

# Investment Performance Report

---

ALABAMA 529

ALABAMA ABLE SAVINGS PLAN

DECEMBER 31, 2024

Performance is presented net of underlying management fees.

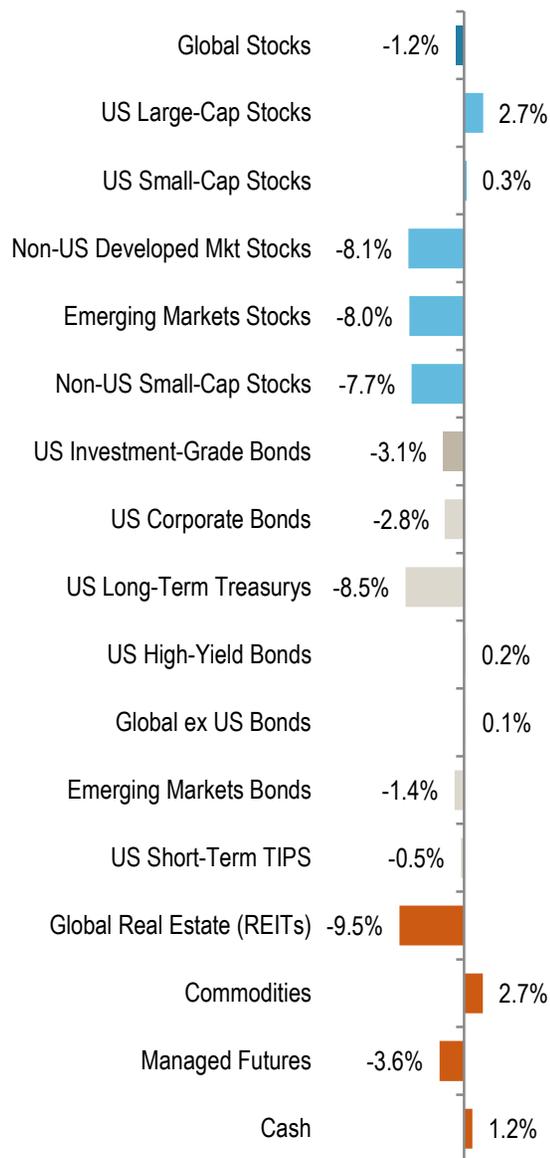
**SELLWOOD**  
INVESTMENT PARTNERS

---



As of December 31, 2024

**Fourth Quarter 2024**



**Fourth Quarter 2024: Saddle Up: Magnificent Seven Leave Others in the Dust**

Amid worrisome global turmoil, more modest rate cuts than anticipated, and a US election reversal, mega-cap tech giants powered the S&P 500 to 57 record closes in 2024, along the way to a 25% gain for the full year. The strong year followed an impressive (26%) performance for the index in 2023, making these past two years the strongest back-to-back years for large US stocks since the late 1990s. Despite the extraordinary year, returns in the fourth quarter were muted as investors parsed potential policy changes anticipated under the new administration and fretted stickier-than-anticipated inflation.

Once again, US market returns were driven by the largest technology companies possessing the resources to scale artificial intelligence. The so-called Magnificent Seven, now comprising more than a third of the S&P 500 index, averaged more than a 60% gain for the year, while the average stock in the S&P 500 rose a more modest 13%. Smaller companies and value stocks performed well but still trailed large tech. Non-US shares, negatively impacted by a strong post-election US dollar rally in the fourth quarter, finished the year in modest positive territory.

Investors spent the fourth quarter digesting and anticipating potential policy changes under the incoming Trump administration. Top of mind for investors are taxes, tariffs, immigration, and deregulation. After a brief post-election bounce, the stock market retreated to pre-election levels.

Meanwhile, bonds had a positive but lackluster year as the Fed continued to battle sticky inflation. Following the Fed's apparent declaration of victory over inflation with its first rate cut in four years, bond markets sold off and interest rates rose as fears for resurgent inflation, and a slower pace of future Fed cuts, returned. Although inflation expectations remain higher than in the previous decade, they retreated since reaching highs in 2022, oscillating around a modestly elevated "new normal," above the Federal Reserve's 2% inflation target. Federal Reserve interest rate projections adjusted accordingly; Fed officials now anticipate just two or three rate cuts in 2025.

	QTD	YTD	1 Year	3 Years	5 Years	20 Years
Global Stocks	(1.2%)	16.4%	16.4%	4.9%	9.7%	7.7%
US Large-Cap Stocks	2.7%	24.5%	24.5%	8.4%	14.3%	10.4%
US Large-Cap Value	(2.0%)	14.4%	14.4%	5.6%	8.7%	7.9%
US Large-Cap Growth	7.1%	33.4%	33.4%	10.5%	19.0%	12.6%
US Small-Cap Stocks	0.3%	11.5%	11.5%	1.2%	7.4%	7.8%
US Small-Cap Value	(1.1%)	8.1%	8.1%	1.9%	7.3%	7.0%
US Small-Cap Growth	1.7%	15.2%	15.2%	0.2%	6.9%	8.3%
Non-US Developed Markets (USD)	(8.1%)	3.8%	3.8%	1.6%	4.7%	4.8%
Non-US Developed Markets (Local)	(0.6%)	11.3%	11.3%	6.3%	7.6%	6.2%
Emerging Markets (USD)	(8.0%)	7.5%	7.5%	(1.9%)	1.7%	6.0%
Emerging Markets (Local)	(4.4%)	13.1%	13.1%	1.6%	4.5%	7.9%
US Investment-Grade Bonds	(3.1%)	1.5%	1.5%	(2.4%)	(0.3%)	3.0%
US Long-Term Treasurys	(8.5%)	(5.8%)	(5.8%)	(11.4%)	(4.9%)	3.4%
US Short-Term TIPS	(0.5%)	4.5%	4.5%	1.5%	3.1%	2.8%
Global Real Estate (REITs)	(9.5%)	2.0%	2.0%	(5.1%)	(0.0%)	5.0%
Cash	1.2%	5.2%	5.2%	3.9%	2.5%	1.7%

Returns for periods longer than 1 year are annualized.

Sources: Sellwood Investment Partners LLC, Morningstar, Federal Reserve Economic Data, MSCI, FTSE Russell, ICE BofA, Credit Suisse

As of December 31, 2024

Prices ticked up in December and paychecks grew, delivering real wage gains in 2023 for the first time in three years. The CPI inflation rate increased to 3.4%, up from 3.1% the prior month.

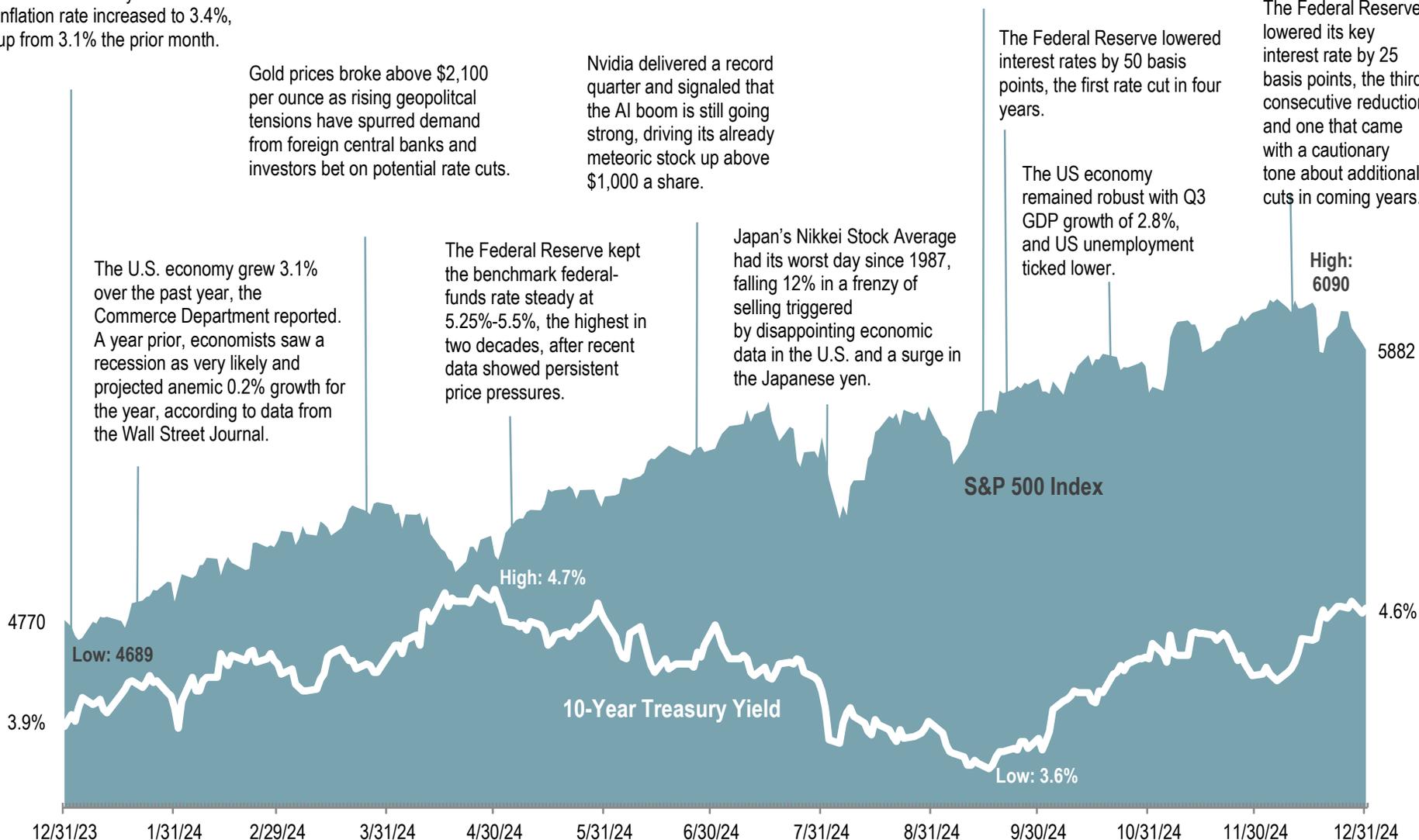
The consumer-price index rose 2.9% from a year earlier, the lowest reading since 2021.

Gold prices broke above \$2,100 per ounce as rising geopolitical tensions have spurred demand from foreign central banks and investors bet on potential rate cuts.

Nvidia delivered a record quarter and signaled that the AI boom is still going strong, driving its already meteoric stock up above \$1,000 a share.

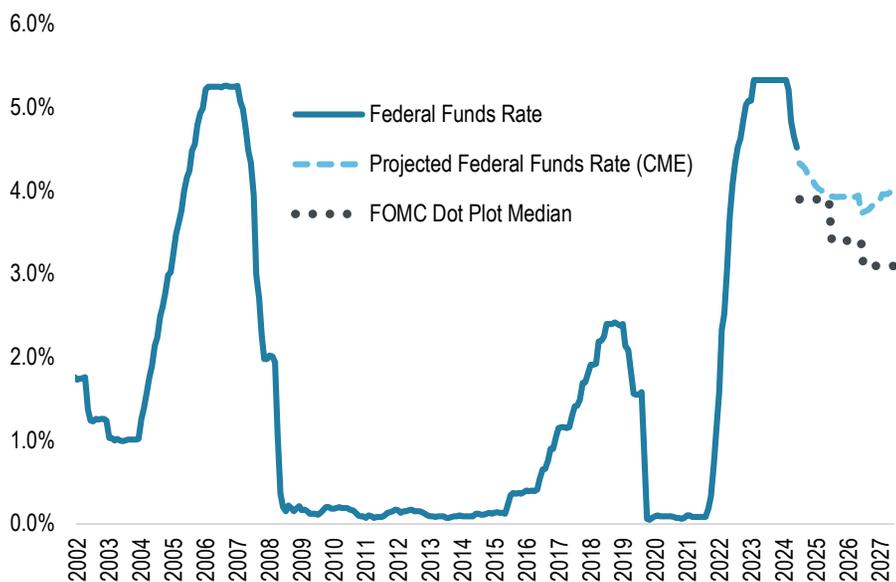
The Federal Reserve lowered interest rates by 50 basis points, the first rate cut in four years.

The Federal Reserve lowered its key interest rate by 25 basis points, the third consecutive reduction and one that came with a cautionary tone about additional cuts in coming years.

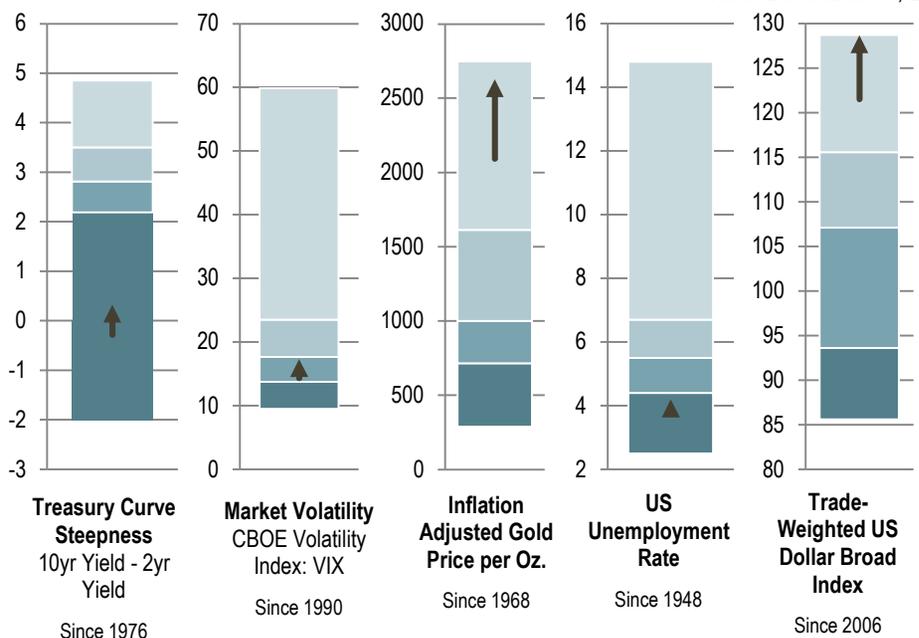


Sources: Sellwood Investment Partners LLC, Morningstar, Federal Reserve Economic Data, Wall Street Journal, CNBC

**Federal Funds Rate**

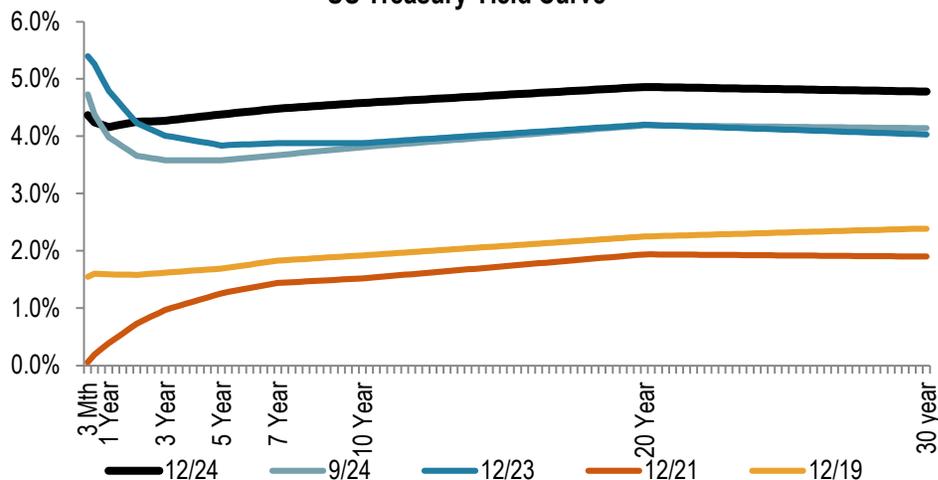


As of December 31, 2024



	<u>12/2024</u>	<u>9/2024</u>	<u>12/2023</u>	<u>12/2021</u>	<u>12/2019</u>
<b>Market Inflation Expectations</b>					
5 Year	2.4	2.1	2.1	2.9	1.7
10 Year	2.3	2.2	2.2	2.6	1.8
20 Year	2.5	2.4	2.4	2.6	1.9
CPI Year-over-Year	2.9	2.4	3.4	7.0	2.3
West Texas Crude Oil	72.4	68.8	71.9	75.3	61.1
Consumer Sentiment Index	74.0	70.1	69.7	70.6	99.3
S&P 500 Operating EPS	61.1*	59.2	53.9	56.7	39.2
Real GDP Growth YoY	---	3.1	3.2	7.4	2.8
Federal Funds Rate	4.33	4.83	5.33	0.08	1.55

**US Treasury Yield Curve**

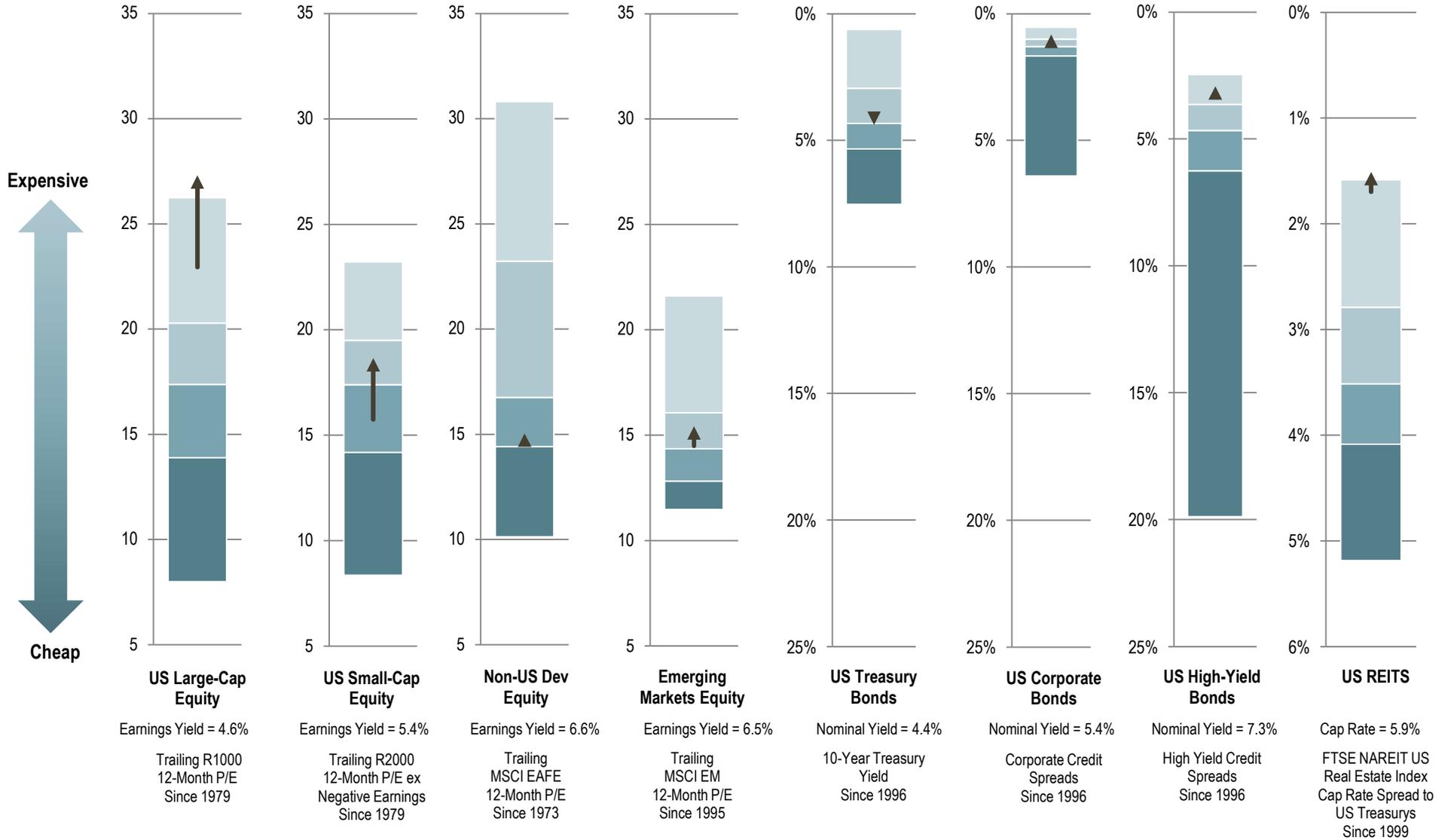


Sources: Sellwood Investment Partners LLC, Morningstar, Federal Reserve Economic Data, CME Group, S&P Dow Jones Indices

Arrows in the top-right charts represent year on year change.

\*Estimate, provided by S&P Dow Jones Indices.

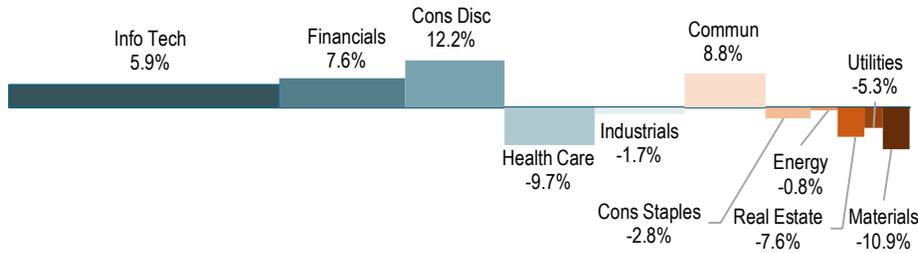
As of December 31, 2024



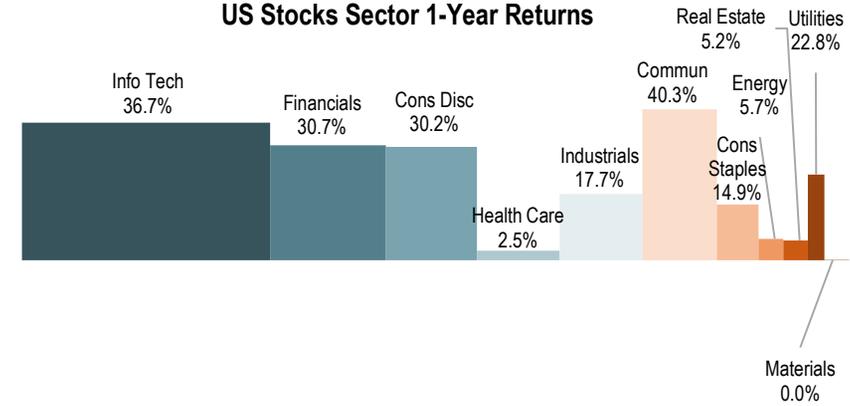
Arrows represent year on year change. Trailing 12 month P/E and cap rate metrics exclude the top and bottom 5%. P/E metrics calculated by Investment Metrics and Morningstar may use different methodology. Sources: Sellwood Investment Partners LLC, Robert Shiller Data, S&P Dow Jones Indices, FTSE Russell, MCSI, Federal Reserve Economic Data, NAREIT

As of December 31, 2024

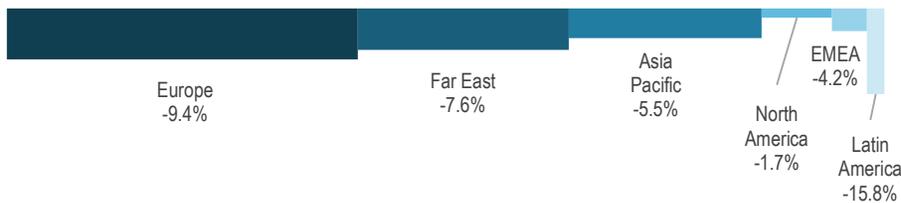
**US Stocks Sector Quarter Returns**



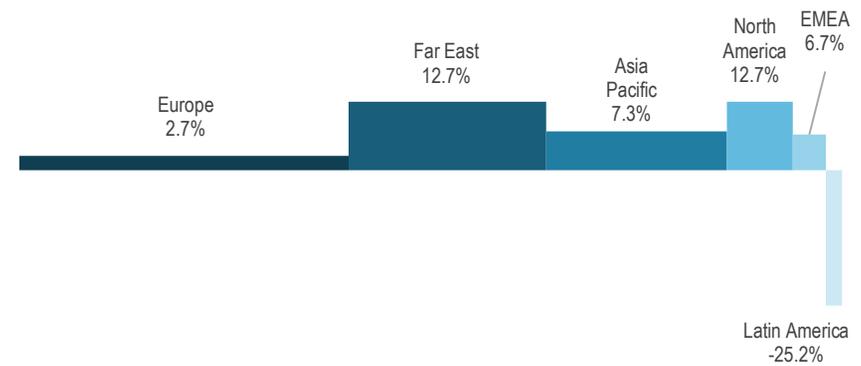
**US Stocks Sector 1-Year Returns**



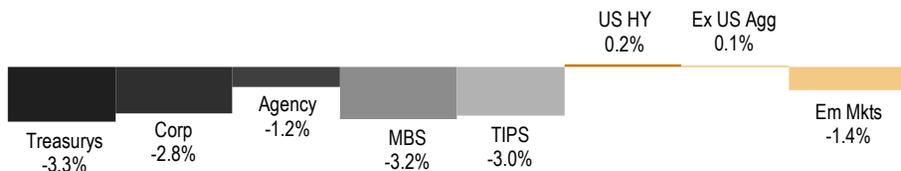
**World Stocks ex USA Region Quarter Returns**



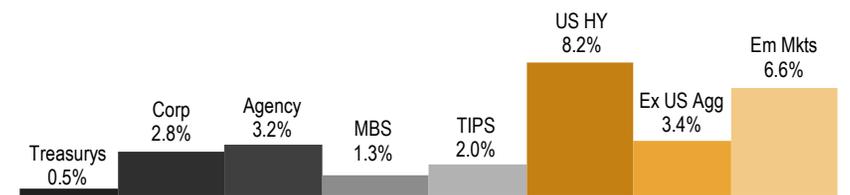
**World Stocks ex USA Region 1-Year Returns**



**Fixed Income Sectors Quarter Returns**



**Fixed Income Sectors 1-Year Returns**



The equity bar widths depict end of the quarter region and sector weights. Fixed income bar widths do not depict specific sector weights. The Far East includes Hong Kong, Japan and Singapore.

Sources: Sellwood Investment Partners LLC, Morningstar, S&P Dow Jones Indices, MSCI, ICE BofA

Plan Composition

As of December 31, 2024

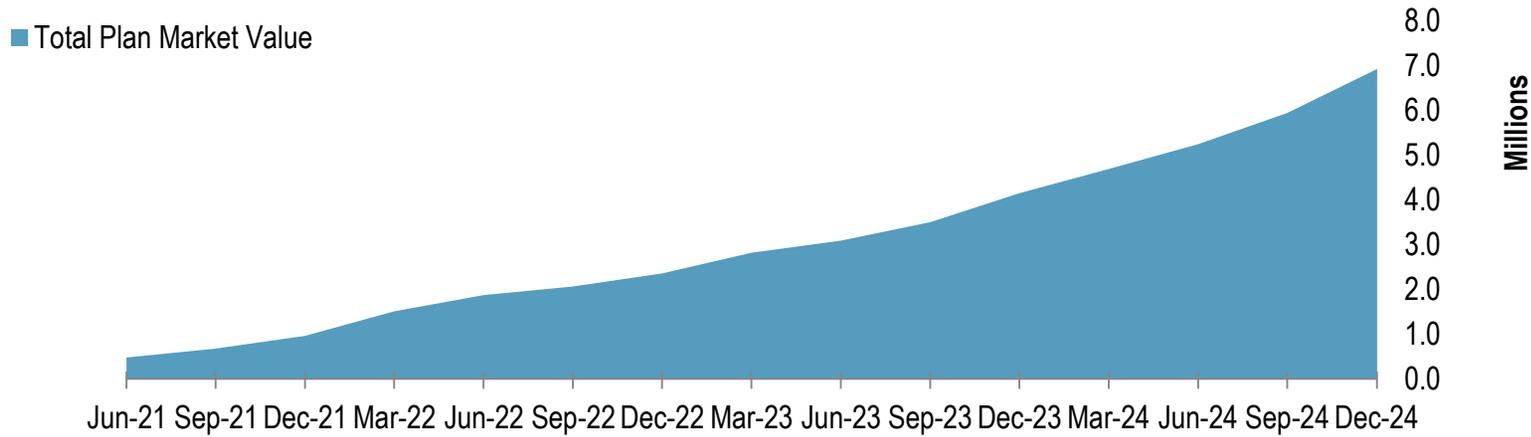
Mkt Val % by  
Option Type



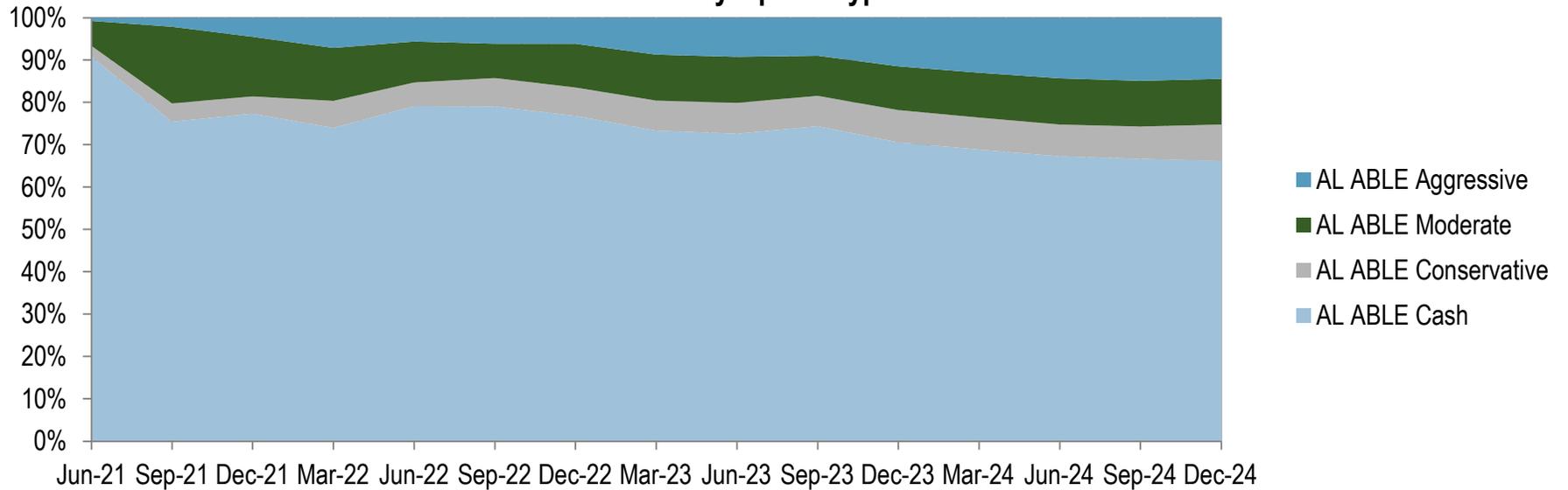
	Current Market Value (\$)	% of Total
<b>Fund Options</b>		
Target-Risk Portfolios	2,341,379	33.8%
AL ABLE Aggressive	1,001,245	14.5%
AL ABLE Moderate	745,986	10.8%
AL ABLE Conservative	594,149	8.6%
Cash Option	4,581,837	66.2%
AL ABLE Cash	4,581,837	66.2%
<i>Total Assets</i>	<i>6,923,217</i>	<i>100.0%</i>

	Current MV
<b>Total Plan</b>	<b>6,923,217</b>

**Plan Market Value History**



**Historical Plan Allocation by Option Type**

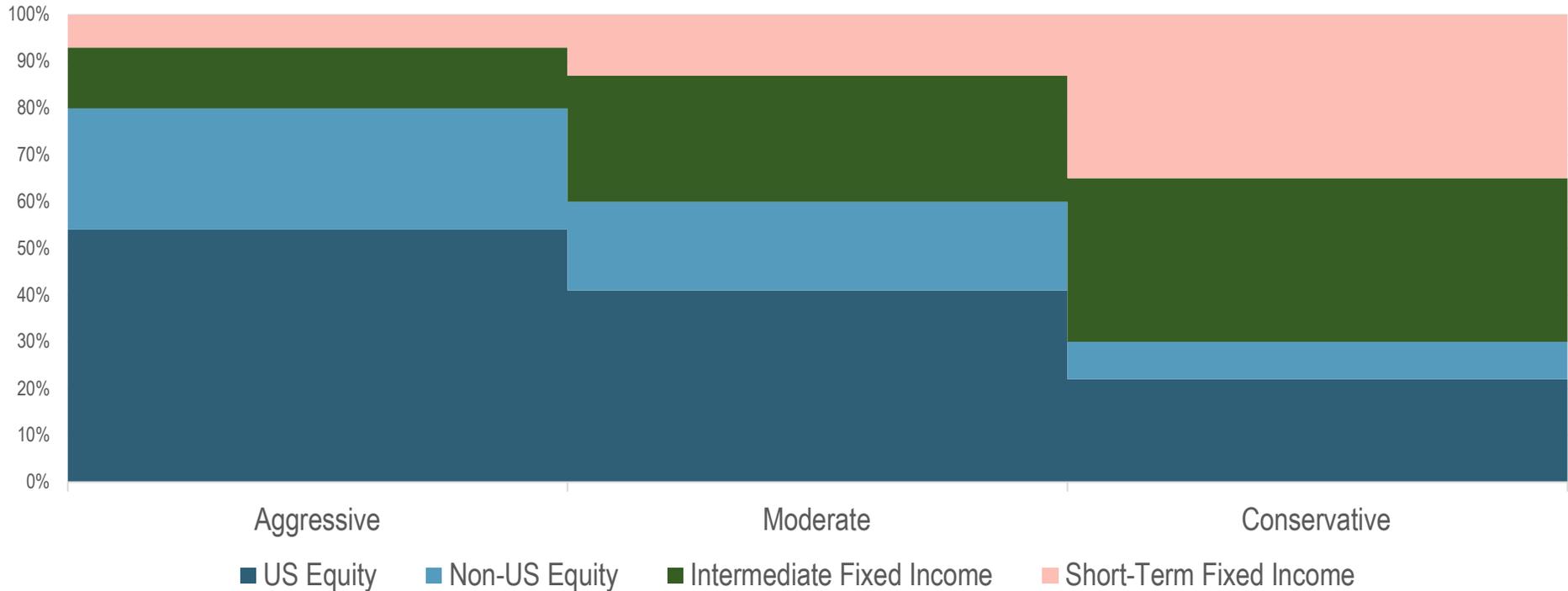


Comparative Performance

	Ending December 31, 2024							Calendar Years				Sharpe
	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	Incep. (%)	Since	2023 (%)	2022 (%)	2021 (%)	2020 (%)	5 Yrs
<b>Plan Portfolios</b>												
AL ABLE Aggressive	-1.6	12.9	12.9	3.6	--	4.8	Jun-21	18.8	-17.0	--	--	--
<i>AL ABLE Aggressive Index</i>	<u>-1.5</u>	<u>13.6</u>	<u>13.6</u>	<u>3.8</u>	<u>8.2</u>	<u>5.0</u>		<u>18.4</u>	<u>-16.9</u>	<u>16.3</u>	<u>14.0</u>	<u>0.4</u>
Over/Under	-0.1	-0.7	-0.7	-0.2		-0.2		0.4	-0.1			
<i>529 Static Moderately Aggressive Rank</i>	26	39	39	32	--	21		22	60	--	--	--
AL ABLE Moderate	-1.8	10.0	10.0	2.0	--	3.1	Jun-21	14.5	-15.7	--	--	--
<i>AL ABLE Moderate Index</i>	<u>-1.7</u>	<u>10.5</u>	<u>10.5</u>	<u>2.5</u>	<u>7.1</u>	<u>3.5</u>		<u>15.0</u>	<u>-15.3</u>	<u>14.9</u>	<u>14.0</u>	<u>0.3</u>
Over/Under	-0.1	-0.5	-0.5	-0.5		-0.4		-0.5	-0.4			
<i>529 Static Moderately Conservative Rank</i>	55	8	8	24	--	15		9	93	--	--	--
AL ABLE Conservative	-1.6	6.5	6.5	0.8	--	1.5	Jun-21	9.4	-12.1	--	--	--
<i>AL ABLE Conservative Index</i>	<u>-1.5</u>	<u>6.9</u>	<u>6.9</u>	<u>1.3</u>	<u>5.9</u>	<u>1.9</u>		<u>10.1</u>	<u>-11.8</u>	<u>12.7</u>	<u>14.0</u>	<u>0.3</u>
Over/Under	-0.1	-0.4	-0.4	-0.5		-0.4		-0.7	-0.3			
<i>529 Static Conservative Allocation MStar Rank</i>	48	14	14	41	--	29		34	56	--	--	--
AL ABLE Cash	1.1	5.0	5.0	3.7	--	3.1	Jun-21	4.8	1.5	--	--	--
<i>ICE BofA 3M US Trsy Note TR USD Index</i>	<u>1.2</u>	<u>5.2</u>	<u>5.2</u>	<u>3.9</u>	<u>2.5</u>	<u>3.2</u>		<u>5.0</u>	<u>1.5</u>	<u>0.1</u>	<u>0.7</u>	
Over/Under	-0.1	-0.2	-0.2	-0.2		-0.1		-0.2	0.0			
<i>529 Static Money Market MStar Rank</i>	32	27	27	26	--	27		27	37	--	--	--

Returns for the Aggressive, Moderate, and Conservative options starting June 2021 are actual results and provided by Vestwell. Index returns are based on target allocations. Performance is net of mutual fund expenses and program administration fees. Percentile ranks are 1 = best and 100 = worst.

As of December 31, 2024



Underlying Funds	Ticker	Asset Class	Aggressive	Moderate	Conservative
Vanguard Total Stk Mkt Idx InstlPlus	VSMPX	US Equity	49.0%	36.0%	19.0%
Vanguard Real Estate Index Institutional	VGSNX	US Equity	5.0%	5.0%	3.0%
Vanguard Total Intl Stock Idx InstlPlus	VTPSX	Non-US Equity	26.0%	19.0%	8.0%
Vanguard Total Bond Index InstlPlus	VBMPX	Intermediate Fixed Income	13.0%	27.0%	35.0%
Vanguard Short-Term Bond Idx I	VBITX	Short-Term Fixed Income	4.0%	9.0%	22.0%
Vanguard Shrt-Term Infl-Prot Sec Idx Ins	VTSPX	Short-Term Fixed Income	3.0%	4.0%	13.0%

Fee Information

As of December 31, 2024

	<u>Current Market Value (\$)</u>	<u>Underlying Expense Ratio</u>	<u>Board Administration Fee</u>	<u>Total Fee</u>	<i>529 Direct Sold Median Fee</i>	<u>Difference</u>
<b>Target-Risk Portfolios</b>						
AL ABLE Aggressive	1,001,245	0.04%	0.30%	<b>0.34%</b>	0.35%	0.00%
AL ABLE Moderate	745,986	0.04%	0.30%	<b>0.34%</b>	0.29%	0.05%
AL ABLE Conservative	594,149	0.04%	0.30%	<b>0.34%</b>	0.34%	0.00%
<b>Cash Option</b>						
AL ABLE Cash	4,581,837	0.00%	0.30%	<b>0.30%</b>	0.25%	0.05%
<b>Total Plan</b>	<b>6,923,217</b>	<b>0.01%</b>	<b>0.30%</b>	<b>0.31%</b>	<b>0.28%</b>	<b>0.04%</b>

The Alabama ABLE Plan has an Annual Account Maintenance Fee of \$35.

To the extent the interest rate on the Bank Account in which assets of the Cash Option are deposited is less during a particular period than the Administrative Fee, the Trustee, Program Manager, and Partner State will waive the portion of the Administrative Fee that exceeds such interest rate for the applicable period, and the Total Annual Asset-Based Fees for the Cash Option will be reduced accordingly for the applicable period.

Annual Fee Information

As of December 31, 2024

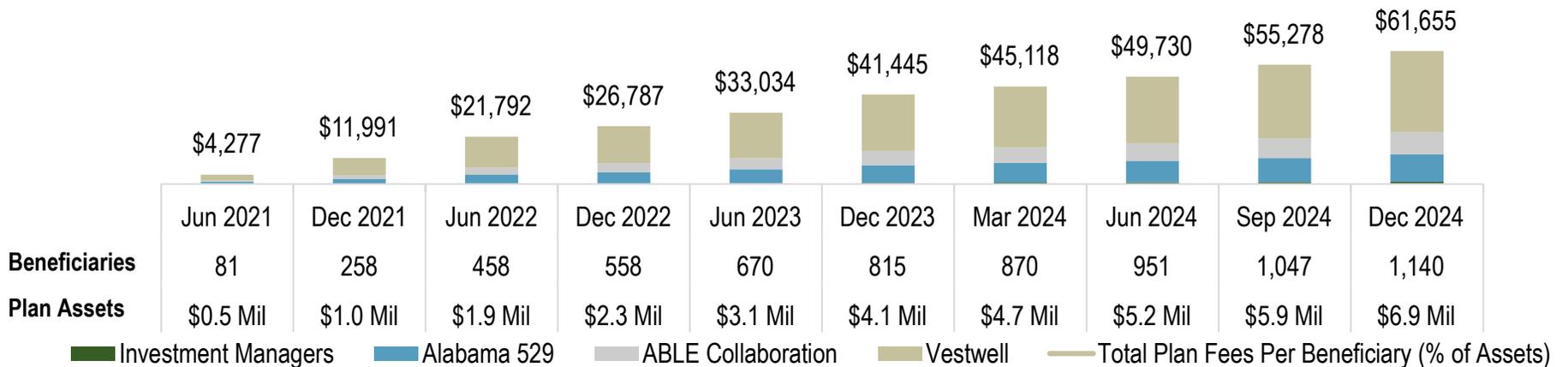
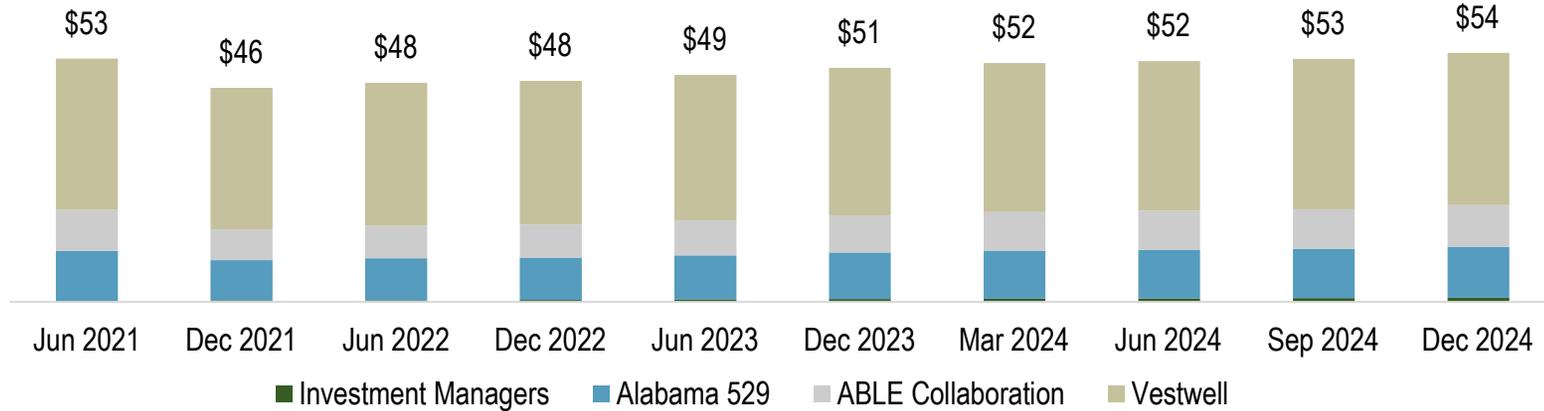
Beneficiaries: 1,140

Total Plan Assets: \$6,923,217

	Total Annual Fees			Annual Fee Type					
	\$	% of Assets	\$ Per Beneficiary	Assets \$	Flat \$ Fee	% of Assets	% of Total \$ Fee	\$ Per Beneficiary	Per Beneficiary Total \$ Fee
<b>Fees Paid by Beneficiary</b>									
Investment Management	985	0.01%	1	-	-	0.01%	985	-	-
Alabama Annual Account Maintenance Fee	39,900	0.58%	35	-	-	-	-	35	39,900
<i>Fee paid to the Trustee (Alabama 529)</i>	5,700	0.08%	5	-	-	-	-	5	5,700
<i>Fee paid to the ABLE Collaboration</i>	3,420	0.05%	3	-	-	-	-	3	3,420
<i>Fee paid to Vestwell</i>	30,780	0.44%	27	-	-	-	-	27	30,780
Administrative Fees	20,770	0.30%	18	-	-	0.30%	20,770	-	-
<i>Fee paid to the Trustee (Alabama 529)</i>	6,923	0.10%	6	-	-	0.10%	6,923	-	-
<i>Fee paid to the ABLE Collaboration</i>	6,923	0.10%	6	-	-	0.10%	6,923	-	-
<i>Fee paid to Vestwell</i>	6,923	0.10%	6	-	-	0.10%	6,923	-	-
<b>Total Plan Fees</b>	<b>61,655</b>	<b>0.89%</b>	<b>54</b>	<b>6,923,217</b>	<b>-</b>	<b>0.31%</b>	<b>21,755</b>	<b>35</b>	<b>39,900</b>
<b>Total Net Fees by Service Provider</b>									
Investment Managers	985	0.01%	1	-	-	0.01%	985	-	-
Alabama 529	12,623	0.18%	11	-	-	0.10%	6,923	5	5,700
ABLE Collaboration	10,343	0.15%	9	-	-	0.10%	6,923	3	3,420
Vestwell	37,703	0.54%	33	-	-	0.10%	6,923	27	30,780
<b>Total Plan Fees</b>	<b>61,655</b>	<b>0.89%</b>	<b>54</b>	<b>6,923,217</b>	<b>-</b>	<b>0.31%</b>	<b>21,755</b>	<b>35</b>	<b>39,900</b>

As of December 31, 2024

**Total Plan Fees Per Beneficiary**



**Beneficiaries**

**Plan Assets**

Jun 2021	Dec 2021	Jun 2022	Dec 2022	Jun 2023	Dec 2023	Mar 2024	Jun 2024	Sep 2024	Dec 2024
81	258	458	558	670	815	870	951	1,047	1,140

Investment Managers Alabama 529 ABLE Collaboration Vestwell Total Plan Fees Per Beneficiary (% of Assets)

Comparative Performance

Ticker	Ending December 31, 2024							Calendar Years							Sharpe 5 Yrs	
	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	15 Yrs (%)	2023 (%)	2022 (%)	2021 (%)	2020 (%)	2019 (%)	2018 (%)	2017 (%)		
<b>Underlying Funds - Target-Risk Portfolios</b>																
Vanguard Total Stock Mkt Idx Instl Pls	V SMPX	2.6	23.8	23.8	7.9	13.8	12.5	13.5	26.0	-19.5	25.7	21.0	30.8	-5.1	21.2	0.6
<i>Custom Index (CRSP US Total Mkt)</i>		<u>2.6</u>	<u>23.8</u>	<u>23.8</u>	<u>7.9</u>	<u>13.8</u>	<u>12.5</u>	<u>13.6</u>	<u>26.0</u>	<u>-19.5</u>	<u>25.7</u>	<u>21.0</u>	<u>30.8</u>	<u>-5.2</u>	<u>21.2</u>	<u>0.6</u>
Over/Under		0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0
Large Blend MStar MF Rank		21	45	45	51	46	37	35	37	76	66	22	47	52	60	50
Vanguard Real Estate Index Institutional	VGSNX	-7.6	4.9	4.9	-4.7	3.0	5.1	8.9	11.8	-26.2	40.4	-4.7	29.0	-5.9	4.9	0.0
<i>Custom Index (MSCI US IMI-Real Estate 25-50)</i>		<u>-7.6</u>	<u>5.1</u>	<u>5.1</u>	<u>-4.6</u>	<u>3.1</u>	<u>5.2</u>	<u>9.0</u>	<u>12.0</u>	<u>-26.1</u>	<u>40.6</u>	<u>-4.6</u>	<u>29.0</u>	<u>-5.9</u>	<u>5.1</u>	<u>0.0</u>
Over/Under		0.0	-0.2	-0.2	-0.1	-0.1	-0.1	-0.1	-0.2	-0.1	-0.2	-0.1	0.0	0.0	-0.2	0.0
Real Estate MStar MF Rank		68	75	75	68	82	70	68	60	58	63	57	42	57	84	82
Vanguard Total Intl Stock Idx InstlPls	VTPSX	-7.4	5.2	5.2	0.7	4.3	5.1	4.9	15.5	-16.0	8.7	11.3	21.6	-14.4	27.6	0.1
<i>Custom Index (FTSE Glo All Cap ex US)</i>		<u>-7.5</u>	<u>5.5</u>	<u>5.5</u>	<u>0.8</u>	<u>4.4</u>	<u>5.1</u>	<u>4.8</u>	<u>15.8</u>	<u>-16.1</u>	<u>8.8</u>	<u>11.2</u>	<u>21.8</u>	<u>-14.6</u>	<u>27.4</u>	<u>0.1</u>
Over/Under		0.1	-0.3	-0.3	-0.1	-0.1	0.0	0.1	-0.3	0.1	-0.1	0.1	-0.2	0.2	0.2	0.0
Foreign Large Blend MStar MF Rank		43	40	40	53	57	51	73	65	51	68	44	67	48	34	55
Vanguard Total Bond Market Idx InstlPls	VBMPX	-3.0	1.3	1.3	-2.4	-0.3	1.4	2.4	5.7	-13.1	-1.6	7.7	8.7	0.0	3.6	N/A
<i>Custom Index (Barclays US Agg Flt-Adj)</i>		<u>-3.0</u>	<u>1.3</u>	<u>1.3</u>	<u>-2.4</u>	<u>-0.3</u>	<u>1.4</u>	<u>2.4</u>	<u>5.6</u>	<u>-13.1</u>	<u>-1.6</u>	<u>7.7</u>	<u>8.9</u>	<u>-0.1</u>	<u>3.6</u>	<u>N/A</u>
Over/Under		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	-0.2	0.1	0.0	N/A
Intermediate Core Bond MStar MF Rank		62	80	80	60	72	67	71	51	44	62	58	43	34	50	N/A
Vanguard Short-Term Bond Idx I	VBITX	-0.8	3.7	3.7	0.9	1.3	1.6	1.8	4.9	-5.5	-1.1	4.7	4.9	1.4	1.2	N/A
<i>Bloomberg US Govt/Credit 1-5 Yr TR USD Index</i>		<u>-0.7</u>	<u>3.8</u>	<u>3.8</u>	<u>0.9</u>	<u>1.3</u>	<u>1.7</u>	<u>1.8</u>	<u>4.9</u>	<u>-5.5</u>	<u>-1.0</u>	<u>4.7</u>	<u>5.0</u>	<u>1.4</u>	<u>1.3</u>	<u>N/A</u>
Over/Under		-0.1	-0.1	-0.1	0.0	0.0	-0.1	0.0	0.0	0.0	-0.1	0.0	-0.1	0.0	-0.1	N/A
Short-Term Bond MStar MF Rank		90	96	96	92	94	91	90	87	73	94	30	48	32	87	N/A
Vanguard Shrt-Term Infl-Prot Sec Idx Ins	VTSPX	-0.1	4.8	4.8	2.1	3.3	2.5	--	4.6	-2.8	5.3	5.0	4.8	0.6	0.8	0.2
<i>Bloomberg US TIPS 0-5 Year TR USD Index</i>		<u>-0.1</u>	<u>4.7</u>	<u>4.7</u>	<u>2.1</u>	<u>3.3</u>	<u>2.6</u>	<u>2.2</u>	<u>4.6</u>	<u>-2.7</u>	<u>5.3</u>	<u>5.1</u>	<u>4.9</u>	<u>0.6</u>	<u>0.9</u>	<u>0.2</u>
Over/Under		0.0	0.1	0.1	0.0	0.0	-0.1	--	0.0	-0.1	0.0	-0.1	-0.1	0.0	-0.1	0.0
Inflation-Protected Bond MStar MF Rank		1	8	8	1	4	9	--	31	1	61	97	100	1	100	1

Percentile ranks are 1 = best and 100 = worst.

Sources: Sellwood Investment Partners LLC, Morningstar Direct, Investment Metrics, eVestment, and investment managers.

© Morningstar 2024. All rights reserved. Use of Morningstar content requires expert knowledge. It is to be used by specialist institutions only. The information from Morningstar contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied, adapted or distributed (except as required by state or federal law); and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information, except where such damages or losses cannot be limited or excluded by law in your jurisdiction. Past financial performance is no guarantee of future results.

**Active Share** - Measure of the proportion to which a portfolio's holdings composition differs from the composition found in its benchmark. The greater the difference between the asset composition of the fund and its benchmark, the greater the active share.

**Average Credit Quality** - Measure of a bond portfolio's overall credit quality, calculated as an average of each bond's credit rating, as assigned by Standard & Poor's or Moody's, adjusted for its relative weighting in the portfolio.

**Batting Average** - Measure of an investment manager's ability to meet or beat an index, calculated by dividing the number of days (or months, quarters, etc.) in which the manager beats or matches the index by the total number of days (or months, quarters, etc.) in the period of question and multiplying that factor by 100.

**Beta** - Measure of a portfolio's sensitivity to market movements, calculated by comparing a portfolio's excess return over the risk-free rate (90 Day T-Bills) to the market's excess return over the same risk-free rate. The beta of the market is 1.00 by definition.

**Correlation** - Measure of how two securities move in relation to each other, calculated as a correlation coefficient, which ranges between -1 and +1. Perfect positive correlation (+1) implies that as one security moves up or down the other security will always move in the same direction. Alternatively, perfect negative correlation (-1) means that the securities always move in the opposite direction. If the correlation is 0, the security movements have no correlation.

**Dividend Yield** - Dividends per share of a security or portfolio over the trailing one-year period as a percentage of the current stock price(s).

**Duration** - Measure of a bond or bond portfolio's sensitivity to changes in interest rates, calculated based on the weighted average of the time periods over which bond cash flows accrue to the bondholder. A portfolio with a 5-year duration would be expected to lose 5% of its net asset value if interest rates rose by 1 percentage point, or gain 5% if interest rates fell by 1 percentage point.

**Excess Return** - Measure of a portfolio's achieved rate of return minus the return of a benchmark over the same period.

**Information Ratio** - Portfolio excess return relative to a benchmark divided by the portfolio return's tracking error relative to the same benchmark. Information ratio measures how much excess return is generated from the amount of excess risk taken relative to a benchmark.

**Price/Earnings (P/E)** - Ratio of a stock's current price divided by the company's trailing 12-month earnings per share from continuous operations. For a portfolio, calculated as the weighted average of P/E ratios of all stocks in the portfolio.

**Price/Book (P/B)** - Ratio of a stock's current price divided by the company's book value per share (total assets of a company, less total liabilities, divided by the number of shares outstanding). For a portfolio, calculated as the weighted average of P/B ratios of all stocks in the portfolio, with any stocks with negative book values being excluded.

**R-squared (R<sup>2</sup>)** - The percentage of a portfolio's return variance explained by the benchmark's returns.

**Sharpe Ratio** - Measure of risk-adjusted performance, calculated by dividing a portfolio's annualized excess returns over the risk-free rate (90 Day T-Bills) by its annualized standard deviation. The Sharpe ratio is not meaningful for comparison purposes when annualized excess return over the risk-free rate is negative.

**Standard Deviation** - Measure of dispersion about an average, depicts how widely a portfolio's returns varied over a certain period of time.

**Tracking Error** - The standard deviation (variability) of a portfolio's excess return relative to a benchmark.

**Upside/Downside Capture** - Upside/downside capture measures the percentage of a benchmark return realized by a portfolio during positive return periods (upside) or negative return periods (downside) within a defined time period. A value over 100 indicates outperformance for upside capture and underperformance for downside capture.

**Yield to Maturity** - Rate of return an investor will receive if a long-term, interest-bearing security, such as a bond, is held to its maturity date.