Morningstar's 2018 IRA Contribution Guide

A companion to the Morningstar.com Premium Member exclusive webinar, "Top Ideas For Your IRA"

March 1, 2018

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Picks

Highlights

► The first step in making the most of your IRA contributions is determining what type of IRA is right for you—and be sure to fund a spousal IRA if you have a spouse who isn't currently generating income.

► You can use your IRA contributions to balance out your portfolio each year.

► Use IRA funding time to review all of your IRAs and their roles in your overall portfolio.

► Those who cannot contribute directly to a Roth IRA because they earn too much are prime candidates for backdoor Roth IRAs.

► An IRA conversion can often trigger a tax bill. If you deducted your contribution on your tax return and/or your investments have made money since you purchased them, when you convert those assets to a Roth IRA you'll owe taxes on your contribution, your investment gains, or both.

► The logistics of opening a backdoor Roth IRA aren't very cumbersome.

► Opinions vary about how long you should wait to convert after initially funding your IRA.

► Although Congress could clamp down on the backdoor Roth IRA, it's highly unlikely that any new legislation will have any impact on assets that have already been converted to Roth.

► Some investors over age 65 can contribute to IRAs if they meet three requirements.

► If you qualify, should you make IRA contributions after age 65? The longer the holding period, the greater the tax benefits of utilizing any type of tax-sheltered savings vehicle.
How to Get The Most Out of Your IRA Contributions
Tips for selecting the right account type, using new contributions to adjust your portfolio's allocations.

In an ideal world you wouldn't wait until the last minute—your tax-filing deadline, which is April 18 this year—to contribute to these accounts for the year prior. These 11th-hour contributions can cost you some compounding.

But let's face it, many investors do wait until the following year to make their IRA contributions, and it's better later than never. If you're just getting around to contributing to an IRA for the 2017 tax year—or if you're ahead of the game and making your 2018 contribution—here are some tips for getting the most from your contribution.

Identify the Right Type
One of the first decisions you'll need to make when contributing to an IRA is whether to steer those dollars into a traditional IRA or a Roth account. Of course, income limits may rule out a traditional deductible IRA right out of the box; to make a traditional IRA contribution and deduct it on your tax return, your adjusted gross income needs to be less than $73,000 if you're a single filer and $121,000 if you're part of a married couple filing jointly, assuming you can contribute to a retirement plan at work. Meanwhile, income limits are more generous for Roth contributions, and even investors with very high incomes can get into a Roth via the "backdoor" as discussed in this article.

If your income puts both account types within reach, the key question to ask is if you're better off taking the tax break now, at the time of your contribution, or waiting until you're retired to take it. (The same calculus comes into play if you can steer your 401(k) contributions to either a Roth account or a traditional one.) If the answer is "now" because you think you're in a high tax bracket relative to where you're apt to be in retirement, you're a good candidate for a traditional deductible IRA, assuming your income allows you to contribute to such an account. (That's not often the case for investors in this situation, as their taxable income is high so they cannot deduct their contributions.)

If the answer is that you're more likely to need the tax break in retirement, or that your current tax rate is quite low relative to what it's apt to be in the future (for example, you're a bright shiny new graduate who's not making much currently), a Roth IRA is the better bet. It's also possible to split your contributions across both account types in a single year.

Don't Forget about the Nonearning Spouse
Single-earner couples can fall behind on the retirement-savings front, which is why it's so important for them to fund an IRA on behalf of the spouse who's not generating an income currently. You won't find an account called a "spousal IRA" on your brokerage firm or fund company's website, but you can fund
the IRA of your choice in the nonearning spouse's name. The one caveat is that the earning spouse must have enough earned income to cover the contribution(s).

**Use New Contributions to Address Portfolio Problem Spots**

After selecting your IRA type and getting the IRA account funded, the next step is deciding what type of investment to put that money into. Many investors stall out on this step, according to Vanguard research, likely paralyzed by their (too?) many investment choices. My advice is to start by using Morningstar X-Ray to view your portfolio's asset allocation and suballocations; you can then identify areas where your portfolio is light, such as bonds or international stocks. (The weightings in Morningstar's Lifetime Allocation Indexes—or those of a good target-date fund, such as the Vanguard or Blackrock series—provide some benchmarks for sensible asset allocations.) Of course, if you have a larger portfolio and its allocations are seriously out of whack, new IRA contributions won't be enough to move the needle; you'll need to engage in rebalancing.

**Take Time to Conduct 'IRA Maintenance'**

For many investors, their IRAs play second fiddle to their company retirement plans, which allow for higher annual contributions. It can be easy to lose track of what investments you hold in your IRA accounts, or to think of them as unimportant supporting players in your overall plan. Thus, if you haven't taken a close look at what's in your IRA for awhile, or if you have several smaller IRAs, it's valuable to use IRA-contribution season as an impetus to check up on how these accounts fit into the whole of your portfolio. It's also a good time to check up on the status of your accounts: For example, if you've been getting into a Roth IRA via the backdoor, make sure that you're periodically converting those traditional IRA accounts to Roth.
Backdoor Roth IRAs: What You Need to Know
Understand the 'pro rata' rules, the logistics, and the long-term viability of this maneuver.

The Tax Increase Prevention and Reconciliation Act of 2005 extended several popular provisions of the Jobs and Growth Tax Relief Reconciliation Act of 2003. Not only did TIPRA renew the low tax rates on qualified dividends and long-term capital gains rates that so many investors hold dear today (it seems like a lifetime ago that dividends were taxed at ordinary income tax rates!), but it also lifted the income restrictions for converting a traditional IRA to Roth, starting in 2010. Before 2010, you could only convert traditional IRAs to Roth if your adjusted gross income was below $100,000.

And with the lifting of those income limits—but not the income limits governing who can contribute to a Roth IRA directly—the "backdoor Roth IRA" was born. The backdoor Roth IRA strategy is often touted as an easy way for high-income folks who are otherwise shut out of direct Roth IRA contributions because they earn too much to get at least some assets into the Roth column without having to pay a big tax bill. The basic idea is to fund a traditional IRA, for which there are no income limits (assuming you're not deducting the contribution), then convert to a Roth—again, no income limits thanks to TIPRA. That sounds simple enough, but there's still plenty of confusion about backdoor Roth IRAs. Who should consider one, and who shouldn't bother? What are the tax implications? And importantly, could this loophole eventually go away, and what would happen if it did?

What follows are some frequently asked questions about the backdoor Roth IRA maneuver.

**Q:** Who should consider a backdoor Roth IRA?

**A:** People who cannot contribute directly to a Roth IRA because they earn too much are prime candidates for backdoor Roth IRAs. For 2018 single filers with less than $120,000 in modified adjusted gross income and married couples filing jointly with less than $189,000 in modified adjusted gross income can make full, direct Roth IRA contributions. They can make partial direct Roth IRA contributions if their incomes fall between $120,000 and $135,000 for single filers and $189,000 and $199,000 for married couples filing jointly, but it's hard to see why they'd bother with a partial contribution; the backdoor Roth IRA gives them the latitude to make a full IRA contribution of $5,500 if they're younger than 50 or $6,500 if they're 50-plus. Single filers with modified adjusted gross income above $135,000 and married couples filing jointly with modified adjusted gross income above $199,000 cannot make a direct Roth IRA contribution, so a backdoor Roth IRA is the only reasonable option.

**Q:** Forget backdoor. What's the big deal about Roth IRAs in the first place?

**A:** The tax treatment of a Roth IRA is almost exactly opposite of the tax treatment of a traditional IRA. With a traditional IRA, you get a tax break at the time you make your contribution (assuming your income is below the thresholds to make a deductible contribution) but pay ordinary income tax on your
money when you pull it out in retirement (save for dollars that you've already paid taxes on). With a Roth IRA, you put in money that you've already paid tax on, but you're able to take your money out tax-free during retirement.

If you knew your tax rate would be the same when you took your money out in retirement as it was when you made the contribution, it wouldn't matter whether you made a Roth or traditional IRA contribution. It's a wash. The virtue of Roth contributions, however, is that if your tax rate is higher when you take the money out in retirement—either because your income is higher than it was at the time of your contribution or because tax rates have gone up secularly since then—you'll be glad you made Roth contribution. Another big benefit of Roth IRAs is that they don't carry required minimum distributions, unlike traditional IRA assets. Thus, they can be ideal accounts for your heirs to inherit: Not only will you not have to draw down Roth accounts in your lifetime, but your heirs can inherit them free of federal taxes. (Estate taxes may apply, however.)

Finally, there's a logistical reason that higher-income folks often fund Roth IRA accounts: the income limit on direct Roth contributions is higher than is the case for traditional deductible IRAs, and the backdoor maneuver is open to investors of all income levels.

Q: I've always heard that IRA conversions mean a tax bill. Won't that be the case if I open a traditional IRA and then convert it to Roth?
A: You're right that an IRA conversion can often trigger a tax bill. If you deducted your contribution on your tax return and/or your investments have made money since you purchased them, when you convert those assets to a Roth IRA you'll owe taxes on your contribution, your investment gains, or both.

In the case of a nondeductible contribution, however, you're putting in money that you've already paid taxes on, so you won't owe taxes on it again. Moreover, if you convert your new traditional IRA account to Roth before your investments have made any money, you won't owe taxes on investment appreciation, either. That's why the backdoor Roth IRA can be a tax-free or nearly tax-free maneuver for many investors.

Q: You say the backdoor Roth IRA can be a tax-free or nearly tax-free maneuver for many investors. Why not all investors?
A: The key reason a backdoor IRA could be taxable is what's called the pro rata rule for IRA conversions. That means that for the purpose of calculating the tax you owe for the year of the conversion (and at the time you pull your money out in retirement, too), you need to look at the tax complexion of all of your IRAs in aggregate. If you have additional IRA assets that you've never paid taxes on (consisting of pretax contributions and/or investment gains) the ratio between your never-been-taxed IRA assets and your already-been-taxed IRA assets will determine your tax bill at the time you convert your IRAs.
Let's assume a person who earns $200,000 a year and has $20,000 in traditional IRA assets rolled over from a former employer's 401(k) puts $5,000 into a traditional nondeductible IRA, seeking to take advantage of the backdoor option. At first blush, it seems like this converter shouldn't owe any taxes, either. Her contribution to the new IRA was already taxed, and if she makes the conversion right away, before her investment goes up in value, she wouldn't owe any taxes on investment gains, either.

But here's where the pro rata rule comes in. Her other traditional IRA assets consist entirely of money that she had rolled over from an old 401(k) plan, meaning that money has never been taxed. Because of those other IRA assets, the tax she'll owe upon conversion will depend on percentage of taxable versus tax-free assets in all of her IRA accounts, not just the one she just opened.

In her case, $20,000 of her IRA assets haven't yet been taxed totals and her new nondeductible IRA contribution of $5,000 already has. That means that 80%, or $4,000, of her recent $5,000 contribution would be taxable upon conversion; only $1,000 (the other 20%) would not be.

All of this means that if you have other traditional IRA assets, or SEP and SIMPLE IRAs, you'll need to proceed carefully before opening up a traditional nondeductible IRA with an eye toward immediately converting to a Roth.

Q: Do my 401(k) assets count in the pro rata calculation? They've never been taxed, either.
A: No. Any company retirement plan assets—whether 401(k), 403(b), or 457—are considered distinct from the IRA assets. They wouldn't affect the taxation of any IRA conversion.

Q: Is there any way around the pro rata rule if I have other traditional IRA assets?
A: Participants in 401(k) plans that allow external assets to be rolled into the plan can roll their traditional IRA assets into the plan, effectively removing them from the pro rata calculation. This maneuver is only advisable if the 401(k) plan is low-cost and high-quality, however. This article takes a closer look at that workaround.

Q: How complicated are the logistics of a backdoor Roth IRA?
A: Not very. The first step is to contribute to a traditional IRA. You'll also need to file IRS Form 8606, specifying that you made a nondeductible IRA contribution, for the tax year in which you made the contribution. When you eventually convert the assets to Roth from traditional you'll need to fill out a form with your investment provider. You'll also need to indicate the amount you converted, and the amount of the conversion that was taxable, on your tax return for the conversion year (line 15a on form 1040; note that in the IRS' eyes, your conversion is considered a "distribution"). And if you don't already have a Roth IRA, you'll need to set one up so that it can "receive" the assets. Finally, once the Roth IRA is established, you'll need to specify what you'd like the money invested in.

Q: How long after initially funding my IRA do I have to wait to convert?
A: That's a subject of some debate. Financial planning guru Michael Kitces urges a cautious tack, arguing that would-be backdoor Roth IRA investors should wait a year between the initial funding of the
IRA and the conversion to Roth. Meanwhile, IRA experts Ed Slott and Jeffrey Levine believe that investors needn't wait a protracted period of time to conduct the conversion. My own two cents is that because backdoor IRA funders are subject to the annual contribution limits of $5,500 ($6,500 if over 50)—not huge sums of money—it's hard to imagine the IRS taking a very aggressive tack in going after backdoor Roth IRA investors, even if Congress didn't intend for investors to take advantage of the loophole. More likely, Congress would close the loophole on a going-forward basis, as discussed below.

Q: Should I invest the money in my traditional IRA in long-term assets, or leave it in cash until I do the conversion?
A: Here's another area where expert opinions vary. The virtue of leaving the money in cash is that with cash yields close to nil currently, there will be a limited chance of investment appreciation in the traditional IRA between the time the account is funded and when the conversion occurs. That limits the possibility that the conversion will be taxable in any way. On the other hand, Kitces urges a more cautious approach, suggesting getting the traditional IRA assets invested in long-term assets; that demonstrates that the investor actually intended to invest within the traditional IRA and wasn't simply trying to skirt a loophole.

Q: Could Congress clamp down on this maneuver? And what would happen if it does?
A: This is the $64,000 question. Congress has put limits on tax-sheltered investment options in an effort to limit their use by very high-income investors; the Roth IRA maneuver runs counter to the spirit of those limits. Further limiting the appeal of the backdoor IRA in the eyes of Congress is that, unlike other IRA conversions, a correctly executed backdoor Roth IRA is unlikely to bring new tax revenues in the door. On the other hand, a Republican-led Congress may have less of an appetite to kill a tax-saving option that's appealing to high-income investors; indeed, the new tax laws crack down on recharacterizations but don't address the backdoor Roth. In any case, it's highly unlikely that any new legislation will have any impact on assets that have already been converted to Roth.
Should You Make IRA Contributions After 65?
The longer the holding period, the greater the benefits of making these contributions.

As I was listening to my voicemail on a Saturday morning, I picked up a message from a relative. "Christine, I have some extra money to invest," she said. "I put some cash into my traditional IRA earlier this year, but this time I wonder if I should make a Roth contribution instead. Call me back, please."

Uh-oh, I thought to myself.

Her basic question, of course, is commonplace—people often want to know which IRA (or 401(k)) contribution type to make, and the right answer is usually not abundantly clear. But my relative is already retired—she’s no longer earning an income—and that’s where the “uh-oh” comes in. She can’t make an IRA contribution at all, because all of her income is unearned income—she lives on income from Social Security and her investment accounts. Only people with earned income (usually income from paid work or some variant of it, discussed below) can contribute to an IRA.

I hear some version of my relative’s question from retirees a lot. Can I take my RMD proceeds and use them to invest in a Roth IRA? (No, unless you have earned income.) Are IRA contributions even worth it later in life? (Probably.) Can I put my inheritance into an IRA, even though I’m retired? (Yes, but you’ll be subject to the annual IRA contribution limits and you need to have enough earned income to cover the contribution.) And so on.

Indeed, even as a healthy share of the population struggles to make ends meet in retirement, other retirees find themselves in the enviable position of still being able to save, either because they’re working part-time and/or because their other sources of income supply them with more than enough to live on. But is investing in an IRA later in life a good idea?

To answer that question, you need to address two separate issues. First, are you allowed to make an IRA contribution, given your age and the type and level of income you have? And if you can make an IRA contribution, should you opt for traditional or Roth contributions, assuming both are open to you? Would you be better off saving in a taxable account instead?

**Will It Float?**
The answer to the first question—is an IRA contribution even allowable for you?—is easier to answer, and hinges on meeting three requirements.

Having earned income is the first one: Your income from paid work in the year for which you’re making the contribution must be at least equal to or above the amount of the contribution. Note that spousal income counts, too. Even if you personally didn’t have any earned income, if your 65-year-old spouse
earned $15,000 from a consulting gig in a given year and wanted to make $6,500 IRA contributions for each of you, that would be perfectly allowable. Income from a job, net earnings from self-employment, and disability benefits received prior to minimum retirement age all count as earned income. Income from other common sources—Social Security, portfolio income, pension income, annuity payments, RMDs, and rental properties—doesn't count.

Age limits also come into play: While Roth IRA contributions are allowable at any age, provided a person meets the earned income test outlined above, traditional IRA contributions aren't allowable after age 70 1/2. Not coincidentally, that's the same age when required minimum distributions from traditional IRAs must commence.

Finally, income limits apply to IRA contributions throughout your life. The contribution limits for traditional IRA contributions that you can deduct on your tax return are the most stringent; Roth IRA contributions are allowable at a higher income limit. Anyone can make a traditional nondeductible IRA contribution, regardless of income, assuming they're younger than age 70 1/2. Those contributions could then be converted to Roth for a "backdoor Roth IRA." However, such a maneuver isn't advisable in the (likely) scenario that a retiree has significant traditional IRA assets that have never been taxed yet.

**Should You Make Them?**

Assuming you meet the income and age tests that apply to IRA contributions, the next question is whether those contributions are advisable. And if you're eligible for both types of contributions, which type is best?

Generally speaking, the longer the holding period, the greater the tax benefits of utilizing any type of tax-sheltered savings vehicle. Young accumulators, for example, have many years to benefit from the tax-deferred compounding on their money. Not only can they stash away assets without paying taxes on them, in the case of deductible contributions, but they won't owe any taxes on the money on a year-to-year basis, either. In the case of Roth contributions, they'll benefit from tax-free compounding in the years leading up to retirement, and will also be able to take tax-free withdrawals on the account in retirement. The longer the holding period, the greater the appreciation and the greater the tax-saving benefit of using some type of tax-sheltered wrapper.

Contributions to IRAs made later in life benefit less from the tax-sheltered compounding simply because of a domino effect: with a shorter time horizon, the investment gains are less, and so are the taxes due upon them. That's not to say that older adults, even those past age 65, shouldn't run any additional savings through an IRA, though—just that the benefits may be limited if your plan is to put the money in at 65 and take it out at 70.

To use a simple example, let's say a 65-year-old woman who's retired from her full-time occupation decides to pick up some part-time work and is able to save $6,000 a year in a Roth IRA for five years. Assuming she earns a 4% annualized return on her money, she'd have $32,500 five years later. Her
$2,500 in investment gains (the amount over and above her $30,000 in contributions) would be tax-free, and she wouldn’t have to pay any income or capital gains taxes during that five-year holding period, either.

By contrast, if she steered the same amount into a taxable account, she’d have to pay taxes on any income and capital gains that her holdings kick off during her holding period, and she’d also owe capital gains taxes when she withdraws the money. She’d receive a step-up in her cost basis to account for the income and capital gains distributions she already paid taxes on, but the fact that she’s having to pay those taxes each year means that she has less money working for her during her holding period. Assuming a modest tax-cost ratio of 0.25% (taking her return down to 3.75% from 4%) and a 15% capital gains rate at the time of withdrawal, her take-home return would be about a bit less than $32,000, $500 less than the Roth.

That’s a pretty small differential, for sure—an inevitable outgrowth of the fact that IRA contributions are limited to $6,500 as well as her short holding period and modest return. But the advantage of funneling her contributions through the IRA grow if she’s able to keep the money in the account longer, as she can do with a Roth IRA, provided she doesn’t need the money. (Roths, in contrast with traditional IRAs, don’t carry required minimum distributions.) If she leaves the money in the account until age 80 and continued to earn 4% on her dough, she’d be able to take a $48,106 tax-free withdrawal from the Roth— even though she only put in $30,000 in those first five years. Meanwhile, her taxable account would amount to $44,086 on an after-tax basis. Again, that’s not a huge differential, but $4,000 is $4,000. If her ultimate plan is to not spend the money and instead leave the money undisturbed even longer—or pass it to her heirs—the advantage of the Roth IRA would grow even more.

No RMDs—and the ability to stretch out the holding period—is the key reason that people who can make IRA contributions in the post-retirement, pre-RMD period should prioritize Roth rather than traditional contributions. A person approaching 70 1/2 wouldn’t get a lot of bang from traditional IRA contributions because required minimum distributions from the IRA account would soon commence. (Of course, there may be extenuating circumstances that would call for prioritizing a traditional IRA contribution over Roth later in life; check with your financial or tax advisor to be sure.)

Accidents Will Happen

Finally, what about my relative’s IRA contribution, which she made before she realized she was ineligible? Her first job is to contact the investment provider and let them know her mistake. Her improper IRA contribution is classified as an excess contribution, so she’ll need to fill out a form spelling out the excess contribution—when it was made and when it was corrected. The taxes due—as well as whether the 6% excess contribution penalty would apply—would depend on when the excess contribution was corrected and appreciation in the account since the contribution was made.
FMI Large Cap

Benchmark 1: Russell 1000 TR USD
Benchmark 2: S&P 500 TR USD

Morningstar Analyst Rating 01-11-18

Gold

Morningstar Pillars

Process ▶️ Positive
Performance ▶️ Positive
People ▶️ Positive
Parent ▶️ Positive
Price ▶️ Neutral

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold Silver Bronze Neutral Negative

Pillar Spectrum

Positive ▶️ Neutral ▶️ Negative

Performance 01-31-18

1st Qtr 2nd Qtr 3rd Qtr 4th Qtr Total
2013 11.40 3.10 4.48 8.74 30.48
2014 2.75 -1.77 5.53 19.66 34.33
2015 1.79 -0.19 -7.58 3.52 -2.44
2016 3.39 1.87 3.06 4.83 13.79
2017 5.48 2.88 3.60 6.02 19.19

Return & Risk

Time Period Load Adj Return Morningstar Rtn vs Cat Morningstar Risk vs Cat Morningstar Risk & Adj Rating

1 Yr 21.15 12.53 ▲ Avg ▲
3 Yr 19.34 ▲ Avg ▲
5 Yr 15.91 ▲ Avg ▲
10 Yr 13.79 ▲ Avg ▲
Inception 9.59

Other Measures

Standard Deviation 9.94
Mean 12.53
Sharpe Ratio 1.20

Tax Analysis

Tax Adj Retn ▲% ▲% Rank ▲% Ret. of Tax Adj Retn ▲% ▲% Rank ▲% Ret. of Tax Adj Retn

3 Yr (estimated) 9.99 68 2.26 78
5 Yr (estimated) 11.41 69 2.22 78
10 Yr (estimated) 8.43 34 1.35 74

Morningstar's Take by Alec Lucas, Ph.D. 01-11-18

FMI Large Cap earns a Morningstar Analyst Rating of Gold for its consistent evidenced value-oriented, team-based approach. English and research director Jonathan Bloom vet each team member's investment ideas. They look for proven businesses that are trading meaningfully below their estimated intrinsic worth, often because of controversy, uncertainty, or short-term headwinds.

An opportunistic streak helps the team find such bargains. In mid-2014, it thought the business model of off-price retailers Ross Stores RDST and TJX Companies TJK held more promise against Internet-based competition than the market was giving them credit for. The team bought Ross Stores because its shares were then a better bargain. In early 2017, the team swapped Ross for TJX because the valuation gap between the two had closed, and it thought TJX's international business had become a more attractive option, especially for investors worried about stretched valuations.

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Fidelity® Low-Priced Stock

**Morningstar Rating: 07-11-17**

**Silver**

**Morningstar Pillars**

Process: Positive  
People: Positive  
Parent: Positive  
Price: Positive

**Morningstar Analyst Rating**

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

**Fund Spectrum**

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<th>Field</th>
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<th>Bronze</th>
<th>Neutral</th>
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**Performance**

1st Qtr 2nd Qtr 3rd Qtr 4th Qtr Total  
2013 10.38 4.45 8.01 7.66 34.31  
2014 2.02 2.81 -1.49 4.18 7.65  
2015 1.77 2.50 -6.20 1.63 0.56  
2016 0.98 -0.62 4.93 3.31 8.79  
2017 4.30 3.29 5.03 6.63 20.67

**Morningstar's Take** by Katie Rushkewicz Reichart, CFA  
07-11-17

Fidelity Low-Priced Stock remains a winner amid subtle changes. Led by a legendary manager who's posted tremendous long-term results despite a huge asset base, the fund’s eclectic portfolio reinforces its place as a standout actively managed fund, resulting in a Morningstar Analyst Rating of Silver.

Joel Tillinghast hasn’t changed his stripes since starting the fund in late 1989. His low-turnover, value-oriented approach searches for compelling stocks around the world trading below $35 per share, a construct initially designed to focus on small caps. But the fund is a unique collection of more than 800 names drawn from across the globe and market-cap spectrum. And while Tillinghast has the support of Fidelity’s 25-person small-cap team and broader firm resources, his knowledge and insights of the sprawling portfolio are what have long set the fund apart.

Capacity has long been a concern here, especially given the fund’s focus on less-liquid small-cap names and Fidelity-wide ownership limits for individual companies. It’s not surprising, then, that Tillinghast’s smaller, nimble charges (one run exclusively for Fidelity’s target-Advisor: Fidelity Management & Research Company Expense Projections: 3Yr:$218 5Yr:$379 10Yr:$847 Inception: 12-27-89 Actual Fees: Mgt:0.52% Dist:—

**Historical Profile**

**Return Risk Rating**

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<td>2014</td>
<td>2.27 4.87 -4.05 1.32 -0.01 0.86</td>
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<td>2.27</td>
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<td>-0.82 12.61 5.64 -2.17 2.49 1.93</td>
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<td>0.43 0.53 0.47 0.75 1.40 1.01</td>
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<td>2017</td>
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</table>

**Rating and Risk**

**Time Period**  
Lead-Adj Return %  
Morningstar Rtn vs Cat  
Morningstar Risk vs Cat  
Morningstar Risk-Adj Rating

<table>
<thead>
<tr>
<th>Year</th>
<th>Load Adj Return %</th>
<th>Morningstar Rtn vs Cat</th>
<th>Morningstar Risk vs Cat</th>
<th>Morningstar Risk-Adj Rating</th>
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<tr>
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<td>11.65 34.60 2.09 11</td>
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<tr>
<td>5 Yr</td>
<td>12.15 43.40 2.19 11</td>
<td>7,625</td>
<td>—</td>
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<tr>
<td>10 Yr</td>
<td>15.30 64.00 2.29 11</td>
<td>7,625</td>
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**Other Measures**

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<th>Best Fit Index</th>
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<td>Beta</td>
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<td>R-Squared</td>
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<td>Standard Deviation</td>
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<tr>
<td>Mean</td>
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<tr>
<td>Sharpe Ratio</td>
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**Tax Analysis**

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<th>Tax Cost Rtn%</th>
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<td>3 Yr (estimated)</td>
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<td>30.15</td>
<td>55.70</td>
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<td>5 Yr (estimated)</td>
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<td>36.15</td>
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<tr>
<td>10 Yr (estimated)</td>
<td>8.81</td>
<td>28.12</td>
<td>52.29</td>
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</table>

Potential Capital Gain Exposure: 43% of assets

**Portfolio Analysis**

**Total Stocks: 953**

Share change since 07-31-17:  
14.86%  
1.3%  
0.8%  
0.0%  
0.0%

**Key Ratios**

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<tr>
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<th>10Yr Avg</th>
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<tr>
<td>2017</td>
<td>6.710</td>
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Tweedy, Browne Global Value

**Historical Profile**

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<td>21.20%</td>
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<td>2010</td>
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<td>Above Avg</td>
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<tr>
<td>2011</td>
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<td>Above Avg</td>
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<td>23.24%</td>
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<td>37.85%</td>
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<td>2016</td>
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<tr>
<td>2017</td>
<td>-4.13%</td>
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<tr>
<td>2018</td>
<td>18.38%</td>
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<tr>
<td>2019</td>
<td>19.82%</td>
<td>Low</td>
</tr>
<tr>
<td>2020</td>
<td>1.83%</td>
<td>Low</td>
</tr>
<tr>
<td>2021</td>
<td>5.62%</td>
<td>Low</td>
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<tr>
<td>2022</td>
<td>14.18%</td>
<td>Low</td>
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<tr>
<td>2023</td>
<td>15.43%</td>
<td>Low</td>
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</table>

**Morningstar Analyst Rating**

Bronze

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

**Rating and Risk**

- **Time Period**: Year
- **Load**: No Load
- **Return %**: 1.70%
- **Morningstar Risk Rating**: Low
- **Morningstar Risk Rating**: Low
- **Morningstar Risk Rating**: Low

**Other Measures**

- **Alpha**: 0.54
- **Beta**: 0.56
- **R-Squared**: 78
- **Standard Deviation**: 7.54
- **Sharpe Ratio**: 0.71

**Morningstar’s Take** by Kevin McDevitt, CFA 08-23-17

Tweedy, Browne Global Value's 2017 struggles are largely cyclical, but concerns about the fund's growing expense gap and the team's future composition are long-term issues. Those issues lead to a downgrade of its Morningstar Analyst Rating to Bronze from Silver.

This fund has been on the wrong end of the currency market in 2017. Hedging most of its foreign-currency exposure has helped the fund versus most of its foreign large-value Morningstar Category rivals over the past 10 years, as the dollar has significantly appreciated versus most developed currencies during that time. But the dynamic has reversed so far in 2017, with the unheralded MSCI EAFE Index up 17.1% through July versus 9.1% for this fund's benchmark, the MSCI 100% Hedged Index. In that light, the fund’s 11.9% year-to-date gain looks quite good.

That said, the fund still trails its benchmark by a wide margin over the past five years mainly because of its value orientation, although it beats its typical peer. More troubling is the growing gap between the fund’s expense ratio and what its median peer charges. In 2013, the median no-load foreign large-cap fund charged 1.11%, but that figure dropped 9 basis points to 1.02%. Meanwhile, this fund’s expense ratio has increased from 1.38% per its 2017 prospectus, leaving it 36 basis points more expensive than the median. This is a big hurdle for the fund to overcome year in and year out versus its cheaper peers, especially if the median fee starts falling.

The four lead managers have shown that they’re up to the task over the long run, but it’s fair to ask how the team’s composition might change in the future. While the managers say they have no plans to step aside, it’s tougher to be confident that the lineup won’t change at some point in the next five years or so given that Will Browne is 72 years old and John Spears is 68. Three senior analysts are on the investment committee, and they would likely fill any vacancies, but they do not have public records of their own. So, while this remains a very experienced and well-resourced team, there is some uncertainty on the horizon.

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**Dodge & Cox Balanced**

**Benchmark:** Morningstar Med Tg Risk TR USD

**Morningstar Analyst Rating** 07-17-17

**Gold**

**Morningstar Pillars**

- Process: Positive
- Performance: Positive
- People: Positive
- Price: Positive
- Parent: Positive

**Morningstar Analyst Rating**

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

**Pillar Spectrum**

- Gold
- Silver
- Bronze
- Neutral
- Negative

**Performance 01-31-18**

<table>
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<tr>
<th>1st Qtr</th>
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<th>3rd Qtr</th>
<th>4th Qtr</th>
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<td>3.73</td>
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<tr>
<td>2015</td>
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<tr>
<td>2017</td>
<td>3.74</td>
<td>1.56</td>
<td>3.14</td>
<td>1.62</td>
</tr>
</tbody>
</table>

**Morningstar’s Take by Andrew Daniels, CFA, CMA 07-17-17**

Dodge & Cox Balanced’s deep investment team, decisive approach, and rock-bottom fees inspire confidence in its ability to outperform over the long term. The fund also benefits from the exemplary stewardship practices of its San Francisco-based parent company. The fund merits a Morningstar Analyst Rating of Gold.

**Dodge & Cox’s U.S. equity and U.S. fixed-income investment committees manage this fund. Each committee is composed of eight members who have been with the firm for an average of more than 20 years. Moreover, a deep and experienced analyst team, most of whom are Dodge & Cox lifers, supports the committees. The seasoned investment staff, combined with the consensus-oriented team approach, limits key-person risk.**

The fund ranges beyond the 60%/40% balance between stocks and bonds that its name implies. By prospectus, the equity stake can range from 25% to 75% of assets, and it has been toward the high end in recent years.

The allocation depends on relative valuations, and the portfolio is built with a three- to five-year time horizon in mind.

It’s not just asset allocation that sets the fund apart. The stock portfolio holds primarily large-cap stocks that look cheap on a range of valuation measures. Management often takes advantage of bad news or a bad economic environment to buy fundamentally strong firms.

While the approach is bottom-up, picks tend to cluster in outstanding option for patient investors willing to stomach short-term pain.

**Address**

Dodge & Cox Funds
San Francisco, CA 94104
800-621-3979
Web Address: www.dodgeandcox.com
Inception: 06-30-31
Advisor: Dodge & Cox
Subadvisor: None

**Historical Profile**

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<td>-0.11</td>
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<td>6.28</td>
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<td>14.84</td>
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<td>11.98</td>
<td>10.79</td>
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**Rating and Risk**

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<th>5 Yr</th>
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<tbody>
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<td>1 Yr</td>
<td>14.42</td>
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<td>10.84</td>
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<td>11.98</td>
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<tr>
<td>10 Yr</td>
<td>7.79</td>
<td>Incep</td>
<td>9.93</td>
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<td></td>
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<td></td>
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</tbody>
</table>

**Other Measures**

- Standard Deviation: 8.56
- Mean: 10.84
- Sharpe Ratio: 1.20

**Portfolio Analysis 12-31-17**

**Total Stocks: 68**

- Share change since 09-30-17: Sector: YTD Ret % % Assets
- Charles Schwab Corp: Finan Svcs 3.83 2.64
- Capital One Financial Cor: Finan Svcs 4.40 2.58
- Wells Fargo & Co: Finan Svcs 8.42 2.52
- Bank of America Corp: Finan Svcs 8.40 2.46
- Comcast Corp Class A: Comm Svcs 6.59 2.04
- Alphabet Inc: Technology 1.95 0.84
- Microsoft Corp: Technology 11.07 1.91
- Charter Communications In: Comm Svcs 12.29 1.84
- Novartis AG ADR: Health Care — 1.75

**Price Earnings**

- P/E: Growth 24.21 1.14
- P/E: Defensive 24.21 1.14
- P/E: Technology 19.00 1.13
- P/E: Energy 8.17 1.40
- P/E: CnsmrCyc 6.30 0.54
- P/E: BasicMat 0.99 0.18
- P/E: Cyclical 35.91 0.87
- P/E: Sensitive 39.87 1.07
- P/E: Blended 39.87 1.07
- P/E: Total 54.35 0.87

**Equity Style**

- Blend: Large Cap
- Blend: Medium Cap

**Equity New**

- Value: Low Risk
- Value: High Risk
- Growth: Low Risk
- Growth: High Risk

**Quality Measures**

- Maturity: 12-31-17
- Maturity: 12-31-17
- Maturity: 12-31-17
- Maturity: 12-31-17

**Fixed-Income Style**

- Duration: 12-31-17
- Duration: 12-31-17
- Duration: 12-31-17
- Duration: 12-31-17

**Growth Measures**

- Rel Category: 12-31-17
- Rel Category: 12-31-17
- Rel Category: 12-31-17
- Rel Category: 12-31-17

**Composition - Net**

- Cash: 2.4
- Stocks: 66.8
- Bonds: 30.9
- Other: 0.2
- Foreign: 11.2

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Oakmark Global Select Investor

Benchmark: 1. MSCI ACWI Large Cap NR USD
Benchmark: 2. MSCI ACWI EM USA NR USD

Morningstar Analyst Rating 12-14-17
Silver

Morningstar Pillars
Process Positive
People Positive
Parent Neutral
Price Neutral

Morningstar Analyst Rating
Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyt Spectrum
Gold Silver Bronze Neutral Negative

Pillar Spectrum
Positive Neutral

Performance 01-31-18

<table>
<thead>
<tr>
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<td>+ Avg</td>
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Other Measures
Standard Index Best Fit Index
Alpha 4.1 5.5
Beta 0.98 0.96
R-Squared 79 87
Standard Deviation 13.55 13.97
Sharpe Ratio 1.00

Rating and Risk

Tax Analysis
Tax Attr Rtn % Rank Cat Tax Cost Rtn % Rank Cat
3 Yr (estimated) 12.85 14 0.98 48
5 Yr (estimated) 11.86 16 1.08 47
10 Yr (estimated) 9.84 1 0.80 49

Potential Capital Gain Exposure: 27% of assets

Morningstar's Take by Greg Carlson 12-14-17
Oakmark Global Select features the highest-conviction ideas from a proven team employing a disciplined approach, and thus earns a Morningstar Analyst Rating of Silver.

This fund is helmed by Bill Nygren of Gold-rated Oakmark OAKMX and David Herro of Gold-rated Oakmark International OAKIX. They have overseen the U.S. and non-U.S. portions of the portfolio, respectively, since its 2006 inception. In November 2016, Tony Coniaris joined Nygren and Eric Liu joined Herro as co-managers here. Coniaris has comanged Oakmark Select OAKWX with Nygren since 2013, while Liu has overseen Japan-focused separately managed accounts for the firm. The managers are backed by roughly 20 other team members, most of them highly experienced.

The promotions are part of long-term succession planning at Harris Associates, but Herro and Nygren (who will be 57 and 59 at the end of 2017, respectively) aren't expected to leave anytime soon. They continue to serve as leads here and draw ideas from their respective charges.

The managers collaborate on portfolio construction, deciding on the fund's U.S./non-U.S. split and ensuring sector weightings don't get too lopsided when the managers favor the same sectors. For example, both Oakmark International and Oakmark have owned several banks at the top of their portfolios in recent years, but Herro and Nygren have worked to keep this fund's weight in that subsector from growing too large. That said, the overall financials weighting was still 38%--double the world large stock Morningstar Category norm--in September 2017.

Concentration at both the sector and stock level (the fund typically owns just 20 stocks) have resulted in significantly more volatility than the fund's typical peer or its MSCI World Index benchmark. True, the fund surpassed more than 90% of peers and trounced the index from its November 2006 inception through November 2017 on both a total-return and risk-adjusted basis. But investors have to hang on through bumpy periods to reap the rewards.

This fund is an excellent holding, but it's best used by patient investors.

Address: Harris Associates LP
Chicago, IL 60605
800-625-6275
Web Address: www.oakmark.com
Inception: 10-02-06
Advisor: Harris Associates L.P.
Subadvisor: None

Historical Profile

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<tr>
<td>2017</td>
<td>5.07</td>
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</table>

Portfolio Analysis 12-31-17

Total Stocks: 20
Share change since 09-30-17:

- Daimler AG
- Lloyds Banking Group PLC
- CHF Industrial NV
- Alphabet Inc C
- Credit Suisse Group AG
- TE Connectivity Ltd
- U.S. Equity
- WPP PLC
- Citygroup Inc
- LafargeHolcim Ltd
- American International Gr
- Willis Towers Watson PLC
- Mastercard Inc A
- Oracle Corp
- Apache Corp
- Cer Financiere Richemont
- Danone SA
- Diageo PLC
- Kuehne + Nagel International

Other Measures

Value Measures

Reit Category

Price/Earnings 15.14 0.80
Price/Book 1.61 0.57
Price/Sales 1.46 0.69
Price/Earnings Flow 7.06 0.72
Dividend Yield % 2.76 2.23
Growth Measures

Reit Category

Long-Term Earnings 8.91 0.81
Book Value -0.23 -0.06
Sales -0.71 -2.03
Cash Flow 0.59 2.54
Historical Earnings 6.42 1.57

Composition - Net

Cash 3.6 Bonds 0.0
Stocks 96.4 Other 0.9
Foreign (% of Stock) 44.3

Investment Style

Growth of $10,000

Investment Values of Fund

Investment Values of Benchmark 1

Historic Profiles

Return 10 Yr Avg 3.08 21.18
Stocks 5 Yr Avg 13.97 27,700
1 Yr Avg 25.69 12,569
3 Mo Avg 7.70 10,770

Ticker OAKWX Yield 0.80 % Total Assets $3,090 mil
Mstar Category World Large Stock

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Regional Exposure

% Stock

UK/Europe 45
N. America 55
Latin America 0
Asia/Africa 0

Country Exposure

% of Total

United States 55
Switzerland 17
France 3
UK 17
Morningstar’s Take by Patricia Oey 11-08-17

T. Rowe Price Emerging Markets Stock is being upgraded to a Morningstar Analyst Rating of Silver to reflect our increased confidence in its experienced fund manager, large supporting team, and proven investment process.

Gonzalo Pargaro has 25 years of experience investing in emerging markets. He was a manager of T. Rowe Latin America for seven years prior to becoming a named manager here in 2008. At the end of 2015, his co-named manager here in 2008. At the end of 2015, his co-

Manager evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis. 

### Morningstar Analyst Rating 

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

**Morningstar Rating**

11-08-17

**Morningstar Pillars**

- **Process**: Positive
- **Performance**: Positive
- **People**: Positive
- **Parent**: Positive
- **Price**: Positive

**Morningstar Analyst Rating**

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

**Analyst Rating Spectrum**

- **Silver**: Positive
- **Neutral**: Neutral
- **Inglorton**: Inglorton

**Performance**

10-31-18

**T. Rowe Price Emerging Markets Stock**

**Historical Profile**

<table>
<thead>
<tr>
<th>Return</th>
<th>Above Avg</th>
<th>Risk</th>
<th>Above Avg</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rating</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>3 Yr</strong></td>
<td>44.51</td>
<td>High</td>
<td>Avg</td>
</tr>
<tr>
<td><strong>5 Yr</strong></td>
<td>80.07</td>
<td>High</td>
<td>Avg</td>
</tr>
<tr>
<td><strong>10 Yr</strong></td>
<td>62.34</td>
<td>High</td>
<td>Avg</td>
</tr>
</tbody>
</table>

**Other Measures**

- **Alpha**: 1.08
- **Beta**: 0.93
- **R-Squared**: 74
- **Standard Deviation**: 15.49
- **Mean**: 14.60

**Portfolio Analysis**

12-31-17

<table>
<thead>
<tr>
<th>Total Stocks: 90</th>
<th>Sector</th>
<th>Country</th>
<th>% Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MSCI ACWI Ex USA NR USD</strong></td>
<td>T. Rowe Price Emerging Markets Stock</td>
<td>China</td>
<td>7.24</td>
</tr>
<tr>
<td><strong>MSCI ACWI Ex USA NR USD</strong></td>
<td>T. Rowe Price Emerging Markets Stock</td>
<td>South Korea</td>
<td>5.34</td>
</tr>
<tr>
<td><strong>MSCI ACWI Ex USA NR USD</strong></td>
<td>T. Rowe Price Emerging Markets Stock</td>
<td>Taiwan</td>
<td>4.98</td>
</tr>
<tr>
<td><strong>MSCI ACWI Ex USA NR USD</strong></td>
<td>T. Rowe Price Emerging Markets Stock</td>
<td>Brazil</td>
<td>3.38</td>
</tr>
<tr>
<td><strong>MSCI ACWI Ex USA NR USD</strong></td>
<td>T. Rowe Price Emerging Markets Stock</td>
<td>Thailand</td>
<td>3.27</td>
</tr>
<tr>
<td><strong>MSCI ACWI Ex USA NR USD</strong></td>
<td>T. Rowe Price Emerging Markets Stock</td>
<td>United States</td>
<td>3.24</td>
</tr>
<tr>
<td><strong>MSCI ACWI Ex USA NR USD</strong></td>
<td>T. Rowe Price Emerging Markets Stock</td>
<td>Hong Kong</td>
<td>2.48</td>
</tr>
<tr>
<td><strong>MSCI ACWI Ex USA NR USD</strong></td>
<td>T. Rowe Price Emerging Markets Stock</td>
<td>South Korea</td>
<td>2.46</td>
</tr>
<tr>
<td><strong>MSCI ACWI Ex USA NR USD</strong></td>
<td>T. Rowe Price Emerging Markets Stock</td>
<td>Brazil</td>
<td>2.32</td>
</tr>
<tr>
<td><strong>MSCI ACWI Ex USA NR USD</strong></td>
<td>T. Rowe Price Emerging Markets Stock</td>
<td>Brazil</td>
<td>2.29</td>
</tr>
<tr>
<td><strong>MSCI ACWI Ex USA NR USD</strong></td>
<td>T. Rowe Price Emerging Markets Stock</td>
<td>China</td>
<td>2.13</td>
</tr>
<tr>
<td><strong>MSCI ACWI Ex USA NR USD</strong></td>
<td>T. Rowe Price Emerging Markets Stock</td>
<td>United States</td>
<td>2.03</td>
</tr>
<tr>
<td><strong>MSCI ACWI Ex USA NR USD</strong></td>
<td>T. Rowe Price Emerging Markets Stock</td>
<td>Thailand</td>
<td>1.95</td>
</tr>
<tr>
<td><strong>MSCI ACWI Ex USA NR USD</strong></td>
<td>T. Rowe Price Emerging Markets Stock</td>
<td>South Africa</td>
<td>1.57</td>
</tr>
<tr>
<td><strong>MSCI ACWI Ex USA NR USD</strong></td>
<td>T. Rowe Price Emerging Markets Stock</td>
<td>South Africa</td>
<td>1.54</td>
</tr>
<tr>
<td><strong>MSCI ACWI Ex USA NR USD</strong></td>
<td>T. Rowe Price Emerging Markets Stock</td>
<td>China</td>
<td>1.37</td>
</tr>
</tbody>
</table>

**Current Investment Style**

<table>
<thead>
<tr>
<th>Value Weighting</th>
<th>Sector</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Giant</strong></td>
<td>61.1</td>
<td>61.1</td>
</tr>
<tr>
<td><strong>Large</strong></td>
<td>33.3</td>
<td>33.3</td>
</tr>
<tr>
<td><strong>Mid</strong></td>
<td>5.4</td>
<td>5.4</td>
</tr>
<tr>
<td><strong>Small</strong></td>
<td>0.9</td>
<td>0.9</td>
</tr>
<tr>
<td><strong>Micro</strong></td>
<td>0.2</td>
<td>0.2</td>
</tr>
</tbody>
</table>

**Price Range**

| Price/Earnings | 15.89 | 1.16 |
| Price/Book | 3.35 | 1.49 |
| Price/Sales | 2.64 | 1.48 |
| Price/Cash Flow | 10.52 | 1.68 |

**Growth Measures**

<table>
<thead>
<tr>
<th>Growth Rate</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Long-Term Earnings Growth</strong></td>
<td>17.96</td>
</tr>
<tr>
<td><strong>Book Value Growth</strong></td>
<td>10.39</td>
</tr>
<tr>
<td><strong>Sales Growth</strong></td>
<td>8.03</td>
</tr>
<tr>
<td><strong>Cash Flow Growth</strong></td>
<td>9.07</td>
</tr>
<tr>
<td><strong>Earnings Growth</strong></td>
<td>9.05</td>
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</tbody>
</table>

**Composition - Net**

<table>
<thead>
<tr>
<th>Sector</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>All &amp; Own</strong></td>
<td>91.9</td>
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</table>

**Return & Risk**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Rtn</th>
<th>% Rank Cat</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Yr</td>
<td>44.51</td>
<td>High Avg</td>
<td><strong>5</strong></td>
</tr>
<tr>
<td>5 Yr</td>
<td>80.07</td>
<td>High Avg</td>
<td><strong>5</strong></td>
</tr>
<tr>
<td>10 Yr</td>
<td>62.34</td>
<td>High Avg</td>
<td><strong>5</strong></td>
</tr>
</tbody>
</table>

**Rating & Risk**

<table>
<thead>
<tr>
<th>Year</th>
<th>Period</th>
<th>Load</th>
<th>Return</th>
<th>Risk</th>
<th>Morningstar Rtn vs Cat</th>
<th>Morningstar Risk vs Cat</th>
<th>Morningstar Risk-Adj Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Yr</td>
<td>44.51</td>
<td>1.03</td>
<td>1.03</td>
<td>1.03</td>
<td>1.03</td>
<td>1.03</td>
<td>1.03</td>
</tr>
<tr>
<td>5 Yr</td>
<td>80.07</td>
<td>1.03</td>
<td>1.03</td>
<td>1.03</td>
<td>1.03</td>
<td>1.03</td>
<td>1.03</td>
</tr>
<tr>
<td>10 Yr</td>
<td>62.34</td>
<td>1.03</td>
<td>1.03</td>
<td>1.03</td>
<td>1.03</td>
<td>1.03</td>
<td>1.03</td>
</tr>
</tbody>
</table>

**Income Distribution**

<table>
<thead>
<tr>
<th>Period</th>
<th>Yr</th>
<th>$0</th>
<th>Yr</th>
<th>$0</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 Yr</td>
<td>$400</td>
<td>$462</td>
<td>10%</td>
<td>$1523</td>
</tr>
</tbody>
</table>

**Expense Ratios**

- **Management Fee**: 0.19%
- **Sales Fee**: 2.00%

**Morningstar’s Take**

T. Rowe Price Emerging Markets Stock is being upgraded to a Morningstar Analyst Rating of Silver to reflect our increased confidence in its experienced fund manager, large supporting team, and proven investment process.

Gonzalo Pargaro has 25 years of experience investing in emerging markets. He was a manager of T. Rowe Latin America for seven years prior to becoming a named manager here in 2008. At the end of 2015, his co-named manager here in 2008. At the end of 2015, his co-

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Fidelity® Total Bond

**Morningstar Analyst Rating** 10-03-17

**Gold**

**Morningstar Pillars**

- **Process**: Positive
- **Performance**: Positive
- **People**: Positive
- **Parent**: Positive
- **Price**: Positive

**Morningstar Analyst Rating**

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

**Analyst Rating Spectrum**

- **Gold**: Positive
- **Silver**: Positive
- **Bronze**: Neutral
- **Negative**: Neutral

**Performance 01-31-18**

<table>
<thead>
<tr>
<th>1st Qtr</th>
<th>2nd Qtr</th>
<th>3rd Qtr</th>
<th>4th Qtr</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>0.30</td>
<td>-2.50</td>
<td>0.64</td>
<td>0.47</td>
</tr>
<tr>
<td>2014</td>
<td>2.17</td>
<td>-0.06</td>
<td>1.22</td>
<td>0.54</td>
</tr>
<tr>
<td>2015</td>
<td>1.93</td>
<td>-1.14</td>
<td>-0.12</td>
<td>0.76</td>
</tr>
<tr>
<td>2016</td>
<td>3.23</td>
<td>2.91</td>
<td>1.79</td>
<td>2.11</td>
</tr>
<tr>
<td>2017</td>
<td>1.32</td>
<td>1.30</td>
<td>1.11</td>
<td>0.40</td>
</tr>
</tbody>
</table>

**Rating and Risk**

<table>
<thead>
<tr>
<th>Time Period</th>
<th>Load Adj Return</th>
<th>Morningstar Rank</th>
<th>Morningstar Risk Rank</th>
<th>Morningstar Risk Rating</th>
<th>1 Yr</th>
<th>3 Yr</th>
<th>5 Yr</th>
<th>10 Yr</th>
<th>Inception</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2.88</td>
<td>2.76</td>
<td>2.46</td>
<td>4.69</td>
<td>4.89</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>31</td>
<td>31</td>
<td>31</td>
<td>20</td>
<td>20</td>
</tr>
</tbody>
</table>

**Fidelity's Total Bond**

Fidelity Total Bond benefits from a deep bench of sector specialists and managers on the firm, which is admirably orchestrated by experienced portfolio managers. Those characteristics, taken together with attractive fees, support the fund’s Morningstar Analyst Rating of Gold. This fund’s greatest strength is its process. Experienced sector specialists, many with lauded track records in their own right, provide guidance to lead manager Ford O’Neil and team. Besides investing in the typical investment-grade credit, mortgages, and U.S. Treasuries in the fund’s Bloomberg Barclays U.S. Aggregate Bond Index benchmark, the fund may allocate up to 20% in non-investment-grade bonds, including high-yield and emerging-markets debt, when the team finds market valuations compelling. This gives the fund an edge versus more conservative benchmark-like intermediate-term peers, but it may also involve more volatility. The team has executed this mandate with skill. For example, through early 2018, anxiety over dipping oil prices caused volatility in energy-related names, but sector specialists recommended exposures to hard-hit emerging-markets and high-yield bonds, which rebounded sharply later in the year. Since then, the team has pared back risk, exchanging corporate credit for U.S. Treasuries through the first half of 2017. That agile positioning helped the fund to a 2.1% gain for the year ended August 2017, and this performance landed in the intermediate-term bond Morningstar Category’s best quartile.

Long-term results have also been impressive. During the trailing 10-year period ended August 2017, the fund generated 5.2% annualized, ahead of the Aggregate Index’s 4.4% and ranking in the top quartile of the competitive intermediate-term bond category, all while keeping volatility in line with its typical peer. Still, the fund’s weightings in lower-quality bonds and emerging-markets bonds make it more susceptible to losses and have burnished it more (2008’s financial crisis), but over time, thoughtful positioning and intentional risk-taking have delivered attractive results.

**Address**

Fidelity Income Fund
Boston, MA 02109
800-544-8545

Web Address: www.institutional.fidelity.com
Inception: 10-15-02
Advisor: Fidelity Management & Research Company
Subadvisor: FMR Investment Management (U.K.) Limited

**Minimum Purchase** $250,000
Min Auto Inv Plan: No-load
Sales Fees: 0%
Management Fee: 0%
Actual Fees: Mkt:3.01% Dist: -
Expense Projections: 3Y:$144 5Y:$252 10%: $567
Income Distribution: Monthly

<table>
<thead>
<tr>
<th>Ticker</th>
<th>Yield</th>
<th>SEC Yield</th>
<th>Total Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTBFX</td>
<td>2.7%</td>
<td>2.59%</td>
<td>$32,135 mill</td>
</tr>
</tbody>
</table>

**Mistar Category**

Intermediate-Term Fixed Income

**Investment Style**

- Growth of $10,000
- Investment Values of Fund
- Investment Values of Benchmark 1

**Performance Quartile**

(Within Category)

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAV</td>
<td>10.75</td>
<td>11.15</td>
<td>11.65</td>
<td>12.25</td>
</tr>
<tr>
<td>NAV</td>
<td>10.54</td>
<td>11.05</td>
<td>11.56</td>
<td>12.17</td>
</tr>
<tr>
<td>NAV</td>
<td>10.33</td>
<td>10.84</td>
<td>11.35</td>
<td>11.96</td>
</tr>
<tr>
<td>NAV</td>
<td>10.12</td>
<td>10.63</td>
<td>11.14</td>
<td>11.75</td>
</tr>
</tbody>
</table>

**Current Investment Style**

<table>
<thead>
<tr>
<th>Sector Breakdown</th>
<th>% Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>46</td>
</tr>
<tr>
<td>Government Related</td>
<td>25</td>
</tr>
<tr>
<td>Corporate</td>
<td>25</td>
</tr>
<tr>
<td>Agency MBS</td>
<td>17</td>
</tr>
<tr>
<td>Non-Agency Residential MBS</td>
<td>0</td>
</tr>
<tr>
<td>Commercial MBS</td>
<td>1</td>
</tr>
<tr>
<td>Covered Bond</td>
<td>1</td>
</tr>
<tr>
<td>Asset Backed</td>
<td>1</td>
</tr>
<tr>
<td>Municipal</td>
<td>1</td>
</tr>
<tr>
<td>Cash &amp; Equivalents</td>
<td>6</td>
</tr>
<tr>
<td>Other</td>
<td>0</td>
</tr>
</tbody>
</table>

**Compositional - Net**

- Cash: 4.4 Bonds: 95.5
- Stocks: 0.0 Other: 0.1
- Special Securities
- Restricted/Unliquified Securities: 5
- Emerging-Markets Securities: 3
- Options/Futures/Warrants: 0

**Credit Analysis**

<table>
<thead>
<tr>
<th>% bonds 12-31-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAA</td>
</tr>
<tr>
<td>AA</td>
</tr>
<tr>
<td>A</td>
</tr>
<tr>
<td>BBB</td>
</tr>
</tbody>
</table>
Western Asset Core Plus Bond I

Benchmark 1: BB-Grade US Agg Bond TR USD
Benchmark 2: BB-Grade US Agg Bond TR USD

Morningstar Analyst Rating 03-10-17

Gold

Morningstar Pillars

Ticker: WACPX

Historical Profile

<table>
<thead>
<tr>
<th>Year</th>
<th>Return</th>
<th>Risk</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>10.14%</td>
<td>High</td>
<td>Highest</td>
</tr>
<tr>
<td>2009</td>
<td>10.78%</td>
<td>High</td>
<td>Highest</td>
</tr>
<tr>
<td>2010</td>
<td>11.11%</td>
<td>High</td>
<td>Highest</td>
</tr>
<tr>
<td>2011</td>
<td>11.67%</td>
<td>High</td>
<td>Highest</td>
</tr>
<tr>
<td>2012</td>
<td>11.19%</td>
<td>High</td>
<td>Highest</td>
</tr>
<tr>
<td>2013</td>
<td>11.64%</td>
<td>High</td>
<td>Highest</td>
</tr>
<tr>
<td>2014</td>
<td>11.43%</td>
<td>High</td>
<td>Highest</td>
</tr>
<tr>
<td>2015</td>
<td>11.43%</td>
<td>High</td>
<td>Highest</td>
</tr>
<tr>
<td>2016</td>
<td>11.84%</td>
<td>High</td>
<td>Highest</td>
</tr>
<tr>
<td>2017</td>
<td>11.73%</td>
<td>High</td>
<td>Highest</td>
</tr>
</tbody>
</table>

Tacker: WACPX

Yield: 3.1%
SEC Yield: 2.92%
Total Assets: $22,419 mill

Mstrar Category: Intermediate-Term Bond

Investment Style

- Fixed Income

- Growth of $10,000
- Investment Values of Fund
- Investment Values of Benchmark 1

Performance Quartile (within Category)

- 1.0

Portfolio Analysis 12-21-17

<p>| Total Funded Income: 1815 |</p>
<table>
<thead>
<tr>
<th>Date of Maturity</th>
<th>Amount</th>
<th>Value</th>
<th>% Assets</th>
</tr>
</thead>
</table>

US Treasury Bond 3.75% 11-15-43 1,158,380 1,385,986 6.28
US Treasury Bond 3% 02-15-47 756,630 804,312 3.64
Fed Natl Mort Assoc 3% 01-05-48 751,140 771,477 3.50
US Treasury Bond 3% 05-15-44 622,540 656,342 2.97
Ft Mexi Mexican Peso Fut 03-19-45 19,100,000 21,300,000 0.50
Ft Mexi Mexican Peso Fut 03-19-45 10,990,000 11,800,000 0.30
US Treasury Note 1.875% 08-31-21 383,910 380,986 1.73
Fed Natl Mort Assc 3% 01-10-46 318,090 316,343 1.13
US Treasury Note 04-15-42 312,350 314,743 1.43
Freddy Mac Gold Single 01-01-47 310,400 310,351 1.41
Ft Jpn Yen Curr Fut 03-19-48 32,825,000 32,850,000 1.36
Ft Jpn Yen Curr Fut 03-19-48 32,825,000 32,850,000 1.36
HMLC 3.5% 01-15-46 212,400 218,119 0.99
Govt Natl Mtg Assoc 3.5% 01-15-46 207,900 214,917 0.97
Ginnie Mae Jumbo TBAs 01-01-47 203,100 204,941 0.93
HMLC 4% 01-15-46 185,000 185,455 0.85
US Treasury Bond 3% 05-15-47 182,636 192,784 0.87
US Treasury Note 1.375% 04-30-21 194,370 196,636 0.86
US Treasury Bond 2.75% 08-15-47 185,920 188,111 0.85

Current Investment Style

<table>
<thead>
<tr>
<th>Duration</th>
<th>% Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>24</td>
</tr>
<tr>
<td>Government Related</td>
<td>4</td>
</tr>
<tr>
<td>Corporate</td>
<td>23</td>
</tr>
<tr>
<td>Agency MBS</td>
<td>19</td>
</tr>
<tr>
<td>Non-Agency Residential MBS</td>
<td>2</td>
</tr>
<tr>
<td>Commercial MBS</td>
<td>3</td>
</tr>
<tr>
<td>Covered Bond</td>
<td>3</td>
</tr>
<tr>
<td>Asset Backed</td>
<td>4</td>
</tr>
<tr>
<td>Municipal</td>
<td>0</td>
</tr>
<tr>
<td>Cash &amp; Equivalents</td>
<td>10</td>
</tr>
<tr>
<td>Other</td>
<td>10</td>
</tr>
</tbody>
</table>

Coupone Range (of Bonds)

- 0% RIK | 4.8 |
- 4% to 6% | 63.6 |
- 6% to 8% | 23.0 |
- 8% to 10% | 21.0 |
- More than 10% | 0.0%

Credit Analysis

- Bonds: 12-31-17
- AAA 55 BB 8
- AA 3 B 3
- A 15 Below B 4
- BBB 12 Not Rated 1

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Address: Western Asset Funds Inc
Baltimore MD 21202
877-721-1926

Web Address: www.leggmason.com

Inception: 07-08-98
Advisory: Legg Mason Partners Fund Advisor, LLC
Subadvisor: Western Asset Management Company Pte Ltd

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 Morningstar® Mutual Funds
Baird Aggregate Bond Inst

**Morningstar Analyst Rating** 03-06-17

**Silver**

**Morningstar Pillars**

- Process: Positive
- Performance: Positive
- People: Positive
- Parent: Positive
- Price: Positive

**Morningstar Analyst Rating**

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

**Analyst Rating Spectrum**

- **Fund**: Silver
- **Bronze**: Neutral
- **Neutral**

**Performance** 01-31-18

<table>
<thead>
<tr>
<th>Period</th>
<th>Load-Adj Return</th>
<th>Benchmark</th>
<th>Morningstar Risk vs Category</th>
<th>Morningstar Risk vs Category</th>
<th>Morningstar Risk Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Yr</td>
<td>2.62</td>
<td>+ Avg</td>
<td>Avg</td>
<td>Avg</td>
<td>Above Avg</td>
</tr>
<tr>
<td>5 Yr</td>
<td>2.60</td>
<td>+ Avg</td>
<td>18</td>
<td>18</td>
<td>Above Avg</td>
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<tr>
<td>10 Yr</td>
<td>4.30</td>
<td>+ Avg</td>
<td>18</td>
<td>21</td>
<td>Above Avg</td>
</tr>
<tr>
<td>Incept</td>
<td>5.35</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Other Measures**

- **Standard Deviation**: 2.70
- **Mean**: 1.62
- **Sharpe Ratio**: 0.43

**Morningstar’s Take** by Emory Zink  03-06-17

While Baird Aggregate Bond inhabits a well-trodden investment-grade landscape, management’s experience, nimble implementation, and low fees have given the fund an edge, delivering attractive and dependable results to investors over the longer term and earning this fund a Morningstar Analyst Rating of Silver.

Mary Ellen Stanek leads a team of six named co-portfolio managers who average 33 years of experience in the industry and have contributed to this strategy from its inception in 2000. The team is rounded out with three additional senior portfolio managers and eight analysts.

Although this is fewer in number than many larger firms with comparable funds, Stanek and her support counter this by sticking to sectors and investments that they can thoroughly research with the fund’s given resources.

It is not only the firm’s leadership that has remained stalwart—the process has been consistent as well. Similar to many intermediate-term bond Morningstar Category peers, the team invests in a mix of corporates, mortgages, and Treasuries, and it benchmarks itself against the Bloomberg Barclays U.S. Aggregate Bond index. Emphasis has been on higher-quality holdings; the fund tends to have a higher allocation to A and BBB rated securities and a lower allocation to non-investment-grade fare than its average category peer. Over the strategy’s life, the fund has maintained a persistent overweighting to credit and underweighting to Treasuries and government-related securities. As of early 2017, the credit allocation occupied 45% of the portfolio—toward the higher end of its historical allocation range.

The fund’s lack of leverage and derivatives as well as its duration-neutral approach enable management to focus on its strengths—security selection and sector rotation. Over the 10 years ended February 2017, the fund generated a 4.7% annualized return, a step ahead of the index and better than 60% of its category peers. Low volatility and rock-bottom fees further contribute to this fund’s appeal.

**Portfolio Analysis** 12-31-17

<table>
<thead>
<tr>
<th>Total Fixed Income: 1061</th>
<th>Date of Maturity</th>
<th>Amount (000)</th>
<th>Value %</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Treasury Bond 2.875%</td>
<td>05-15-43</td>
<td>690,750</td>
<td>71.25%</td>
</tr>
<tr>
<td>US Treasury Bond 3.5%</td>
<td>02-15-39</td>
<td>462,356</td>
<td>52.07%</td>
</tr>
<tr>
<td>US Treasury Note 2.12%</td>
<td>02-15-34</td>
<td>356,975</td>
<td>38.00%</td>
</tr>
<tr>
<td>US Treasury Note 1.875%</td>
<td>03-15-22</td>
<td>287,672</td>
<td>29.87%</td>
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<tr>
<td>US Treasury Note 1.75%</td>
<td>03-31-21</td>
<td>276,655</td>
<td>28.11%</td>
</tr>
<tr>
<td>US Treasury Note 1.625%</td>
<td>11-15-26</td>
<td>194,675</td>
<td>20.54%</td>
</tr>
<tr>
<td>FHLCM 3%</td>
<td>02-01-32</td>
<td>86,325</td>
<td>9.10%</td>
</tr>
<tr>
<td>FHLCM 5%</td>
<td>01-01-32</td>
<td>79,081</td>
<td>8.37%</td>
</tr>
<tr>
<td>FHLCM MMD</td>
<td>08-25-25</td>
<td>72,374</td>
<td>7.75%</td>
</tr>
<tr>
<td>FNMA 3.5%</td>
<td>10-01-43</td>
<td>74,011</td>
<td>7.81%</td>
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<tr>
<td>FNMA 3.5%</td>
<td>01-01-43</td>
<td>65,635</td>
<td>6.94%</td>
</tr>
<tr>
<td>FNMA 3.5%</td>
<td>11-01-46</td>
<td>64,667</td>
<td>6.93%</td>
</tr>
<tr>
<td>FNMA 3.49%</td>
<td>01-25-24</td>
<td>61,625</td>
<td>6.59%</td>
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<tr>
<td>FNMA 3.5%</td>
<td>11-01-32</td>
<td>59,793</td>
<td>6.37%</td>
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<tr>
<td>FNMA 3.5%</td>
<td>02-01-45</td>
<td>54,725</td>
<td>5.84%</td>
</tr>
<tr>
<td>FNMA 3.5%</td>
<td>02-01-45</td>
<td>51,921</td>
<td>5.62%</td>
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<tr>
<td>Diamond 1 Fin Corp/DM</td>
<td>06-15-21</td>
<td>50,755</td>
<td>5.37%</td>
</tr>
<tr>
<td>FNMA 4%</td>
<td>11-01-45</td>
<td>50,835</td>
<td>5.37%</td>
</tr>
<tr>
<td>FHLCM 3.5%</td>
<td>02-01-44</td>
<td>49,991</td>
<td>5.19%</td>
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</table>

**Current Investment Style**

<table>
<thead>
<tr>
<th>Duration</th>
<th>% of Bond</th>
</tr>
</thead>
<tbody>
<tr>
<td>18</td>
<td>Government</td>
</tr>
<tr>
<td>18</td>
<td>Government Related</td>
</tr>
<tr>
<td>43</td>
<td>Corporate</td>
</tr>
<tr>
<td>24</td>
<td>Agency MBS</td>
</tr>
<tr>
<td>2</td>
<td>Non-Agency Residential MBS</td>
</tr>
<tr>
<td>4</td>
<td>Commercial MBS</td>
</tr>
<tr>
<td>0</td>
<td>Covered Bond</td>
</tr>
<tr>
<td>5</td>
<td>Asset Backed</td>
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<tr>
<td>1</td>
<td>Municipal</td>
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<tr>
<td>0</td>
<td>Cash Equivalents</td>
</tr>
<tr>
<td>0</td>
<td>Other</td>
</tr>
</tbody>
</table>

**Credit Analysis**

<table>
<thead>
<tr>
<th>% Bonds 12-31-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAA 53</td>
</tr>
<tr>
<td>AA 5</td>
</tr>
<tr>
<td>A 18</td>
</tr>
<tr>
<td>BBB 23</td>
</tr>
</tbody>
</table>

**Performance Quartile** within Category

**Net Assets $mil**

<table>
<thead>
<tr>
<th>Period</th>
<th>Total Fixed Income: 1061</th>
<th>Morningstar Risk vs Category</th>
<th>Morningstar Risk Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>01-18</td>
<td>3,441</td>
<td>6,323</td>
<td>9,754</td>
</tr>
</tbody>
</table>

**BAGIX**

<table>
<thead>
<tr>
<th>Ticker</th>
<th>Yield</th>
<th>SEC Yield</th>
<th>Total Assets</th>
<th>Maturity</th>
<th>Investment Style</th>
</tr>
</thead>
<tbody>
<tr>
<td>BAGIX</td>
<td>2.6%</td>
<td>2.63%</td>
<td>$14,681,111</td>
<td>Intermediate-Term Bond</td>
<td></td>
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</tbody>
</table>

**Historical Profile**

<table>
<thead>
<tr>
<th>Year</th>
<th>Yield</th>
<th>Average Rating</th>
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<tr>
<td>2008</td>
<td>9.74</td>
<td>10.23</td>
</tr>
<tr>
<td>2009</td>
<td>10.65</td>
<td>10.89</td>
</tr>
<tr>
<td>2010</td>
<td>10.89</td>
<td>10.41</td>
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<tr>
<td>2011</td>
<td>2.36</td>
<td>10.88</td>
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<tr>
<td>2012</td>
<td>8.34</td>
<td>7.85</td>
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<tr>
<td>2013</td>
<td>7.92</td>
<td>-1.25</td>
</tr>
<tr>
<td>2014</td>
<td>1.79</td>
<td>0.01</td>
</tr>
<tr>
<td>2015</td>
<td>1.70</td>
<td>0.30</td>
</tr>
<tr>
<td>2016</td>
<td>1.70</td>
<td>0.30</td>
</tr>
<tr>
<td>2017</td>
<td>1.30</td>
<td>0.30</td>
</tr>
<tr>
<td>2018</td>
<td>2.51</td>
<td>0.30</td>
</tr>
</tbody>
</table>
Baird Short-Term Bond Inst

Benchmark 1: BBgBarc US Gov Credit 1-5 Yr TR USD
Benchmark 2: BBgBarc US Agg Bond TR USD

Morningstar Analyst Rating C06-17

Silver

Morningstar Pillars
Process • Positive
Performance • Positive
People • Positive
Parent • Positive
Price • Positive

Morningstar Analyst Rating
Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Ratings

Morningstar Analyst Rating
Morningstar assigns one of five ratings—Positive, Neutral or Negative—to each fund and updates ratings quarterly. Each rating is based on an assessment of the following five elements:

Process

Performance

People

Parent

Price

Morningstar's View

The fund has a Morningstar Analyst Rating of Silver, indicating that the fund's performance, risk and expenses are well-managed, and its share price has been consistent as well.

Morningstar's Take

While Baird Short-Term Bond has a well-trod strategy, management’s experience and skill in this category have contributed to its success from its inception in 2004. The team is rated out with three additional senior portfolio managers and eight analysts.

Address: Baird Funds Inc
Milwaukee, WI 53202
888-442-2473
Web Address: www.bairdfunds.com
Inception: 08-31-04
Advisor: Robert W. Baird & Co. Incorporated
Subadvisor: None

Historical Profile

Return
Average
Rating
Neutral
2008 9.24
2009 9.57
2010 9.68
2011 9.59
2012 9.75
2013 9.69
2.88%
1.62%

Risk
Average
Rating
Neutral
2008 -1.79
2009 8.14
2010 4.39
2011 2.08
2012 4.18
2013 1.33
2.25%
1.53%

Ratings and Risk

Rating Period
Time
Load Adj
Return %
Morningstar Rating vs Cat
Morningstar Risk vs Cat
Morningstar Risk Rating
1 Yr
1.02
Strong
1.42
Positive
+126
2 Yr
2.26
Neutral
0.30
Neutral
-130
Inception
2.72

Other Measures

Standard Deviation
0.26
Beta
0.16
Sharpe Ratio
0.92

Performance

1st Qtr
2nd Qtr
3rd Qtr
4th Qtr
Total
2013 0.52
0.72
0.33
0.51
1.08
2014 0.79
0.08
0.24
-0.24
0.89
2015 1.21
1.12
0.27
-0.36
2.25
2016 0.58
0.52
-0.09
1.53

Potential Capital Gain Exposure: -10.00%

Portfolio Analysis 12-31-17

Total Fixed Income: 559
Date of Maturity
5 Yr
12-31-21
10 Yr
12-31-22
20 Yr
12-31-32
30 Yr
12-31-42

Amount (000)
Value %
US Treasury Note 1.375% 08-31-20 186,075 186,075 100.00
US Treasury Note 1.625% 09-30-20 186,075 186,075 100.00
US Treasury Note 2.375% 03-31-21 186,075 186,075 100.00
Citibank Act 2017-A1 06-30-21 32,225 32,225 100.00
Chesapeake Fdii Llc 2 05-15-29 29,965 29,965 100.00
Keysight Tech 3.3% 10-30-30 28,625 28,625 100.00
FHLMC CMO 3.513% 06-25-30 27,225 27,225 100.00
Vale Overseas 5.875% 06-10-31 25,594 25,594 100.00
Zimmer Biomet Hldgs 2 04-01-31 27,610 27,610 100.00
Broadcom Corp/Broadcom 01-10-31 24,600 24,600 100.00
Molex Electric Tech 144A 04-15-31 25,115 25,115 100.00
Ncit Australia Bk N Y B 01-10-32 24,575 24,575 100.00
Newell Brands 3.15% 04-15-32 24,283 24,283 100.00
Dxc Tech 2.875% 03-27-32 23,714 23,714 100.00
Jackson Natl Life Eff Bfi F 03-30-32 24,039 24,039 100.00
Voron Comms 2.94% 03-15-35 23,620 23,620 100.00
Cap One Cc Tr 2017-4 I 07-17-36 23,351 23,351 100.00
Comm Mtg Tr 2012-Cccr 05-17-45 23,667 23,667 100.00
Not Bk Of Canada 2.15% 06-12-45 23,592 23,592 100.00
Sonoma Cnty Calif Pensi 12-01-22 20,910 22,252 100.00

Current Investment Style

Sector Breakdown

Government 14%
Corporate 35%
Agency MBS 18%
Non-Agency Residential MBS 22%
Commercial MBS 2%
Covered Bond 0%
Asset Backed 0%
Municipal 0%
Cash & Equivalents 0%
Other 0%

Composition - Net

Cash 3.2%
Bonds 96.7%
Stocks 0.0%
Other 0.0%

Special Securities

Restricted/Quasi Liquid Secs 0%
Emerging-Markets Secs 0%
Options/Futures/Options Warrants 0%

Credit Analysis

7 Days 12-31-17

AAA 37
BB 0
AA 9
B 0
A 22
BBB 32 Not Rated 0

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### T. Rowe Price High Yield I

**Morningstar Analyst Rating**: 04-25-17

**Gold**

**Morningstar Pillars**
- Process: Positive
- Performance: Positive
- People: Positive
- Parent: Positive
- Price: Positive

**Morningstar Analyst Rating**
- Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

**Pillar Spectrum**
- Positive
- Neutral

**Performance 01-31-18**

<table>
<thead>
<tr>
<th>1st Qtr</th>
<th>2nd Qtr</th>
<th>3rd Qtr</th>
<th>4th Qtr</th>
<th>Total</th>
</tr>
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<tr>
<td>2013</td>
<td>—</td>
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<td>—</td>
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<tr>
<td>2015</td>
<td>—</td>
<td>—</td>
<td>—</td>
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<tr>
<td>2016</td>
<td>2.89</td>
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</tr>
<tr>
<td>2017</td>
<td>2.51</td>
<td>2.02</td>
<td>1.98</td>
<td>0.80</td>
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</tbody>
</table>

**Morningstar’s Take by Cara Esser, CFA 04-25-17**

T. Rowe Price High Yield has implemented the same value-driven process since manager Mark Vaselkiv took over in 1996. Rigorous bottom-up credit selection has been successfully married with top-down macro analysis from T. Rowe Price’s veteran investment committee members, all at a reasonable price. T. Rowe Price and Vaselkiv have a history of putting shareholders first, including by closing this fund to new investors in April 2012 (the second time during Vaselkiv’s tenure). The fund retains its Morningstar Analyst Rating of Gold.

Post-2008, Vaselkiv and his team have taken a more opportunistic approach here, crossing the spectrum significantly over- and underweighting sectors, and adding out-of-benchmark securities as valuations warrant. Since 2009, the team has taken its non-U.S. stake as high as one third of the portfolio, including, at times, a sizable allocation to emerging-markets corporate bonds. Bank loans have figured prominently here in recent years, reaching 14% of the portfolio as of December 2016, up from about 8% a year earlier. Vaselkiv has believed we are in the last stages of a credit cycle for some time and prefers higher-quality credits, including first-lien bank loans. He’s also using these securities as a hedge against rising interest rates.

The team backing Vaselkiv is an experienced one and has proven its worth over time. Credit selection typically accounts for most of the fund’s strong relative returns—this includes what they don’t own. For example, the fund has a year’s long position underweight to energy and commodity names heading into the 2014 decline in all prices, which helped rein in the fund’s losses amid the sell-off. Vaselkiv has since waded back into energy and commodity sectors, favoring higher-quality names including so-called “fallen angels” (formerly investment-grade rated bonds), raising the portfolio’s overall quality. This team isn’t perfect, however, and a significant allocation to troubled pharmaceutical firm Valeant has weighed on recent returns. In all, Vaselkiv has had more hits than misses and this fund remains a top choice in the Morningstar Category.

---

**Historical Profile**

<table>
<thead>
<tr>
<th></th>
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<td>—</td>
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<td>—</td>
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<tr>
<td>Risk Rating</td>
<td>Not Rated</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

**Ratings and Risk**

<table>
<thead>
<tr>
<th>Time Period</th>
<th>Load-Adj Return %</th>
<th>Morningstar Rtn vs Cat</th>
<th>Morningstar Risk vs Cat</th>
<th>Morningstar Risk-Adj Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Yr</td>
<td>6.54</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>3 Yr</td>
<td>—</td>
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<td>—</td>
<td>—</td>
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<td>5 Yr</td>
<td>—</td>
<td>—</td>
<td>—</td>
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<tr>
<td>10 Yr</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
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**Other Measures**

- Alpha: —
- Beta: —
- R-Squared: —
- Standard Deviation: —
- Mean: —
- Sharpe Ratio: —

---

**Portfolio Analysis 12-31-17**

<table>
<thead>
<tr>
<th>Ticker</th>
<th>Yield</th>
<th>SEC Yield</th>
<th>Total Assets</th>
<th>Mstar Category</th>
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</thead>
<tbody>
<tr>
<td>PRHIX</td>
<td>5.6%</td>
<td>4.84%</td>
<td>$8,580 mil</td>
<td>High Bond Yield</td>
</tr>
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</table>

**Investment Style**

- Fixed Income

**Growth of $10,000**

- Investment Values of Fund
- Investment Values of Benchmark 1

**Performance Quartile**

(Within Category)

---

**Current Investment Style**

**Duration**

<table>
<thead>
<tr>
<th>Duration</th>
<th>% Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Govt</td>
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</tr>
<tr>
<td>Govt Related</td>
<td>0</td>
</tr>
<tr>
<td>Corp</td>
<td>99</td>
</tr>
<tr>
<td>Agency MBS</td>
<td>0</td>
</tr>
<tr>
<td>Non-Agency Residential MBS</td>
<td>0</td>
</tr>
<tr>
<td>Commercial MBS</td>
<td>0</td>
</tr>
<tr>
<td>Asset Backed</td>
<td>0</td>
</tr>
<tr>
<td>Municipal</td>
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<tr>
<td>Cash &amp; Equivalents</td>
<td>50.02</td>
</tr>
<tr>
<td>Other</td>
<td>0</td>
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</table>

**Composition - Net**

- Cash: 0.2
- Bonds: 98.9
- Stocks: 1.3
- Other: 9.4

**Special Securities**

- Restricted/Illiquid Secs: 49
- Emerging-Markets Secs: 2

**Credit Analysis**

- % bonds: 12-31-17
- AAA: 3
- AA: 0
- A: 0
- BBB: 1

---

**Address**: T. Rowe Price High Yield Fund, Inc.
**Web Address**: www.troweprice.com
**Inception**: 09-28-15
**Advisor**: T. Rowe Price Associates, Inc.
**Minimum Purchase**: $100,000
**Min Auto Inv Plan**: —
**Sales Fees**: No-load, 2.00% of NAV
**Management Fee**: 0.20%
**Actual Fees**: Mkt:0.59% Dist:—
**Expense Projections**: 3Yr:$195 5Yr:$340 10Yr:—
**Income Distribution**: Monthly

---

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Templeton Global Bond Adv

Benchmark 1: Citigroup World Govt USD
Benchmark 2: BofA- Merrill Lynch US Agg Bond TR USD

Morningstar Rating 10-19-17

**Gold**

Morningstar Pillars

- **Process**: Positive
- **Performance**: Positive
- **People**: Neutral
- **Price**: Positive

Morningstar Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

**Morningstar Rating: 5 Stars**

- **Tax Analysis**: 5 Stars
- **Quarterly Performance**: 5 Stars

Performance 01-31-18

1st Qtr 2nd Qtr 3rd Qtr 4th Qtr

<table>
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<tr>
<th>Year</th>
<th>Return</th>
<th>Rank</th>
<th>Average Rank</th>
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<td>1.41</td>
<td>2.71</td>
<td>2.37</td>
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<tr>
<td>2014</td>
<td>0.76</td>
<td>0.06</td>
<td>0.63</td>
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<tr>
<td>2015</td>
<td>0.22</td>
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<td>2.26</td>
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<tr>
<td>2016</td>
<td>-0.09</td>
<td>-1.27</td>
<td>8.28</td>
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<tr>
<td>2017</td>
<td>4.65</td>
<td>-1.30</td>
<td>1.19</td>
</tr>
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</table>

**Historical Profile**

**Return**

- Above Avg
- Below Avg

**Risk**

- Above Avg
- Below Avg

**Rating**

- Higher Risk
- Lower Risk

**Tax Analysis**

- Tax Advantage: 5 Stars

**Financial Information**

**Ticker**: TGBAX

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<th>Year 2016</th>
<th>Year 2017</th>
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<td>Yield</td>
<td>3.86%</td>
<td>4.98%</td>
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<td>SEC Yield</td>
<td>N/A</td>
<td>N/A</td>
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<tr>
<td>Total Assets</td>
<td>$37.875 million</td>
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**Portfolio Analysis 12-31-17**

**Total Funded**: $107

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<th>Value</th>
<th>%</th>
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<td>United Mexican States 8</td>
<td>06-11-2011</td>
<td>529,790</td>
<td>2,719,397</td>
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<tr>
<td>Secretaries Tresoro Natl</td>
<td>01-01-23</td>
<td>4,867</td>
<td>1,419,631</td>
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<tr>
<td>Brazil Government 1</td>
<td>06-10-21</td>
<td>218,197</td>
<td>1,385,751</td>
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<tr>
<td>Brazil Federal Rep 1</td>
<td>01-01-21</td>
<td>4,149</td>
<td>2,189,396</td>
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<tr>
<td>India (Rep Of) 8.33%</td>
<td>11-25-23</td>
<td>52,330</td>
<td>875,952</td>
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<tr>
<td>Indonesia (Rep Of) 6.375</td>
<td>03-15-24</td>
<td>10,377,615</td>
<td>622,503</td>
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<td>Korea (Rep Of) 0.875</td>
<td>06-05-24</td>
<td>15,959,194</td>
<td>474,463</td>
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<td>Korea Monetary Bus Bon</td>
<td>06-08-18</td>
<td>473,590</td>
<td>443,022</td>
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<td>01-01-20</td>
<td>1,398</td>
<td>402,934</td>
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<td>Colombia (Rep Of) 7.5</td>
<td>05-30-20</td>
<td>606,518</td>
<td>362,746</td>
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**Current Investment Style**

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<td>Government</td>
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<td>Corporate</td>
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<td>Agency MBS</td>
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<td>Non-Agency Residential MBS</td>
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<td>Other</td>
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<table>
<thead>
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<th>% of Bonds</th>
<th>% of Bonds</th>
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<td>0%</td>
<td>12.0</td>
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<tr>
<td>0%</td>
<td>9.0</td>
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<tr>
<td>3%</td>
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<tr>
<td>3%</td>
<td>6.8</td>
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<tr>
<td>7%</td>
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<td>9%</td>
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<td>10%</td>
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<td>1.3</td>
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<td>30%</td>
<td>3.1</td>
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<tr>
<td>40%</td>
<td>1.8</td>
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<tr>
<td>More than 40%</td>
<td>12.3</td>
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**Credit Analysis**

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<th>Credit Rating</th>
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<td>AAA</td>
<td>29</td>
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<td>AA</td>
<td>10</td>
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<tr>
<td>A</td>
<td>11</td>
</tr>
<tr>
<td>BBB</td>
<td>35</td>
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</table>

**Investment Style**

- **Fixed Income**: 8.0%
  - **Investment Values of Fund**: 18.0%
  - **Investment Values of Benchmark 1**: 10.0%

**Performance**

- **Quarterly Performance**: 5 Stars
**Vanguard Shrt-Term Infl-Prot Sec Idx Adm**

**Morningstar Analyst Rating** 01-31-18

**Gold**

**Morningstar Pillars**
- Positive
- Positive
- Positive
- Positive
- Positive
- Positive

**Morningstar Analyst Rating**
- Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.
- Analyst Rating Spectrum
  - Gold
  - Silver
  - Bronze
  - Neutral
  - Negative

**Performance** 01-31-18
- 1st Quartile
  - 2nd Quartile
  - 3rd Quartile
  - 4th Quartile
  - Total

**2013**
- 0.52
- -2.42
- 0.61
- -0.23
- -1.54

**2014**
- 0.16
- 1.54
- -1.39
- -1.46
- -1.18

**2015**
- 0.33
- 0.54
- -0.61
- -0.41
- -0.17

**2016**
- 1.82
- 0.85
- 0.24
- -0.21
- 2.72

**2017**
- 0.69
- -0.52
- 0.45
- 0.21
- 0.82

**Vanguard Short-Term Inflation-Protected Securities Index**
- Vanguard Shrt-Term Infl-Prot Sec Idx Adm

**Tax Analysis**
- Tax Adj (Yr) % Rank/Cat Tax Cost Rate % Rank/Cat
- 3 Yr (estimated)
  - 0.40
  - 15
  - 0.33
  - 12

- 5 Yr (estimated)
  - -0.26
  - 9
  - 0.27
  - 8

**Potential Capital Gain Exposure**: 2% of assets

**Morningstar’s Take** by Philip Yoo 01-03-18

Vanguard Short-Term Inflation-Protected Securities Index is one of the cheapest short-term Treasury-Inflation-Protected Securities funds available, underpinning its Morningstar Analyst Rating of Gold. The fund’s short duration reduces interest-rate risk and provides a high correlation to immediate inflation but leads to a lower yield and return than most of its peers.

The fund provides protection against inflation, credit, and interest-rate risk because it only invests in TIPS with less than five years until maturity. These securities are backed by the full faith and credit of the U.S. government.

The fund’s duration was 2.6 years as of November 2017, shorter than the inflation-protected bond Morningstar Category average of 5.9 years, as many of the funds in the category invest in longer-dated TIPS. If rates rise by 1 percentage point, this fund would lose approximately 2.6% of its value, while the average TIPS fund would decline by 5.9%.

The fund’s returns are directly correlated to short-term inflation, as its principal and distributions evolve with changes in the Consumer Price Index. Gains and losses from price volatility are mitigated thanks to the fund’s short duration. As a result, this fund more closely tracks the realized inflation fluctuations over the short-run than its longer-duration counterparts do.

However, the fund’s low volatility and high correlation with the inflation rate come at the cost of low expected returns with a yield of 1.8%, as of this writing. The fund gained 0.09% annually over the five years through November 2017, while its category peers declined by 0.53% over the same period. But it tracked its underlying benchmark closely, lagging the index by 0.05% per year. This gap was in line with the fund’s expense ratio of 0.07%.

**Portfolio Analysis** 12-21-17

<table>
<thead>
<tr>
<th>Ticker</th>
<th>VTA PX</th>
<th>Yield</th>
<th>SEC Yield</th>
<th>Total Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>VTAPX</td>
<td></td>
<td>1.5%</td>
<td>0.11%</td>
<td>$19,368 mill</td>
</tr>
</tbody>
</table>

**Expense Projections**
- Management Fee
  - 0.05%

**Income Distribution**
- Quarterly

**Historical Profile**
- Return
  - Above Avg
  - Risk
  - Low
  - Rating
  - Above Avg

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<th></th>
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<th></th>
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</thead>
<tbody>
<tr>
<td>Value</td>
<td>25.10</td>
<td>24.70</td>
<td>24.84</td>
<td>24.47</td>
<td>24.40</td>
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<td></td>
<td></td>
<td></td>
<td>NAV</td>
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</tbody>
</table>

**Sharpe Ratio**
- Standard Deviation
  - 0.26
  - 0.34

**Tax Analysis**
- Tax Adj (Yr) % Rank/Cat Tax Cost Rate % Rank/Cat
- 3 Yr (estimated)
  - 0.40
  - 15
  - 0.33
  - 12

- 5 Yr (estimated)
  - -0.26
  - 9
  - 0.27
  - 8

**Potential Capital Gain Exposure**: 2% of assets

**Address**
- Vanguard Malvern Funds
  - Valley Forge PA 19482
  - 800-662-7447

**Web Address**
- www.vanguard.com

**Inception**
- 10-16-12

**Advisor**
- Vanguard Group Inc

**Subadvisor**
- None

**Minimum Purchase**
- $100,000

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<tr>
<th>Minimum Purchase</th>
<th>$100,000</th>
<th>Add:</th>
<th>$1</th>
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<tr>
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<td>—</td>
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<table>
<thead>
<tr>
<th>Sales Fees</th>
<th>No-load</th>
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<tr>
<td>Management Fee</td>
<td>0.05%</td>
</tr>
<tr>
<td>Actual Fees</td>
<td>Mgt:0.05% Dist—</td>
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<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Expense Projections</td>
<td>Yr:$19</td>
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</tbody>
</table>

| Income Distribution | Quarterly |

**Expense Ratios**
- Category: 2.6% of its value
- Average TIPS fund would invest in longer-dated TIPS.
- Morningstar Analyst Rating of Gold.
- A shorter than 5 years until maturity.
- These securities are correlated to immediate inflation but lead to a lower duration reduces interest-rate risk and provides a high Morningstar Analyst Rating of Gold.
- The fund’s short duration reduces interest-rate risk and provides a high correlation Morningstar Analyst Rating of Gold.
- These securities are backed by the full faith and credit of the U.S. government. The fund’s duration was 2.6 years as of November 2017, shorter than the inflation-protected bond Morningstar Category average of 5.9 years.
Compass Minerals International Inc (USD)

Compass Minerals produces two primary products: salt and sulfate of potash, a specialty fertilizer. The company’s major assets include rock salt mines in Ontario, Louisiana, and the United Kingdom and salt brine operations at the Great Salt Lake in Utah.

Compass’ salt products are used for deicing and also by industrial and consumer end markets. The firm’s fertilizer products are used by growers of high-value crops that are sensitive to standard potash.

9900 West 109th Street
Overland Park, KS 66210
Phone: +1 913 344-9200
Website: http://www.compassminerals.com

Morningstar Rating

** ***
As of 02-23-2018

<table>
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<th>Morningstar Rating</th>
<th>Fair Value</th>
<th>Fair Value</th>
<th>Economic Moat</th>
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<td>** ***</td>
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<td>$53.70</td>
<td>32.10</td>
</tr>
<tr>
<td>** ***</td>
<td>$71.60</td>
<td>$53.70</td>
<td>32.10</td>
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<tr>
<td>** ***</td>
<td>$71.60</td>
<td>$53.70</td>
<td>32.10</td>
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Price/Sales

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Valuation Analysis

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<th>Current</th>
<th>5 Yr Avg</th>
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<td>...</td>
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<tr>
<td>Price/Cash Flow</td>
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<td>15.0</td>
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<td>0.5</td>
<td>0.5</td>
<td>1.9</td>
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Quarterly Results (USD)

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<th>Most Recent</th>
<th>Previous</th>
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<td>222.0</td>
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<tr>
<td>2010</td>
<td>387.0</td>
<td>319.0</td>
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<tr>
<td>2011</td>
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<tr>
<td>2013</td>
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<td>319.0</td>
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<tr>
<td>2014</td>
<td>387.0</td>
<td>319.0</td>
</tr>
<tr>
<td>2015</td>
<td>387.0</td>
<td>319.0</td>
</tr>
<tr>
<td>2016</td>
<td>387.0</td>
<td>319.0</td>
</tr>
<tr>
<td>2017</td>
<td>387.0</td>
<td>319.0</td>
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</table>

Close Competitors

<table>
<thead>
<tr>
<th>Mkt Cap $Mil</th>
<th>Rev $Mil</th>
<th>P/E</th>
<th>ROE</th>
</tr>
</thead>
<tbody>
<tr>
<td>K+S AG</td>
<td>4,252</td>
<td>35.2</td>
<td>17.0</td>
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<tr>
<td>Agrimex Inc</td>
<td>1,378</td>
<td>28.8</td>
<td>5.7</td>
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</table>

Major Fund Holders

| % of shares | Janus Henderson Mid Cap Value L | L
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>2.85</td>
<td>Fidelity Small Cap Value</td>
<td>2.71</td>
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<tr>
<td>2.85</td>
<td>Oppenheimer Rising Dividends A</td>
<td>2.45</td>
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</table>
Since its founding in 1837, Procter & Gamble has become the world’s largest consumer product manufacturer. It operates with a lineup of leading brands, including 21 that generate more than $1 billion in annual global sales such as Tide laundry detergent, Charmin toilet paper, Pantene shampoo, and Pampers diapers. P&G sold its last remaining food brand, Pringles, to Kellogg in 2012. Sales outside its home turf represent about 60% of the firm’s consolidated total, with around one third coming from emerging markets.

One Procter & Gamble Plaza
Cincinnati, OH 45202
Phone: +1 513 983-1100
Website: http://www.pg.com

Morningstar Rating

<table>
<thead>
<tr>
<th>Morningstar Rating</th>
<th>Last Close</th>
<th>Sales $Mil</th>
<th>Mkt Cap $Mil</th>
<th>Industry</th>
<th>Currency</th>
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</thead>
<tbody>
<tr>
<td>★★</td>
<td>$81.05</td>
<td>$65,732</td>
<td>$264,327</td>
<td>Household &amp; Personal用品</td>
<td>Products</td>
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</table>

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Richmond, VA 23219
Phone: +1 804 819-2000
Website: http://www.dominionenergy.com

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