

# Periodic Table of Style Rotation — Stocks

This style rotation table compares the returns of various indices. Fluctuations in market cycles demonstrate the importance of diversification. Diversification does not assure a profit nor does it protect against loss of principal. As with any investment, it is possible to lose money.

**Large Cap Stocks** are represented by the Russell 1000 Index, which measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000 Index and includes approximately 1,000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000 represents approximately 92% of the U.S. market.

**Large Growth Stocks** are represented by the Russell 1000 Growth Index, which measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

**Large Value Stocks** are represented by the Russell 1000 Value Index, which measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values.

**Mid Cap Stocks** are represented by the Russell Midcap Index, which measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Midcap Index is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap Index represents approximately 31% of the total market capitalization of the Russell 1000 companies.

**Small Cap Stocks** are represented by the Russell 2000 Index, which measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000 Index, representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership.

**Foreign Stocks** are represented by the MSCI EAFE Index (Europe, Australasia, and Far East), which is a widely followed index of common stocks from 22 developed market countries.

**Emerging Markets** are represented by the MSCI Emerging Markets Index, which measures the performance of stocks in global emerging market countries.

**Real Estate** is represented by the Wilshire U.S. REIT Index, which measures the performance of U.S. publicly traded Real Estate Investment Trusts.

**Commodities** are represented by the Bloomberg Commodity Total Return Index, which is composed of futures contracts and reflects the returns on a fully collateralized investment in the BCOM. This combines the returns of the BCOM with the returns on cash collateral invested in 13 week (3 Month) U.S. Treasury Bills.

**Bonds** are represented by the Bloomberg Barclays U.S. Aggregate Bond Index, which covers the USD- denominated, investment-grade, fixed-rate, taxable bond market. The index includes government and corporate securities, mortgage-backed securities, and asset-backed securities, with maturities of at least one year.

The **Diversified Portfolio** is represented by an equal portion (10%) of the 10 indices in the periodic table.

A mutual fund's portfolio may differ significantly from the securities held in the indices. These indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the active management of an actual portfolio.

**Standard Deviation** measures how widely performance has varied from an average, and it is an indicator for potential volatility. A high standard deviation indicates that the range of performance has been wide, identifying greater potential volatility.

The standard deviations shown are calculated by Morningstar. Morningstar computes standard deviation using the trailing monthly total returns for the appropriate time period. All of the monthly standard deviations are then annualized.

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## ANNUAL RETURNS FOR SELECTED ASSET CLASSES

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020		10-Year Annualized Return	10-Year Standard Deviation	
Real Estate	9.24	Emerging Markets	Small Cap Stocks	Real Estate	Large Growth Stocks	Small Cap Stocks	Emerging Markets	Bonds	Large Growth Stocks	Large Growth Stocks	Best Performance ↑	Large Growth Stocks	Small Cap Stocks	Highest Volatility ↑
		18.22	38.82	31.78	5.67	21.31	37.28	0.01	36.39	38.49		17.21	18.88	
Bonds	7.84	Real Estate	Mid Cap Stocks	Large Value Stocks	Real Estate	Large Value Stocks	Large Growth Stocks	Large Growth Stocks	Large Cap Stocks	Large Cap Stocks		Large Cap Stocks	Emerging Markets	
		17.59	34.76	13.45	4.23	17.34	30.21	-1.51	31.43	20.96		14.01	17.78	
Large Growth Stocks	2.64	Large Value Stocks	Large Growth Stocks	Large Cap Stocks	Large Cap Stocks	Mid Cap Stocks	Foreign Stocks	Large Cap Stocks	Mid Cap Stocks	Small Cap Stocks		Mid Cap Stocks	Real Estate	
		17.51	33.48	13.24	0.92	13.80	25.03	-4.78	30.54	19.96		12.41	16.31	
Large Cap Stocks	1.50	Foreign Stocks	Large Cap Stocks	Mid Cap Stocks	Bonds	Large Cap Stocks	Large Cap Stocks	Real Estate	Large Value Stocks	Emerging Markets		Small Cap Stocks	Mid Cap Stocks	
		17.32	33.11	13.22	0.55	12.05	21.69	-4.84	26.54	18.31		11.20	15.70	
Large Value Stocks	0.39	Mid Cap Stocks	Large Value Stocks	Large Growth Stocks	Foreign Stocks	Commodities	Mid Cap Stocks	Diversified Portfolio	Real Estate	Mid Cap Stocks		Large Value Stocks	Foreign Stocks	
		17.28	32.53	13.05	-0.81	11.77	18.52	-7.91	25.76	17.10		10.50	15.13	
Mid Cap Stocks	-1.55	Large Cap Stocks	Foreign Stocks	Diversified Portfolio	Mid Cap Stocks	Emerging Markets	Diversified Portfolio	Large Value Stocks	Small Cap Stocks	Diversified Portfolio		Diversified Portfolio	Large Growth Stocks	
		16.42	22.78	7.15	-2.44	11.19	17.05	-8.27	25.52	12.19		8.31	14.30	
Diversified Portfolio	-2.80	Small Cap Stocks	Diversified Portfolio	Bonds	Large Value Stocks	Diversified Portfolio	Small Cap Stocks	Mid Cap Stocks	Diversified Portfolio	Foreign Stocks		Real Estate	Large Value Stocks	
		16.35	18.32	5.97	-3.83	10.54	14.65	-9.06	23.30	7.82		8.27	14.28	
Small Cap Stocks	-4.18	Large Growth Stocks	Real Estate	Small Cap Stocks	Diversified Portfolio	Real Estate	Large Value Stocks	Small Cap Stocks	Foreign Stocks	Bonds		Foreign Stocks	Large Cap Stocks	
		15.26	1.86	4.89	-3.97	7.24	13.66	-11.01	22.01	7.51		5.51	13.89	
Foreign Stocks	-12.14	Diversified Portfolio	Bonds	Emerging Markets	Small Cap Stocks	Large Growth Stocks	Real Estate	Commodities	Emerging Markets	Large Value Stocks		Bonds	Commodities	
		13.91	-2.02	-2.19	-4.41	7.08	4.18	-11.25	18.42	2.80		3.84	13.71	
Commodities	-13.32	Bonds	Emerging Markets	Foreign Stocks	Emerging Markets	Bonds	Bonds	Foreign Stocks	Bonds	Commodities		Emerging Markets	Diversified Portfolio	
		4.21	-2.60	-4.90	-14.92	2.65	3.54	-13.79	8.72	-3.12		3.63	12.25	
Emerging Markets	-18.42	Commodities	Commodities	Commodities	Commodities	Foreign Stocks	Commodities	Emerging Markets	Commodities	Real Estate		Commodities	Bonds	
		-1.06	-9.52	-17.01	-24.66	1.00	1.70	-14.57	7.69	-7.90		-6.50	2.93	Lowest Volatility ↓
Average Annualized Inflation Rate	3.2	2.1	1.5	1.6	0.1	1.3	2.1	2.4	1.8	1.2				
Year End Fed Funds Rate	0.00-0.25%	0.00-0.25%	0.00-0.25%	0.00-0.25%	0.25-0.50%	0.50-0.75%	1.25-1.50%	2.25-2.50%	1.50-1.75%	0.00-0.25%				

Returns shown for selected stock indices are total returns, and thus include dividends. Past performance is no guarantee of future results. This information is for illustrative purposes only and is not intended to represent any particular investment product.

Sources: U.S. Bureau of Labor Statistics; Federal Reserve.

# Periodic Table of Sector Rotation — Bonds

This sector rotation table compares the returns of various indices. Fluctuations in market cycles demonstrate the importance of diversification. Diversification does not assure a profit nor does it protect against loss of principal. As with any investment, it is possible to lose money.

**T-Bills** are represented by the FTSE Treasury Bill 3 Month Index, an index of three-month Treasury Bills.

**Treasuries** are represented by the Bloomberg Barclays U.S. Treasury Index, which is comprised of U.S. Treasury securities with a remaining maturity of at least one year.

**TIPS** are represented by the Bloomberg Barclays U.S. Treasury Inflation-Protected Securities Index, which measures the return of U.S. Treasuries with fixed-rate coupon payments that adjust for inflation as measured by the Consumer Price Index for All Urban Consumers (CPI-U).

**Mortgages** are represented by the Bloomberg Barclays U.S. Mortgage-Backed Securities (MBS) Index, which is comprised of 30- and 15-year fixed-rate agency mortgage-backed pass-through securities issued by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC), as well as hybrid adjustable-rate mortgage (ARM) pass-through securities.

**Investment Grade Corporates** are represented by the Bloomberg Barclays U.S. Corporate Investment-Grade Index, which tracks the performance of publicly issued, USD-denominated, fixed-rate, investment-grade corporate debt.

**High Yield Corporates** are represented by the Bloomberg Barclays U.S. Corporate High-Yield Index, which tracks the performance of publicly issued, USD-denominated, fixed-rate, below investment-grade corporate debt.

**Unhedged Foreign Bonds** are represented by the Bloomberg Barclays Global Treasury ex-U.S. Index, which tracks the performance of investment-grade, fixed-rate, local-currency-denominated sovereign debt from certain foreign countries.

**Investment Grade Municipals** are represented by the Bloomberg Barclays Municipal Bond Index, which is a market value-weighted index designed for the long-term, investment-grade, tax-exempt bond market.

**High Yield Municipals** are represented by the Bloomberg Barclays High Yield Muni Index, which is composed of U.S. non-investment grade municipal securities with a remaining maturity of one year or more.

**Aggregate Bond Index** is represented by the Bloomberg Barclays U.S. Aggregate Bond Index, which covers the USD-denominated, investment-grade, fixed-rate, taxable bond market. The index includes government and corporate securities, mortgage-backed securities, and asset-backed securities, with maturities of at least one year.

**Emerging Markets Bonds** is represented by the J.P. Morgan Emerging Markets Bond Index Global Diversified which tracks total returns for U.S. dollar denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, Eurobonds. The diversified index limits the exposure of some of the larger countries.

A mutual fund's portfolio may differ significantly from the securities held in the indices. These indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the active management of an actual portfolio.

**Inflation** is represented by the Consumer Price Index for All Urban Consumers (CPI-U). CPI-U measures changes in the prices paid by urban consumers for a representative basket of goods and services.

The **federal funds rate** is the interest rate at which depository institutions lend balances at the Federal Reserve to other depository institutions overnight.

Sources: U.S. Bureau of Labor Statistics; Federal Reserve; Barclays; Morningstar; Russell Investments

## ANNUAL RETURNS FOR SELECTED BOND SECTORS

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020		10-Year Annualized Return	10-Year Standard Deviation	
	TIPS 13.56	High Yield Municipals 18.14	High Yield Corporates 7.44	High Yield Municipals 13.84	Investment Grade Munis 3.30	High Yield Corporates 17.13	Emerging Markets Bonds 10.26	High Yield Municipals 4.76	Emerging Markets Bonds 15.04	TIPS 10.99	Best Performance	High Yield Municipals 6.86	Emerging Markets Bonds 7.88	Highest Volatility
	Investment Grade Munis 10.70	Emerging Markets Bonds 17.44	T-Bills 0.05	Investment Grade Munis 9.05	High Yield Municipals 1.81	Emerging Markets Bonds 10.15	High Yield Municipals 9.69	T-Bills 1.86	Investment Grade Corps 14.54	Investment Grade Corps 9.89		High Yield Corporates 6.80	High Yield Corporates 7.06	
	Treasuries 9.81	High Yield Corporates 15.81	Mortgages -1.41	Investment Grade Corps 7.46	Mortgages 1.51	Investment Grade Corps 6.11	Unhedged Foreign Bonds 9.31	Investment Grade Munis 1.28	High Yield Corporates 14.32	Unhedged Foreign Bonds 9.54		Emerging Markets Bonds 6.22	High Yield Municipals 6.57	
	High Yield Municipals 9.25	Investment Grade Corps 9.82	Investment Grade Corps -1.53	Emerging Markets Bonds 7.43	Emerging Markets Bonds 1.18	TIPS 4.68	High Yield Corporates 7.50	Mortgages 0.99	High Yield Municipals 10.68	Treasuries 8.00		Investment Grade Corps 5.63	Unhedged Foreign Bonds 6.43	
	Investment Grade Corps 8.15	TIPS 6.98	Aggregate Bond Index -2.02	Mortgages 6.08	Treasuries 0.84	High Yield Municipals 2.99	Investment Grade Corps 6.42	Treasuries 0.86	Aggregate Bond Index 8.72	Aggregate Bond Index 7.51		Investment Grade Munis 4.63	Investment Grade Corps 5.08	
	Aggregate Bond Index 7.84	Investment Grade Munis 6.78	Investment Grade Munis -2.55	Aggregate Bond Index 5.97	Aggregate Bond Index 0.55	Aggregate Bond Index 2.65	Investment Grade Munis 5.45	Aggregate Bond Index 0.01	TIPS 8.43	High Yield Corporates 7.11		Aggregate Bond Index 3.84	TIPS 4.33	
	Emerging Markets Bonds 7.35	Aggregate Bond Index 4.21	Treasuries -2.75	Treasuries 5.05	T-Bills 0.03	Unhedged Foreign Bonds 1.87	Aggregate Bond Index 3.54	Unhedged Foreign Bonds -0.89	Investment Grade Munis 7.54	Emerging Markets Bonds 5.26		TIPS 3.81	Investment Grade Munis 3.67	
	Mortgages 6.23	Mortgages 2.59	Unhedged Foreign Bonds -4.88	TIPS 3.64	Investment Grade Corps -0.68	Mortgages 1.67	TIPS 3.01	TIPS -1.26	Treasuries 6.86	Investment Grade Munis 5.21		Treasuries 3.34	Treasuries 3.60	
	Unhedged Foreign Bonds 5.24	Treasuries 1.99	Emerging Markets Bonds -5.25	High Yield Corporates 2.45	TIPS -1.44	Treasuries 1.04	Mortgages 2.47	High Yield Corporates -2.08	Mortgages 6.35	High Yield Municipals 4.89		Mortgages 3.01	Aggregate Bond Index 2.93	
	High Yield Corporates 4.98	Unhedged Foreign Bonds 1.77	High Yield Municipals -5.51	T-Bills 0.03	High Yield Corporates -4.47	T-Bills 0.27	Treasuries 2.31	Investment Grade Corps -2.51	Unhedged Foreign Bonds 5.04	Mortgages 3.87		Unhedged Foreign Bonds 1.81	Mortgages 2.06	
	T-Bills 0.08	T-Bills 0.07	TIPS -8.61	Unhedged Foreign Bonds -2.77	Unhedged Foreign Bonds -4.84	Investment Grade Munis 0.25	T-Bills 0.84	Emerging Markets Bonds -4.26	T-Bills 2.25	T-Bills 0.58		T-Bills 0.60	T-Bills 0.23	Lowest Volatility
Average Annualized Inflation Rate	3.2	2.1	1.5	1.6	0.1	1.3	2.1	2.4	1.8	1.2				
Year End Fed Funds Rate	0.00-0.25%	0.00-0.25%	0.00-0.25%	0.00-0.25%	0.25-0.50%	0.50-0.75%	1.25-1.50%	2.25-2.50%	1.50-1.75%	0.00-0.25%				

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