1 Embrace market pricing

The market is an effective, information-processing machine. Millions of participants buy and sell securities in the world markets every day, and the real-time information they bring helps set prices.

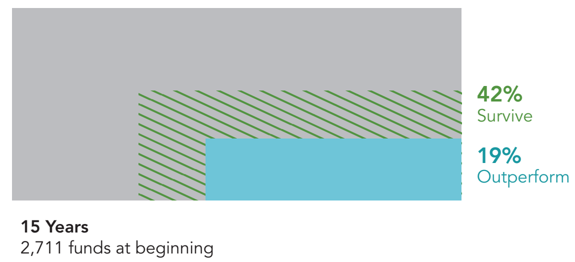
World Equity Trading in 2014

	Number of Trades	Dollar Volume
Daily Average	60 million	$302 billion

2 Don't try to outguess the market

The market's pricing power works against mutual fund managers who try to outsmart other participants through stock picking or market timing. As evidence, only 19% of US equity mutual funds have survived and outperformed their benchmarks over the past 15 years.

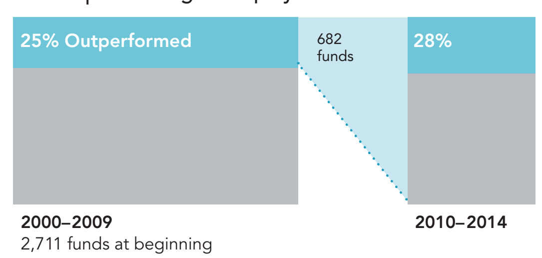
US Equity Mutual Fund Performance



3 Resist chasing past performance

Some investors select mutual funds based on past returns. However, funds that have outperformed in the past do not always persist as winners. Past performance alone provides little insight into a fund's ability to outperform in the future.

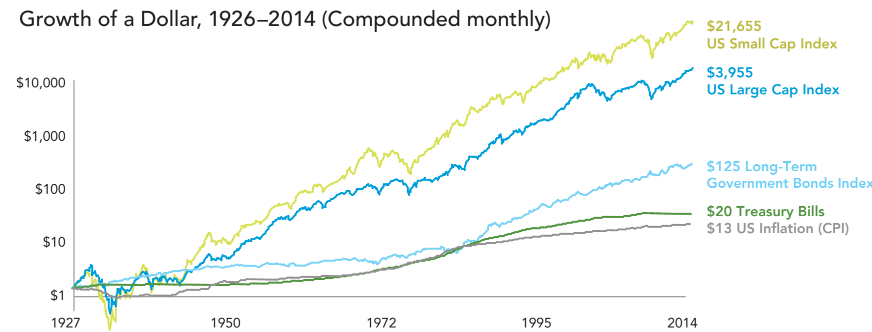
Do Outperforming US Equity Mutual Funds Persist?



4 Let markets work for you

The financial markets have rewarded long-term investors. People expect a positive return on the capital they supply, and, historically, the equity and bond markets have provided growth of wealth that has more than offset inflation.

Growth of a Dollar, 1926–2014 (Compounded monthly)



5 Consider the drivers of returns

Academic research has identified these equity and fixed income dimensions, which point to differences in expected returns. These dimensions are pervasive, persistent, and robust and can be pursued in cost-effective portfolios.

Dimensions of Expected Returns

EQUITIES

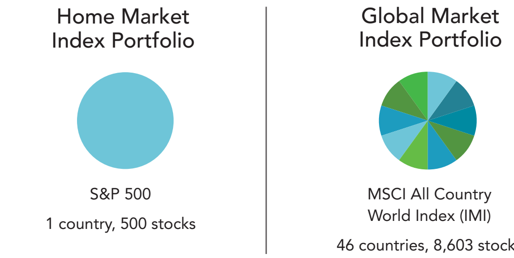
- **Market** Equity premium—stocks vs. bonds
- **Company Size** Small cap premium—small vs. large companies
- **Relative Price** Value premium—value vs. growth companies
- **Profitability** Profitability premium—high vs. low profitability companies

FIXED INCOME

- **Term** Term premium—longer vs. shorter maturity bonds
- **Credit** Credit premium—lower vs. higher credit quality bonds

6 Practice smart diversification

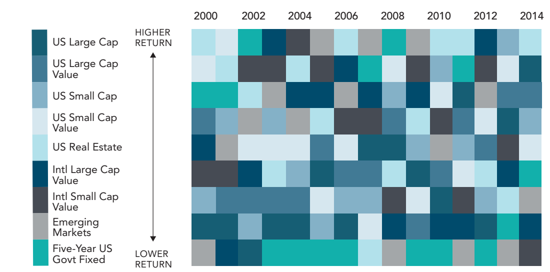
Diversification helps reduce risks that have no expected return, but diversifying within your home market is not enough. Global diversification can broaden your investment universe.



7 Avoid market timing

You never know which market segments will outperform from year to year. By holding a globally diversified portfolio, investors are well positioned to seek returns wherever they occur.

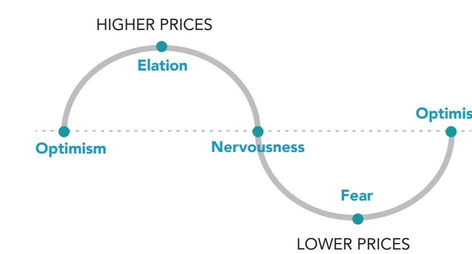
Annual Returns by Market Index



8 Manage your emotions

Many people struggle to separate their emotions from investing. Markets go up and down. Reacting to current market conditions may lead to making poor investment decisions at the worst times.

Reactive Investing in a Market Cycle

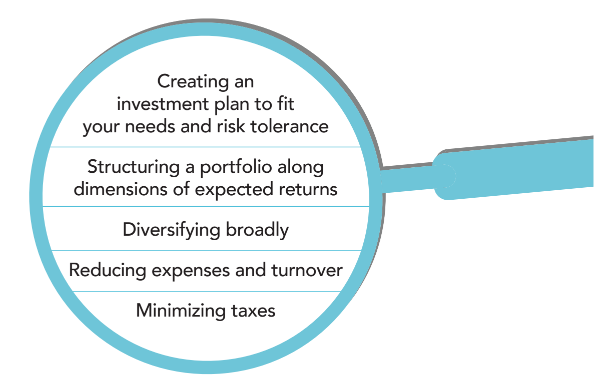


9 Look beyond the headlines

Daily market news and commentary can challenge your investment discipline. Some messages stir anxiety about the future while others tempt you to chase the latest investment fad. When tested, consider the source and maintain a long-term perspective.

10 Focus on what you can control

A financial advisor can create a plan tailored to your personal financial needs while helping you focus on actions that add value. This can lead to a better investment experience.



Past performance is no guarantee of future results. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio.

Diversification does not eliminate the risk of market loss. There is no guarantee investment strategies will be successful. This information is for illustrative purposes only. **See back page for additional exhibit information and important disclosures.**