total Stocks: 21

Share change since 06-30-18	Sector	Country	% Assets
Lloyds Banking Group PLC	Finan Svcs	United Kingdom	6.94
⊕ Daimler AG	Cnsmr Cyc	Germany	6.91
Alphabet Inc Class C	Technology	United States	6.41
⊖ CNH Industrial NV	Industrl	United States	6.38
Bank of America Corporati	Finan Svcs	United States	5.82
Charter Communications In	Comm Svcs	United States	5.53
Citigroup Inc	Finan Svcs	United States	5.51
TE Connectivity Ltd	Technology	United States	5.49
Credit Suisse Group AG	Finan Svcs	Switzerland	5.28
* Fiat Chrysler Automobiles	Cnsmr Cyc	United Kingdom	5.28
⊖ LafargeHolcim Ltd	Basic Mat	Switzerland	4.56
Apache Corp	Energy	United States	4.52
⊖ Willis Towers Watson PLC	Finan Svcs	United States	4.25
⊖ American International Gr	Finan Svcs	United States	4.21
Reckitt Benckiser Group P	Cnsmr Def	United Kingdom	4.03
⊕ WPP PLC	Cnsmr Cyc	United Kingdom	3.59
⊖ Kuehne + Nagel Internatio	Industrl	Switzerland	3.13
⊖ General Electric Co	Industrl	United States	3.00
⊖ Cie Financiere Richemont	Cnsmr Cyc	Switzerland	2.79
Diageo PLC	Cnsmr Def	United Kingdom	2.29

### Current Investment Style

Value Blend Growth	Market Cap %	Sector Weightings	% of Stocks	Rel Bmark 1
Large Mid Small	Giant 39.3	🔄 Cyclical	56.84	1.57
	Large 53.7	🏠 BasicMat	4.70	1.13
	Mid 7.0	🏠 CnsmrCyc	19.15	1.82
	Small 0.0	🏠 FinanSvcs	32.99	1.68
	Micro 0.0	🏠 Real Est	0.00	0.00
	Avg \$mil: 49,119	🏠 Sensitive	36.65	0.93
		🏠 CommSvcs	5.70	1.36

Value Measures	Rel Category	Sector Weightings	% of Stocks	Rel Bmark 1
Price/Earnings	12.25 0.70	🏠 Energy	4.66	0.65
Price/Book	1.21 0.44	🏠 Industrl	12.90	1.42
Price/Sales	1.00 0.47	🏠 Technlgy	13.39	0.71
Price/Cash Flow	4.53 0.47	🏠 Defensive	6.51	0.26
Dividend Yield %	2.99 1.32	🏠 CnsmrDef	6.51	0.69
		🏠 Hlthcare	0.00	0.00
		🏠 Utilities	0.00	0.00

Growth Measures	% Rel Category	Regional Exposure	% Stock
Long-Term Erngs	7.09 0.60	UK/W. Europe	46
Book Value	1.33 0.26	N. America	54
Sales	0.52 0.18	Japan	0
Cash Flow	1.44 0.26	Latn America	0
Historical Erngs	23.34 1.84	Asia X Japan	0
		Other	0

### Composition - Net

	Country Exposure	% Stock
Cash	United States	54
Stocks	Switzerland	16
	UK	23
	Germany	7
Foreign (% of Stock)		46.2

Address:	Harris Associates LP Chicago, IL 606057 800-625-6275	Minimum Purchase:	\$1000	Add: \$100	IRA: \$1000
Web Address:	www.oakmark.com	Min Auto Inv Plan:	\$500	Add: \$100	
Inception:	10-02-06	Sales Fees:	No-load		
Advisor:	Harris Associates L.P.	Management Fee:	1.00% mx./0.85% mn.		
Subadvisor:	None	Actual Fees:	Mgt:0.97% Dist:—		
		Expense Projections:	3Yr:\$356 5Yr:\$617 10Yr:\$1363		
		Income Distribution:	Annually		



# American Funds New World F1

Benchmark 1: MSCI EM NR USD  
 Benchmark 2: MSCI ACWI Ex USA NR USD

Morningstar Analyst Rating 02-12-18



### Morningstar Pillars

Process	⊕ Positive
Performance	⊕ Positive
People	⊕ Positive
Parent	⊕ Positive
Price	⊕ Positive

### Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

### Analyst Rating Spectrum

Gold	Silver	Bronze	Neutral	Negative
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### Pillar Spectrum

⊕ Positive	⊖ Negative	● Neutral
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### Performance 10-31-18

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2014	0.50	4.88	-5.19	-3.58	-3.64
2015	2.88	-0.20	-12.15	4.24	-5.98
2016	0.18	2.07	6.32	-4.41	3.93
2017	10.57	5.96	7.25	5.49	32.55
2018	1.26	-3.95	-1.79	—	—

### Trailing

	Total Return%	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	-10.67	0.98	-1.02	30	8,933
6 Mo	-11.83	4.70	-0.51	8	8,817
1 Yr	-8.75	3.77	-0.50	12	9,125
3 Yr Avg	6.16	-0.36	1.78	33	11,963
5 Yr Avg	2.25	1.47	0.61	8	11,176
10 Yr Avg	8.20	0.36	1.28	29	21,987
15 Yr Avg	8.52	0.13	2.37	33	34,087

### Tax Analysis

	Tax Adj Rtn%	%Rank	Tax-Cost Rat	%Rank
3 Yr (estimated)	5.89	25	0.25	27
5 Yr (estimated)	1.66	7	0.58	52
10 Yr (estimated)	7.64	27	0.51	39

Potential Capital Gain Exposure: 25% of assets

### Morningstar's Take by Andrew Daniels 02-12-18

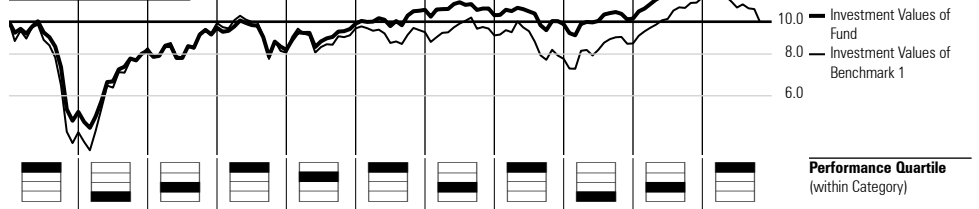
American Funds New World's relatively conservative approach, skilled management, and low fees make it a standout emerging-markets option. It retains its Morningstar Analyst Rating of Gold.

Capital Group, the parent of American Funds, divides this fund's assets between 10 managers who independently run their own sleeves. The managers are an experienced group, averaging 28 years of industry experience, 25 with Capital Group. Overall, American Funds' multimanager approach is a systemic strength; this and strong analyst benches help to mitigate key-person risk.

Management taps emerging markets' growth through a revenue-centric approach. If a firm gets at least 20% of its revenue or profit from the developing world, then it is fair game—provided that at least 35% of fund assets are invested directly in emerging-markets securities, which does include some bonds. The team believes that while emerging markets are growing faster than developed markets, emerging-markets firms aren't necessarily the best way to capitalize on that growth. In September 2017,

### Historical Profile

Return Above Avg  
 Risk Low  
 Rating ★★★★★  
 Highest



Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	10-18	History
NAV	31.20	46.90	54.22	45.79	54.10	58.30	53.14	49.64	51.11	66.46	58.95	NAV
Total Return %	-46.32	52.28	17.33	-14.13	19.77	10.03	-3.64	-5.98	3.93	32.55	-11.30	Total Return %
+/- Bmark 1	7.02	-26.23	-1.55	4.29	1.55	12.63	-1.46	8.93	-7.25	-4.73	4.42	+/- Bmark 1
+/- Bmark 2	-0.79	10.83	6.17	-0.42	2.94	-5.26	0.22	-0.32	-0.56	5.36	-0.33	+/- Bmark 2
Income Return %	0.84	1.93	1.70	1.42	1.60	1.11	0.73	0.61	0.96	1.25	0.00	Income Return %
Capital Return %	-47.16	50.35	15.63	-15.55	18.17	8.92	-4.37	-6.59	2.97	31.30	-11.30	Capital Return %
Total Rtn % Rank Cat	5	91	67	10	37	10	56	5	76	61	11	Total Rtn % Rank Cat
Income \$	0.50	0.60	0.80	0.77	0.73	0.60	0.42	0.32	0.48	0.64	0.00	Income \$
Capital Gains \$	0.00	0.00	0.00	0.00	0.00	0.61	2.63	0.00	0.00	0.64	0.00	Capital Gains \$
Expense Ratio %	1.02	1.11	1.04	1.02	1.03	1.03	1.02	1.02	1.03	1.02	1.00	Expense Ratio %
Income Ratio %	2.08	2.13	1.61	1.34	1.51	1.21	1.34	0.91	1.00	0.97	0.63	Income Ratio %
Turnover Rate %	35	36	20	25	25	36	32	41	30	37	—	Turnover Rate %
Net Assets \$mil	665	1,235	1,992	1,679	2,020	2,654	1,683	1,576	1,104	1,433	1,018	Net Assets \$mil

### Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-8.75			
3 Yr	6.16	+Avg	Low	★★★★
5 Yr	2.25	High	Low	★★★★★
10 Yr	8.20	+Avg	Low	★★★★★
Incept	8.51			

### Other Measures

	Standard Index	Best Fit Index
Alpha	2.0	1.9
Beta	0.91	0.91
R-Squared	89	91
Standard Deviation	10.89	
Mean	6.16	
Sharpe Ratio	0.51	

### Portfolio Analysis 09-30-18

#### Total Stocks: 351

Share change since 06-30-18	Sector	Country	% Assets
⊖ Reliance Industries Ltd	Energy	India	2.05
⊕ AIA Group Ltd	Finan Svcs	Hong Kong	1.75
⊕ Taiwan Semiconductor Manu	Technology	Taiwan	1.73
⊕ Tencent Holdings Ltd	Technology	China	1.50
⊕ Mastercard Inc A	Finan Svcs	United States	1.45
⊕ Alibaba Group Holding Ltd	Cnsmr Cyc	China	1.44
⊕ Alphabet Inc Class C	Technology	United States	1.39
⊕ HDFC Bank Ltd	Finan Svcs	India	1.31
⊖ Samsung Electronics Co Lt	Technology	South Korea	1.28
⊕ Microsoft Corp	Technology	United States	1.13
⊖ Airbus SE	Industrl	Netherlands	1.03
⊕ ENN Energy Holdings Ltd	Utilities	China	1.03
⊖ Kotak Mahindra Bank Ltd	Finan Svcs	India	0.97
⊕ Shanghai International Ai	Industrl	China	0.97
⊕ Broadcom Inc	Technology	United States	0.92
⊕ China Construction Bank C	Finan Svcs	China	0.87
⊕ British American Tobacco	Cnsmr Def	United Kingdom	0.78
⊕ First Quantum Minerals Lt	Basic Mat	Canada	0.78
⊖ Petroleo Brasileiro SA Pe	Energy	Brazil	0.71
⊕ LVMH Moet Hennessy Louis	Cnsmr Cyc	France	0.68

### Current Investment Style

Value Blend Growth	Market Cap %	Sector Weightings	% of Stocks	Rel Bmark 1
Large Mid Small	Giant 56.4	🔄 Cyclical	42.93	0.93
	Large 28.4	🏠 BasicMat	8.82	1.10
	Mid 13.5	🏠 CnsmrCyc	15.12	1.43
	Small 1.6	🏠 FinanSvcs	17.96	0.73
	Micro 0.1	🏠 Real Est	1.03	0.34
Avg \$mil: 37,958		🏠 Sensitive	36.98	0.88
		🏠 CommSvcs	1.10	0.23
		🏠 Energy	6.66	0.79
		🏠 Industrl	8.42	1.69
		🏠 Technly	20.80	0.87
		🏠 Defensive	20.10	1.68
		🏠 CnsmrDef	7.35	1.11
		🏠 Hlthcare	9.86	3.61
		🏠 Utilities	2.89	1.12

Value Measures	Rel Category	Growth Measures	% Rel Category
Price/Earnings	16.04 1.27	Long-Term Erngs	14.10 0.94
Price/Book	2.36 1.22	Book Value	2.46 0.32
Price/Sales	1.97 1.24	Sales	0.56 0.14
Price/Cash Flow	7.00 0.97	Cash Flow	7.84 1.23
Dividend Yield %	1.95 0.65	Historical Erngs	17.75 1.17

Regional Exposure	% Stock
UK/W. Europe	18
N. America	21
Japan	5
Latn America	10
Asia X Japan	41
Other	5

Country Exposure	% Stock
United States	19
Brazil	8
China	16
Japan	5
India	9

### Composition - Net

Cash	8.5	Bonds	4.8
Stocks	84.8	Other	1.9
Foreign (% of Stock)	80.5		

Address: New World Fund Inc  
 Los Angeles, CA 90071-1447  
 800-421-4225  
 Web Address: www.americanfunds.com  
 Inception: 03-16-01  
 Advisor: Capital Research and Management Company  
 Subadvisor: None

Minimum Purchase: \$250 Add: \$50 IRA: \$25  
 Min Auto Inv Plan: \$250 Add: —  
 Sales Fees: No-load  
 Management Fee: 0.85% mx./0.49% mn., 0.05%A  
 Actual Fees: Mgt:0.54% Dist:0.25%  
 Expense Projections: 3Yr:\$325 5Yr:\$563 10Yr:\$1248  
 Income Distribution: Annually





# Vanguard High-Yield Corporate Inv

**Ticker** VWEHX **Yield** 5.5% **SEC Yield** 6.05% **Total Assets** \$23,163 mil **Mstar Category** High Yield Bond

**Benchmark 1:** ICE BofAML US High Yield TR USD  
**Benchmark 2:** BBgBarc US Agg Bond TR USD

**Morningstar Analyst Rating** 05-10-18

**Silver**

### Morningstar Pillars

- Process **+** Positive
- Performance **+** Positive
- People **+** Positive
- Parent **+** Positive
- Price **+** Positive

### Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

### Analyst Rating Spectrum

Gold Silver Bronze Neutral Negative

### Pillar Spectrum

Positive Negative Neutral

### Performance 10-31-18

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2014	2.74	2.19	-1.42	1.05	4.58
2015	2.01	-0.16	-2.71	-0.49	-1.40
2016	2.30	3.37	4.37	0.75	11.19
2017	2.22	2.54	2.01	0.08	7.02
2018	-1.47	0.34	2.65	—	—

### Trailing

Time Period	Total Return%	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
1 Yr	-0.13	1	2	30	9,985
3 Mo	-0.15	0.20	0.64	40	10,091
6 Mo	0.91	-0.19	1.09	68	9,987
1 Yr	-0.13	-0.99	1.93	62	11,508
3 Yr Avg	4.79	-1.85	3.75	21	12,333
5 Yr Avg	4.28	-0.41	2.45	40	24,960
10 Yr Avg	9.58	-1.58	5.64	49	24,550
15 Yr Avg	6.17	-1.21	2.38	—	—

### Tax Analysis

	Tax Adj Rtn%	%Rank	Cat	Tax-Cost Rat	%Rank
3 Yr (estimated)	2.37	60	2.32	57	
5 Yr (estimated)	1.84	15	2.34	46	
10 Yr (estimated)	6.91	29	2.44	37	

Potential Capital Gain Exposure: -4% of assets

### Morningstar's Take by Brian Moriarty 05-10-18

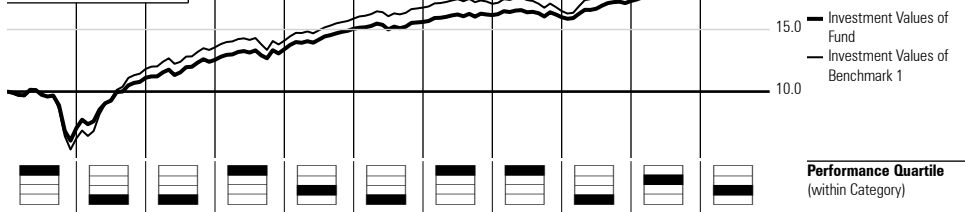
Vanguard High-Yield Corporate's combination of a relatively cautious approach to high-yield investing, a strong team, and rock-bottom fees continue to support a Morningstar Analyst Rating of Silver.

By design, this is one of the most conservative funds in the high-yield bond Morningstar Category, at least when it comes to credit risk. The fund's investment philosophy is informed by the asymmetrical risk/reward profile of the high-yield bond market: Investors can lose all or a significant portion of their investment when a company goes belly-up, but upside is limited, especially for a bond purchased at par. This approach is illustrated by the fund's relatively light exposure to debt rated CCC and below, which accounted for 7.7% of assets as of March 2018, compared with more than 11% for the median peer. Manager Michael Hong also manages liquidity carefully, using a mix of cash and Treasuries (more than 6% combined), as well as maintaining a focus on the market's larger names.

The preference for higher-rated debt means the fund has typically lagged peers during strong credit

### Historical Profile

**Return** Average  
**Risk** Below Avg  
**Rating** ★★★  
 Neutral



Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	10-18	History
Return %	4.27	5.47	5.70	5.69	6.11	6.03	5.97	5.54	5.83	5.92	5.65	NAV
+/- Bmark 1	-21.29	39.09	12.40	7.13	14.36	4.54	4.58	-1.40	11.19	7.02	-0.13	Total Return %
+/- Bmark 2	5.10	-18.42	-2.79	2.75	-1.23	-2.88	2.08	3.25	-6.30	-0.46	-0.97	+/- Bmark 1
Income Return %	-26.53	33.16	5.86	-0.71	10.14	6.56	-1.38	-1.95	8.55	3.48	2.25	+/- Bmark 2
Capital Return %	7.63	9.92	8.02	7.35	6.78	5.86	5.68	5.61	5.81	5.50	4.52	Income Return %
Total Rtn % Rank Cat	-28.92	29.17	4.38	-0.22	7.58	-1.32	-1.10	-7.01	5.39	1.53	-4.64	Capital Return %
Income \$	22	82	85	2	57	92	2	17	78	39	63	Total Rtn % Rank Cat
Capital Gains \$	0.43	0.41	0.42	0.41	0.37	0.35	0.33	0.33	0.31	0.31	0.26	Income \$
Expense Ratio %	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.00	0.00	0.00	Capital Gains \$
Income Ratio %	0.25	0.27	0.28	0.25	0.23	0.23	0.23	0.23	0.23	0.23	0.23	Expense Ratio %
Turnover Rate %	7.34	8.33	8.15	7.59	7.04	6.25	5.76	5.46	5.61	5.48	5.48	Income Ratio %
Net Assets \$mil	26	21	32	38	26	30	28	35	34	26	27	Turnover Rate %
	3,546	5,701	4,778	5,170	5,638	4,371	4,151	3,670	3,972	4,171	3,650	Net Assets \$mil

### Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-0.13			
3 Yr	4.79	Avg	-Avg	★★★
5 Yr	4.28	+Avg	-Avg	★★★★
10 Yr	9.58	Avg	-Avg	★★★
Incept	8.26			

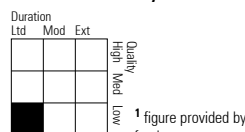
### Other Measures

	Standard Index	Best Fit Index
Alpha	3.7	-0.3
Beta	0.56	0.73
R-Squared	17	94
Standard Deviation	3.76	
Mean	4.79	
Sharpe Ratio	0.99	

### Portfolio Analysis 06-30-18

Total Fixed Income: 466	Date of Maturity	Amount 000	Value \$000	% Assets
Sprint Corporation 7.88	09-15-23	300,264	311,524	1.32
United States Treasury	10-15-18	250,000	249,220	1.05
United States Treasury	01-15-19	250,000	248,595	1.05
United States Treasury	04-15-19	250,000	247,228	1.04
Univision Communicatio	02-15-25	200,720	185,164	0.78
First Data Corporation	12-01-23	170,875	177,924	0.75
Navient Corporation 6.7	06-25-25	164,585	163,762	0.69
Navient Corporation 6.5	06-15-22	154,369	157,456	0.67
Caesars Resort Collecti	10-15-25	159,911	151,316	0.64
DISH DBS Corporation 6.	06-01-21	152,345	152,345	0.64
Bausch Health Companies	04-15-25	154,710	141,946	0.60
Sprint Capital Corporat	11-15-28	147,060	140,810	0.60
Building Materials Corp	10-15-25	139,715	140,239	0.59
Credit Suisse Grp FRN 6	—	143,170	140,163	0.59
Adient Global Holdings	08-15-26	149,047	134,142	0.57
Apx Group, Inc. 8.88%	12-01-22	134,375	134,039	0.57
First Data Corporation	01-15-24	131,820	132,150	0.56
Liberty Media Corporati	02-01-30	126,903	132,931	0.56
Aercap Global Aviation	06-15-25	125,050	130,521	0.55
West Street Merger Sub	09-01-25	133,245	127,915	0.54

### Current Investment Style



Avg Eff Duration <sup>1</sup>	4.5
Avg Eff Maturity	6.1 Yrs
Avg Credit Quality	B
Avg Wtd Coupon	5.79%
Avg Wtd Price	98.50% of par

### Coupon Range

Coupon Range	% of Bonds
0% PIK	0.5
0% to 4%	4.9
4% to 6%	55.6
6% to 8%	34.7
8% to 10%	4.3
More than 10%	0.0

### Credit Analysis

Credit	% bonds 06-30-18
AAA	4
AA	0
A	0
BBB	3
BB	43
B	41
Below B	8
Not Rated	1

### Sector Breakdown

Sector	% Assets
Government	3
Government Related	0
Corporate	92
Agency MBS	1
Non-Agency Residential MBS	0
Commercial MBS	0
Covered Bond	0
Asset Backed	0
Municipal	0
Cash & Equivalents	4
Other	0

### Composition - Net

Category	Bonds	Other
Cash	3.7	92.7
Stocks	0.0	3.6

### Special Securities

Restricted/Illicit Secs	36
Emerging-Markets Secs	1
Options/Futures/Warrants	0

Address: Vanguard Fixed Income Securities Funds  
 Valley Forge PA 19482  
 800-662-7447  
 Web Address: www.vanguard.com  
 Inception: 12-27-78  
 Advisor: Wellington Management Company LLP  
 Subadvisor: None

Minimum Purchase: \$3000 Add: \$1 IRA: —  
 Min Auto Inv Plan: — Add: —  
 Sales Fees: No-load  
 Management Fee: 0.20%  
 Actual Fees: Mgt:0.20% Dist:—  
 Expense Projections: 3Yr:\$74 5Yr:\$130 10Yr:\$293  
 Income Distribution: Monthly

# Templeton Global Bond Adv

**Ticker** TGBAX **Yield** 4.9% **SEC Yield** 0.05% **Total Assets** \$34,896 mil **Mstar Category** World Bond

**Benchmark 1:** FTSE WGBI NonUSD USD  
**Benchmark 2:** BBgBarc US Agg Bond TR USD

**Morningstar Analyst Rating** 10-04-18



### Morningstar Pillars

- Process + Positive
- Performance + Positive
- People + Positive
- Parent ○ Neutral
- Price + Positive

### Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

### Analyst Rating Spectrum

Gold Silver Bronze Neutral Negative

### Pillar Spectrum

Positive Negative Neutral

### Performance 10-31-18

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2014	0.76	2.68	0.06	-1.63	1.84
2015	0.22	-0.27	-6.11	2.26	-4.03
2016	0.09	-0.37	-1.27	8.28	6.61
2017	4.65	-1.30	1.19	-1.81	2.62
2018	1.36	-2.57	0.99	—	—

### Trailing

	Total Return%	+/- Bmark	+/- Bmark	%Rank Cat	Growth of \$10,000
3 Mo	-0.54	2.68	0.25	28	9,946
6 Mo	-0.78	5.48	-0.60	34	9,922
1 Yr	0.19	2.45	2.25	21	10,019
3 Yr Avg	3.16	1.30	2.12	18	10,979
5 Yr Avg	1.83	2.59	0.00	23	10,951
10 Yr Avg	6.04	3.93	2.11	14	17,983
15 Yr Avg	6.92	3.84	3.13	1	27,279

### Tax Analysis

	Tax Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	2.03	15	1.10	74
5 Yr (estimated)	0.21	34	1.59	90
10 Yr (estimated)	4.03	18	1.90	93

Potential Capital Gain Exposure: -3% of assets

### Morningstar's Take by Karin Anderson 10-04-18

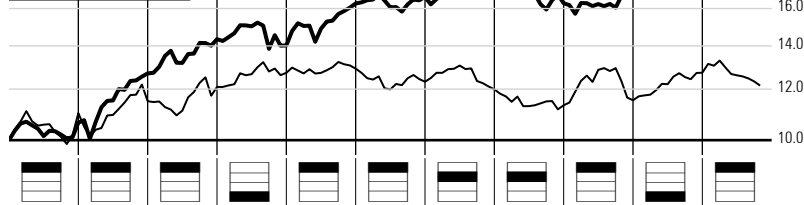
Templeton Global Bond is losing an experienced comanager, but its veteran leader and deep analyst bench remain in its favor. The fund's consistent and distinctive approach also supports its Morningstar Analyst Rating of Gold.

Sonal Desai, this fund's comanager since 2011, will step down at the end of 2018 to take over as CIO of Franklin's fixed-income group. Desai's expertise will be missed, but this fund remains in good hands. There are no changes to manager Michael Hasenstab's responsibilities; he's managed the fund since 2001 and will continue making the final calls here. Calvin Ho, a global macro researcher on this team since 2005, has been promoted to comanager. The supporting six-member analyst squad's experience plus ample trading and risk resources are also reasons for continued confidence.

Hasenstab plies a benchmark-agnostic approach, building the portfolio based on the team's meticulous fundamental sovereign and currency research. The fund has stood out in the world bond Morningstar Category for its general avoidance of low-yielding developed-

### Historical Profile

**Return** Above Avg  
**Risk** Above Avg  
**Rating** ★★★★★ Above Avg



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	10-18	History
NAV	11.17	12.69	13.56	12.37	13.34	13.09	12.41	11.53	11.96	11.85	11.57	NAV
Total Return %	6.47	19.21	13.00	-2.21	16.15	2.41	1.84	-4.03	6.61	2.62	1.44	Total Return %
+/- Bmark 1	-3.64	14.82	7.79	-7.38	14.65	6.97	4.51	1.51	4.80	-7.71	5.94	+/- Bmark 1
+/- Bmark 2	1.23	13.28	6.46	-10.05	11.94	4.43	-4.13	-4.58	3.96	-0.92	3.82	+/- Bmark 2
Income Return %	8.56	5.22	6.02	6.29	6.70	4.28	6.93	3.19	0.00	3.63	3.83	Income Return %
Capital Return %	-2.09	14.00	6.98	-8.50	9.45	-1.88	-5.09	-7.23	6.61	-1.01	-2.38	Capital Return %
Total Rtn % Rank Cat	15	16	5	96	4	4	45	44	13	83	8	Total Rtn % Rank Cat
Income \$	0.95	0.57	0.75	0.83	0.81	0.56	0.89	0.39	0.00	0.43	0.45	Income \$
Capital Gains \$	0.00	0.00	0.00	0.08	0.17	0.00	0.03	0.00	0.31	0.00	0.00	Capital Gains \$
Expense Ratio %	0.67	0.67	0.66	0.63	0.64	0.61	0.65	0.65	0.71	0.72	0.62	Expense Ratio %
Income Ratio %	4.53	5.24	4.65	4.01	3.55	3.09	3.08	2.93	4.47	4.85	5.09	Income Ratio %
Turnover Rate %	30	66	12	26	42	42	35	43	23	42	—	Turnover Rate %
Net Assets \$mil	2,618	7,762	17,972	25,165	30,909	34,854	36,945	28,343	20,907	20,831	—	Net Assets \$mil

### Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	0.19			
3 Yr	3.16	+ Avg	+ Avg	★★★★
5 Yr	1.83	+ Avg	+ Avg	★★★★
10 Yr	6.04	+ Avg	+ Avg	★★★★
Incept	6.75			

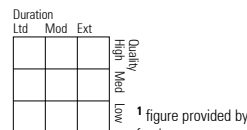
### Other Measures

	Standard Index	Best Fit Index
Alpha	2.4	0.3
Beta	-0.51	0.14
R-Squared	4	28
Standard Deviation	6.71	
Mean	3.16	
Sharpe Ratio	0.35	

### Portfolio Analysis 07-31-18

	Date of Maturity	Amount 000	Value \$000	% Assets
<b>Total Fixed Income: 97</b>				
Mexico (United Mexican)	06-11-20	529,790	2,853,195	8.01
Mexico (United Mexican)	06-10-21	281,607	1,461,177	4.10
Brazil (Federative Repu)	01-01-23	4,647	1,227,582	3.45
Brazil (Federative Repu)	01-01-21	3,624	987,341	2.77
India (Republic of)	11-25-23	52,330,900	791,010	2.22
Secretaria Tesouro Naci	07-01-20	3,281	749,462	2.10
Indonesia Republic 8.38	03-15-24	10,037,615,000	714,745	2.01
The Republic of Korea 1	12-10-18	759,465,000	682,541	1.92
Argentina (Republic of)	10-17-26	18,801,412	613,849	1.72
Republic of Colombia 7.	09-18-30	1,657,779,800	609,689	1.71
United States Treasury	02-28-19	571,873	564,641	1.59
Secretaria Tesouro Naci	01-01-20	2,325	556,385	1.56
Indonesia Republic 9.5%	07-15-23	6,667,220,000	497,406	1.40
United States Treasury	11-01-18	500,000	497,462	1.40
Indonesia Republic 8.38	09-15-26	6,518,855,000	465,587	1.31
Indonesia Republic 8.25	07-15-21	5,990,194,000	426,189	1.20
Ukraine (Republic of) 0	05-31-40	630,708	400,105	1.12
United States Treasury	01-31-19	388,057	383,808	1.08
Argentina (Republic of)	10-17-23	11,569,749	371,856	1.04
Food Corporation of Ind	03-07-22	22,550,000	343,898	0.97

### Current Investment Style



1 figure provided by fund

Avg Eff Duration<sup>1</sup> -1.3  
Avg Eff Maturity 2.9 Yrs  
Avg Credit Quality BB  
Avg Wtd Coupon 8.82%  
Avg Wtd Price —

### Coupon Range

	% of Bonds
0% PIK	15.4
0% to 4%	7.5
4% to 6%	1.5
6% to 8%	28.6
8% to 10%	34.7
More than 10%	12.3

### Credit Analysis

	% bonds 09-30-18
AAA	16
AA	7
A	18
BBB	33
BB	15
B	9
Below B	0
Not Rated	2

### Sector Breakdown

	% Assets
Government	61
Government Related	2
Corporate	0
Agency MBS	0
Non-Agency Residential MBS	0
Commercial MBS	0
Covered Bond	0
Asset Backed	0
Municipal	0
Cash & Equivalents	37
Other	0

### Composition - Net

	Cash	Bonds	Other
0% PIK	35.8	62.3	0.4
Stocks	1.5		

### Special Securities

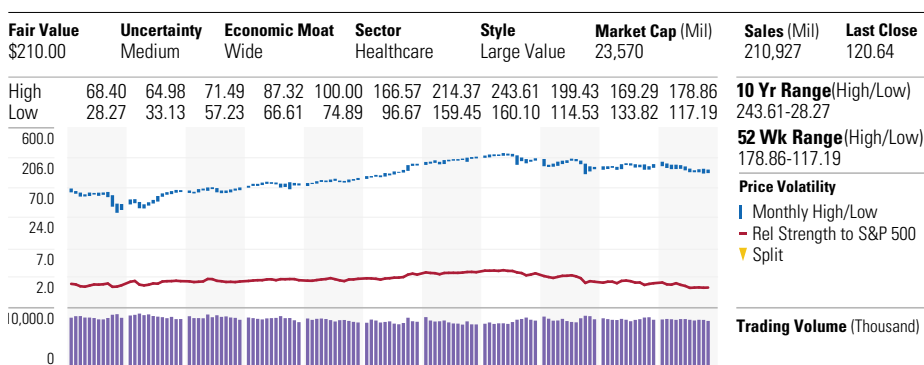
Restricted/Illicit Secs	1
Emerging-Markets Secs	55
Options/Futures/Warrants	1

Address: Templeton Income Trust  
Fort Lauderdale, FL 33394-3091  
800-342-5236  
www.frankintempleton.com  
Inception: 01-02-97  
Advisor: Franklin Advisers, Inc.  
Subadvisor: None

Minimum Purchase: \$100,000 Add: — IRA: —  
Min Auto Inv Plan: — Add: —  
Sales Fees: No-load  
Management Fee: 0.65% mx./0.46% mn., 0.15%A  
Actual Fees: Mgt:0.48% Dist:—  
Expense Projections: 3Yr:\$242 5Yr:\$427 10Yr:\$962  
Income Distribution: Monthly

# McKesson Corp MCK ★★★★★

McKesson is one of three major distributors of pharmaceuticals in the U.S. The firm also has significant specialty drug and medical product wholesaling operations. The firm plays a critical role along the pharmaceutical supply chain as it is able to procure and distribute drugs more efficiently than its pharmacy client and pharma manufacturing suppliers.



## Growth Rates (Compound Annual)

Grade: B	1 Yr	3 Yr	5 Yr	10 Yr
Revenue %	5.0	5.2	11.3	7.4
Operating Income %	-15.8	-2.2	4.6	7.1
Earnings/Share %	-98.7	-65.9	-44.5	-21.4
Dividends %	16.1	10.6	10.2	18.4
Book Value/Share %	-7.7	12.1	9.3	8.6
Stock Total Return	-15.6	-13.1	-5.1	14.2
+/- Industry	-12.7	-4.0	-4.4	0.2
+/- Market	-20.4	-23.9	-15.6	0.2

## Profitability Analysis

Grade: C	Current	5 Yr Avg	Ind	Mkt
Return on Equity %	1.2	22.4	8.6	23.4
Return on Assets %	0.2	3.7	1.4	8.2
Revenue/Employee \$K	2704.2	2498.2	—	965.8
Fixed Asset Turns	87.2	85.1	69.1	7.5
Inventory Turns	11.9	12.0*	11.5	11.1
Gross Margin %	5.4	5.9	5.5	41.9
Operating Margin %	1.4	1.7	0.9	19.1
Net Margin %	0.1	1.1	0.4	15.5
Free Cash Flow/Rev %	1.3	1.8	1.5	18.6
R&D/Rev %	0.1	0.2	—	—

## Financial Position (USD)

Grade: C	03-18 \$Mil	09-18 \$Mil
Cash	2672	2118
Inventories	16310	16671
Receivables	17711	19213
Current Assets	37136	38544
Fixed Assets	2464	2488
Intangibles	15026	14755
Total Assets	60381	61421
Payables	32177	33227
Short-Term Debt	1129	2520
Current Liabilities	36685	38863
Long-Term Debt	6751	6568
Total Liabilities	50324	51887
Total Equity	9804	9326

## Valuation Analysis

	Current	5 Yr Avg	Ind	Mkt
Price/Earnings	191.5	21.8	23.3	19.1
Forward P/E	9.1	—	—	19.1
Price/Cash Flow	7.4	12.3	9.4	12.8
Price/Free Cash Flow	8.9	14.9	11.5	34.9
Dividend Yield %	1.2	0.6	1.7	2.0
Price/Book	2.5	4.4	3.0	3.1
Price/Sales	0.1	0.2	0.1	4.0
PEG Ratio	1.1	—	—	2.1

\*3Yr Avg data is displayed in place of 5 Yr Avg

Fair Value	Uncertainty	Economic Moat	Sector	Style	Market Cap (Mil)	Sales (Mil)	Last Close
\$210.00	Medium	Wide	Healthcare	Large Value	23,570	210,927	120.64
High	68.40	64.98	71.49	87.32	100.00	166.57	214.37
Low	28.27	33.13	57.23	66.61	74.89	96.67	159.45
	243.61	199.43	169.29	178.86	117.19	133.82	117.19

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	YTD
Total Return %	-40.2	62.6	13.7	11.8	25.5	67.4	29.2	-4.5	-28.2	11.9	-22.0
+/- Market	-3.2	36.1	-1.4	9.7	9.5	35.0	15.5	-5.9	-40.2	-9.9	-23.7
+/- Industry	-4.2	17.0	-5.1	3.7	7.7	7.1	4.3	-10.6	-8.1	10.6	-12.0
Dividend Yield %	1.1	0.8	0.9	1.0	0.8	0.6	0.5	0.5	0.8	0.8	1.2
Market Cap \$Mil	10606	16837	17895	19132	22581	37142	48159	45084	31754	32512	23570

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	TTM
Revenue \$Mil	108283	109874	119888	123534	130370	173870	189131	196498	205442	210927	210927
Gross Margin %	5.0	5.2	5.3	5.2	5.6	6.1	6.4	6.0	5.7	5.4	5.4
Oper Income \$Mil	1933	1771	2210	2365	2526	2789	3655	3616	2980	2983	2983
Operating Margin %	1.1	1.8	1.8	1.9	1.9	1.8	1.7	1.9	1.8	1.4	1.4
Net Income \$Mil	1196	1128	1304	1600	1151	1714	1959	1913	4801	118	118
Earnings Per Share \$	2.95	4.62	4.29	5.59	5.59	5.83	7.54	9.84	23.28	0.30	0.65
Dividends \$	0.48	0.48	0.72	0.80	0.80	0.92	0.96	1.08	1.12	1.30	1.41
Shares Mil	279	273	263	251	239	233	235	233	223	209	204
Book Value Per Share \$	26.44	27.06	28.91	32.84	34.72	38.50	38.44	44.56	54.00	47.73	47.73
Oper Cash Flow \$Mil	2342	1929	2716	1510	2679	3893	2449	6415	2758	3324	3324
Cap Spending \$Mil	-375	-375	-427	-364	-446	-521	-563	-629	-585	-573	-573
Free Cash Flow \$Mil	1967	1554	2289	1146	2233	3372	1886	5786	2173	2751	2751

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	TTM
Return on Assets %	3.3	4.7	4.1	4.4	3.9	2.9	2.8	4.1	8.6	0.1	0.2
Return on Equity %	13.4	18.4	16.3	20.0	19.3	16.2	17.9	26.7	50.7	0.6	1.2
Asset Turnover	4.28	4.07	3.79	3.82	3.60	3.18	3.39	3.46	3.38	3.43	3.37
Net Margin %	0.8	1.2	1.1	1.2	1.1	0.9	0.8	1.2	2.6	0.0	0.1
Financial Leverage	4.1	3.7	4.3	4.8	4.9	6.1	6.7	6.3	5.5	6.2	6.6

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	09-18
Long-Term Debt \$Mil	2290	2293	3587	3072	4521	8929	8180	6497	7305	6751	6568
Total Equity \$Mil	6193	7532	7220	6831	7070	8522	8001	8924	11095	9804	9326
Debt/Equity	0.37	0.30	0.50	0.45	0.64	1.05	1.02	0.73	0.66	0.69	0.70
Working Capital \$Mil	3065	4492	3631	1917	1813	3221	3173	3366	1336	451	-319

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	TTM
Price/Earnings	13.0	14.3	17.8	17.2	14.7	27.1	34.6	22.2	15.8	7.6	191.5
P/E vs. Market	0.0	0.0	0.0	—	0.0	0.0	0.0	0.0	—	—	10.0
Price/Sales	0.1	0.2	0.2	0.2	0.2	0.3	0.3	0.2	0.2	0.2	0.1
Price/Book	1.7	2.4	2.6	2.7	3.0	4.6	5.4	5.1	3.2	2.9	2.5
Price/Cash Flow	6.6	7.3	9.7	6.8	15.5	13.4	19.6	11.0	6.0	10.6	7.4

## Quarterly Results (USD)

Revenue \$	Dec	Mar	Jun	Sep
Most Recent	53617.0	51628.0	52607.0	53075.0
Previous	50130.0	48713.0	51051.0	52061.0
Rev Growth %	Dec	Mar	Jun	Sep
Most Recent	7.0	6.0	3.1	2.0
Previous	4.7	4.4	2.7	4.2
Earnings Per Share \$	Dec	Mar	Jun	Sep
Most Recent	4.32	-5.48	-0.69	2.51
Previous	2.86	16.21	1.44	0.01

## Close Competitors

	Mkt Cap \$Mil	Rev \$Mil	P/E	ROE%
AmerisourceBergen Corp	18849	167940	11.8	66.4
Cardinal Health Inc	15904	139381	22.3	11.7

## Major Fund Holders

	% of shares
Vanguard Health Care Inv	3.50
MUKAM Gbl Healthcare & Biotech Fund	0.14
MUKAM Global Healthcare & Bio Op MF	0.00

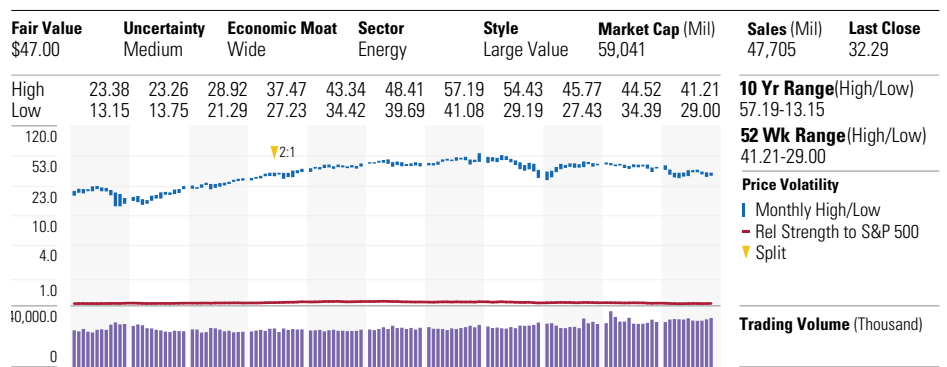
## Contact

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# Enbridge Inc ENB ★★★★★

Enbridge is an energy generation, distribution, and transportation company in the U.S. and Canada. Its pipeline network consists of the Canadian Mainline system, regional oil sands pipelines, and natural gas pipelines. The company also owns and operates a regulated natural gas utility and Canada's largest natural gas distribution company. Additionally, Enbridge generates renewable and alternative energy with 2,000 megawatts of capacity.



## Growth Rates (Compound Annual)

Grade: C	1 Yr	3 Yr	5 Yr	10 Yr
Revenue %	28.4	5.6	12.5	14.1
Operating Income %	55.1	24.2	29.5	18.2
Earnings/Share %	-14.5	7.7	13.7	5.4
Dividends %	13.8	19.9	16.4	14.6
Book Value/Share %	98.4	35.1	29.6	23.9
Stock Total Return	-7.5	1.5	-1.0	11.8
+/- Industry	-8.7	-0.5	0.8	-0.6
+/- Market	-3.5	-5.4	-6.4	3.0

## Profitability Analysis

Grade: C	Current	5 Yr Avg	Ind	Mkt
Return on Equity %	3.2	7.9	8.3	13.6
Return on Assets %	1.0	1.3	2.4	3.8
Revenue/Employee \$K	3756.3	3823.2	—	965.8
Fixed Asset Turns	0.5	0.7	0.6	7.5
Inventory Turns	22.2	25.4*	25.0	11.1
Gross Margin %	28.5	20.7	23.7	41.9
Operating Margin %	14.7	9.0	13.8	19.1
Net Margin %	3.4	3.0	5.9	16.8
Free Cash Flow/Rev %	3.5	—	1.8	18.6
R&D/Rev %	—	—	0.0	—

## Financial Position (CAD)

Grade: B	12-17 \$Mil	09-18 \$Mil
Cash	480	643
Inventories	1528	1362
Receivables	7100	5743
Current Assets	9215	7831
Fixed Assets	90711	90679
Intangibles	37724	36750
Total Assets	162093	163223
Payables	8505	7789
Short-Term Debt	4315	4767
Current Liabilities	14624	13167
Long-Term Debt	60865	58707
Total Liabilities	96361	95325
Total Equity	58135	60787

## Valuation Analysis

	Current	5 Yr Avg	Ind	Mkt
Price/Earnings	45.9	64.7	24.6	14.7
Forward P/E	16.8	—	—	19.1
Price/Cash Flow	7.8	12.1	7.6	8.0
Price/Free Cash Flow	43.6	—	73.1	34.9
Dividend Yield %	6.4	3.6	6.5	3.2
Price/Book	1.5	4.2	2.2	1.6
Price/Sales	1.5	1.3	1.5	4.0
PEG Ratio	—	—	—	2.1

\*3Yr Avg data is displayed in place of 5 Yr Avg

Fair Value	Uncertainty	Economic Moat	Sector	Style	Market Cap (Mil)	Sales (Mil)	Last Close					
\$47.00	Medium	Wide	Energy	Large Value	59,041	47,705	32.29					
High	23.38	23.26	28.92	37.47	43.34	48.41	57.19					
Low	13.15	13.75	21.29	27.23	34.42	39.69	41.08					
	23.00	23.00	23.00	23.00	23.00	23.00	23.00					
	53.00	53.00	53.00	53.00	53.00	53.00	53.00					
	10.00	10.00	10.00	10.00	10.00	10.00	10.00					
	4.00	4.00	4.00	4.00	4.00	4.00	4.00					
	1.00	1.00	1.00	1.00	1.00	1.00	1.00					
	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00					
	0	0	0	0	0	0	0					
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	YTD	Stock Performance
	-16.6	46.4	25.6	36.2	18.8	3.7	20.6	-32.6	31.7	-2.8	-12.1	Total Return %
	16.4	11.3	8.0	44.9	11.6	-9.3	10.0	-24.3	10.6	-11.8	-7.2	+/- Market
	19.6	-9.8	-4.3	17.0	4.6	-26.8	1.9	5.8	3.1	0.2	-7.8	+/- Industry
	3.8	2.9	2.9	2.7	2.6	2.8	2.5	4.4	3.8	4.7	6.4	Dividend Yield %
	24223	35132	21677	29072	34815	36225	43827	28760	39336	65996	59041	Market Cap \$Mil
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	TTM	Financials (CAD)
	16131	12466	21520	26789	24660	32918	37641	33794	34560	44378	47705	Revenue \$Mil
	20.7	27.7	18.5	17.7	17.2	14.4	17.5	19.3	24.1	28.3	28.5	Gross Margin %
	1369	1261	1423	2594	1684	1366	3203	2398	3957	6136	7002	Oper Income \$Mil
	8.5	10.1	6.6	9.7	6.8	4.2	8.5	7.1	11.5	13.8	14.7	Operating Margin %
	1328	1562	951	814	707	629	1405	251	2069	2859	1989	Net Income \$Mil
	1.82	2.13	1.29	1.30	0.78	0.55	1.32	-0.04	1.93	1.65	0.93	Earnings Per Share \$
	0.65	0.74	0.85	0.98	1.13	1.26	1.40	1.86	2.12	2.41	2.62	Dividends \$
	726	732	748	761	785	817	840	858	918	1532	1689	Shares Mil
	3.58	9.01	9.65	9.56	8.48	9.38	10.84	9.53	10.40	23.59	21.93	Book Value Per Share \$
	1372	2017	1877	3371	2874	3341	2547	4571	5211	6584	9268	Oper Cash Flow \$Mil
	-3636	-3320	-3109	-3681	-5357	-8447	-10732	-7374	-5255	-8864	-7615	Cap Spending \$Mil
	-2264	-1303	-1232	-310	-2483	-5106	-8185	-2803	-44	-2280	1653	Free Cash Flow \$Mil
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	TTM	Profitability
	5.9	5.9	3.2	2.2	1.4	0.9	1.8	-0.1	2.1	2.1	1.0	Return on Assets %
	22.7	22.8	13.0	11.6	9.3	6.0	12.4	-0.3	13.4	7.8	3.2	Return on Equity %
	0.72	0.47	0.74	0.75	0.56	0.63	0.58	0.43	0.41	0.36	0.29	Asset Turnover
	8.2	12.5	4.4	3.0	2.4	1.4	3.1	-0.1	5.1	5.7	3.4	Net Margin %
	3.8	3.9	4.0	6.5	7.2	6.9	7.1	6.8	6.0	3.2	3.1	Financial Leverage
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	09-18	Financial Health (CAD)
	11629	12974	14622	19251	20203	22357	33423	39391	36494	60865	58707	Long-Term Debt \$Mil
	6619	7261	7565	7474	10246	13496	16786	18898	21386	58135	60787	Total Equity \$Mil
	1.79	1.82	1.97	3.00	3.09	2.68	3.25	3.18	2.58	1.21	1.11	Debt/Equity
	-397	-194	406	-518	-469	-3778	-1300	-3217	-4556	-5409	-5336	Working Capital \$Mil
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	TTM	Valuation
	10.9	11.4	21.9	29.5	55.2	43.5	68.0	-120.5	28.4	25.3	45.9	Price/Earnings
	0.0	0.0	0.0	—	0.0	0.0	0.0	-0.1	—	—	3.1	P/E vs. Market
	0.9	1.4	1.4	1.6	1.3	1.2	1.3	1.2	1.5	1.6	1.5	Price/Sales
	4.5	2.6	2.9	3.9	5.1	4.7	4.7	3.5	4.1	1.7	1.5	Price/Book
	10.3	8.8	11.4	11.0	11.8	12.3	18.6	8.9	10.5	10.5	7.8	Price/Cash Flow

## Quarterly Results (CAD)

	Dec	Mar	Jun	Sep
Revenue \$				
Most Recent	12889.0	12726.0	10745.0	11345.0
Previous	9338.0	11146.0	11116.0	9227.0
Rev Growth %				
Most Recent	38.0	14.2	-3.3	23.0
Previous	4.8	26.7	40.0	8.7
Earnings Per Share \$				
Most Recent	0.09	0.26	0.63	-0.05
Previous	0.38	0.54	0.56	0.47

## Close Competitors

	Mkt Cap \$Mil	Rev \$Mil	P/E	ROE%
TransCanada Corp	48552	13392	14.4	14.9
7-Eleven Inc	—	13326	30.7	26.3

## Major Fund Holders

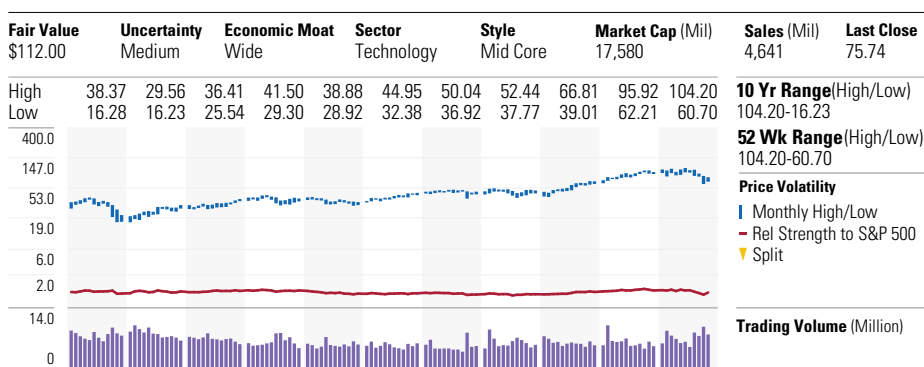
% of shares

## Contact

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Calgary, T2P 3L8

# Microchip Technology Inc MCHP ★★★★★

Microchip became an independent company in 1989 when it was spun off from General Instrument. More than half of revenue comes from MCUs, which are used in a wide array of electronic devices from remote controls to garage door openers to power windows in autos. The company's strength lies in lower-end 8-bit MCUs that are suitable for a wider range of less technologically advanced devices, but the firm has expanded its presence in higher-end MCUs and analog chips as well.



## Growth Rates (Compound Annual)

Grade: B	1 Yr	3 Yr	5 Yr	10 Yr
Revenue %	16.8	22.9	20.3	14.4
Operating Income %	60.8	48.6	46.2	15.7
Earnings/Share %	41.1	-14.5	10.7	-3.0
Dividends %	0.5	0.6	0.6	1.9
Book Value/Share %	-2.3	11.3	7.2	9.8
Stock Total Return	-15.1	19.3	13.8	16.9
+/- Industry	-4.9	0.8	-2.5	-1.0
+/- Market	-19.9	8.5	3.3	2.8

## Profitability Analysis

Grade: D	Current	5 Yr Avg	Ind	Mkt
Return on Equity %	0.6	13.3	19.4	23.4
Return on Assets %	0.2	6.1	10.6	8.2
Revenue/Employee \$K	326.1	244.6	—	965.8
Fixed Asset Turns	5.2	4.4	2.2	7.5
Inventory Turns	3.2	3.6*	4.5	11.1
Gross Margin %	55.0	56.7	51.3	41.9
Operating Margin %	26.6	27.1	25.6	19.1
Net Margin %	0.6	12.8	19.7	15.5
Free Cash Flow/Rev %	26.5	29.0	156.7	18.6
R&D/Rev %	13.3	15.7	16.2	—

## Financial Position (USD)

Grade: C	03-18 \$Mil	09-18 \$Mil
Cash	901	460
Inventories	476	837
Receivables	564	669
Current Assets	3356	2176
Fixed Assets	768	1052
Intangibles	3961	13613
Total Assets	8257	18667
Payables	144	271
Short-Term Debt	1310	1335
Current Liabilities	2017	2088
Long-Term Debt	1758	9551
Total Liabilities	4977	13497
Total Equity	3280	5170

## Valuation Analysis

	Current	5 Yr Avg	Ind	Mkt
Price/Earnings	1082.0	64.1	18.9	19.1
Forward P/E	11.8	—	—	19.1
Price/Cash Flow	12.7	16.0	1.3	12.8
Price/Free Cash Flow	15.6	18.6	2.5	34.9
Dividend Yield %	1.9	2.7	2.4	2.0
Price/Book	3.5	4.7	3.7	3.1
Price/Sales	4.1	5.2	3.7	4.0
PEG Ratio	1.0	—	—	2.1

\*3Yr Avg data is displayed in place of 5 Yr Avg

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	YTD	Stock Performance
Total Return %	-33.6	55.7	23.7	10.1	-7.2	41.7	4.0	6.3	40.9	39.2	-12.2	Total Return %
+/- Market	3.4	29.2	8.6	8.0	-23.2	9.3	-9.7	5.0	29.0	17.4	-13.9	+/- Market
+/- Industry	5.2	-0.8	11.9	8.9	-15.2	16.0	-21.1	8.1	10.5	3.8	-6.1	+/- Industry
Dividend Yield %	6.8	4.7	4.0	3.8	4.3	3.2	3.2	3.1	2.2	1.7	1.9	Dividend Yield %
Market Cap \$Mil	3552	5352	6442	7001	6366	8911	9087	9471	13857	20556	17580	Market Cap \$Mil
Revenue \$Mil	843	1385	1424	1490	1868	2097	2159	3063	3881	4641	4641	Revenue \$Mil
Gross Margin %	57.2	56.4	59.3	57.8	53.0	58.5	57.3	55.5	51.6	60.8	55.0	Gross Margin %
Oper Income \$Mil	183	440	426	242	399	444	387	243	910	1235	1235	Oper Income \$Mil
Operating Margin %	26.5	26.0	32.0	28.7	13.3	23.9	20.0	30.8	25.7	35.3	26.6	Operating Margin %
Net Income \$Mil	166	369	382	148	343	381	356	95	246	28	28	Net Income \$Mil
Earnings Per Share \$	1.33	1.16	2.20	1.65	0.62	1.82	1.65	1.49	0.73	1.03	0.07	Earnings Per Share \$
Dividends \$	1.35	1.36	1.37	1.39	1.41	1.42	1.43	1.43	1.44	1.45	1.45	Dividends \$
Shares Mil	187	187	195	204	206	218	224	217	235	249	253	Shares Mil
Book Value Per Share \$	8.05	8.32	9.91	9.87	10.14	10.94	10.46	11.64	15.13	21.69	21.86	Book Value Per Share \$
Oper Cash Flow \$Mil	388	538	447	424	588	746	720	939	1383	1514	1514	Oper Cash Flow \$Mil
Cap Spending \$Mil	-39	-119	-83	-40	-94	-154	-111	-69	-171	-286	-286	Cap Spending \$Mil
Free Cash Flow \$Mil	349	419	364	384	494	592	610	871	1211	1228	1228	Free Cash Flow \$Mil
Return on Assets %	10.0	8.8	15.3	11.1	3.7	10.0	8.3	6.3	2.5	3.2	0.2	Return on Assets %
Return on Equity %	24.2	17.2	25.0	17.7	6.5	19.4	17.7	15.5	6.1	7.8	0.6	Return on Equity %
Asset Turnover	0.37	0.38	0.54	0.46	0.46	0.49	0.49	0.42	0.52	0.50	0.35	Asset Turnover
Net Margin %	27.2	22.9	28.2	24.3	8.1	20.5	17.2	14.9	4.8	6.4	0.6	Net Margin %
Financial Leverage	2.4	1.6	1.6	1.5	2.0	1.9	2.3	2.6	2.4	2.5	3.6	Financial Leverage
Long-Term Debt \$Mil	1219	341	347	355	983	1003	1827	2453	2901	1758	9551	Long-Term Debt \$Mil
Total Equity \$Mil	991	1533	1812	1991	1933	2135	2045	2151	3271	3280	5170	Total Equity \$Mil
Debt/Equity	1.23	0.22	0.19	0.18	0.51	0.47	0.89	1.14	0.89	0.54	1.85	Debt/Equity
Working Capital \$Mil	1587	1408	1435	1768	1895	1633	2311	2715	1601	1339	88	Working Capital \$Mil
Price/Earnings	12.2	32.3	17.5	17.9	45.2	38.3	24.9	26.9	256.4	34.5	1082.0	Price/Earnings
P/E vs. Market	0.0	0.0	0.0	—	0.0	0.0	0.0	0.0	—	—	56.7	P/E vs. Market
Price/Sales	3.7	6.4	4.7	5.0	4.5	5.2	4.9	4.8	5.0	5.9	4.1	Price/Sales
Price/Book	3.5	3.6	4.1	3.7	3.3	4.4	4.1	4.4	5.5	5.8	3.5	Price/Book
Price/Cash Flow	10.4	13.9	12.2	13.9	15.8	16.4	14.2	14.7	16.2	16.8	12.7	Price/Cash Flow

**Quarterly Results (USD)**

Revenue \$	Dec	Mar	Jun	Sep
Most Recent	994.0	1002.0	1212.0	1432.0
Previous	834.0	902.0	972.0	1012.0
Rev Growth %	Dec	Mar	Jun	Sep
Most Recent	19.2	11.0	24.7	41.5
Previous	54.4	61.9	21.6	16.2
Earnings Per Share \$	Dec	Mar	Jun	Sep
Most Recent	-1.07	0.59	0.14	0.38
Previous	0.46	0.59	0.70	0.77

**Close Competitors**

	Mkt Cap \$Mil	Rev \$Mil	P/E	ROE%
Texas Instruments Inc	91348	15817	20.6	43.2
STMicroelectronics NV	12707	9483	11.3	21.3

**Major Fund Holders**

	% of shares
Nikko Global Robotics Equity Mother Fund	0.00
SMAM Global AI Equity Mother	0.00
SMAM US Technology Innovators Mthr Fund	0.00

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