

Morningstar Prospects

July 2020

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Morningstar Prospects — a list of up-and-coming or under-the-radar investment strategies that Morningstar Manager Research thinks might be worthy of full coverage someday — experienced significant changes in the first half of 2020. It added 10 new strategies, graduated six to full coverage, and dropped five.

Graduates

- ▶ Goldman Sachs Access Investment Grade Corporate Bond ETF hasn't shown that it can provide its intended edge in down markets. It gets a Neutral rating.
- ▶ Fidelity U.S. Sustainability Index Fund effectively targets firms with low environmental, social, and governance risk, while still offering broad diversification. It charges a compelling fee and earns a Bronze rating.
- ▶ iShares ESG U.S. Aggregate Bond ETF effectively provides low-cost exposure to the investment-grade bond market with a marginal ESG tilt, warranting a Silver rating.
- ▶ iShares ESG MSCI USA ETF is a solid, low-cost strategy that tilts toward firms with strong ESG practices while still mitigating active risk, earning it a Silver rating.
- ▶ AQR Large Cap Defensive Style's holistic approach to risk reduction gives it an advantage, contributing to a Silver rating for all share classes.
- ▶ DF Dent Midcap Growth's talented stock-pickers and research-focused approach earn both of its share classes Silver ratings.

Drops

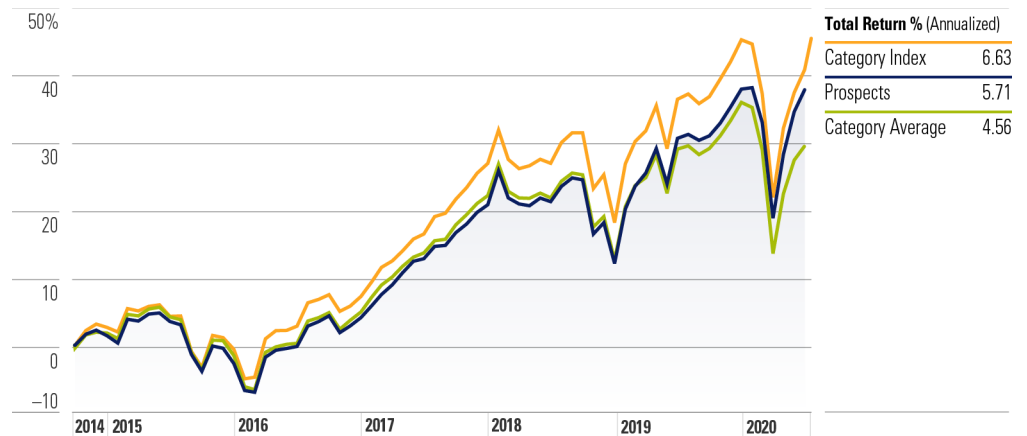
- ▶ AllianzGI PerformanceFee Structured US Fixed Income and AllianzGI PerformanceFee Structured US Equity stumbled badly in the early 2020's bear market, raising concerns about their team and approach.
- ▶ Boston Partners Emerging Markets Long/Short hasn't performed to expectations and has struggled to gain traction.
- ▶ JPMorgan SmartSpending's team lost some of its appeal following the retirement of lead manager Anne Lester.
- ▶ Vanguard Core Bond has an attractive price tag but has not demonstrated that its team and approach provide a substantial edge.

Additions

- ▶ American Funds Tax-Aware Growth and Income Series follows a similar process as Bronze-rated American Funds Growth and Income target-risk series, but with an emphasis on maximizing after-tax returns.

- ▶ AXS Aspect Core Diversified Strategy benefits from a seasoned team and unique, quantitative approach.
- ▶ BlackRock Target Allocation ESG Series stands out for only using underlying ETFs that intentionally target securities from companies with favorable ESG characteristics.
- ▶ Calvert Bond is an ESG-focused core fixed-income offering from a leader in sustainable investing.
- ▶ Diamond Hill High Yield benefits from a solid team and intrinsic value-driven approach.
- ▶ Jensen Quality Value shares the same team and process behind Silver-rated Jensen Quality Growth.
- ▶ Neuberger Berman Municipal Impact is one of only a handful of open-end municipal-bond strategies focused on impact investing available to U.S. investors.
- ▶ PIMCO Enhanced Short Maturity Active ESG ETF is a recent ESG launch from a proven investment team.
- ▶ WCM Focused Emerging Markets' seasoned stock-pickers have expertly carried out their concentrated growth approach.
- ▶ William Blair Large Cap Growth's approach, while not flashy, is consistent and repeatable.

Exhibit 1 Prospect Performance (Sept. 30, 2014–June 30, 2020)



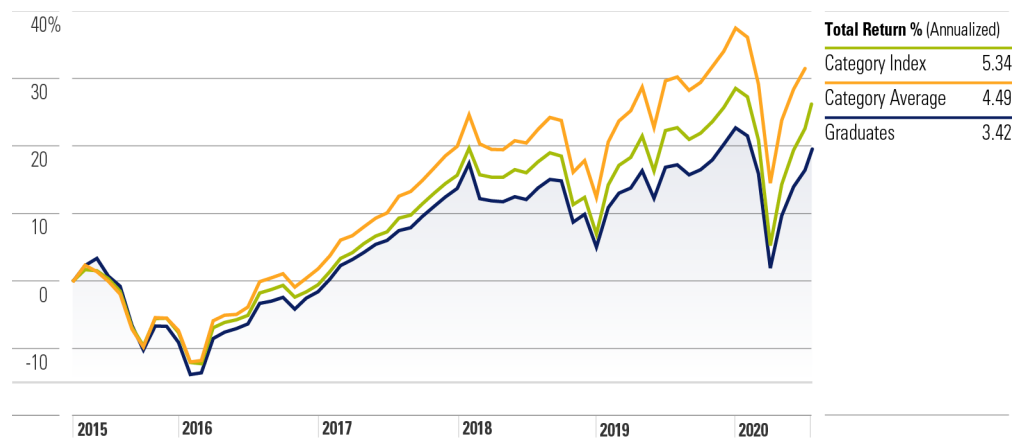
Source: Morningstar Direct

The chart above tracks the performance of Morningstar Prospects strategies in aggregate, from the list's September 2014 inception through June 2020. The Prospects methodology equal weights each strategy (oldest share class only) and periodically reconstitutes the portfolio to reflect changes. It adds strategies when they first appear in Prospects and removes them when they graduate from the list to full coverage or drop off it because Morningstar analysts decide they're not worth covering. The methodology compares this equal-weighted portfolio with a blended Morningstar Category average that mirrors the category classifications of the funds in Prospects, as well as a blended index that mirrors the indexes that Morningstar assigns to each category. The methodology does not assume each strategy it adds will outperform. For instance, a strategy may pursue an interesting objective or may have gathered a large sum of assets in a short period. Thus, while the methodology should lead to above-average performance of the Prospects list over longer periods, it isn't assembled solely for that purpose and might experience

stretches of underperformance. In addition, the Prospects portfolio doesn't capture the performance of funds after Morningstar graduates them to full analyst coverage.

Viewed in that light, the Prospects portfolio's underperformance to date doesn't come as too big of a surprise. It's still a relatively short period that has not seen a full-market cycle, and during that time active funds—which dominate the list—have had difficulty overcoming their costless benchmarks. Despite this obstacle, the performance of the Prospects portfolio edges the category-average benchmark thus far.

Exhibit 2 Graduate Performance (March 31, 2015–June 30, 2020)



Source: Morningstar Direct

The chart above tracks the performance of Morningstar Prospects Graduate strategies in aggregate, from the date of the first Prospect Graduate, March 2015, through June. Like the Morningstar Prospects performance, the chart contains an equal-weighted portfolio of graduate strategies versus a blended category average portfolio and blended category index portfolio. The blended graduate portfolio underperforms its respective category index and category average portfolio. Importantly, not every strategy graduated to full coverage with a Morningstar Medalist rating, so we wouldn't necessarily expect the portfolio to outperform.

Through June 2020, 91 strategies have graduated from Prospects and 40 were dropped. Of the graduates, two received an inaugural Gold rating, 15 were rated Silver, 52 Bronze, and 22 Neutral. As of June 2020, of the 91 Graduate strategies, five held a Gold rating, 28 Silver, 33 Bronze, 10 Neutral, and 15 were dropped from coverage.

Individual performance for Prospect Graduates can be found in the table beginning on page 5.

Morningstar Prospects List

| Asset Class / Category / Strategy Name | Ticker | Total Return (Month End) % | | | | | | Inception Date | Net Exp Ratio % | Total Net Assets (\$Million) | Date Added to Prospects | Morningstar Quantitative Rating |
|--|--------|----------------------------|----------|----------|----------|----------|----------|----------------|-----------------|------------------------------|-------------------------|---------------------------------|
| | | 1-Year | | 3-Year | | 5-Year | | | | | | |
| | | Return % | Cat Rank | Return % | Cat Rank | Return % | Cat Rank | | | | | |
| Alternative | | | | | | | | | | | | |
| Managed Futures | | | | | | | | | | | | |
| ★ AXS Aspect Core Diversified Strategy | EQAIX | 2.02 | 31 | 0.74 | 38 | -0.83 | 41 | 11/4/14 | 1.45 | 21.9 | Q2 2020 | Neutral |
| Multialternative | | | | | | | | | | | | |
| BlackRock Systematic Multi-Strat | BIMBX | 5.28 | 10 | 6.63 | 4 | 5.67 | 4 | 5/19/15 | 0.97 | 1,493.5 | Q4 2018 | Silver |
| GMO Alternative Allocation | GAAVX | -2.85 | 60 | — | — | — | — | 5/2/19 | 1.16 | 325.2 | Q2 2019 | Silver |
| Weiss Alternative Balanced Risk | WEIKX | 6.26 | 6 | 6.67 | 4 | — | — | 12/1/15 | 3.31 | 96.1 | Q2 2019 | Silver |
| Options-Based | | | | | | | | | | | | |
| JPMorgan International Hedged Equity | JIHIX | -6.41 | 82 | — | — | — | — | 3/15/19 | 0.60 | 102.0 | Q2 2019 | Silver |
| Parametric Vol Risk Premium-Defensive | EIVPX | -1.16 | 63 | 3.18 | 38 | — | — | 2/9/17 | 0.48 | 848.0 | Q2 2019 | Neutral |
| Allocation | | | | | | | | | | | | |
| Allocation—30% to 50% Equity | | | | | | | | | | | | |
| ★ American Fds TaxAwr Cnsvr Gr&Inc | TXIFX | 2.11 | 61 | 5.61 | 16 | 6.06 | 4 | 5/18/12 | 0.45 | 3,088.8 | Q2 2020 | Gold |
| World Allocation | | | | | | | | | | | | |
| Chiron Capital Allocation | CCAPX | -4.41 | 61 | -0.81 | 87 | — | — | 11/30/15 | 1.10 | 568.3 | Q4 2019 | Bronze |
| Vanguard Global Wellesley Income | VGYAX | 1.05 | 24 | — | — | — | — | 11/2/17 | 0.32 | 454.3 | Q2 2019 | Gold |
| Vanguard Global Wellington | VGWAX | 1.60 | 21 | — | — | — | — | 11/2/17 | 0.36 | 1,217.8 | Q2 2019 | Gold |
| U.S. Equity | | | | | | | | | | | | |
| Diversified Emerging Markets | | | | | | | | | | | | |
| ★ WCM Focused Emerging Markets | WCMEX | 12.46 | 5 | 11.04 | 2 | 8.97 | 2 | 6/28/13 | 1.25 | 513.2 | Q2 2020 | Neutral |
| Large Blend | | | | | | | | | | | | |
| Harbor Large Cap Value | HAVLX | 2.57 | 65 | 7.04 | 70 | 9.20 | 46 | 12/29/87 | 0.69 | 1,392.2 | Q3 2017 | Neutral |
| Nationwide Max Diveris US Cor Eq ETF | MXDU | 7.28 | 28 | — | — | — | — | 9/15/17 | 0.34 | 99.6 | Q4 2018 | Neutral |
| Large Growth | | | | | | | | | | | | |
| Calvert Equity | CEYIX | 13.21 | 67 | 18.79 | 30 | 14.32 | 37 | 8/24/87 | 0.74 | 4,661.5 | Q4 2019 | Bronze |
| ★ William Blair Large Cap Growth | LCGFX | 20.45 | 37 | 22.44 | 9 | 16.44 | 14 | 12/27/99 | 0.65 | 520.5 | Q2 2020 | Gold |
| Mid-Cap Growth | | | | | | | | | | | | |
| Alger Mid Cap Focus | AFOZX | 28.43 | 5 | — | — | — | — | 6/14/19 | 0.99 | 180.6 | Q4 2019 | Neutral |
| Brown Advisory Mid Cap Growth | BAFMX | 5.68 | 65 | — | — | — | — | 10/2/17 | 0.70 | 128.6 | Q4 2019 | Bronze |
| Fidelity® Growth Strategies | FDEGX | 13.95 | 31 | 13.48 | 42 | 9.97 | 53 | 12/28/90 | 0.56 | 3,143.3 | Q2 2017 | Bronze |
| Mid-Cap Value | | | | | | | | | | | | |
| ★ Jensen Quality Value | JNVIX | -1.42 | 3 | 5.37 | 2 | 5.56 | 7 | 3/31/10 | 0.83 | 45.8 | Q2 2020 | Silver |
| MFS Mid Cap Value | MCVIX | -9.58 | 20 | 0.92 | 13 | 3.63 | 25 | 8/31/01 | 0.82 | 9,148.0 | Q4 2019 | Silver |
| Small Blend | | | | | | | | | | | | |
| Tributary Small Company | FOSCX | -18.17 | 89 | -4.38 | 91 | 2.02 | 63 | 6/10/96 | 1.20 | 714.0 | Q1 2017 | Gold |
| Small Growth | | | | | | | | | | | | |
| Conestoga SMid Cap | CCSGX | 5.98 | 62 | 15.45 | 26 | 13.95 | 11 | 1/21/14 | 0.85 | 204.5 | Q2 2018 | Silver |
| Baron Discovery | BDFFX | 16.42 | 12 | 15.41 | 23 | 13.57 | 13 | 9/30/13 | 1.35 | 724.1 | Q4 2018 | Gold |

Source: Morningstar Direct

Morningstar Prospects List (Continued)



★ = New Addition

| Asset Class / Category / Strategy Name | Ticker | Total Return (Month End) % | | | | | | Inception Date | Net Exp Ratio % | Total Net Assets (\$Million) | Date Added to Prospects | Morningstar Quantitative Rating |
|--|--------|----------------------------|----------|----------|----------|----------|----------|----------------|-----------------|------------------------------|-------------------------|---------------------------------|
| | | 1-Year | | 3-Year | | 5-Year | | | | | | |
| | | Return % | Cat Rank | Return % | Cat Rank | Return % | Cat Rank | | | | | |
| International Equity | | | | | | | | | | | | |
| Diversified Emerging Markets | | | | | | | | | | | | |
| Baillie Gifford Emerging Markets | BGEDX | -0.11 | 28 | 6.41 | 9 | 7.08 | 5 | 4/4/03 | 0.68 | 4,142.0 | Q4 2018 | Gold |
| Neuberger Berman Emerg Mkts Eq | NEMIX | -3.67 | 47 | 1.40 | 45 | 3.66 | 29 | 10/8/08 | 1.27 | 1,103.4 | Q3 2017 | Neutral |
| Foreign Large Growth | | | | | | | | | | | | |
| Baird Chautauqua Global Growth Equity | — | 11.08 | — | 11.15 | — | 11.73 | — | 1/3/07 | — | — | Q4 2017 | — |
| World Large Stock | | | | | | | | | | | | |
| Artisan Global Discovery | APFDX | 22.65 | 6 | — | — | — | — | 8/21/17 | 1.41 | 174.9 | Q2 2018 | Neutral |
| Baron Global Advantage | BGAIX | 45.91 | 1 | 31.02 | 1 | 21.21 | 1 | 4/30/12 | 0.90 | 1,226.1 | Q4 2018 | Gold |
| Taxable Bond | | | | | | | | | | | | |
| Corporate Bond | | | | | | | | | | | | |
| iShares Edge Investment Grade Enh Bd ETF | IGEB | 10.61 | 13 | — | — | — | — | 7/11/17 | 0.18 | 142.6 | Q4 2018 | Silver |
| Western Asset Corporate Bond | SIGYX | 8.06 | 63 | 6.01 | 46 | 6.05 | 12 | 11/6/92 | 0.55 | 906.5 | Q2 2017 | Neutral |
| Emerging Markets Bond | | | | | | | | | | | | |
| Aperture New World Opportunities | ANWOX | 2.80 | 12 | — | — | — | — | 3/18/19 | 1.33 | 351.9 | Q2 2019 | Negative |
| High Yield Bond | | | | | | | | | | | | |
| ★ Diamond Hill High Yield | DHHIX | 5.30 | 1 | 6.72 | 1 | 7.39 | — | 12/4/14 | 0.67 | 391.8 | Q2 2020 | Neutral |
| Intermediate Core-Plus Bond | | | | | | | | | | | | |
| ★ Calvert Bond | CBDIX | 5.79 | 73 | 4.46 | 63 | 4.28 | 38 | 8/24/87 | 0.53 | 1,840.1 | Q2 2020 | Negative |
| Multisector Bond | | | | | | | | | | | | |
| Muzinich Credit Opps | MZCIX | 4.04 | 18 | 4.35 | 16 | 4.44 | 12 | 1/3/13 | 0.66 | 446.7 | Q4 2019 | Bronze |
| Ultrashort Bond | | | | | | | | | | | | |
| Baird Ultra Short Bond | BUBIX | 2.51 | 18 | 2.31 | 23 | 1.79 | 34 | 12/31/13 | 0.15 | 2,559.7 | Q2 2019 | Silver |
| Municipal Bond | | | | | | | | | | | | |
| Muni National Intermediate | | | | | | | | | | | | |
| Baird Core Intermediate Municpl Bd | BMNIX | 4.63 | 12 | 4.08 | 8 | — | — | 8/31/15 | 0.30 | 601.3 | Q4 2016 | Gold |
| ESG | | | | | | | | | | | | |
| Allocation—50% to 70% Equity | | | | | | | | | | | | |
| BlackRock 60/40 Target Allocation ESG | — | 7.16 | — | 7.48 | — | — | — | 5/1/17 | — | — | Q2 2020 | — |
| Foreign Large Blend | | | | | | | | | | | | |
| Fidelity® Intl Sustainability Idx | FNIDX | -1.04 | 17 | 2.23 | 15 | — | — | 5/9/17 | 0.20 | 104.6 | Q4 2017 | Bronze |
| Intermediate Core-Plus Bond | | | | | | | | | | | | |
| PIMCO Total Return ESG | PTSAX | 8.31 | 25 | 5.08 | 32 | 4.24 | 44 | 5/1/91 | 0.84 | 1,587.3 | Q2 2019 | Gold |
| TIAA-CREF Green Bond | TGRNX | 7.29 | 51 | — | — | — | — | 11/16/18 | 0.45 | 37.4 | Q4 2019 | Bronze |
| Large Blend | | | | | | | | | | | | |
| SPDR® SSGA Gender Diversity ETF | SHE | -1.68 | 84 | 7.08 | 69 | — | — | 3/7/16 | 0.20 | 120.7 | Q3 2017 | Bronze |
| Large Growth | | | | | | | | | | | | |
| Brown Advisory Sustainable Growth | BIAWX | 21.82 | 30 | 21.29 | 12 | 17.77 | 8 | 6/29/12 | 0.88 | 2,990.2 | Q4 2019 | Silver |

Source: Morningstar Direct

Morningstar Prospects List (Continued)

★ = New Addition

| Asset Class / Category / Strategy Name | Ticker | Total Return (Month End) % | | | | | | Inception Date | Net Exp Ratio % | Total Net Assets (\$Million) | Date Added to Prospects | Morningstar Quantitative Rating |
|--|--------|----------------------------|----------|----------|----------|----------|----------|----------------|-----------------|------------------------------|-------------------------|--|
| | | 1-Year | | 3-Year | | 5-Year | | | | | | |
| | | Return % | Cat Rank | Return % | Cat Rank | Return % | Cat Rank | | | | | |
| Muni National Intermediate | | | | | | | | | | | | |
| ★ Neuberger Berman Municipal Impact | NMIIIX | 4.10 | 25 | 3.41 | 50 | 3.11 | 55 | 3/11/13 | 0.44 | 59.7 | Q2 2020 | Neutral |
| Pacific/Asia ex-Japan Stock | | | | | | | | | | | | |
| Matthews Asia ESG | MASGX | 3.32 | 41 | 4.70 | 43 | 4.90 | 37 | 4/30/15 | 1.38 | 55.5 | Q2 2019 |  Bronze |
| Short-Term Bond | | | | | | | | | | | | |
| PIMCO Low Duration ESG | PLDIX | 3.36 | 52 | 2.42 | 65 | 1.93 | 73 | 12/31/96 | 0.52 | 323.7 | Q2 2019 |  Silver |
| Ultrashort Bond | | | | | | | | | | | | |
| ★ PIMCO Enhncd Shrt Mtrty Actv ESG ETF | EMNT | — | — | — | — | — | — | 12/10/19 | 0.24 | 87.6 | Q2 2020 | — |

*The number of funds that receive a Morningstar Analyst Rating is limited by the size of the Morningstar analyst team. To expand the number of funds we cover, we have developed a machine-learning model that uses the decision-making processes of our analysts, their past ratings decisions, and the data used to support those decisions. The machine-learning model is then applied to the "uncovered" fund universe to create the Morningstar Quantitative Rating, which is analogous to the rating a Morningstar analyst might assign to the fund if an analyst covered the fund. These quantitative rating predictions make up what we call the Morningstar Quantitative Rating™ for funds.

Strategy Overviews

ESG

★ BlackRock Target Allocation ESG Series, by Jason Kephart

| Asset Class | Category | Morningstar Quantitative Rating | Vehicle | Comments |
|-------------|-------------------------------|---------------------------------|------------------|------------------------------|
| Allocation | Allocation--50% to 70% Equity | -- | Separate Account | New Fund/Experienced Manager |

This target-risk series of separate accounts that are representative of model portfolios is overseen by BlackRock's dedicated model portfolio solutions team. The same team also oversees the Silver-rated BlackRock Target Allocation ETF series of separate accounts. Michael Gates, lead portfolio manager of both series, led the build-out of the firm's model portfolio efforts in 2014. The group has since been folded into the broader asset-allocation research team that also oversees the firm's LifePath target-date series, including Gold-rated BlackRock LifePath Index.

This series distinguishes itself by only using underlying ETFs that intentionally target securities from companies with favorable environmental, societal, and governance characteristics. For example, the portfolios include iShares ESG U.S. Aggregate Bond EAGG, which have Morningstar Analyst Ratings of Silver.

| Portfolio Manager(s) | Start Date | Portfolio Manager(s) | Start Date |
|----------------------|------------|----------------------|------------|
| Michael Gates | 04-2018 | | |

Brown Advisory Sustainable Growth, by Claire Butz

| Asset Class | Category | Morningstar Quantitative Rating | Vehicle | Comments |
|-------------|--------------|---------------------------------|-------------|-------------------------|
| Equity | Large Growth | Silver | Mutual Fund | Under-the-Radar-Manager |

Brown Advisory Sustainable Growth offers an effective take on sustainable investing. Comanagers Karina Funk and David Powell have managed this strategy since June 2012. The two seek efficient businesses with strong customer loyalty and revenue growth, operating in industries with high barriers to entry. The duo's patient approach has resulted in low turnover and superior returns relative to its large-growth peers over the managers' eight-year tenure.

Funk and Powell have deep industry experience and complementary backgrounds despite working in separate locations. The Boston-based Funk's expertise is in technology, while Powell—who sits in Brown Advisory's Baltimore offices—has a long history with industrial stocks. Both sectors have been prominent historically in the portfolio. The pair works closely with the firm's central analyst team, particularly its three sustainability analysts, who collaborate with Brown Advisory's fundamental analysts to uncover companies' sustainability drivers and ESG risks, such as regulatory concerns and reputational threats. Funk and Powell do not consider sustainability separate from company fundamentals or use exclusionary screens—in their view, ESG considerations are a necessary component of their fundamental research.

| Portfolio Manager(s) | Start Date | Portfolio Manager(s) | Start Date |
|----------------------|------------|----------------------|------------|
| David B. Powell | 06-2012 | Karina Funk | 06-2012 |

Calvert Equity, by Tony Thomas

| Asset Class | Category | Morningstar Quantitative Rating | Vehicle | Comments |
|-------------|--------------|---------------------------------|-------------|-------------------------|
| Equity | Large Growth | Bronze | Mutual Fund | Unique Process/Strategy |

Manager Joe Hudepohl and a small, capable team at subadvisor Atlanta Capital combine an ESG mandate with a growth investing style. Calvert analysts define the investable universe by rating companies on financially material ESG factors. Hudepohl and three other managers then search this list for profitable companies with at least a decade of earnings or revenue strength. They build a modest large-cap portfolio of about 50 companies they believe are strong and stable. The quality bent allows the team to be patient—turnover is often low relative to peers—and the portfolio has tended to hold up better in market downturns. This approach and performance profile resemble the attractive features of

other Atlanta Capital-subadvised funds, such as Bronze-rated Eaton Vance Atlanta Capital Select Equity. Calvert manages a sliver of “impact investments” in the portfolio, including corporate bonds and equities issued by private companies. Though designed to give investors the feeling that they’re making a difference, this tiny sleeve typically holds less than 2% of assets and has little impact on performance.

| Portfolio Manager(s) | Start Date | Portfolio Manager(s) | Start Date |
|----------------------|------------|----------------------|------------|
| Joseph B. Hudepohl | 06-2015 | Lance V. Garrison | 06-2015 |
| Jeffrey A. Miller | 06-2015 | Robert R. Walton | 06-2015 |

Fidelity International Sustainability Index, by Daniel Sotiroff

| Asset Class | Category | Morningstar Quantitative Rating | Vehicle | Comments |
|-------------|---------------------|---------------------------------|-------------|-------------------------|
| Equity | Foreign Large Blend | Silver | Mutual Fund | Unique Process/Strategy |

Fidelity International Sustainability Index is a solid, low-cost way to target foreign stocks with strong corporate ESG practices. It tracks the market-cap-weighted MSCI ACWI Ex USA ESG Leaders Index, which selects stocks from the MSCI ACWI Ex USA Index that score high on several ESG metrics. It excludes businesses related to alcohol, tobacco, gambling, weapons, and nuclear power and ranks the remaining companies by an overall ESG score developed by MSCI. The index includes the highest-scoring names until it captures 50% of the parent universes' total market capitalization. It also attempts to match the sector weightings of the MSCI ACWI Ex USA Index to promote diversification and prevent the portfolio from making sector-specific bets.

There is little evidence that ESG criteria help or hurt returns, so investors should not expect this fund to beat the market over the long run. This well-diversified portfolio focuses on large-cap names and lands in the foreign large-blend category. It holds just over one third of the names of the MSCI ACWI Ex USA Index with 18% of assets in its 10 largest holdings, while its sector and country composition closely resemble the overseas market. Fidelity charges only 0.20% for this strategy, which should give it a long-term advantage.

The fund has a short track record. From its launch in May 2017 through June 2020, it managed to beat the average fund in Morningstar’s foreign large-blend category by 1.8 percentage points annually. Most of that outperformance came from stock selection, as the fund’s ESG mandate caused it to hold better-performing names over this period.

| Portfolio Manager(s) | Start Date | Portfolio Manager(s) | Start Date |
|----------------------|------------|----------------------|------------|
| Deane Gyllenhaal | 05-2017 | Louis Bottari | 05-2017 |
| Peter Matthew | 05-2017 | Robert Regan | 05-2017 |
| Payal Kapoor Gupta | 06-2019 | | |

Matthews Asia ESG, by William Samuel Rocco

| Asset Class | Category | Morningstar Quantitative Rating | Vehicle | Comments |
|-------------|---------------------------|---------------------------------|-------------|-------------------------|
| Equity | Pacific/Asia ex-Japan Stk | Bronze | Mutual Fund | Unique Process/Strategy |

This Pacific/Asia ex-Japan strategy, which opened in April 2015, has four factors in its favor. First and foremost, Matthews International Capital Management has a long and successful history of investing in Asia. The firm opened two Pacific/Asia funds in the early 1990s, and it now has 17 Asia funds plus one diversified emerging-markets offering—which opened in 2020—in its lineup. Eleven of the firm’s funds currently receive Analyst Ratings, and all of them are Morningstar Medalists. Second, this fund is in good hands: Lead manager Vivek Tanneeru is a Matthews veteran with 16 years of investment experience, while comanager Winnie Chwang has spent her entire 16-year investment career at Matthews. The two managers have 37 investment professionals to draw on for support—including a dedicated ESG analyst—and this group is quite seasoned and skilled overall. Third, Tanneeru and Chwang employ an attractive process that combines sensible ESG principles and a sound growth discipline. Fourth, from its inception through June 2020, the fund has better total and risk-adjusted returns than its prospectus benchmark, the MSCI All Country Asia ex Japan Index.

| Portfolio Manager(s) | Start Date | Portfolio Manager(s) | Start Date |
|----------------------|------------|----------------------|------------|
| Vivek Tanneeru | 04-2015 | Winnie Chwang | 04-2015 |

SPDR SSGA Gender Diversity ETF, by Alex Bryan

| Asset Class | Category | Morningstar Quantitative Rating | Vehicle | Comments |
|-------------|-------------|---------------------------------|-------------|-------------------------|
| Equity | Large Blend | Bronze | Mutual Fund | Unique Process/Strategy |

This is a socially conscious fund that takes aim at the persistent under-representation of women in corporate leadership ranks. Its index ranks the 1,000 largest U.S. stocks on three ratios that measure the number of women to men in executive and board roles. It then targets those with the highest scores representing 10% of the collective market capitalization in each sector. Qualifying companies must also

have at least one female CEO, chairperson, or member of the board of directors. Stocks that make the cut are weighted by market cap. The portfolio is a bit top-heavy but otherwise well-diversified. The fund's sector-relative approach to stock selection tends to keep it from making concentrated sector bets but doesn't eliminate them entirely. The portfolio currently has much less exposure to the technology sector than the Russell 1000 Index, which is a source of risk.

This strategy isn't intended to deliver market-beating performance, and there is little reason to think it will. However, it offers an attractive way for investors who care about gender diversity in corporate leadership to express that preference. The fund charges a reasonable 0.20% annual fee and donates a portion of that revenue to SHE Impacts, a donor-advised fund that supports charitable organizations focusing on science, technology, engineering, and math programs for young women. True to form, this fund is managed by women.

| Portfolio Manager(s) | Start Date | Portfolio Manager(s) | Start Date |
|----------------------|------------|----------------------|------------|
| Lynn Blake | 03-2016 | Melissa Kapitulik | 03-2016 |
| Amy Cheng | 10-2016 | | |

★ **Calvert Bond**, by Gabriel Dennis

| Asset Class | Morningstar Category | Morningstar Quantitative Rating | Vehicle | Comments |
|--------------|-----------------------------|---------------------------------|-------------|-------------------------|
| Fixed Income | Intermediate Core-Plus Bond | Negative | Mutual Fund | Unique Process/Strategy |

Launched in August 1987, Calvert Bond is one of the oldest ESG-focused core fixed-income strategies available to U.S. investors and, with nearly \$2 billion in assets as of June 2020, continues to be one of the better-known options for sustainably minded fixed-income investors. Calvert Research and Management, acquired by Eaton Vance in 2016, has a long history of SRI and ESG investing stemming from its early divestment from apartheid-era South Africa and commitment to driving shareholder resolutions. Today, the firm continues to sport one of the largest and well-organized ESG research and engagement teams in the industry and is seen as a thought leader by many in the sustainability domain.

That said, this strategy is not without its challenges. Comanagers Vishal Khanduja and Brian Ellis have a relatively short tenure compared with some of their strategy's more settled rivals, and the investment team they lead, while growing, is relatively green. Indeed, since its acquisition by Eaton Vance, both the ESG and traditional investing teams have seen marked turnover in their ranks, with further reorganization on the traditional side following the 2019 departure of Kathleen Gaffney, head of multisector and investment-grade-debt investing. The traditional investing team has yet to demonstrate an edge with their investment process, with most Calvert fixed-income strategies we monitor suffering

precipitous declines relative their respective category rivals during the recent coronavirus-related sell-off. Without an outsize fee advantage, the strategy remains a hard one to recommend at present.

| Portfolio Manager(s) | Start Date | Portfolio Manager(s) | Start Date |
|----------------------|------------|----------------------|------------|
| Vishal Khanduja | 01-2013 | Brian S. Ellis | 07-2017 |

★ **Neuberger Berman Municipal Impact**, by Mike Mulach

| Asset Class | Morningstar Category | Morningstar Quantitative Rating | Vehicle | Comments |
|--------------|----------------------------|---------------------------------|-------------|-------------------------|
| Fixed Income | Muni National Intermediate | Neutral | Mutual Fund | Unique Process/Strategy |

Neuberger Berman has offered ESG strategies for more than two decades. The firm's process and resources dedicated to the effort stand out among a growing market; this strategy is no exception.

Launched in June 2018, Neuberger Berman Municipal Impact Fund (formerly Neuberger Berman New York Municipal Income Strategy) is one of only a handful of open-end municipal bond strategies focused on impact investing available to U.S. investors. As with most Neuberger Berman fixed-income strategies, it benefits from a deep and experienced portfolio management team in Jamie Iselin, James Lyman, Jeffrey Hunn, and Blake Miller, who together average 27 years of experience.

This impact-focused strategy invests in U.S. municipal securities that support positive social and environmental outcomes with a bias to underserved communities. The process blends the muni team's fundamental credit research with several key considerations, such as the sustainable practices of the issuer, the social and environmental impact of the project being funded, and the value the project will add for a specific county. While total return is a secondary goal, this strategy has delivered strong returns over its short history. From July 2018 through June 2020, the strategy's 5.3% annualized return on its institutional share class beat 76% of its muni-national intermediate Morningstar Category peers. The strategy also exhibited excellent downside protection in both the fourth quarter of 2018 and the COVID-19 sell-off from Feb. 20 through March 23, 2020, landing in the top quintile each time.

| Portfolio Manager(s) | Start Date | Portfolio Manager(s) | Start Date |
|----------------------|------------|----------------------|------------|
| Stephen Blake Miller | 03-2013 | James L. Iselin | 03-2013 |
| James Lyman | 06-2018 | Jeffrey W. Hunn | 06-2018 |

★ PIMCO Enhanced Short Maturity Active ESG ETF, by Miriam Sjoblom

| Asset Class | Morningstar Category | Morningstar Quantitative Rating | Vehicle | Comments |
|--------------|----------------------|---------------------------------|---------|-------------------------|
| Fixed Income | Ultrashort Bond | | ETF | Unique Process/Strategy |

Since formalizing its ESG investment platform in early 2017, Pimco has continued to expand its ESG investment menu. In December 2019, the firm launched PIMCO Enhanced Short Maturity Active ESG ETF (EMNT), an ESG-optimized version of its popular Gold-rated ultrashort bond Morningstar Category sibling, PIMCO Enhanced Short Maturity Active ETF (MINT). EMNT benefits from the same skilled investment team, led by short-term desk head Jerome Schneider, and a process focused on liquidity and downside protection that has proved successful at MINT as well as its open-end ultrashort bond siblings, including Silver-rated PIMCO Short-Term (PTSHX). While the two ETFs share a lot in common, EMNT's bottom-up security selection is tailored to avoid issuers with deteriorating-to-poor ESG practices, such as harmful environmental policies, while emphasizing those with improving-to-exemplary ESG practices. Pimco has hired several ESG specialists in recent years to work on issuer engagement and fine-tune its credit analysts' ESG scoring methodology, but the responsibility for assessing issuers' ESG practices is spread broadly across the research team. That methodology is already well-established for corporate and sovereign issuers, and Pimco has more recently adapted it to the structured credit and municipal-bond sectors. In 2018, Scott Mather — CIO of U.S. Core Strategies and lead manager of PIMCO Total Return (PTTRX) — took on oversight of Pimco's ESG portfolio-integration process. While Pimco continues to refine its approach, this strategy builds on a strong foundation. Thanks to a management-fee waiver, EMNT's attractive 0.24% expense ratio makes it the cheapest in Pimco's ultrashort-bond lineup, an important advantage in today's low-yielding environment.

| Portfolio Manager(s) | Start Date | Portfolio Manager(s) | Start Date |
|----------------------|------------|----------------------|------------|
| Jerome M. Schneider | 12-2019 | Andrew T. Wittkop | 12-2019 |
| Jelle Brons | 12-2019 | Nathan Chiaverini | 12-2019 |

Allocation

★ American Funds Tax Aware G&I, by Jason Kephart

| Asset Class | Category | Morningstar Quantitative Rating | Vehicle | Comments |
|-------------|-------------------------------|---------------------------------|------------------|-------------------------|
| Allocation | Allocation--30% to 50% Equity | -- | Separate Account | Unique Process/Strategy |

The American Funds Tax-Aware Growth and Income series of separate accounts follows a similar process as its Bronze-rated Growth and Income target-risk series but with an emphasis on maximizing after-tax returns. To achieve this, the series typically uses the firm's municipal-bond funds as the fixed-income component of the portfolios instead of the taxable-bond funds found in their Growth and Income series. For example, the American Funds Tax-Aware Moderate Income portfolio includes American Funds Tax-Exempt Bond and American Funds Limited-Term Tax-Exempt Bond as its core fixed-income holdings; both earn a Morningstar Analyst Rating of Bronze for the F2 share classes included in the portfolio. The tax-exempt bonds are complemented by the firm's well-regarded equity funds, whose F2 share classes are mostly rated Gold or Silver.

These six separate accounts are representative of the model portfolios. One of the portfolios, American Funds Tax-Aware Conservative Growth and Income, is also available as a mutual fund.

| Portfolio Manager(s) | Start Date | Portfolio Manager(s) | Start Date |
|----------------------|------------|----------------------|------------|
| James B. Lovelace | 09-2019 | John H. Smet | 09-2019 |
| Alan N. Berro | 09-2019 | Andrew B. Suzman | 09-2019 |
| Jody F. Johnson | 09-2019 | Bradley J. Vogt | 09-2019 |

Chiron Capital Allocation, by Leo Acheson

| Asset Class | Category | Morningstar Quantitative Rating | Vehicle | Comments |
|-------------|------------------|---------------------------------|-------------|------------------------------|
| Allocation | World Allocation | Neutral | Mutual Fund | New Fund/Experienced Manager |

Lead portfolio manager and CIO Ryan Caldwell cofounded Chiron Investment Management in 2015 after departing Waddell & Reed in 2014. FS Investments acquired Chiron Investment Management in March 2020, but that shouldn't impact this fund, which continues to operate on a stand-alone basis.

At Waddell & Reed, Caldwell comanaged the firm's flagship fund, Ivy Asset Strategy, from early 2007 through mid-2014. The fund earned strong returns under his purview but ran into performance woes shortly after he departed. Caldwell says this fund's approach closely mimics what he implemented at Ivy Asset Strategy, though this fund doesn't use private placements, which exacerbated issues at Ivy Asset Strategy.

The strategy is well-researched but highly complex and has a relatively short track record in its current form. Primarily quant-driven, the strategy seeks to capitalize on macroeconomic trends and undervalued securities in worldwide markets. Signals such as investor sentiment and management behavior inform the top-down positioning. A fundamental research team then selects approximately 100 holdings. The portfolio has wide guardrails. For instance, equities can shift from 25% to 80% of assets, and bonds can take between 10% and 50% of assets. Management has made use of that flexibility, as evidenced by consistently high turnover, which clocked in at 161% during 2019.

Caldwell splits the investment team into two separate groups: a quant team, headed by Brian Cho, and a fundamentals team, captained by former Buffalo Funds stock-picker Grant Sarris. The fund's fourth comanager, Scott Sullivan, joined the management roster in early 2019 and previously worked with Caldwell at Waddell & Reed.

Vanguard Global Wellesley Income, by Patricia Oey

| Asset Class | Category | Morningstar Quantitative Rating | Vehicle | Comments |
|--------------------|------------------|--|----------------|------------------------------|
| Allocation | World Allocation | Gold | Mutual Fund | New Fund/Experienced Manager |

In August 2019, Vanguard appointed a new equity portfolio manager, Andre Desautels, to Vanguard Global Wellesley Income. He replaced Ian Link, who had been the sole equity portfolio manager since the fund's inception in November 2017. Vanguard said the change stemmed from concerns about the fund's performance. After taking over, Desautels tweaked the dividend-focused process--the current portfolio has slightly better profitability and financial health scores than Link's picks. The fund held up well during the first-quarter volatility, and through June 2020 its performance is trending ahead of its custom benchmark. Desautels was previously a global telecom analyst at the fund's subadvisor, Wellington, where he has worked since 2006.

Colead bond managers Michael Stack and Loren Moran have been at the helm since the fund's inception in October 2017 and are capable in running a portfolio tilted toward high-quality corporates for a slight yield lift. For five years they worked closely with John Keogh, who ran the bond portfolios of Vanguard Wellington and Wellesley Income for 13 and 11 years, respectively, until he retired in June

2019. Here, they invest much of their 65% bond allocation in global corporate bonds, with small allocations to foreign sovereign debt and securitized bonds. They work closely with two London-based colleagues for additional insights on non-U.S. securities.

As with most Vanguard funds, fees here are very low; the Admiral shares charge 0.33%, significantly below the average world allocation peer.

| Portfolio Manager(s) | Start Date | Portfolio Manager(s) | Start Date |
|----------------------|------------|----------------------|------------|
| Andre Desautels | 8-2019 | Loren Moran | 10-2017 |
| Michael Stack | 10-2017 | | |

Alternative

★ AXS Aspect Core Diversified Strategy, by Erol Alitovski

| Asset Class | Category | Morningstar Quantitative Rating | Vehicle | Comments |
|-------------|-----------------|---------------------------------|-------------|-------------------------|
| Alternative | Managed Futures | Neutral | Mutual Fund | Unique Process/Strategy |

AXS Aspect Core Diversified Strategy is a managed futures strategy that aims to benefit from market trends, either up or down, across multiple asset classes and markets. The strategy is subadvised by Aspect Capital, a firm well-versed in implementing systematic trend-following programs dating back to 1997. Named portfolio managers on the strategy include Aspect's founders: Martin Lueck, who is also head of research; Anthony Todd (CEO); and Mark Lacuesta, head of research at AXS. Aspect's investment committee--made up of senior personnel responsible for the daily management of the program and for reviewing and approving all research--also support the strategy. The firm is recognized for its steadfast commitment to research and a strong investment culture.

The process is quantitative and incorporates multiple strategies based on research that the fund manager believes to be measurable and persistent. The mutual fund focuses on medium-term trend signals and is traded across nearly 90 of the most-liquid financial products available, namely commodity, equity index, and fixed-income futures; currency forwards; and other derivative contracts. Core Diversified Strategy's fees are slightly below average at 1.45% for the institutional share class compared with the typically expensive managed futures Morningstar Category.

| Portfolio Manager(s) | Start Date | Portfolio Manager(s) | Start Date |
|----------------------|------------|----------------------|------------|
| Anthony Todd | 01-2016 | Martin Lueck | 01-2016 |
| Mark Lacuesta | 01-2020 | | |

BlackRock Systematic Multi-Strategy, by Bobby Blue

| Asset Class | Category | Morningstar Quantitative Rating | Vehicle | Comments |
|-------------|------------------|---------------------------------|-------------|------------------------------|
| Alternative | Multialternative | Bronze | Mutual Fund | New Fund/Experienced Manager |

Veteran manager Tom Parker leads this fund, which is similar in philosophy to his Fixed Income Global Alpha hedge fund, the largest such product offered at BlackRock. Liquidity constraints limit this fund's access to certain trading strategies included in the hedge fund, but the same quantitative signals drive the asset allocation and security selection. The fund allocates about 80% of assets to a fixed-income sleeve that looks like a multisector bond fund. A model looking at factors like relative value, underlying fundamentals, momentum, and sentiment determine the exact weightings within this sleeve. A tactical sleeve dedicated to macro-trading strategies and defensive long-short equity investments receives the remaining 20% of assets. This tactical overlay provides uncorrelated returns relative to the fixed-income sleeve, which should dampen overall portfolio volatility. On a risk-weighted basis, the fixed-income and tactical trading sleeves contribute about 50% each to the overall portfolio volatility target of 4%-6%. The 0.95% fee for the strategy's Institutional share class, excluding short interest and dividend costs, makes it one of the cheaper options in the multialternative category.

| Portfolio Manager(s) | Start Date | Portfolio Manager(s) | Start Date |
|----------------------|------------|----------------------|------------|
| Scott Radell | 05-2015 | Tom Parker | 05-2015 |
| Jeffrey Rosenberg | 10-2018 | | |

GMO Alternative Allocation, by Erol Alitovski

| Asset Class | Category | Morningstar Quantitative Rating | Vehicle | Comments |
|-------------|------------------|---------------------------------|-------------|------------------------------|
| Alternative | Multialternative | - | Mutual Fund | New Fund/Experienced Manager |

This fund offers investors access to diversifying, liquid alternative strategies. With the help of Ben Inker and GMO's asset-allocation group, Matt Kadner and B.J. Brannan team up to manage the firm's dedicated liquid alternative fund. The fund launched in April 2019 and makes use of GMO's in-house alternative strategies, which the firm's flagship GMO Benchmark-Free Allocation has used since its 2003 inception. Asset allocation is dynamic and dictated by the opportunity set, which is informed by GMO's capital market views and the underlying strategies' portfolio managers. The managers allocate to a combination of strategies with low market sensitivity, such as GMO SGM Major Markets, and those with more market sensitivity, such as options selling and merger arbitrage. Management uses GMO's well-defined asset-class forecasts to help identify various market regimes, which then informs asset-

allocation shifts to riskier strategies, such as emerging-markets debt, or defensive strategies such as macro hedges. The fund targets a cash plus 4% return with equity beta of less than 0.3. The fund's 0.83% price undercuts many multialternative category peers.

| Portfolio Manager(s) | Start Date | Portfolio Manager(s) | Start Date |
|----------------------|------------|----------------------|------------|
| B.J. Brannan | 04-2019 | Ben Inker | 04-2019 |
| Matt Kadnar | 04-2019 | | |

JPMorgan International Hedged Equity, by Jason Kephart

| Asset Class | Category | Morningstar Quantitative Rating | Vehicle | Comments |
|-------------|---------------|---------------------------------|-------------|------------------------------|
| Alternative | Options-based | Neutral | Mutual Fund | New Fund/Experienced Manager |

JPMorgan International Hedged Equity features the same veteran options-trading management and process that underlie its U.S.-focused sibling, Silver-rated JPMorgan Hedged Equity. Hamilton Reiner, the architect behind the fund's distinctive options-trading strategy, has extensive experience trading derivatives. He is the head of U.S. equity derivatives within JPMorgan Asset Management, and prior to that headed U.S. equity and derivatives at JPMorgan Chase. Demetris Georghiou oversees the fund's benchmark-hugging quantitative equity strategy. The fund uses options tied to the MSCI EAFE Index, as having the underlying equity strategy stick near its bogy lowers the risk of the portfolio's hedges not moving in line with the equity holdings.

The goal of this fund is to participate in some of the MSCI EAFE Index's upside while limiting downside. It does this by purchasing a put option on the index 5% below its current level each quarter. It sells options to collect the premiums to pay for that protection. Reiner sells a put option 20% below the current level and sells a call option between 3.5% and 5.5% above the current level. The options are reset each quarter. This structure means the fund is generally protected from quarterly losses of between 5% and 20%. If the index's quarterly return is positive, the fund should capture 35% to 55% of the rally, depending on the strike price of the call option.

| Portfolio Manager(s) | Start Date | Portfolio Manager(s) | Start Date |
|----------------------|------------|----------------------|------------|
| Demetrius Georghiou | 03-2019 | Hamilton Reiner | 03-2019 |

Parametric Volatility Risk Premium--Defensive, by Erol Alitovski

| Asset Class | Category | Morningstar Quantitative Rating | Vehicle | Comments |
|-------------|---------------|---------------------------------|-------------|------------------------------|
| Alternative | Options-based | Neutral | Mutual Fund | New Fund/Experienced Manager |

This options-based strategy harvests the equity insurance risk premium, otherwise known as the difference between the implied and realized volatility of the equity market. The volatility risk premium is the compensation one party collects for providing insurance against large swings in financial markets. Historically this premium has been positive and behavioral finance indicates that the premium will continue to exist. However, there can be brief periods of downside risk when realized volatility spikes higher than implied volatility. Typically, though, these losses are temporary, as higher volatility is usually accompanied by higher option pricing. This strategy aims to deliver equitylike returns with substantially lower risk over full market cycles. It implements a predominantly systematic process consisting of 50% S&P 500 exposure and 50% Treasury bills overlaid with a portfolio of short, out-of-the-money S&P 500 puts and calls. The portfolio has performed well in flat and declining equity markets but struggled to keep pace in rallies. Although this fund is relatively new, Parametric, by virtue of its acquisition of Clifton Group, has a long history of trading options for its institutional clients. The fund has a compelling net expense ratio of 0.52%.

| Portfolio Manager(s) | Start Date | Portfolio Manager(s) | Start Date |
|----------------------|------------|----------------------|------------|
| Jay Strohmaier | 02-2017 | Thomas Lee | 02-2017 |
| Thomas Seto | 02-2017 | | |

Weiss Alternative Balanced Risk, by Bobby Blue

| Asset Class | Category | Morningstar Quantitative Rating | Vehicle | Comments |
|-------------|------------------|---------------------------------|-------------|------------------------------|
| Alternative | Multialternative | Neutral | Mutual Fund | New Fund/Experienced Manager |

Weiss has managed multimanager strategies in hedge fund vehicles since the early 1980s, launching this mutual fund at the end of 2015. Lead manager Jordi Visser oversees a portfolio that invests equally (on a risk-weighted basis) in equity, fixed income, and a market-neutral portfolio. The equity and fixed-income sleeves represent relatively straightforward beta exposures to those markets, but the market-neutral sleeve makes the fund stand out.

Weiss' market-neutral strategy relies on a broad cadre of underlying managers that run concentrated market-neutral portfolios. Visser's task is to evaluate the managers' efficacy and allocate across the

roster. To do so, he uses a risk dashboard that gives him and his team insight into the holdings, exposures, and risk contributions of the individual portfolios. Blending the underlying portfolios together requires an intimate knowledge of how the strategies will interact; the team has shown an ability to do so with the help of its custom technology. Given the fund's exposure to equity and fixed-income betas, investors should expect more correlation to these markets than perhaps other multialternative funds, but its three-year beta to the S&P 500 is still a low 0.2.

| Portfolio Manager(s) | Start Date | Portfolio Manager(s) | Start Date |
|----------------------|------------|----------------------|------------|
| Charles Crow | 12-2015 | Edward Olanow | 12-2015 |
| Jordi Visser | 12-2015 | | |

Equity

Alger Mid Cap Focus, by Tony Thomas

| Asset Class | Category | Morningstar Quantitative Rating | Vehicle | Comments |
|-------------|----------------|---------------------------------|-------------|------------------------------|
| Equity | Mid-Cap Growth | Neutral | Mutual Fund | New Fund/Experienced Manager |

Though Alger Mid Cap Focus launched only in June 2019, manager Amy Zhang is a known quantity. Zhang honed her investing skills in more than a dozen years comanaging Gold-rated Brown Capital Management Small Company before joining Alger in 2015 to take up Alger Small Cap Focus. She's had an impressive run since then, contributing to that fund's Silver rating. This fund's strategy is a natural extension of her small-cap work. Zhang targets companies with operating revenues of at least \$500 million and with visionary management teams. She builds a high-conviction portfolio of about 50 stocks or less, and she's willing to pay up for long-term growth prospects. Yet the fund isn't without drawbacks. About half of its assets are in names shared with the now-closed Alger Small Cap Focus, calling the mid-cap strategy's capacity into question. There's also key-person risk in Zhang, and the young fund's above-average fees could get cheaper as its assets grow. Even so, Zhang's stellar record with similar strategies and her investing acumen make this a promising new offering.

| Portfolio Manager(s) | Start Date |
|----------------------|------------|
| Amy Y. Zhang | 06-2019 |

Artisan Global Discovery, by Nick Watson

| Asset Class | Category | Morningstar Quantitative Rating | Vehicle | Comments |
|-------------|-------------------|---------------------------------|-------------|------------------------------|
| Equity | World Large Stock | Neutral | Mutual Fund | New Fund/Experienced Manager |

This strategy will hit its three-year mark in August 2020, but it comes with a substantial pedigree. Its four portfolio managers and the team behind them have steered Silver-rated strategies Artisan Mid Cap, Artisan Global Opportunities, and Artisan Small Cap since 1997, 2008, and 2009, respectively. The team's history of investing in non-U.S. markets is a bit shorter: world large-stock fund Artisan Global Opportunities moved from the U.S. equity-focused large-growth category in 2012. But the team added non-U.S. expertise before ramping up that fund's overseas stake in such stocks over several years.

One or more of the team's other charges also own most of this fund's holdings, suggesting that it isn't straying too far into unexplored territory for them. Capacity bears watching. Artisan Small Cap recently reopened after being closed to new investors since 2013, and Artisan Global Opportunities is nearing the team's capacity estimate. After years of substantial outflows, Artisan Mid Cap reopened to new investors in February 2019. Fees are high in this fund.

| Portfolio Manager(s) | Start Date | Portfolio Manager(s) | Start Date |
|----------------------|------------|----------------------|------------|
| Craigh Cepukenas | 08-2017 | James Hamel | 08-2017 |
| Jason White | 08-2017 | Matthew Kamm | 08-2017 |

Baillie Gifford Emerging Markets, by Connor Young

| Asset Class | Category | Morningstar Quantitative Rating | Vehicle | Comments |
|-------------|------------------------------|---------------------------------|-------------|-------------------------|
| Equity | Diversified Emerging Markets | Gold | Mutual Fund | Unique Process/Strategy |

The deep team guiding this strategy remains solid even after losing a key member. Richard Sneller, head of emerging-markets equities and longest-tenured manager here, stepped down in April 2020. Mike Gush and Andrew Stobart, comanagers for more than a decade, remain and run the portfolio with Ewan Markson-Brown, who joined the management team in October 2019. William Sutcliffe, not listed on this strategy, took over as head of emerging-markets equities. Both Markson-Brown and Sutcliffe have roughly two decades of investment experience. The managers are well-resourced, receiving support from four others on the emerging-markets equities team, including Sutcliffe, and the firm's other non-U.S. and global investors. They continue to carry out the strategy's established approach. They search for companies they believe can double in size within five years, preferring those with large addressable

markets, sustainable competitive advantages, healthy balance sheets, and effective management. They pay little attention to short-term earnings; instead, they buy firms that are undervalued according to their long-term outlook. Therefore, the portfolio holds some riskier fare and typically leans a bit more toward growth than the MSCI Emerging Markets Index. This has led to a bumpy ride at times, but below-average portfolio turnover shows the managers maintain a long-term mindset. That has served patient investors well. Competitive fees add to the strategy's appeal.

| Portfolio Manager(s) | Start Date | Portfolio Manager(s) | Start Date |
|----------------------|------------|----------------------|------------|
| Richard Sneller | 04-2003 | Mike Gush | 12-2005 |
| Andrew Stobart | 12-2007 | Ewan Markson-Brown | 10-2019 |

Baird Chautauqua International Growth Equity, by Connor Young

| Asset Class | Category | Morningstar Quantitative Rating | Vehicle | Comments |
|-------------|----------------------|---------------------------------|------------------|------------------------------|
| Equity | Foreign Large Growth | Neutral | Separate Account | New Fund/Experienced Manager |

This strategy's lead manager and investment approach have persisted through multiple corporate changes since the strategy's 2006 launch. Brian Beitner worked under noted growth investor Glen Bickerstaff at TCW Group and launched this vehicle while still at the firm. In 2009, he took the record with him and founded Chautauqua Capital Management; Baird acquired the firm in 2016 but gives it autonomy.

Beitner and four others, including colead manager Haicheng Li and comanagers Nathaniel Velarde and Jesse Flores, continue to seek companies with sustainable competitive advantages that can benefit from long-term trends. Expect volatility here: The portfolio is concentrated with just 30-40 stocks, and the managers don't mind paying up for firms with their preferred characteristics. Indeed, the strategy has a High Morningstar Risk Rating. However, it has compensated investors for that risk. The strategy's gross and risk-adjusted returns topped the MSCI ACWI Ex USA Growth Index over its 14-year history. It has also remained nimble, with just \$454 million in assets between the separately managed account and a mutual fund (Chautauqua International Growth) that was launched in 2016.

| Portfolio Manager(s) | Start Date | Portfolio Manager(s) | Start Date |
|----------------------|------------|----------------------|------------|
| Brian Beitner | 01-2006 | Haicheng Li | 05-2020 |
| Nathaniel R. Velarde | 05-2020 | Jesse Flores | 05-2020 |

Baron Discovery, by Adam Sabban

| Asset Class | Category | Morningstar Quantitative Rating | Vehicle | Comments |
|-------------|--------------|---------------------------------|-------------|-------------------------|
| Equity | Small Growth | Gold | Mutual Fund | Under-the-Radar-Manager |

Led by an up-and-coming management duo, Baron Discovery is off to a strong start. Comanagers Laird Bieger and Randy Gwartzman have led the fund since its late 2013 launch but are no strangers to small caps. They joined Baron Capital in the early 2000s as analysts, supporting Silver-rated Baron Small Cap manager Cliff Greenberg. While Greenberg has been a resource and mentor, Bieger and Gwartzman have given their small-cap fund a distinct profile. Baron Small Cap sits higher on the market-cap spectrum, whereas this fund offers pure small-cap exposure with an average market cap in line with the Russell 2000 Growth Index. Additionally, this fund is more willing than its cousin to invest in earlier-stage and riskier fare, such as biotech and pharmaceutical companies.

Thus far, the fund is off to an outstanding start. From its inception through June 2020, it has beaten the Russell 2000 Growth Index and is a top performer in the small-growth category. However, investors should brace for the volatility that usually comes with such eye-popping returns, exhibited by the fund's bottom-decile 2015 result. Bieger and Gwartzman haven't been tested by a sustained market downturn, and above-average expenses are a headwind. The \$724 million fund is an intriguing, open small-cap option, though.

| Portfolio Manager(s) | Start Date | Portfolio Manager(s) | Start Date |
|----------------------|------------|----------------------|------------|
| Laird Bieger | 09-2013 | Randolph Gwartzman | 09-2013 |

Baron Global Advantage, by Connor Young

| Asset Class | Category | Morningstar Quantitative Rating | Vehicle | Comments |
|-------------|-------------------|---------------------------------|-------------|-------------------------|
| Equity | World Large Stock | Gold | Mutual Fund | Under-the-Radar-Manager |

Alex Umansky joined Baron Capital in 2011 and has managed this strategy since its inception in 2012. Prior to joining Baron, he spent 18 years at Morgan Stanley. He's had success elsewhere, notably at Baron Fifth Avenue Growth, which has been solid since he took over in 2011. With support from the firm's 14 other portfolio managers and 20 research analysts, Umansky searches for firms around the world with sustainable competitive advantages, favoring those with strong network effects. He's willing to pay up for firms with his preferred growth characteristics, so the portfolio's average valuations, such as price/equity and price/book, tend to be higher than those of the MSCI ACWI Growth Index. The portfolio is concentrated, typically holding between 40 and 50 stocks, with an often-hefty emerging-

markets allocation. This aggressive profile means the strategy may suffer bouts of underperformance, but management makes its bets for the long term--indeed, annual portfolio turnover is typically between 20% and 30%. This is a solid choice for investors willing to ride out above-average volatility.

| Portfolio Manager(s) | Start Date |
|----------------------|------------|
| Alex Umansky | 04-2012 |

Brown Advisory Mid-Cap Growth, by Claire Butz

| Asset Class | Category | Morningstar Quantitative Rating | Vehicle | Comments |
|-------------|----------------|---------------------------------|-------------|-------------------------|
| Equity | Mid-Cap Growth | Gold | Mutual Fund | Under-the-Radar-Manager |

This fund's skilled leadership, proven process, and low price make it worth watching. Experienced managers George Sakellaris and Christopher Berrier seek market-leading or share-gaining firms with transparent management teams and strong economic profits. The rigorous process involves extensive collaboration with a central research bench consisting of sector-specific analysts, as well as investigative, risk, and sustainability analysts who tackle research outside the typical realm. The team prioritizes continual approach enhancements, such as using third-party analysis to identify and respond to its behavioral pitfalls.

Although the fund is relatively young, Sakellaris and Berrier's approach is time-tested. They have used this strategy at Brown Advisory Small-Cap Growth since April 2006, which landed it in the top quintile of small-growth category peers from then through June 2020. The mid-cap approach has also proved effective in separate accounts, where Brown Advisory Mid-Cap Composite has an excellent record from its March 2012 inception through June 2020. Across the strategies, the team's risk-conscious positioning has provided shareholders with impressive downside protection and low volatility.

| Portfolio Manager(s) | Start Date | Portfolio Manager(s) | Start Date |
|------------------------|------------|----------------------|------------|
| Christopher A. Berrier | 10-2017 | George J Sakellaris | 10-2017 |

Conestoga SMid Cap, by Tony Thomas

| Asset Class | Category | Morningstar Quantitative Rating | Vehicle | Comments |
|-------------|--------------|---------------------------------|-------------|------------------------------|
| Equity | Small Growth | Silver | Mutual Fund | New Fund/Experienced Manager |

Lead manager Bob Mitchell, who also helms Silver-rated Conestoga Small Cap, extends his firm's small-cap approach into mid caps. Alongside comanagers Joe Monahan and Derek Johnston and a small but suitable analyst team, Mitchell seeks companies with sustainable 12%-15% earnings-growth potential for at least three years. The team also likes high returns on equity, low debt, and meaningful management ownership. The managers build a portfolio of 40-60 holdings, sharing roughly half with the small-cap portfolio. Having tracked many of these companies for years, the managers can take a long-term view and trade patiently. They also work within many reasonable parameters—such as capping the small-cap overlap at 35 names and trimming when a stock reaches \$15 billion in market cap—which gives the process discipline and structure. Conestoga has restricted access to the small-cap fund, but this SMID-cap offering (which launched in early 2014) still has plenty of capacity. Hefty expense waivers also keep costs down for investors. These attractive features stand out despite the fund's short but competitive track record.

| Portfolio Manager(s) | Start Date | Portfolio Manager(s) | Start Date |
|-------------------------|------------|----------------------|------------|
| Robert Mitchell | 01-2014 | Joseph Monahan | 01-2014 |
| Derek Sterling Johnston | 01-2016 | | |

Fidelity Growth Strategies, by Robby Greengold

| Asset Class | Category | Morningstar Quantitative Rating | Vehicle | Comments |
|-------------|----------------|---------------------------------|-------------|-------------------------|
| Equity | Mid-Cap Growth | Bronze | Mutual Fund | Under-the-Radar Manager |

Portfolio manager Jean Park employs a disciplined, risk-conscious approach, favoring companies with positive free cash flow yields that can provide stability during market pullbacks, consistent and above-average returns on capital, reasonable valuations, and sound capital allocation by company management. Park is a heavy user of Fidelity's quantitative research, but she also digs into the fundamentals and leans on Fidelity's deep analyst team for ideas.

The fund has lived up to its process during her tenure. The portfolio has looked cheaper than its Russell Mid Cap Growth Index benchmark on a price/free cash flow basis while sporting higher returns on equity and on invested capital. Performance has followed the expected pattern, protecting capital better

than the benchmark and its typical mid-growth peer in market pullbacks, though it has lagged in up markets.

The fund's fees are reasonable, and it has been more tax-efficient than its typical peer. Park gained another assignment in April 2017 when she took over large-growth Fidelity Fund.

| Portfolio Manager(s) | Start Date |
|----------------------|------------|
| Jean Park | 08-2013 |

Harbor Large Cap Value, by Connor Young

| Asset Class | Category | Morningstar Quantitative Rating | Vehicle | Comments |
|-------------|-------------|---------------------------------|-------------|-------------------------|
| Equity | Large Blend | Bronze | Mutual Fund | Under-the-Radar Manager |

Aristotle Capital Management, a value-oriented investment boutique, subadvisees this fund. Howard Gleicher, former cofounder, CEO, and CIO of Metropolitan West Capital, a subsidiary of Wells Fargo, founded Aristotle in 2010. Although Aristotle has only subadvised this fund since 2012, Gleicher has successfully executed this strategy through a separate account — now called Aristotle Value Equity — since 2001. Supported by roughly a dozen analysts, Gleicher and comanager Gregory Padilla focus on companies with market caps above \$2 billion that have sustainable competitive advantages, experienced management teams, compelling valuations, and potential catalysts. The team prefers quality firms when they are out of favor over mediocre firms trading at fire-sale prices. As a result, this fund lands in the large-blend category. Once management buys, it tends to hold on for the long term, so annual portfolio turnover has been 15% to 35%.

While the portfolio is concentrated, typically holding 35 to 45 stocks, there are guardrails to address risk. The fund's sector weightings must remain within 50% to 200% of the S&P 500's, individual positions can't exceed 6% of assets, and non-U.S. securities can't pass 20% of assets. The fund has posted solid absolute and risk-adjusted performance versus both the Russell 1000 and Russell 1000 Value indexes on Aristotle's watch.

| Portfolio Manager(s) | Start Date | Portfolio Manager(s) | Start Date |
|----------------------|------------|----------------------|------------|
| Howard Gleicher | 05-2012 | Gregory Padilla | 03-2018 |

★ Jensen Quality Growth, by Daniel Culloton

| Asset Class | Category | Morningstar Quantitative Rating | Vehicle | Comments |
|-------------|---------------|---------------------------------|-------------|-------------------------|
| Equity | Mid-Cap Value | Silver | Mutual Fund | Under-the-Radar Manager |

Jensen Quality Value JNVIX has a solid pedigree. It shares the same team and process behind Silver-rated Jensen Quality Growth JENSX, a large-growth strategy. This fund, however, pays more attention to valuation and mid- and small-cap stocks. Portland, Oregon-based Jensen Investment Management launched it in 2010 as a more systematic, quasi-quantitative strategy that combed the firm's universe of stocks that have posted 15% return on equity for 10 years for those with low relative valuations and smaller market caps. The firm revamped it after 2016, when it reduced holdings from between 60 to 80 stocks to 30 to 50 and hired two analysts in 2017 to devote themselves to finding small and mid-caps trading at steeper discounts to intrinsic value than the team might accept at Quality Growth. The named managers are experienced--even with the firm's large-cap quality-growth strategy--averaging more than two decades in the industry and more than a decade at the firm. The process hinges on the managers' expertise on finding profitable stocks with competitive advantages as well a three-stage dividend-discount model to gauge valuations. This fund has more of a blend than value model. Its holdings exhibit qualities that tend to help stocks hold up in turmoil, such as economic moats, strong balance sheets, and solid profitability. It could lag, however, when deeper value stocks lead.

| Portfolio Manager(s) | Start Date | Portfolio Manager(s) | Start Date |
|----------------------|------------|----------------------|------------|
| Kurt M. Havnaer | 09-2007 | Eric H. Schoenstein | 01-2004 |
| Robert D. McIver | 03-2005 | Kevin J. Walkush | 05-2011 |
| Allen T. Bond | 05-2011 | Adam D. Calamar | 09-2013 |

MFS Mid Cap Value, by Connor Young

| Asset Class | Category | Morningstar Quantitative Rating | Vehicle | Comments |
|-------------|---------------|---------------------------------|-------------|-------------------------|
| Equity | Mid-Cap Value | Silver | Mutual Fund | Unique Process/Strategy |

Brooks Taylor and Kevin Schmitz have steered MFS Mid Cap Value to an excellent record since taking the reins in November 2008. Taylor and Schmitz are experienced investors. Both have spent more than two decades in the investment industry, mostly with MFS. The managers leverage the firm's deep analyst team to find stocks in two distinct buckets. They put roughly two thirds of assets in firms they consider high-quality, or those with durable franchises, solid balance sheets, capable management teams, and reasonable valuations. However, such firms can be in short supply further down the market-

cap spectrum, and the managers prefer to limit stock- and sector-specific risk by holding about 150 stocks that are well-diversified across sectors. Thus, opportunistic plays round out the portfolio. These are firms with low price multiples and potential for improvement from events such as industry consolidation and management changes. They carry a bit more risk than firms in the high-quality bucket, but they tend to be small positions. Sensible portfolio construction and solid stock-picking have helped the strategy weather down markets without giving up too much ground during rallies. Compelling fees further support this strategy's case.

| Portfolio Manager(s) | Start Date | Portfolio Manager(s) | Start Date |
|----------------------|------------|----------------------|------------|
| Brooks A. Taylor | 11-2008 | Kevin J. Schmitz | 11-2008 |

Nationwide Max Divers US Cor Eq ETF, by Alex Bryan

| Asset Class | Category | Morningstar Quantitative Rating | Vehicle | Comments |
|-------------|-------------|---------------------------------|---------|-------------------------|
| Equity | Large Blend | Neutral | ETF | Unique Process/Strategy |

This index strategy improves on traditional approaches to diversification by attempting to build a portfolio of stocks with low correlations to one another. It tries to exhibit lower risk, and better risk-adjusted performance, than the Russell 1000 Index over the long term.

To diversify risk, the fund uses an optimizer to maximize the ratio of the volatility of its holdings to the expected volatility of the portfolio, based on recent volatility and correlations. This approach favors stocks that have exhibited low correlations with one another. All U.S. stocks with at least \$6.5 billion in market cap and decent trading volume are eligible for inclusion, though they don't all make the cut. To rein in tracking error relative to the market-cap-weighted version of its starting universe, the fund limits its active share to 50%. Tracking error has still been high because the fund tends to favor stocks with a high degree of firm-specific risk that isn't highly correlated with the market.

This approach leads to a defensive portfolio, though it has much less exposure to low-volatility stocks than most minimum-volatility strategies. As expected, the fund's index has tended to hold better than the market during downturns and lags in strong rallies.

| Portfolio Manager(s) | Start Date | Portfolio Manager(s) | Start Date |
|----------------------|------------|----------------------|------------|
| Austin Wen | 09-2017 | Rafael Zayas | 06-2020 |

Neuberger Berman Emerging Markets Equity, by Nick Watson

| Asset Class | Category | Morningstar Quantitative Rating | Vehicle | Comments |
|-------------|------------------------------|---------------------------------|-------------|-------------------------|
| Equity | Diversified Emerging Markets | Neutral | Mutual Fund | Under-the-Radar-Manager |

This emerging-markets fund has a mix of bolder and more cautious traits compared with its typical peer and its MSCI Emerging Markets Index benchmark. Conrad Saldanha, who has run the fund since its October 2008 inception, and his experienced team of four analysts seek companies that have solid balance sheets and can generate above-average returns on equity. The fund typically owns a bigger stake in small- and mid-cap stocks than the index. The fund has typically maintained a persistent overweighting to technology stocks as well. Thus far, the results have been solid. Since inception, the fund has topped the benchmark and beaten its typical diversified emerging-markets category peer on total return, while its risk-adjusted returns (as measured by Sharpe ratio) look even better. The fund has done a decent job of preserving capital through rough patches so far, and it did modestly better than the typical peer in 2020's first-quarter volatility, though it lagged the index. Fees are above average, but they should decline as the fund grows.

| Portfolio Manager(s) | Start Date |
|----------------------|------------|
| Conrad Saldanha | 10-2008 |

Tributary Small Company, by Eric Schultz

| Asset Class | Category | Morningstar Quantitative Rating | Vehicle | Comments |
|-------------|-------------|---------------------------------|-------------|-------------------------|
| Equity | Small Blend | Gold | Mutual Fund | Under-the-Radar Manager |

This fund boasts a veteran lead manager and a solid approach. Mark Wynegar has run it since 1999 and works closely with a team of five analysts and comanager Michael Johnson, who joined in 2005 and has been in his current role since 2007. The Omaha-based team looks for durable businesses at fair prices that can compound returns over the long term. As a result, portfolio turnover is low, ranging from 20% to 35% annually. The team aims to deliver above-average returns with below-average risk from its relatively concentrated portfolio of 60-70 stocks. Indeed, the strategy has been a consistent winner over Wynegar's tenure, outperforming its small-blend category peers and Russell 2000 benchmark in 85% of rolling 10-year periods while also providing strong downside protection. The value-conscious approach has worked well in sideways and down markets but lagged in big, momentum-driven rallies. It is currently open to new investors, and with \$1.5 billion in total strategy assets, capacity is not an immediate concern. Fees for the Institutional Plus shares are average relative to other no-load small-cap

funds. The Institutional shares are expensive compared with similarly distributed peers, but they have a \$1,000 investment minimum.

| Portfolio Manager(s) | Start Date | Portfolio Manager(s) | Start Date |
|----------------------|------------|----------------------|------------|
| Mark Wynegar | 05-1999 | Michael Johnson | 11-2007 |

WCM Focused Emerging Markets, by Tom Nations

| Asset Class | Category | Morningstar Quantitative Rating | Vehicle | Comments |
|-------------|------------------------------|---------------------------------|-------------|-------------------------|
| Equity | Diversified Emerging Markets | Neutral | Mutual Fund | Unique Process/Strategy |

WCM Focused Emerging Markets is trying to follow the path of its older sibling. For the most part, this strategy leverages the same people and process as Bronze-rated WCM Focused International Growth WCMIX, which graduated from Morningstar Prospects in December 2019. The firm's nuanced moat-trajectory framework serves as the building blocks for this strategy. Managers Greg Ise and Mike Tian target emerging-markets firms with strong corporate cultures and widening moats, and they seek to determine whether the former contributes to the latter. Most of the strategy's growing 14-person team serve as generalists, which allows them to apply different themes and successful investment theses across sectors.

A key difference between the two strategies warrants further review. While the core team is the same, Ise and Tian's management tenure dates to just June 2018 and this strategy represents their first lead responsibilities. Though their significant contributions as analysts helped build the fund's outstanding record and led to their promotions. Over the five-year period ended June 2020, the fund topped the diversified emerging-markets Morningstar Category and easily outpaced the MSCI EM Growth benchmark. Yet while the firm's committee structure assuages some concerns, this strategy's duo doesn't have the salient record of comanagers Pete Hunkel and Mike Trigg. Ise and Tian, however, seem poised to follow suit.

| Portfolio Manager(s) | Start Date | Portfolio Manager(s) | Start Date |
|----------------------|------------|----------------------|------------|
| Michael B. Trigg | 06-2013 | Peter Hunkel | 06-2013 |
| Sanjay Ayer | 06-2013 | Gregory S. Ise | 06-2018 |
| Michael Z. Tian | 06-2018 | | |

William Blair Large Cap Growth, by Tom Nations

| Asset Class | Category | Morningstar Quantitative Rating | Vehicle | Comments |
|--------------------|-----------------|--|----------------|-------------------------|
| Equity | Large Growth | Gold | Mutual Fund | Under-the-Radar Manager |

The strategy's understated, direct process drives its increasingly noticeable record. Managers Jim Golan and David Ricci ply a measured approach to growth investing. They narrow the investment universe by identifying growing industries for further analysis. From there, the managers and their 10 supporting analysts seek to uncover structural advantages, such as adept management or persistent excess returns on investment, which firms can leverage to capture market share. But there isn't a singular focus on growth. Golan and Ricci layer in valuation and split the portfolio between consistent growers and firms facing near-term headwinds.

Ricci has refined the approach since joining the strategy in December 2011. He has pushed a more long-term, research-oriented framework that allows analysts to conduct rigorous competitive industry analysis and contributes to the fund's lower turnover. The portfolio's makeup has shifted, too. Though the strategy has remained concentrated, holding roughly 35 to 40 names, sector weightings have tightened relative to the Russell 1000 Growth Index. Since Ricci joined, the fund has outpaced the Russell 1000 Growth Index and 90% of category peers. The strategy's asset base remains relatively small--\$1.3 billion as of March 2020—but fund inflows have picked up as investors have started to notice its nuanced qualities.

| Portfolio Manager(s) | Start Date | Portfolio Manager(s) | Start Date |
|-----------------------------|-------------------|-----------------------------|-------------------|
| James S. Golan | 05-2005 | David P. Ricci | 12-2011 |

Fixed Income

Aperture New World Opportunities, by Karin Anderson

| Asset Class | Morningstar Category | Morningstar Quantitative Rating | Vehicle | Comments |
|--------------|-----------------------|---------------------------------|-------------|------------------------------|
| Fixed Income | Emerging Markets Bond | Negative | Mutual Fund | New Fund/Experienced Manager |

Peter Kraus, former CEO of AB, worked with Generali to found Aperture Investors in 2018 based on the principle that performance-linked fees better align manager incentives with those of fundholders. Aperture New World Opportunities, the firm's inaugural fund, launched in March 2019. The fund's annual management fee will range from a minimum of 0.40% if its performance is equal to or lower than that of the Bloomberg Barclays Emerging Markets USD Aggregate 1-5 Year Index benchmark to a maximum of 2.05% if it outpaces the bogy by 5.50% or more. The 1.35% fulcrum fee, which is the midpoint from which the fee is calculated for the year to date, is expensive compared with other emerging-markets bond options (the typical no-load fund charges 92 basis points). Still, this performance-linked pricing is an intriguing feature.

Lead manager Peter Marber ran a few open-end emerging-markets debt strategies at HSBC from 2007 to 2011 and comanaged Loomis Sayles Short Term Emerging Markets Bond from 2013 to 2016 with mixed results. Since joining Aperture, he's built a team of two sovereign and macro analysts, one equity analyst, and one trader, which is light compared with the industry norm. Like most funds in the category, this one focuses on hard-currency-denominated sovereigns and corporates, but it is one of a handful focused on shorter-dated debt (hence the unique benchmark). While those traits can signal a tamer offering, this fund will also own a smattering of local-currency debt and frontier-markets exposure, such as Zambia, Kazakhstan, and Mongolia, as well as a low-single-digit emerging-markets equity stake.

| Portfolio Manager(s) | Start Date |
|----------------------|------------|
| Peter Marber | 03-2018 |

Baird Core Intermediate Municipal Bond, by Elizabeth Foos

| Asset Class | Morningstar Category | Morningstar Quantitative Rating | Vehicle | Comments |
|--------------|----------------------------|---------------------------------|-------------|------------------------------|
| Fixed Income | Muni National Intermediate | Gold | Mutual Fund | New Fund/Experienced Manager |

Baird Advisors welcomed former Wells Fargo Asset Management portfolio manager Lyle Fitterer to this strategy in mid-2019. Fitterer brings a strong record of 30-plus years of experience managing fixed-

income portfolios, mainly focused on the muni market. He plays a prominent role in the formulation and implementation of this strategy's investment approach alongside its other three managers, all of whom joined the firm in 2015 from BMO: Duane McAllister, Erik Schleicher, and Joseph Czechowicz. Prior to joining Baird, McAllister was a managing director and lead portfolio manager of municipal strategies at BMO's global asset management group. An emphasis on bottom-up security analysis and vigilant risk management led to an enviable performance during his tenure there. Schleicher and Czechowicz started their careers with McAllister at BMO and accompanied him to Baird.

The team's approach fits well with the careful process plied by Baird's taxable-bond team. Both groups emphasize bottom-up security analysis and strict risk management, complemented by low fees to reduce the incentive for excess risk-taking. As of March 31, 2020, 87% of bonds in the portfolio were rated A or above, while below-investment-grade and not-rated securities stood at just under 5%. The strategy fared relatively well through the volatile markets of early 2020 and from its inception in August 2015 through June 2020. Absolute and risk-adjusted returns have been strong compared with the Bloomberg Barclays 1-15 Year Municipal Index and category peers.

| Portfolio Manager(s) | Start Date | Portfolio Manager(s) | Start Date |
|----------------------|------------|----------------------|------------|
| Duane McAllister | 08-2015 | Erik Schleicher | 08-2015 |
| Joe Czechowicz | 08-2015 | Lyle Fitterer | 10-2019 |

Baird Ultra Short Bond, by Gabriel Denis

| Asset Class | Morningstar Category | Morningstar Quantitative Rating | Vehicle | Comments |
|--------------|----------------------|---------------------------------|-------------|------------------------------|
| Fixed Income | Ultrashort Bond | Silver, Bronze | Mutual Fund | New Fund/Experienced Manager |

Baird Ultra Short Bond follows a similar investment process to that of Gold through Silver-rated strategy Baird Short Term Bond but focuses on short-term securities that mature between three and 18 months. Both strategies invest in investment-grade corporate, securitized, and government bonds and show perennial tilts to corporate credit and asset-backed securities versus their benchmarks. Sector rotation, security selection, and yield-curve positioning drive the funds' returns, and they look similar in their sector and credit-quality makeups. As of March 31, 2020, both strategies held about one third of assets in mid-grade BBB bonds, near or exactly one quarter in government-secured Treasuries (27% in Baird Short Term Bond, 22% in Baird Ultra Short Term Bond), and the remainder spread across bonds rated A or higher (save 2% allocation to junk-rated BB bonds in Baird Short Term Bond and a 1% allocation in Baird Ultra Short Term Bond).

There are slight differences between them, however. Baird Ultra Short Bond can invest up to 10% of its assets in below-investment-grade debt and can invest in high-yield securities, unlike Baird Short Term Bond, which can invest only in items rated investment-grade at time of purchase. But lead portfolio manager Mary Ellen Stanek and her team aren't the type to juice their funds with considerable credit or interest-rate risk. This team has found good success making tactical underweightings and overweightings in specific names versus their size in the funds' benchmarks, and through slow and deliberate sector rotation. The team also keeps duration for both strategies in line with their respective indexes, reducing outsize interest-rate risk.

| Portfolio Manager(s) | Start Date | Portfolio Manager(s) | Start Date |
|----------------------|------------|----------------------|------------|
| Charles Groeschell | 12-2013 | Daniel Tranchita | 12-2013 |
| Gary Elfe | 12-2013 | M. Sharon deGuzman | 12-2013 |
| Mary Ellen Stanek | 12-2013 | Warren Pierson | 12-2013 |
| Jay Schwister | 05-2019 | Jeffrey Schrom | 05-2019 |
| Meghan Dean | 05-2019 | | |

★ **Diamond Hill High Yield**, by Benjamin Joseph

| Asset Class | Morningstar Category | Morningstar Quantitative Rating | Vehicle | Comments |
|--------------|----------------------|---------------------------------|-------------|-------------------------|
| Fixed Income | High Yield Bond | Neutral | Mutual Fund | Unique Process/Strategy |

Diamond Hill High Yield is the sibling strategy of Silver-rated Diamond Hill Corporate Credit DHSTX. The two strategies are both in the high yield bond Morningstar Category, run by the same Above Average team, and share an investment philosophy that is also rated Above Average.

Bill Zox and John McClain, comanagers of this strategy since its inception on December 2014, take the classic approach to value investing that marks all of Diamond Hill's investment offerings: They buy issues when their market prices are lower than their estimate of intrinsic business value and sell them when their initial thesis has played out or when there are better opportunities in the market. However, while Diamond Hill Corporate Credit has an absolute-return objective and can have a sizable allocation to cash or investment-grade bonds, Diamond Hill High Yield is a benchmarked approach that aims to outperform its ICE BofAML U.S. High Yield Index benchmark by an annualized 100 basis points net of fees, investing at least 80% of its assets in below-investment-grade bonds.

Like its sibling strategy, Diamond Hill High Yield focuses on relatively small issues and managers tend to make sizable bets on their best ideas, thereby increasing idiosyncratic and liquidity risk. However, risk-taking has paid off here, too. From January 2015 (its first full month) through May 2020, Diamond Hill

High Yield has been at the apex of its category in terms of absolute performance, and it has also done well on a risk-adjusted basis.

| Portfolio Manager(s) | Start Date | Portfolio Manager(s) | Start Date |
|----------------------|------------|----------------------|------------|
| William P. Zox | 12-2014 | John McClain | 12-2014 |
| Suken Patel | 12-2015 | | |

iShares Edge Investment Grade Enhanced Bond ETF, by Alex Bryan

| Asset Class | Morningstar Category | Morningstar Quantitative Rating | Vehicle | Comments |
|--------------|----------------------|---------------------------------|---------|-------------------------|
| Fixed Income | Corporate Bond | Neutral | ETF | Unique Process/Strategy |

iShares Edge Investment Grade Enhanced Bond ETF combines quality and value in its portfolio construction approach, which gives it a good chance to beat its category benchmark (the Bloomberg Barclays U.S. Corporate Bond Index). Within each credit-rating bucket lower than AAA, the fund filters out the issuers that BlackRock estimates have the highest probability of default (removing 20% of BBB rated issuers, and 10% of A and AA-rated issuers). It then uses an optimizer to maximize the portfolio's default-adjusted spread score, which is subject to several constraints designed to limit risk relative to the starting universe. This dual focus on quality and value should allow the fund to boost returns while keeping risk in check.

The fund takes greater credit risk than the broad, market-value-weighted Vanguard Total Corporate Bond ETF, as its pursuit of yield (defined as default-adjusted spread) appears to have a stronger influence on the composition of the portfolio than its quality screen. However, its quality filter and risk constraints keep it from loading up on the riskiest investment-grade issuers.

This distinctive strategy charges a low 0.18% expense ratio and is worth watching.

| Portfolio Manager(s) | Start Date | Portfolio Manager(s) | Start Date |
|----------------------|------------|----------------------|------------|
| James Mauro | 07-2017 | Scott Radell | 07-2017 |

Muzinich Credit Opportunities, by Benjamin Joseph

| Asset Class | Morningstar Category | Morningstar Quantitative Rating | Vehicle | Comments |
|--------------|----------------------|---------------------------------|-------------|-------------------------|
| Fixed Income | Multisector Bond | Bronze | Mutual Fund | Unique Process/Strategy |

Muzinich Credit Opportunities relies on a well-resourced team led by an experienced manager who has proved his ability to make the most of the strategy's flexibility through various market environments. This multisector credit strategy seeks to generate an annualized return of Libor plus 5% (gross of fees) over a market cycle while being mindful of downside risk by keeping annualized volatility below 5%. Sector rotation and security selection across the credit-quality spectrum are expected to be the key return drivers here. The strategy's opportunity set consists of U.S., European, and emerging-markets investment-grade and high-yield corporate credit, including up to 10% in leveraged loans. It also uses derivatives, but mainly for hedging credit exposure and managing interest-rate duration, which is expected to remain within a moderate band of zero to five years.

Lead manager Michael McEachern leverages the firm's weekly asset-allocation group for formulating top-down views. This forum assesses the macro environment and the state of credit markets, looking at fundamentals, valuations, and technical across regions. Specialist portfolio managers source single-name credit ideas from the well-resourced analyst team that fit McEachern's top-down parameters, which range from overall credit risk down to industry weightings. Positions are sized according to the analysts' assessment of their relative attractiveness and contribution to portfolio risk, while capping single issuers at 5%.

| Portfolio Manager(s) | Start Date | Portfolio Manager(s) | Start Date |
|----------------------|------------|----------------------|------------|
| Michael McEachern | 01-2013 | Warren Hyland | 04-2014 |
| Thomas Samson | 04-2014 | Anthony DeMeo | 04-2016 |
| Torben Ronberg | 04-2018 | Joseph Galzerano | 04-2018 |

Western Asset Corporate Bond, by Miriam Sjoblom

| Asset Class | Morningstar Category | Morningstar Quantitative Rating | Vehicle | Comments |
|--------------|----------------------|---------------------------------|-------------|------------------------------|
| Fixed Income | Corporate Bond | Bronze | Mutual Fund | New Fund/Experienced Manager |

With less than \$1 billion in assets, Western Asset Corporate Bond represents a mere fraction of the nearly \$100 billion in investment-grade corporate mandates run by the Pasadena, California-based fixed-income giant Western Asset Management. The fund struggled during the global financial crisis under

different leadership, but since Ryan Brist took the lead in early 2010, it has delivered strong results. Brist, Western Asset's head of global investment-grade credit, was already an experienced corporate-bond investor when he joined the firm in 2009, having overseen credit portfolios for years at Delaware Investment Advisors and Logan Circle Partners. In addition to his exemplary long-term record on this fund, his calls have contributed to the success of the firm's diversified offerings, such as Western Asset Core Plus Bond. With the flexibility to invest up to 20% in high-yield corporates (Brist is fond of so-called crossover credits on the border between investment-grade and high yield), the fund's portfolio may appear more intrepid than some of its more-cautious peers at times, with the performance swings to match. It lost more than most peers during the pandemic-driven sell-off of early 2020, for instance, but shot to the top of the pack in the subsequent rebound. Overall, Brist's determination to avoid credits headed for trouble has paid off, making this fund an intriguing corporate-bond choice.

| Portfolio Manager(s) | Start Date | Portfolio Manager(s) | Start Date |
|----------------------|------------|----------------------|------------|
| Ryan Brist | 04-2010 | Michael C. Buchanan | 09-2012 |
| S. Kenneth Leech | 03-2014 | | |

Morningstar Prospects Graduates

Morningstar Prospects Graduates

| Asset Class / Category / Fund Name | Ticker | Morningstar Analyst Rating | | | | Rating Date | Total Return % | | | | Morningstar ★ Rating |
|---------------------------------------|--------|----------------------------|---------------|---------------|---------------|-------------|----------------|---------------|--------|---------------|----------------------|
| | | Overall | People | Process | Parent | | 1-Yr | 1-Yr Cat Rank | 3-Yr | 3-Yr Cat Rank | |
| Alternative Long/Short | | | | | | | | | | | |
| AQR Long-Short Equity | QLEIX | Neutral | Above Average | Average | Average | 7/10/20 | -13.43 | 92 | -7.78 | 94 | ★★ |
| Boston Partners Global Long/Short | BGLSX | Bronze | + | + | + | 9/12/19 | -9.10 | 79 | -3.84 | 85 | ★★ |
| Schwab Hedged Equity | SWHEX | — | — | — | — | — | -6.74 | 67 | -1.35 | 75 | ★★★★ |
| Managed Futures | | | | | | | | | | | |
| Abbey Capital Futures Strategy | ABYIX | Bronze | + | + | ● | 8/30/19 | 4.74 | 13 | 3.57 | 16 | ★★★★★ |
| American Beacon AHL Mgd Futs Strat | AHLIX | Bronze | Above Average | Above Average | Above Average | 11/27/19 | 2.04 | 30 | 3.90 | 14 | ★★★★★ |
| Credit Suisse Managed Futs Strat | CSAIX | — | — | — | — | — | -8.66 | 84 | -2.85 | 83 | ★★★★ |
| LoCorr Market Trend | LOTIX | — | — | — | — | — | -1.22 | 56 | 0.86 | 37 | ★★ |
| Market Neutral | | | | | | | | | | | |
| AC Alternatives Market Neutral Val | ACVKX | — | — | — | — | — | -1.34 | 61 | -1.52 | 68 | ★★★★ |
| Water Island Diversified Event-Driven | AEDNX | — | — | — | — | — | 6.04 | 11 | 3.11 | 28 | ★★★★★ |
| BlackRock Event Driven Equity | BILPX | Bronze | Above Average | Above Average | Above Average | 4/14/20 | 3.41 | 26 | 4.33 | 17 | ★★★★★ |
| Multialternative | | | | | | | | | | | |
| AQR Style Premia Alternative | QSPIX | Bronze | Above Average | Above Average | Average | 12/2/19 | -21.93 | 98 | -10.48 | 99 | ★ |
| Blackstone Alternative Multi-Strategy | BXMIX | Bronze | High | Above Average | Above Average | 3/26/19 | -6.70 | 79 | -0.50 | 74 | ★★★★ |
| BNY Mellon Dynamic Total Return | AVGRX | Neutral | ● | ● | ● | 10/8/19 | 0.34 | 37 | 2.03 | 30 | ★★★★★ |
| BNY Mellon Global Real Return | DRRIX | Silver | + | + | ● | 9/9/19 | 1.12 | 31 | 3.81 | 13 | ★★★★★ |
| GMO SGM Major Markets | GSMFX | Bronze | ● | + | ● | 9/22/19 | 1.70 | 23 | 1.15 | 51 | ★★★★★ |
| Goldman Sachs Multi-Manager Alts | GSMMX | — | — | — | — | — | 2.10 | 19 | 2.03 | 30 | ★★★★ |
| William Blair Macro Allocation | WMCJX | Neutral | Above Average | Average | Above Average | 2/14/20 | -5.37 | 75 | -0.45 | 73 | ★★ |
| Options-Based | | | | | | | | | | | |
| LJM Preservation and Growth | — | — | — | — | — | — | — | — | — | — | — |

Source: Morningstar, Inc.

Morningstar Prospects Graduates (Continued)

| Asset Class / Category / Fund Name | Ticker | Morningstar Analyst Rating | | | | Rating Date | Total Return % | | | | Morningstar ★ Rating |
|-------------------------------------|--------|----------------------------|---------------|---------------|---------------|-------------|----------------|---------------|-------|---------------|-------------------------|
| | | Overall | People | Process | Parent | | 1-Yr | 1-Yr Cat Rank | 3-Yr | 3-Yr Cat Rank | |
| Allocation | | | | | | | | | | | |
| Allocation—15% to 30% Equity | | | | | | | | | | | |
| BlackRock Managed Income | BLDIX | Bronze | Above Average | Average | Above Average | 12/19/19 | 2.36 | 65 | 3.38 | 62 | ★★★★★ |
| Allocation—30% to 50% Equity | | | | | | | | | | | |
| Invesco Multi-Asset Income | PIYFX | Bronze | + | ● | ● | 7/30/19 | -9.73 | 97 | -0.18 | 95 | ★★ |
| World Allocation | | | | | | | | | | | |
| JPMorgan Global Allocation | GAOSX | Silver | + | + | + | 8/23/19 | 1.13 | 23 | 4.01 | 17 | ★★★★★ |
| T. Rowe Price Global Allocation | RPGAX | Bronze | + | + | + | 8/28/19 | 3.03 | 12 | 4.98 | 8 | ★★★★★ |
| Target-Date 2015 | | | | | | | | | | | |
| State Street Target Retirement 2015 | — | — | — | — | — | — | — | — | — | — | — |
| Target-Date 2020 | | | | | | | | | | | |
| State Street Target Retirement 2020 | SSBNX | Bronze | Above Average | Above Average | Average | 11/15/19 | 4.52 | 39 | 5.92 | 24 | ★★★★★ |
| JPMorgan SmartRetirement Blend 2020 | JSSRX | Bronze | Above Average | High | Above Average | 3/24/20 | 3.43 | 77 | 4.80 | 79 | ★★★ |
| Target-Date 2025 | | | | | | | | | | | |
| State Street Target Retirement 2025 | SSBRX | Bronze | Above Average | Above Average | Average | 11/15/19 | 5.78 | 8 | 6.94 | 5 | ★★★★★ |
| JPMorgan SmartRetirement Blend 2025 | JBSSX | Bronze | Above Average | High | Above Average | 3/24/20 | 2.67 | 83 | 4.93 | 83 | ★★★ |
| Target-Date 2030 | | | | | | | | | | | |
| State Street Target Retirement 2030 | SSBWX | Bronze | Above Average | Above Average | Average | 11/15/19 | 6.83 | 4 | 7.55 | 6 | ★★★★★ |
| JPMorgan SmartRetirement Blend 2030 | JRBEX | Bronze | Above Average | High | Above Average | 3/24/20 | 2.19 | 77 | 5.07 | 78 | ★★★ |
| Target-Date 2035 | | | | | | | | | | | |
| State Street Target Retirement 2035 | SSCJX | Bronze | Above Average | Above Average | Average | 11/15/19 | 6.38 | 6 | 7.61 | 5 | ★★★★★ |
| JPMorgan SmartRetirement Blend 2035 | JPSRX | Bronze | Above Average | High | Above Average | 3/24/20 | 1.14 | 86 | 4.95 | 86 | ★★ |
| Target-Date 2040 | | | | | | | | | | | |
| State Street Target Retirement 2040 | SSCNX | Bronze | Above Average | Above Average | Average | 11/15/19 | 5.89 | 5 | 7.57 | 5 | ★★★★★ |
| JPMorgan SmartRetirement Blend 2040 | JOBEX | Bronze | Above Average | High | Above Average | 3/24/20 | 0.48 | 81 | 4.93 | 81 | ★★★ |
| Target-Date 2045 | | | | | | | | | | | |
| State Street Target Retirement 2045 | SSDDX | Bronze | Above Average | Above Average | Average | 11/15/19 | 5.20 | 7 | 7.44 | 5 | ★★★★★ |
| JPMorgan SmartRetirement Blend 2045 | JMSSX | Bronze | Above Average | High | Above Average | 3/24/20 | -0.24 | 89 | 4.71 | 87 | ★★ |
| Target-Date 2050 | | | | | | | | | | | |
| State Street Target Retirement 2050 | SSDJX | Bronze | Above Average | Above Average | Average | 11/15/19 | 4.99 | 7 | 7.35 | 6 | ★★★★★ |
| JPMorgan SmartRetirement Blend 2050 | JNEAX | Bronze | Above Average | High | Above Average | 3/24/20 | -0.03 | 77 | 4.79 | 79 | ★★★ |
| Target-Date 2055 | | | | | | | | | | | |
| State Street Target Retirement 2055 | SSDOX | Bronze | Above Average | Above Average | Average | 11/15/19 | 5.00 | 7 | 7.42 | 5 | ★★★★★ |
| JPMorgan SmartRetirement Blend 2055 | JPTBX | Bronze | Above Average | High | Above Average | 3/24/20 | -0.15 | 81 | 4.71 | 82 | ★★★ |

Source: Morningstar, Inc.

★ = New Addition

Morningstar Prospects Graduates (Continued)

| Asset Class / Category / Fund Name | Ticker | Morningstar Analyst Rating | | | | Rating Date | Total Return % | | | | Morningstar ★ Rating |
|---|--------|----------------------------|---------------|---------------|---------------|-------------|----------------|---------------|-------|---------------|-------------------------|
| | | Overall | People | Process | Parent | | 1-Yr | 1-Yr Cat Rank | 3-Yr | 3-Yr Cat Rank | |
| Target-Date 2060 | | | | | | | | | | | |
| State Street Target Retirement 2060 | SSDWX | Bronze | Above Average | Above Average | Average | 11/15/19 | 4.99 | 6 | 7.37 | 7 | ★★★★★ |
| JPMorgan SmartRetirement Blend 2060 | JACSX | Bronze | Above Average | High | Above Average | 3/24/20 | -0.19 | 79 | 4.87 | 79 | QQ |
| Target-Date Retirement | | | | | | | | | | | |
| State Street Target Retirement | SSFNX | Bronze | Above Average | Above Average | Average | 11/15/19 | 4.68 | 57 | 5.17 | 27 | ★★★★★ |
| JPMorgan SmartRetirement Blend Inc | JJJSX | Bronze | Above Average | High | Above Average | 3/24/20 | 3.19 | 79 | 4.31 | 73 | ★★★★ |
| U.S. Equity | | | | | | | | | | | |
| Foreign Large Growth | | | | | | | | | | | |
| Davis International | DILAX | Neutral | Above Average | Average | Above Average | 11/27/19 | 5.55 | 3 | 3.93 | 4 | ★★★★★ |
| Large Blend | | | | | | | | | | | |
| Ave Maria Rising Dividend | AVEDX | Neutral | Average | Average | Average | 6/15/20 | -3.35 | 90 | 6.22 | 78 | ★★ |
| AQR Large Cap Defensive Style | AUEIX | Silver | Above Average | Above Average | Average | 5/13/20 | 4.23 | 55 | 10.85 | 14 | ★★★★★ |
| Goldman Sachs ActiveBeta US LgCp Eq ETF | GSLC | Silver | Average | Above Average | Average | 1/24/20 | 8.49 | 16 | 11.21 | 11 | ★★★★★ |
| Large Growth | | | | | | | | | | | |
| ClearBridge Large Cap Growth | SBLIX | Silver | Above Average | Above Average | Above Average | 3/17/20 | 16.07 | 56 | 16.76 | 43 | ★★★★★ |
| Harbor Strategic Growth | MVSGX | Bronze | Above Average | Average | Above Average | 6/17/20 | 9.60 | 78 | 12.24 | 76 | ★★★★ |
| Polen Growth | POLIX | Silver | Above Average | High | Above Average | 3/30/20 | 22.47 | 27 | 21.08 | 13 | ★★★★★ |
| Principal Blue Chip | PGBHX | Silver | Above Average | Above Average | Average | 12/13/19 | 21.95 | 29 | 21.54 | 12 | ★★★★★ |
| Large Value | | | | | | | | | | | |
| Poplar Forest Partners | IPFPX | Neutral | Average | Above Average | Average | 6/11/20 | -14.28 | 93 | -5.09 | 98 | ★ |
| Mid-Cap Blend | | | | | | | | | | | |
| T. Rowe Price QM US Sm&Mid-Cp Cor Eq | TQSMX | Silver | Above Average | Above Average | High | 4/23/20 | -5.38 | 41 | 3.77 | 35 | ★★★★ |
| Mid-Cap Growth | | | | | | | | | | | |
| Baird MidCap | BMDIX | Bronze | Above Average | Average | Above Average | 7/13/20 | 12.48 | 34 | 15.26 | 27 | ★★★★★ |
| Carillon Eagle Mid Cap Growth | HAGIX | Neutral | Average | Average | Average | 12/20/19 | 12.30 | 35 | 14.58 | 32 | ★★★★★ |
| Davenport Equity Opportunities | DEOPX | Bronze | Above Average | Above Average | Average | 12/18/19 | 3.11 | 76 | 10.84 | 68 | ★★ |
| DF Dent Midcap Growth | DFDMX | Silver | Above Average | Above Average | Average | 6/29/20 | 15.14 | 27 | 19.49 | 11 | ★★★★★ |
| Eventide Gilead | ETILX | Neutral | Above Average | Average | Average | 2/20/20 | 16.85 | 21 | 19.86 | 9 | ★★★★★ |
| Jackson Square SMID-Cap Growth | JSMTX | Bronze | Above Average | Above Average | Average | 12/24/19 | 16.21 | 23 | 19.17 | 12 | ★★★★★ |
| Madison Mid Cap | GTSGX | Bronze | Average | Above Average | Average | 12/12/19 | -3.83 | 31 | 8.36 | 3 | ★★★★★ |
| Mid-Cap Value | | | | | | | | | | | |
| Harbor Mid Cap Value | HAMVX | Silver | High | Above Average | Above Average | 5/8/20 | -20.43 | 92 | -6.81 | 95 | ★★ |
| Real Estate | | | | | | | | | | | |
| Baron Real Estate | BREIX | — | — | — | — | — | 21.17 | 1 | 10.01 | 2 | ★★★★★ |

Source: Morningstar, Inc.

★ = New Addition

Morningstar Prospects Graduates (Continued)

| Asset Class / Category / Fund Name | Ticker | Morningstar Analyst Rating | | | | Rating Date | Total Return % | | | | Morningstar ★ Rating |
|---------------------------------------|--------|----------------------------|---------------|---------------|---------------|-------------|----------------|---------------|--------|---------------|-------------------------|
| | | Overall | People | Process | Parent | | 1-Yr | 1-Yr Cat Rank | 3-Yr | 3-Yr Cat Rank | |
| Small Blend | | | | | | | | | | | |
| Cardinal Small Cap Value | CCMSX | — | — | — | — | — | -19.31 | 92 | -4.66 | 92 | ★ |
| Mairs & Power Small Cap | MSCFX | Silver | Above Average | Above Average | Above Average | 3/26/20 | -11.96 | 61 | -0.76 | 55 | ★★★★★ |
| Westwood SmallCap | WHGSX | Bronze | Above Average | Above Average | Average | 11/8/19 | -16.26 | 83 | -1.52 | 64 | ★★★★★ |
| Small Growth | | | | | | | | | | | |
| Alger Small Cap Focus | AOFIX | Silver | Above Average | High | Average | 4/28/20 | 17.33 | 11 | 23.19 | 5 | ★★★★★ |
| Hood River Small-Cap Growth | HRSMX | — | — | — | — | — | 7.55 | 37 | 9.44 | 48 | ★★★★★ |
| Meridian Small Cap Growth | MISGX | Bronze | Above Average | Average | Above Average | 5/8/20 | -1.37 | 70 | 6.54 | 67 | ★★★ |
| Small Value | | | | | | | | | | | |
| Queens Road Small Cap Value | QRSVX | — | — | — | — | — | -2.04 | 3 | 1.91 | 2 | ★★★★★ |
| International Equity | | | | | | | | | | | |
| Diversified Emerging Markets | | | | | | | | | | | |
| American Funds Dvlpg Wld Gr&Inc | DWGAX | Neutral | Above Average | Average | High | 1/21/20 | -3.63 | 47 | 0.79 | 52 | ★★★ |
| Baron Emerging Markets | BEXIX | Bronze | Above Average | Above Average | Above Average | 6/9/20 | 0.56 | 26 | 2.46 | 32 | ★★★★★ |
| Causeway Emerging Markets | CEMIX | Bronze | Above Average | Above Average | Above Average | 3/5/20 | -4.11 | 52 | 0.16 | 59 | ★★★★★ |
| GQG Partners Emerging Markets Equity | GQGIX | Silver | Above Average | High | Above Average | 5/15/20 | 0.78 | 25 | 5.72 | 13 | ★★★★★ |
| Harding Loevner Frontier Emerg Mkts | HLFMX | Bronze | ∞ | ∞ | ∞ | 8/13/19 | -19.40 | 97 | -5.03 | 95 | ★★ |
| Seafarer Overseas Gr and Income | SIGIX | Silver | Above Average | Above Average | Above Average | 11/6/19 | -0.20 | 29 | 0.37 | 57 | ★★★ |
| T. Rowe Price Instl Frontier Mkts Eq | — | — | — | — | — | — | — | — | — | — | — |
| Foreign Large Blend | | | | | | | | | | | |
| Ariel International | AINIX | Silver | Above Average | Above Average | Average | 3/18/20 | 1.80 | 7 | 0.47 | 55 | ★★★★★ |
| FMI International | FMIJX | Gold | Above Average | High | High | 2/20/20 | -13.93 | 98 | -2.89 | 94 | ★★ |
| Foreign Large Growth | | | | | | | | | | | |
| Fidelity Advisor International Growth | FIIIX | Silver | High | Above Average | Above Average | 2/20/20 | 8.01 | 29 | 7.79 | 23 | ★★★★★ |
| JOHCM International Select | JOHIX | Bronze | Above Average | Above Average | Above Average | 11/5/19 | 7.84 | 31 | 7.83 | 23 | ★★★★★ |
| Vanguard Intl Div Apprec ETF | VIGI | Silver | Above Average | Above Average | High | 6/22/20 | 0.78 | 82 | 4.81 | 58 | ★★★ |
| WCM Focused International Growth | WCMIX | Bronze | Above Average | Above Average | Average | 12/23/19 | 13.94 | 11 | 12.84 | 6 | ★★★★★ |
| Foreign Large Value | | | | | | | | | | | |
| Mondrian International Value Equity | MPIEX | Silver | Above Average | Above Average | Above Average | 12/2/19 | -13.12 | 65 | -3.06 | 49 | ★★★★★ |
| Transamerica International Equity | TSWIX | Bronze | Above Average | Above Average | Average | 3/4/20 | -5.25 | 11 | -1.64 | 21 | ★★★★★ |
| Foreign Small/Mid Blend | | | | | | | | | | | |
| FPA International Value | FPIVX | Bronze | Above Average | Above Average | Above Average | 3/6/20 | 8.50 | 1 | 6.05 | 1 | ★★★★★ |
| Pacific/Asia ex-Japan Stk | | | | | | | | | | | |
| Matthews Emerging Asia | MIASX | Bronze | + | + | + | 9/30/19 | -24.39 | 93 | -13.11 | 100.00 | ★ |

Source: Morningstar, Inc.

★ = New Addition





Morningstar Prospects Graduates (Continued)

| Asset Class / Category / Fund Name | Ticker | Morningstar Analyst Rating | | | | Rating Date | Total Return % | | | Morningstar ★ Rating | |
|---|--------|----------------------------|---------------|---------------|---------------|-------------|----------------|---------------|---------------|-------------------------|-------|
| | | Overall | People | Process | Parent | | 1-Yr | 1-Yr Cat Rank | 3-Yr Cat Rank | | |
| World Large Stock | | | | | | | | | | | |
| Causeway Global Value | CGVIX | Gold | High | High | Above Average | 11/27/19 | -13.59 | 97 | -2.37 | 95 | ★★ |
| Morgan Stanley Global Opportunities | MGGIX | Bronze | Above Average | Above Average | Average | 6/2/20 | 25.00 | 4 | 20.56 | 2 | ★★★★★ |
| PGIM Jennison Global Opportunities | PRJZX | Silver | Above Average | Above Average | Above Average | 11/18/19 | 32.63 | 3 | 22.94 | 2 | ★★★★★ |
| Polaris Global Value | PGVFX | Bronze | Above Average | Above Average | Average | 12/30/19 | -12.67 | 95 | -1.68 | 92 | ★★ |
| World Small/Mid Stock | | | | | | | | | | | |
| Moerus Worldwide Value | MOWIX | Bronze | + | + | ● | 7/17/19 | -29.15 | 97 | -12.11 | 97 | ★ |
| Vanguard Global Minimum Volatility | VMNVX | Gold | Above Average | Above Average | High | 7/9/20 | -5.91 | 66 | 4.14 | 60 | ★★★★ |
| Taxable Bond | | | | | | | | | | | |
| Bank Loan | | | | | | | | | | | |
| T. Rowe Price Floating Rate | RPIFX | Silver | Above Average | High | High | 2/25/20 | -1.11 | 12 | 2.27 | 7 | ★★★★★ |
| Corporate Bond | | | | | | | | | | | |
| Goldman Sachs Acss Inv Grd Corp Bd ETF | GIGB | Neutral | Average | Average | Average | 6/22/20 | 10.17 | 18 | 6.48 | 16 | ★★★★ |
| Emerging-Markets Local-Currency Bond | | | | | | | | | | | |
| TCW Emerging Markets Local Ccy Inc | TGWIX | Silver | High | High | Average | 1/15/20 | -4.69 | 62 | -0.05 | 61 | ★★★★ |
| High Yield | | | | | | | | | | | |
| Artisan High Income | ARTFX | Neutral | Above Average | Above Average | Above Average | 5/7/20 | 1.25 | 10 | 3.79 | 7 | ★★★★★ |
| Intermediate-Term Bond | | | | | | | | | | | |
| Hartford Total Return Bond | HABYX | Bronze | Above Average | Average | Above Average | 12/19/19 | 8.93 | 13 | 5.59 | 10 | ★★★★ |
| WisdomTree Yield Enhanced US Aggt Bd ETF | AGGY | Silver | Average | Above Average | Below Average | 12/12/19 | 7.82 | 64 | 5.33 | 22 | ★★★★ |
| Nontraditional Bond | | | | | | | | | | | |
| Metropolitan West Unconstrained Bd | MWCIX | Bronze | High | Above Average | Average | 3/26/20 | 2.00 | 36 | 2.99 | 19 | ★★★★ |
| Ultrashort Bond | | | | | | | | | | | |
| Fidelity Conservative Income Bond | FCNVX | Silver | + | + | + | 10/2/19 | 2.07 | 42 | 2.12 | 41 | ★★★ |
| PIMCO Short Asset Investment | PAIDX | Gold | + | + | + | 9/29/19 | 1.84 | 60 | 2.07 | 51 | ★★★★ |
| World Bond | | | | | | | | | | | |
| Dodge & Cox Global Bond | DODLX | Gold | Above Average | High | High | 5/27/20 | 6.80 | 3 | 5.22 | 2 | ★★★★★ |
| Municipal Bond | | | | | | | | | | | |
| Muni National Intermediate | | | | | | | | | | | |
| Vanguard Tax-Exempt Bond Index | VTEB | Gold | Above Average | Above Average | High | 1/15/20 | 4.32 | 16 | 4.05 | 8 | ★★★★ |

Source: Morningstar, Inc.

★ = New Addition

Morningstar Prospects Graduates (Continued)

| Asset Class / Category / Fund Name | Ticker | Morningstar Analyst Rating | | | | Rating Date | Total Return % | | | | Morningstar ★ Rating |
|-------------------------------------|--------|--|---------------|---------------|---------------|-------------|----------------|---------------|-------|---------------|-------------------------|
| | | Overall | People | Process | Parent | | 1-Yr | 1-Yr Cat Rank | 3-Yr | 3-Yr Cat Rank | |
| ESG | | | | | | | | | | | |
| Large Blend | | | | | | | | | | | |
| iShares ESG MSCI USA ETF | ESGU |  Silver | Above Average | High | Above Average | 5/11/20 | 9.97 | 10 | 11.54 | 8 | ★★★★★ |
| Fidelity® U.S. Sustainability Index | FITLX |  Bronze | Average | Above Average | Above Average | 5/8/20 | 9.32 | 13 | 11.50 | 9 | ★★★★★ |
| Intermediate Core Bond | | | | | | | | | | | |
| iShares ESG U.S. Aggregate Bond ETF | EAGG |  Silver | Above Average | Above Average | Above Average | 4/22/20 | 8.64 | 35 | — | — | — |
| Intermediate-Term Bond | | | | | | | | | | | |
| TIAA-CREF Social Choice Bond | TSBIX |  Silver | Above Average | Above Average | Average | 3/4/20 | 6.94 | 59 | 4.95 | 41 | ★★★ |

Source: Morningstar, Inc.

On Oct. 31, 2019, Morningstar enhanced the methodology that underpins the Analyst Rating to make the ratings more effective and useful to investors (Read more about those changes here). Several graduates are rated under the new methodology, which assigns pillar ratings on a five-point scale (High, Above Average, Average, Below Average, Low), while many still carry ratings under the previous methodology, which used a three-point pillar ratings scale (Positive, Neutral, and Negative). In addition, overall ratings under the new methodology are tailored to individual fund share classes, taking fee differences into account. The above table lists a representative share class for each graduate, typically the share class with the most assets. Graduates rated under the previous methodology will eventually be run under the new methodology.

Process

Morningstar Manager Research analysts compile and maintain the Morningstar Prospects list. The idea is to create and maintain a list of up-and-coming or under-the-radar fund managers and strategies that our team believes may offer enduring advantages and long-term appeal. These are managers and strategies that typically have not been subject to full analyst coverage in the past but that may merit such coverage in the future.

Morningstar analysts consider a variety of quantitative and qualitative factors when proposing candidates for the Prospects list, including management experience, uniqueness and durability of strategy, performance, and fees. The final decision is made by a committee of senior analysts and team leaders with extensive experience assessing global-equity, fixed-income, and alternatives strategies.

The following delineates the Morningstar Prospects process in more detail:

1. Idea Generation

Any Morningstar Manager Research analyst can recommend a manager or strategy for the list, with ideas typically coming from:

- ▶ Screening new or small funds for managers with promising records or established records at other open-end mutual funds or other vehicles, such as separate accounts.
- ▶ Reviewing requests for coverage from internal and external consumers of Manager Research or the asset managers themselves.
- ▶ Researching individual managers and strategies.
- ▶ Communicating with other investors, managers, and industry contacts.
- ▶ Monitoring regulatory filings for new funds.

2. Fundamental Research

The committee considers each recommended fund or strategy and assembles the final list, based on the following considerations:

Size

Morningstar Prospects emphasizes funds and strategies with smaller asset bases and more capacity relative to their peers, but there is no hard cap on fund size.

Track records

If a strategy is old enough to have a Morningstar Rating (star rating), the committee will consider that among other quantitative measures of risk and return, but it does not use the star rating as a dispositive screen.

Age

Funds younger than three years are generally subject to extra scrutiny because of their short track records.

3. List Composition

Morningstar Prospects doesn't include a set number of strategies or try to offer ideas for every asset class, category, and subcategory, but it does try to offer a balance of funds from areas where it can be difficult to find good funds with capacity, such as emerging-markets debt, and funds from more-traditional categories. Prospects generally fall into one or more of these broad classifications:

Existing Fund/New Manager

A previously unappealing fund gets a promising new leader, team, or strategy.

New Fund/Experienced Manager

A manager with a long, impressive track record elsewhere or a firm with established expertise launches a new fund.

Under-the-Radar Manager

A fund with a long track record that has not yet attracted attention or assets.

Unique Process/Strategy

A manager that offers a distinctive approach.

4. Strategy Profiles

Morningstar analysts prepare a short narrative summarizing the funds' key attributes and justification for inclusion on the list. The list is published quarterly with featured strategy profiles on a subset of the list.

5. Ongoing Maintenance

The committee reviews the list at least quarterly, making additions and deletions as necessary. There is no maximum or minimum time a manager or strategy can remain a Prospect. A fund can leave the prospects list for the following reasons:

- ▶ It has graduated to full analyst coverage.
- ▶ There has been a material change to management or strategy that lowers our confidence.
- ▶ It has closed to new investors.
- ▶ New ideas are more compelling.

Disclosure

Strategies on the Morningstar Prospects list are selected based on the Morningstar Manager Research team's assessment that they may be worthy of additional investor attention and eventual regular Morningstar analyst coverage. Morningstar evaluates funds for inclusion on the list based on the uniqueness of the strategy, the experience of the manager, and prospective return based on the investment process, past performance, and expenses. Inclusion on the list does not guarantee that a strategy will be subject to full analyst coverage. Inclusion on the list should not be the sole basis for evaluating a strategy on the list; it is not a guarantee of future performance and should not be viewed by investors as such. Strategies on the list involve unknown risks and uncertainties that may cause Morningstar's judgment to differ significantly from expectations.

Morningstar Prospects may include nontraditional strategies. Such strategies may subject an investor to significant risks not inherent in traditional asset classes. They may not be appropriate for many investors, and great care should be taken to ensure your client fully understands the significant risks inherent in such securities.

Morningstar Category

In an effort to distinguish funds by what they own, as well as by their prospectus objectives and styles, Morningstar developed the Morningstar Categories. While the prospectus objective identifies a fund's investment goals identified in the fund prospectus, the Morningstar Category identifies funds based on their actual investment styles as measured by their underlying portfolio holdings (portfolio and other statistics over the past three years).

Performance

The performance data given represent past performance and should not be considered indicative of future results. Principal value and investment return will fluctuate, so that an investor's shares, when redeemed, may be worth more or less than the original investment.

Total Return reflects performance without adjusting for sales charges or the effects of taxation, but it is adjusted to reflect all actual ongoing fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

Morningstar % Rank within Morningstar Category does not account for a fund's sales charge, if applicable.

Category Rank

The placement of a particular fund in a ranking, with 1 being the highest percentile and 100 the lowest, of its peers (that is, Morningstar Category) for a specific data point.

Net Expense Ratio

The percentage of fund assets used to pay for operating expenses and management fees, including 12b-1 fees, administrative fees, and all other asset-based costs incurred by the fund, with the exception of brokerage costs. Fund expenses are reflected in the fund's NAV. Sales charges are not included in the expense ratio. The expense ratio for funds of funds includes only the wrap or sponsor fees and does not include the underlying fund fees. ■■■

About Morningstar Manager Research

Morningstar Manager Research provides independent, fundamental analysis on managed investment strategies. Analyst views are expressed in the form of Analyst Ratings, which are derived through research of five key pillars — Process, Performance, Parent, People, and Price. A global research team issues detailed analyst reports on strategies that span vehicle, asset class, and geography.

About Morningstar Manager Research Services

Morningstar Manager Research Services combines the firm's fund research reports, ratings, software, tools, and proprietary data with access to Morningstar's manager research analysts. It complements internal due-diligence functions for institutions such as banks, wealth managers, insurers, sovereign wealth funds, pensions, endowments, and foundations.



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