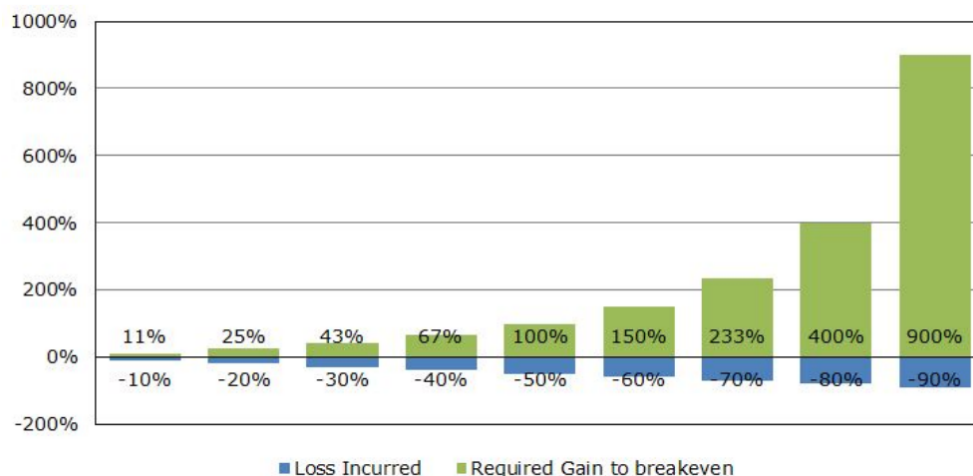


“Climbing Out of the Hole”

Suppose you hold a stock that falls 50% in value; how much does that stock have to gain before you're back where you started?

Many people instinctively say 50%, but that's wrong. If the stock's price starts at \$10 and loses 50%, it's at \$5; from there, gaining 50% would put it only back up to \$7.50. To get back to \$10, the stock would have to gain 100%, twice as much as it lost in percentage terms.

Recouping losses always requires a larger percentage gain than the loss itself, and the difference between the two gets more dramatic as the losses get larger.



Easing the Pain - All this may seem a bit depressing, and it is, but it highlights the importance of diversification. Even in a market where everything is down, moderating your losses can make it much easier to bounce back.

Asset Class Returns

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017														
EM	56.3%	REIT	31.6%	EM	34.5%	REIT	35.1%	EM	39.8%	HG Bnd	5.2%	EM	79.0%	REIT	28.0%	REIT	8.3%	REIT	19.7%	Sm Cap	38.8%	REIT	28.0%	REIT	2.8%	Sm Cap	21.3%	EM	37.8%
Sm Cap	47.3%	EM	26.0%	Int'l Stk	14.0%	EM	32.6%	Int'l Stk	11.6%	Cash	1.4%	HY Bnd	57.5%	Sm Cap	26.9%	HG Bnd	7.8%	EM	18.6%	Lg Cap	32.4%	Lg Cap	13.7%	Lg Cap	1.4%	HY Bnd	17.5%	Int'l	25.6%
Int'l Stk	39.2%	Int'l Stk	20.7%	REIT	12.2%	Int'l Stk	26.9%	AA	7.6%	AA	-22.4%	Int'l Stk	32.5%	EM	19.2%	HY Bnd	4.4%	HY Bnd	17.9%	Int'l Stk	17.9%	Int'l Stk	23.3%	AA	6.9%	HG Bnd	0.6%	Lg Cap	12.0%
REIT	37.1%	Sm Cap	18.3%	AA	8.9%	Sm Cap	18.4%	HG Bnd	7.0%	HY Bnd	-26.4%	REIT	28.0%	HY Bnd	15.2%	Lg Cap	2.1%	Lg Cap	16.4%	Sm Cap	16.4%	AA	11.5%	HG Bnd	6.0%	Cash	0.1%	EM	11.6%
Lg Cap	28.7%	AA	14.1%	Lg Cap	4.9%	AA	16.7%	Lg Cap	5.5%	Sm Cap	-33.8%	Sm Cap	27.2%	Lg Cap	15.1%	AA	0.3%	Lg Cap	16.0%	HY Bnd	7.4%	Sm Cap	4.9%	Int'l Stk	-0.4%	REIT	8.6%	AA	14.6%
HY Bnd	28.2%	Lg Cap	10.9%	Sm Cap	4.6%	Lg Cap	15.8%	Cash	4.4%	Lg Cap	-37.0%	Lg Cap	26.5%	AA	13.5%	Cash	0.1%	HY Bnd	15.6%	REIT	2.9%	HY Bnd	2.5%	AA	-1.3%	AA	7.2%	REIT	8.7%
AA	25.9%	HY Bnd	10.9%	Cash	3.2%	HY Bnd	11.8%	HY Bnd	2.2%	REIT	-37.7%	AA	24.6%	Int'l Stk	8.2%	AA	12.2%	Cash	0.1%	AA	12.2%	Cash	0.0%	Sm Cap	4.9%	Sm Cap	2.7%	HG Bnd	7.5%
HG Bnd	4.1%	HG Bnd	4.3%	HY Bnd	2.7%	Cash	4.7%	Sm Cap	-1.6%	Int'l Stk	-43.1%	HG Bnd	5.9%	HG Bnd	6.5%	Int'l Stk	-11.7%	HG Bnd	4.2%	HG Bnd	-2.0%	EM	-1.8%	HY Bnd	-4.6%	Int'l Stk	1.5%	HG Bnd	3.5%
Cash	1.0%	Cash	1.4%	HG Bnd	2.4%	HG Bnd	4.3%	REIT	-15.7%	EM	-53.2%	Cash	0.2%	Cash	0.2%	EM	-18.2%	Cash	0.1%	EM	-2.3%	EM	-2.3%	Int'l Stk	-4.5%	EM	-14.6%	Cash	0.3%
AA																													

Abbr.	Asset Class - Index	Annual	Best	Worst
Lg Cap	Large Caps Stocks - S&P 500 Index	10.15%	32.4%	-37.0%
Sm Cap	Small Cap Stocks - Russell 2000 Index	11.17%	47.3%	-33.8%
Int'l Stk	International Developed Stocks - MSCI EAFE Index	8.60%	39.2%	-43.1%
EM	Emerging Market Stocks - MSCI Emerging Markets Index	12.68%	79.0%	-53.2%
REIT	REITs - FTSE NAREIT All Equity Index	11.13%	37.1%	-37.7%
HG Bnd	High Grade Bonds - Barclay's U.S. Aggregate Bond Index	4.14%	7.84%	-2.0%
HY Bnd	High Yield Bonds - BofAML US High Yield Master II Index	9.08%	57.5%	-26.4%
Cash	Cash - 3 Month Treasury Bill Rate	1.18%	4.7%	0.0%
AA	Asset Allocation Portfolio*	8.74%	25.9%	-22.4%

Past performance does not guarantee future returns. The historical performance shows changes in market trends across several asset classes over the past fifteen years. Returns represent total annual returns (reinvestment of all distributions) and does not include fees and expenses. The investments you choose should reflect your financial goals and risk tolerance. For assistance, talk to a financial professional. All data are as of 12/31/17.

*Asset Allocation Portfolio is made up of 15% large cap stocks, 15% international stocks, 10% small cap stocks, 10% emerging market stocks, 10% REITs, 40% high-grade bonds, and annual rebalancing.