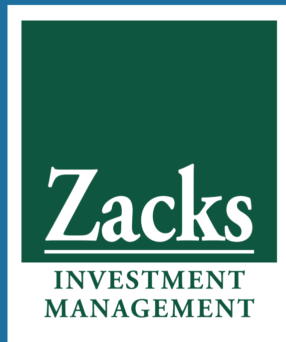
Q2 2018



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July 30, 2018

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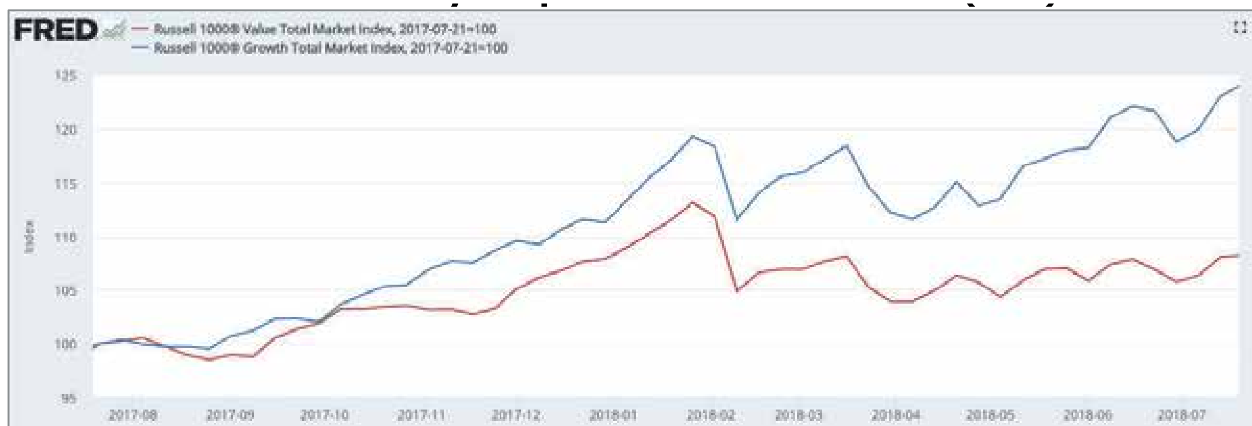
Senior Portfolio Manager

Mitch's Outlook

If all an investor did was watch the news, they might think the market is in utter turmoil. But, the S&P 500 has actually risen +2.65% this year as of June 29. To be fair, foreign stocks (measured by MSCI-ex USA) have fallen -4.46% during this time period.[1] Perhaps this shows an escalated trade war would hurt U.S. trading partners more than the U.S., a notion with which we generally agree. Still, we believe tariffs and a trade war would ultimately hurt everyone.

That being said, a myriad of positive forces exist that I think should support higher stock prices (though upside could be limited by questionable policy, policy uncertainty, or both). Performance of growth stocks, small-caps, and the Technology and Health Care sectors have continued to lead[2] making it seem like we're in the early stages of an economic expansion; investors typically shift to value and large-cap stocks late in business cycles as earnings tend to be stable (we're in the second oldest bull market now). We're not seeing this today:

In the Last Year, Growth Stocks (Blue) Have Materially Outperformed Value Stocks (Red)



Source: Federal Reserve Bank of St. Louis

Growth stocks tend to outperform in "risk-on" environments, in my view, due to either better growth conditions, monetary stimulus, fiscal stimulus, deregulation or some other positive force. One could argue that tax cuts, deregulation efforts, robust corporate earnings, and global synchronized growth have contributed to this "risk-on" environment.

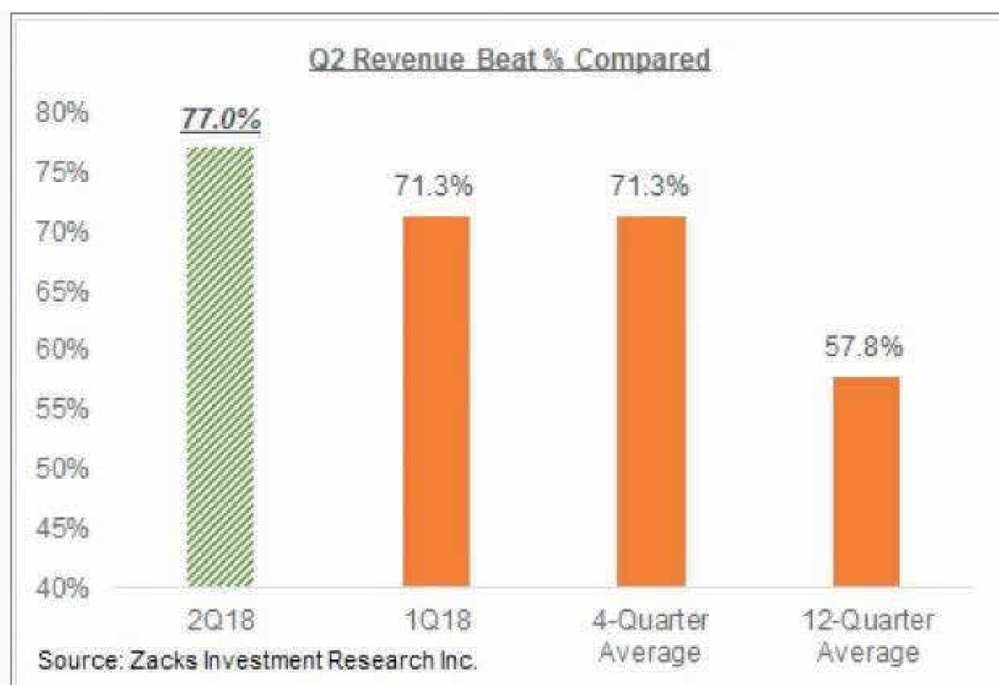
However, one could argue that these factors are now priced-in or going away. The benefits of the tax cut, I believe, are largely priced-in and the Federal Reserve is actively, though gradually, tightening monetary policy. As midterms approach, deregulation

efforts may be paused as campaigning takes over. In short, investors should be cautious about 'chasing heat' (i.e., growth stocks and perhaps even the Technology sector).

It's Still Too Early to be Bearish, In My Opinion

Despite ongoing trade turmoil, political divisiveness, and Russia meddling revelations, I still believe stocks have room to move higher. There is simply too much positive macroeconomic and earnings data to justify a bearish stance, from my perspective. Here are the main drivers I think could wield more influence over the direction of stock prices in the next six months:[3]

- **Corporate Earnings** – the blended Q2 earnings growth is projected to be +21% as of July 20; slightly below Q1's +24.6% growth rate. But, given momentum we've seen from the 87 S&P 500 companies that have reported so far, in terms of growth and positive surprises, we can see Q2 earnings growth steadily moving toward the Q1 level.
- **Revenues** – one could argue that corporate earnings are getting most of their boost from the tax cut, but this logic doesn't hold for revenues which are also coming in strong. The proportion of companies beating revenue estimates is, remarkably, tracking 20 percentage points above the average over the last twelve quarters.



- **Relatively Attractive Valuations** – over the last twelve months, multiples have compressed across the S&P 500 due to the combined forces of higher earnings and flat or negative performance. In layman's terms, this means stocks have gotten cheaper. Considering the forward-looking expectation of +20% earnings growth, and potential for the best revenue growth in seven years, it appears that equities have room to move higher.[4]
- **Small Business Confidence** – the NFIB Small Business Optimism Index from May 2018 reached its highest level since July 1983 and its second highest level in the survey's 45-year history.[5]
- **Flourishing Job Market** – according to the most recent Job Openings and Labor Turnover survey from the Labor Department, the number of job openings reached a new record and now currently exceeds the number of unemployed workers. If a worker in America wants a job, he or she can almost certainly find one.[6]
- **Global Bank Lending Growth** – the tax cut freed up cash for many banks and businesses and the environment is such that businesses are about to obtain capital needed to invest and expand, in our view.[7]
- **GDP Growth** – at the end of 2017, the year-over-year pace of GDP growth in the Eurozone was 2.8% (outpacing 2.6% in the U.S.) and 1.9% in Japan. These rates appear to be easing to a more sustainable pace of around 2% in Europe and 1% in Japan. The U.S. should grow even faster.[8]

What about Fixed Income?

The second quarter was a roller coaster ride for fixed income investors. Interest rates fluctuated wildly and fixed income returns were negative for taxable bonds as interest rates rose and credit spreads widened; this caused additional pain for corporate bond holders. Municipal bonds outperformed taxable bonds during Q2.

The yield curve continued to flatten throughout the quarter. The yield spread, as measured by the difference between the 2-Year and 10-Year Treasury bonds, was 0.33%, down from 0.47% at the end of March and at the tightest level seen since 2007.[9] There is discussion within the fixed income market whether the curve will invert soon (short-term rates higher than long-term rates). A lot will depend on the aggressiveness of the Fed in raising rates. If the Fed does raise rates twice more over the next six months, and if low inflation and geopolitical concerns keep a lid on long-term rates, we could see an inverted yield curve by the end of the Fed hike cycle.

Corporate bonds declined in value given higher interest rates and continued widening of credit spreads, in our view. After bottoming in early February, credit spreads moved higher and ended the quarter at levels not seen since early 2017. We believe a higher supply of bonds, due to increased M&A activity, was a key driver of spreads.

Municipal bonds performed well during the quarter as lower supply and continued investor demand created a positive scenario for the sector. While institutional demand for municipals has declined slightly due to lower tax rates, individual demand has remained strong. The muni market yield curve is steeper than the Treasury yield curve, providing attractive yields for investors willing to extend the duration of their portfolio. Overall, we continue to favor corporate and municipal bonds for investors seeking income and diversification.

Bottom Line for Investors

In the second half of the year, we think the "noise" will get louder, i.e., trade bluster and political divisiveness that is sure to grow on the campaign trail. Historically, markets have been edgy in the months leading up to a midterm election, and we might reasonably expect this to be the case again. But, the positive economic drivers, in my view, continue to outweigh any case for moving into a defensive posture or 'taking a break' from the stock market. Currently, the fundamentals tell us to remain optimistic while the trade noise and midterm elections remind us to be nimble in context of additional volatility. Across every strategy at Zacks Investment Management, we're prepared to do both.

Mitch

[1] MSCI.com
[2] Strategas Reseach (Quarterly Review in Charts, July 2, 2018)
[3] Zacks – Q2 Earnings Season Showing Strong Revenue Momentum
[4] Strategas Reseach (Quarterly Review in Charts, July 2, 2018)
[5] Strategas Reseach (Quarterly Review in Charts, July 2, 2018)
[6] Bureau of Labor Statistics
[7] Federal Reserve Bank of St. Louis
[8] International Monetary Fund
[9] US Department of the Treasury

All-Cap Core Strategy

In Q2 2018, the Zacks All-Cap Core Strategy returned +3.34% gross and +2.90% net. For the same period, the benchmark Russell 3000 Index returned +3.89%. Since inception, the Zacks All-Cap Core Strategy ranks in the top 6% of 620 managers in the Morningstar All Domestic Equity Managers universe.

In terms of style, growth stocks continued to outperform value stocks by a wide margin in each capitalization category. Year-to-date through Q2 2018, the Russell 1000 Growth Index rose +7.25% while the Russell 1000 Value Index fell -1.69%. Similarly during this period, the Russell 2000 Growth Index rose +9.7% while the Russell 2000 Value Index rose a lesser +5.44%. Small-cap stocks (Russell 2000) outperformed large-cap stocks (Russell 1000) by a wide margin as well; small-caps increased +7.66% while large-cap stocks rose just +2.85%.

While the All-Cap Core Strategy underperformed relative to its benchmark during the quarter, both stock selection and sector allocation were effective for the Technology sector. The Russell 3000 Technology sector was the best performing sector for the quarter, up +10.34%, while the Index was up +3.89%. All-Cap Core has a +1.8% overweight in the Technology sector. Stock selection added 71 basis points (bps) while supportive overweight decisions added 7 bps of value. Similarly, the Health Care sector added 46 bps via stock selection.

Among the stocks that added notable value to the portfolio: Amazon (+45.35%), Micron Technology (+27.53%), Network Appliance (+39.46%), AmediSys Inc. (+57.13%), and Edwards Life Science (+29.15%).

Trade war fear continued to rattle the market in Q2. While economic fundamentals remain sound, and indicators do not point to a recession, we are concerned about leverage. The All-Cap Core Strategy's process has been tested over the course of 25 years during varying economic conditions and crises. We continue to be disciplined and adhere to our process while actively seeking enhancement opportunities.

Dividend Strategy

For the second quarter of 2018, the Zacks Dividend Strategy returned +0.89% gross and +0.45% net. The benchmark Russell 1000 Value Index returned +1.18%. As of the end of the quarter, the dividend yield on the strategy (+3.23%) outperformed its benchmark, the Russell 100 Value Index (+2.53%). Since inception, the Zacks Dividend Strategy ranks in the top 2% out of 795 managers in the Morningstar Large Cap Value Universe.

Recent tax-cuts produced strong economic and profit growth in the second quarter. Additionally, the tax cuts boosted corporate optimism, corporate investments, and increased spending on dividends and share buybacks. Employment growth remained strong while moderate wage growth continued. Geopolitical issues caused energy prices to rise and inflation firmed.

In response, the Federal Reserve raised interest rates and maintained their guidance for continued, but gradual, rate increases dependent on economic conditions. One slightly concerning note was that global economic growth showed its first signs of weakening, with Europe and China posting weaker than expected data. The trade dispute, that began last quarter with tariffs on steel and aluminum imports, broadened with more products and countries being targeted in new tariff actions. This raised market worries for potential impact on economic growth and corporate profits, which may have spurred volatility among multinational corporations.

In the ‘large value’ space, Energy, Utilities, and Consumer Discretionary sectors outperformed during the quarter. Consumer Staples, Financials, and Industrials underperformed. The strategy’s underweight to Financials supported relative performance. Still, the strategy’s overweight to Consumer Staples and underweight to Utilities, Consumer Discretionary, and the Energy sector hampered relative performance.

We are keeping an eye on three key factors and questions looking forward:

1. **Fiscal Policy** – will fiscal policies and global trade agreements be implemented such that retaliatory trade moves are reduced?

2. **Inflation** – will runaway inflation be avoided?

3. **Economic Expansion** – will the U.S. and global economic expansions continue enabling the Federal Reserve to maintain a measured approach to raising interest rates?

If these items play out in growth-friendly ways, then the market should do well in the coming months, in our view. If that's the case, we believe the Dividend Strategy should continue to produce attractive returns.

Finally, due to the tax-advantaged nature of dividend payments, as well as a more attractive yield of +3.23% in Q2 2018 (compared to the 10-Year US Treasury yield of +2.85%), we believe the Dividend Strategy remains well-suited for investors seeking moderate growth and income.

Focus Growth Strategy

In Q2 2018, the Zacks Focus Growth Strategy returned +7.25% gross and +6.80% net, outperforming its benchmark, the Russell 1000 Growth Index, which returned +5.76%. Since inception, the Zacks Focus Growth Strategy ranks in the top 7% of 981 managers in the Morningstar Large Cap Growth universe.

As performance from the Technology and Health Care sectors continued to lead, returns in Focus Growth were boosted as the strategy was overweight in both of these sectors; Technology and Health Care rank one and two in terms of sectors represented in the portfolio.

Though they see-sawed in April, Technology and Health Care resumed their uptrends in the quarter amid strong financial earnings reports. While outperforming the benchmark in the Technology and Health Care sectors, the strategy saw under performance in the Transportation and Basic Materials sectors where holdings trailed their sector counterparts. Other sectors, such as Retail and Energy, were neutral relative to the benchmark.

In June, as expected, the Federal Reserve raised interest rates for the second time this year. And, despite a cavalcade of concerns, the long-standing bull market appears on the verge of resuming its strong run, particularly in growth sectors.

In short, the second quarter delivered relatively strong performance, despite the flattening yield curve and ‘trade war’ tensions between the U.S. and its key trading partners. A seemingly high tolerance for risk among investors continues to drive capital inflows into growth stocks which, again, benefits the Focus Growth Strategy. We anticipate this trend to remain intact as the market enters the second half of the year.

International Strategy

In the second quarter of 2018, the International Strategy returned -4.37% gross and -4.80% net. The MSCI EAFE Index, the strategy's benchmark, was down -0.97%.

For the first half of the year, the S&P 500 has been volatile but has still managed a +2.65% gain putting it ahead of foreign stocks which are down -2.37% (MSCI EAFE) over the same period. Seeing this performance discrepancy often drives investors to abandon a global strategy or to take a pause from investing in foreign stocks. We would encourage investors not to make long-term investment decisions based on six months of performance figures. Here is why.

In our view, Europe and the Emerging Markets both have significant growth runway left, while their valuations are attractive relative to the United States.

Valuation	US	Developed ex US	Emerging Market
Price to Book Ratio	3.28	1.59	1.55
Percentile (relative to history)	79	27	56
Median Historical Price to Book Ratio	2.81	1.86	1.51

While the U.S. business cycle is likely closer to peaking, we believe there is significant pent-up demand left in Europe. Much of the underperformance of emerging markets is tied to the strong dollar and trade frictions, both of which may be temporary drivers. Although we do not make predictions about currency movements, we know that no currency remains strong forever as it would significantly impact that country's exports. Emerging Market countries and currencies have seen sharp corrections due to the dollar rally, even though these countries (on balance) are in far better fiscal position today than during the 1998 crisis and the 2013 'taper tantrum.' So, as always, we urge investors to maintain a diversified portfolio and not be unduly influenced by what we see as short-term aberrations.

Several tactical calls were made in the International Strategy that supported relative performance. No allocation to the Philippines or Indonesia was made, both of which suffered steep declines in the quarter (-22.03% and -17.69% respectively). Among major calls to reduce or remove a country, removing Poland (EPOL), reducing our weight to South Korea (EWY), and removing Spain (EWP) added value to the strategy: year-to-date ending June 29, Poland (EPOL) fell by -19.54%, Korea (EWY) was down by -9.64%, and Spain was down by -5.97%.

Among other major country calls, the decision to add, increase or maintain weight to Norway and Russia added significant value to the portfolio. For the 6-month period ending June 29, Norway (NORW) returned +8.95% while Russia was up by 14 basis points. During the same period, the benchmark MSCI EAFE Index fell by -2.37%.

Market Neutral Strategy

The Zacks Market Neutral Strategy saw its NAV down somewhat in Q2 2018. The strategy performed relatively well early in the quarter, but came under pressure as the quarter closed.

In Q2 2018, the market exhibited wide performance divergence among sectors which impacted the strategy's performance. The best performing sectors were Consumer Cyclicals, Energy and Technology. The Tech sector, extending its momentum from the end of last year, contributed the strongest performance. The Energy sector, with volatile but mostly rising crude prices, produced positive returns from both the long and short positions. The Consumer Cyclicals sector reversed its recent quarterly negative performances resulting in a positive return as the long sides outperformed the short sides during the market recovery. Financials and Utilities also delivered relative positive returns.

Still, some sectors lagged this past quarter and offset positive returns. The longs and the shorts in the Health Care sector both disappointed. Additionally, the Basic Materials and Capital Goods sectors hampered overall portfolio performance mainly from the short positions.

Market consolidation came in the second quarter as global political instability and pending tariff fights continued. Domestically, the Federal Reserve's rate hike continued to tighten financial conditions. The coming quarter should provide a better sense for where the market is heading but, in the meantime, portfolio adjustments will be made toward minimizing return volatility.

Mid-Cap Core Strategy

The Zacks Mid-Cap Core Strategy returned +1.44% gross and +1.00% net in Q2 2018. During the same period, the strategy's benchmark, the Russell Mid-Cap Index returned +2.82%. Since inception, Zacks Mid-Cap Core Strategy ranks in the top 1% of 320 managers in the Morningstar Mid-Cap Blend universe.

Mid-cap stocks underperformed small-cap stocks during the quarter. U.S. economic and corporate profit growth remained strong and consumer and business sentiment improved. Still, early signs of a slowdown in global economic growth emerged during the quarter. As the United States broadened the scope of trade tariffs, and as retaliatory threats followed, market fears escalated. As a result, market participants continue to weigh the potential impact on global economic and corporate profit growth. The response seems to be a pivot away from larger companies with global exposure toward small-cap companies generating a majority of their revenue in the U.S.

In the mid-cap space, Energy, Consumer Discretionary, and Utilities outperformed. Financials, Industrials, and Materials underperformed. The strategy's underweight to Utilities and Energy hampered relative performance. By contrast, the strategy's underweight to the under performing Industrials and Financials sectors supported relative performance.

If favorable fiscal policies are implemented, and retaliatory global trade actions do not spread widely domestically, then growth-sensitive mid-cap stocks could continue experiencing strong gains. Mid-cap stocks, in particular, could benefit from investors deflecting risks associated with small-caps but who wish to pursue higher growth potential than might be seen in large-cap stocks.

Quantitative Strategy

In Q2 2018, the Zacks Quantitative Strategy returned +7.11% gross and +6.66% net, outpacing its benchmark, the S&P 500, which returned +3.43% during the quarter.

The Quantitative Strategy was overweight to small and mid-cap stocks, both of which performed very well during the quarter. Strong economic and corporate earnings growth attracted larger capital inflows into growth-oriented sectors boosting the strategy's performance substantially. From sector perspectives, the strategy was overweight Consumer Discretionary, Basic Materials, Industrial Products and Financials. The Industrial Products sector performed strongly in the period, adding the largest gain to the strategy, followed by the Medical Sector, which was slightly underweight in the portfolio. The Financials and Consumer Discretionary sectors lagged, dragging on the strategy's total return.

In our view, the bulls have become so resilient that investors continue to shrug-off negative impact from higher interest rates and trade-tariff tensions. Our overarching macroeconomic view is that the U.S. economy's momentum remains intact. If this is correct, the Quantitative Strategy should continue to deliver strong relative returns.

Small-Cap Core Strategy

The Zacks Small-Cap Core Strategy returned +5.97% gross and +5.52% net in Q2 2018. The Russell 2000 Index, the strategy's benchmark, returned +7.75% during the same period. Since inception, the Zacks Small-Cap Core Strategy ranks in the top 2% out of 564 managers in the Morningstar Small Blend universe.

Small-cap stocks outperformed large-cap and mid-cap stocks during the quarter as U.S. economic and corporate profit growth remained strong and consumer and business sentiment improved. Still, signs of a slowdown in global economic growth emerged during the quarter. As the United States broadened the scope of trade tariffs, and as retaliatory threats followed, market fears escalated given the potential for a trade war. Investors seemed to respond by pivoting away from larger companies with global exposure and favoring small-cap companies generating a majority of their revenue in the U.S.

In the small-cap space, Health Care, Energy, and Consumer Staples outperformed. Financials, Industrials, and Materials underperformed. The Small-Cap Core Strategy's overweight to Financials and Industrials, along with underweight to Health Care, hampered relative performance.

If favorable fiscal policies are implemented, and retaliatory global trade actions do not spread widely, then growth-sensitive small-cap stocks could continue to see strong gains for investors maintaining a high appetite for risk. This could lead to attractive relative returns for small-cap stocks looking forward.

Fixed Income Strategy

The second quarter of 2018 was a roller coaster ride for fixed income investors. Interest rates fluctuated wildly as positive economic indicators were offset by geopolitical and potential trade war concerns. Fixed income returns were negative for taxable bonds as interest rates rose and credit spreads widened, causing additional pain for corporate bond holders. Municipal bonds outperformed taxable bonds during Q2.

The U.S. economy continues to grow modestly, but indicators are not surprising much on the upside. It seems as if most of the good news is already factored-in. The focus will now shift to potential trade wars with China, Canada, Mexico and a host of other countries. We have already seen retaliatory tariffs from China, Canada, the European Union and Mexico in response to tariffs implemented by the U.S. on steel, aluminum and other goods. We expect consumers to end up paying more for finished goods as higher input costs become reflected in final goods pricing.

The Federal Reserve raised the fed funds target rate by another 25 basis points at their June meeting as U.S. economic growth continued and inflation remained contained. The Fed also signaled that they were expecting to raise rates two more times in 2018.

The Fed Funds target rate is finally approaching levels not seen since 2008. Among the Big 3 central banks, the Fed remains the only one moving actively toward the neutral target rate. The European Central Bank announced that its quantitative easing program will not end until December, and they expect rates to stay at current levels until September 2019. The Bank of Japan left its monetary policy unchanged as inflation remained subdued. The Fed's unwinding of the balance sheet, by reducing the purchases of Treasuries and mortgage-backed securities, continued throughout the quarter.

The 2-Year US Treasury bond ended Q1 with a yield of +2.53%, up from +2.27% at the beginning of the quarter and +1.88% at the start of the year. The 10-Year US Treasury bond ended Q1 with a yield of +2.86%, up from +2.74% at the beginning of the quarter. At current levels, the 2-year bond yield is at the highest level we have seen since the middle of 2008. Similarly, the 5-year bond touched +2.94%, the highest level seen since mid-2009. The 10-year bond broke above the important psychological level of +3%, reaching as high as +3.11%, but the yield contracted sharply towards the end of the quarter. Investors are finally able to see a meaningful yield return from their bond holdings without sacrificing safety.

The yield curve continued to flatten throughout the quarter. The yield spread, as measured by the difference between the 2-Year and 10-Year Treasury bonds, was at +0.33%, down from +0.47% at the end of March and at tightest level seen since 2007. There is increasing discussion within the fixed income market regarding whether the curve will become

inverted soon (short-term rates higher than long-term rates). A lot will depend on the aggressiveness of the Fed in raising rates. If the Fed does raise rates twice more over the next six months, and if low inflation and geopolitical concerns keep a lid on long-term rates, we should see an inverted yield curve by the end of the Fed hike cycle.

Corporate bonds declined in value given higher interest rates and continued widening of credit spreads. After bottoming in early February, credit spreads moved higher and ended the quarter at levels not seen since early 2017. A higher supply of bonds due to increased M&A activity was a key driver of spreads.

Municipal bonds performed well during the quarter as lower supply, with continued investor demand, created a positive scenario for the sector. While institutional demand for municipals has declined slightly due to lower tax rates, individual demand has remained strong. The muni market yield curve is steeper than the Treasury yield curve, providing attractive yields for investors willing to extend the duration of their portfolio.

Fixed income investments remain an important risk management component for portfolios by providing diversification and stability. We continue to favor corporate and municipal bonds for investors seeking income and diversification. As always, credit quality remains foremost in our selection method.

DISCLOSURE Past performance is no guarantee of future results. Results for Strategies are shown gross and net of fees. Results for the Strategy reflect the reinvestment of dividends and other earnings. The results portrayed is the performance history of a composite of all discretionary accounts with no material investment restrictions, which are not restrained by investment style, type of security, industry/sector, location, size or market cap; it invests primarily in U.S. common stocks.

Prospective clients and clients should not assume identical performance results to those shown would have been achieved for their account if it was invested in the Strategy during the period. Clients of the firm may receive different performance than the composite. Client performance may differ due to factors such as timing of investment(s), timing of withdrawal(s), and client-mandated investment restrictions. Wholesale, retail and institutional clients of the firm may have differing performance due to timing of trades.

Investments in the Strategy are not deposits of any bank, are not guaranteed by any bank, are not insured by FDIC or any other agency, and involve investment risks, including possible loss of the principal amount invested. Net of fees performance is based on the maximum fee of 1.75% for a $500,000 account. Lower fees may apply to larger accounts; higher fees may apply to smaller accounts. Separately managed account minimums apply. Inherent in any investment is the potential for loss. Standard management fees are available on request and are described in Part 2A of Form ADV.

The sample portfolio holdings provided represents the top 10 largest equity positions in the Strategy as of 06/30/18 based on the aggregate dollar value for a representative account. The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for the Strategy, and the reader should not assume that investments in the securities identified and discussed were or will be profitable. All information is provided for informational purposes only and should not be deemed as a recommendation to buy the securities mentioned.

Morningstar Rank:

The Morningstar Universes used for comparative analysis are constructed by Morningstar (median performance) and data is provided to Zacks by Zephyr Style Advisor. The percentile ranking for each Zacks Strategy is based on the gross comparison for Zacks Strategies vs. the indicated universe rounded up to the nearest whole percentile as of 06/30/18. Other managers included in universe by Morningstar may exhibit style drift when compared to Zacks Investment Management portfolio. Neither Zacks Investment Management nor Zacks Investment Research has any affiliation with Morningstar. Neither Zacks Investment Management nor Zacks Investment Research had any influence of the process Morningstar used to determine this ranking.

[1] WE CALL IT PURE INVESTING™

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At Zacks, we believe the "truth in investing" is ...the more of your investable assets allocated to stocks and bonds, the greater your net worth will grow. We call this Pure Investing™

Our competitors want to allocate an ever increasing % of your money to alternatives; hedge funds, fund of funds, commodity funds, options, futures or the hot trend or theme at the time, from tulip bulbs to mortgage backed securities.

These "alternatives" amount to gambling with your money, "mostly for the benefit of others". They do not create long-term value. These are simply zero-sum games with short- term winners and losers.

Why chase alternatives, when you can invest in the real thing? We believe there is a Better Way, benefit from Pure Investing™ at Zacks.

Indexes Presented:

The S&P 500 Index is a well-known, unmanaged index of the prices of 500 large company common stocks, mainly blue-chip stocks, selected by Standard & Poor's. The S&P 500 Index assumes reinvestment of dividends but does not reflect advisory fees or other expenses. An investor cannot invest directly in this Index. The volatility of the benchmark may be materially different from the individual performance obtained by a specific investor.

The Russell 2000 Index is a well-known, unmanaged index of the prices of 2000 small-cap company common stocks, selected by Russell. The Russell 2000 Index assumes reinvestment of dividends but does not reflect advisory fees. An investor cannot invest directly in an index. The volatility of the benchmark may be materially different from the individual performance obtained by a specific investor.

The Russell Mid Cap Index is a well-known, unmanaged index of the prices of approximately 800 mid-cap company common stocks, selected by Russell. The Russell Mid Cap Index assumes reinvestment of dividends but does not reflect advisory fees. An investor cannot invest directly in an index. The volatility of the benchmark may be materially different from the individual performance obtained by a specific investor.

The Russell 1000 Growth Index is a well-known, unmanaged index of the prices of 1000 large-company growth common stocks selected by Russell. The Russell 1000 Growth Index assumes reinvestment of dividends but does not reflect advisory fees. An investor cannot invest directly in an index. The volatility of the benchmark may be materially different from the individual performance obtained by a specific investor.

The Russell 1000 Value Index is a well-known, unmanaged index of the price of 1000 large-company growth common stocks selected by Russell. The Russell 1000 Growth Index assumes reinvestment of dividends but does not reflect advisory fees. An investor cannot directly invest in an index. The volatility of the benchmark may be materially different from the individual performance obtained by a specific investor.

The Russell 3000 Index is a well-known, unmanaged index of the prices of 3000 broad U.S. equity company common stocks, selected by Russell. The Russell 3000 Index assumes reinvestment of dividends but does not reflect advisory fees. An investor cannot invest directly in an index. The volatility of the benchmark may be materially different from the individual performance obtained by a specific investor.

The MSCI EAFE is an index from Morgan Stanley Capital International. The MSCI EAFE is a well-known, unmanaged index representing developed nation countries around the world. The MSCI EAFE Index assumes reinvestment of dividends but does not reflect advisory fees. An investor cannot invest directly in an index. The volatility of the benchmark may be materially different from the individual performance obtained by a specific investor.

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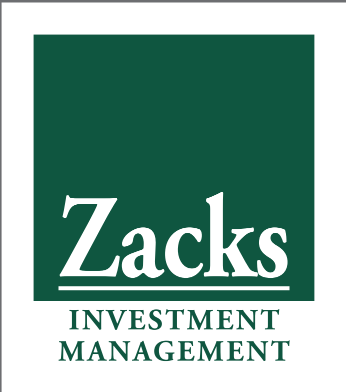
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