

# Annual Review Report



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## CNH KIWANIS FOUNDATION

### **GGR Group**

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**October 25, 2018**



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# Account List

As of Close of Business: 10/24/2018

<b>Merrill Lynch</b>					
Account Number/NickName	Account Title	Credit Type	Account Registration	Market Value(\$)	% of Total
XXX-XX060 "primary fixed inc"		Cash	ENDOWMENT	430,082	25.42
XXX-XX061 "Clearbridge Div"		Cash	ENDOWMENT	508,183	30.04
	Service Type: Managed Strategy				
	Investment Manager/Model: CLEARBRIDGE DIVIDEND STRATEGY		Manager Style: Large Cap Core		
XXX-XX063 "Index funds"		Cash	ENDOWMENT	85,439	5.05
XXX-XX065 "Mcelwain"		Cash	ENDOWMENT	321,150	18.98
XXX-XX185 "Loomis LCG"		Cash	ENDOWMENT	347,080	20.51
	Service Type: Managed Strategy				
	Investment Manager/Model: LOOMIS SAYLES LARGE CAP GROWTH		Manager Style: Large Cap Growth		
<b>Total</b>				<b>1,691,933</b>	<b>100</b>

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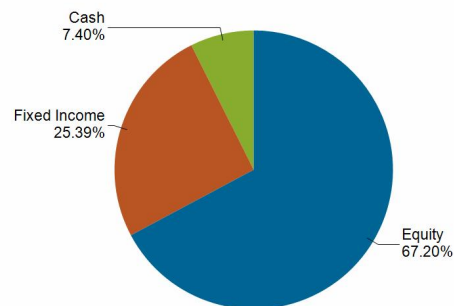
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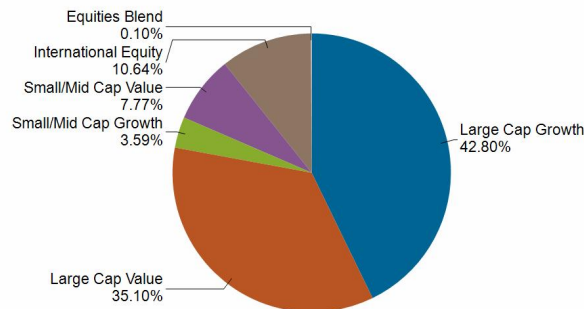
# Asset Allocation Overview

As of Close of Business: 10/24/2018

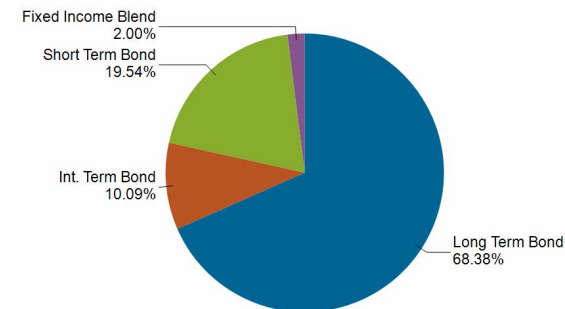
**Asset Allocation**



**Equity Size and Style**



**Fixed Income**



Asset Class	Market Value(\$)	% of Total	Size & Style	Market Value(\$)	% of Total	Maturity	Market Value(\$)	% of Total
Equity	1,133,774	67.20	Large Cap Growth	485,226	42.80	Long Term Bond	292,931	68.38
Fixed Income	428,405	25.39	Large Cap Value	397,972	35.10	Int. Term Bond	43,219	10.09
Cash	124,891	7.40	Small/Mid Cap Growth	40,737	3.59	Short Term Bond	83,691	19.54
<b>Subtotal</b>	<b>1,687,069</b>	<b>100.00</b>	Small/Mid Cap Value	88,073	7.77	Fixed Income Blend	8,563	2.00
Other	4,864		International Equity	120,655	10.64	<b>Total</b>	<b>428,405</b>	<b>100.00</b>
<b>Total</b>	<b>1,691,933</b>		Equities Blend	1,110	0.10			
			<b>Total</b>	<b>1,133,774</b>	<b>100.00</b>			

**Account Summary**

Account	Account Type/Manager	Market Value(\$)	% of Total
XXX-XX061 "Clearbridge Div"	CLEARBRIDGE DIVIDEND STRATEGY	508,183	30.04
XXX-XX060 "primary fixed inc"	ENDOWMENT	430,082	25.42
XXX-XX185 "Loomis LCG"	LOOMIS SAYLES LARGE CAP GROWTH	347,080	20.51
XXX-XX065 "Mcelwain"	ENDOWMENT	321,150	18.98
XXX-XX063 "Index funds"	ENDOWMENT	85,439	5.05
<b>Total</b>		<b>1,691,933</b>	<b>100.00</b>

**Top Holdings (Based on Market Value)**

Security Description	Quantity	Price(\$)	Market Value(\$)	% of Total
ML BANK DEPOSIT PROGRAM	122,202	1.00	122,202	7.22
AMERICAN INCOME FUND OF AMERICA CL C	4,284	21.79	93,346	5.52
COHEN & STEERS PFD SECS & INCOME FD INC CL A	6,705	13.26	88,915	5.26
INVESCO FINL PREFERRED ETF	4,600	17.81	81,926	4.84
ISHARES U.S. PREFERRED STOCK ETF	2,000	36.00	72,000	4.26
AMERICAN CAP INC BLDR FD SBI CL A	1,008	57.58	58,013	3.43
ENTERPRISE PRDTS PRTN LP LP	2,000	26.70	53,400	3.16
ALPS ALERIAN MLP ETF	4,350	9.96	43,326	2.56
COHEN & STEERS PFD SECS & INCOME FD INC CL C	2,530	13.18	33,341	1.97
<b>Total</b>			<b>646,469</b>	<b>38.21</b>

Accounts included in this report: Please refer to the Account List for accounts included in this report.

# Time Weighted Rate of Return by Period: Monthly



Performance period: 10/01/2018 to 10/24/2018

Period	Opening Balance(\$)	Contributions/ (Withdrawals)(\$)	Interest/ Dividends(\$)	Appreciation/ (Depreciation)(\$)	Closing Balance(\$)	Total Portfolio ROR		S&P 500 PR	
						Period(%)	Cum(%)	Period(%)	Cum(%)
Oct 2018	1,839,429	(52,500)	2,258	(97,254)	1,691,933	(5.29)	(5.29)	(8.85)	(8.85)
<b>Total</b>	<b>1,839,429</b>	<b>(52,500)</b>	<b>2,258</b>	<b>(97,254)</b>	<b>1,691,933</b>		<b>(5.29)</b>		<b>(8.85)</b>

Note that various factors, including unpriced securities, and certain adjustments, holdings or activity may cause report results to differ from actual performance. Report results may also differ from results reported by other Merrill Lynch services. Past performance does not guarantee future results.

# Time Weighted Rate of Return by Account: Monthly

Performance period: 10/01/2017 to 09/30/2018

Period	Opening Balance(\$)	Contributions/ (Withdrawals)(\$)	Interest/ Dividends(\$)	Appreciation/ (Depreciation)(\$)	Closing Balance(\$)	ROR Period(%)	ROR Cum(%)
<b>XXX-XX060</b> "primary fixed inc"	<b>453,965</b>	<b>(70,000)</b>	<b>20,052</b>	<b>2,380</b>	<b>406,396</b>		<b>4.35</b>
Sep 2018	446,168	(40,000)	2,106	(1,878)	406,396	0.05	4.35
Aug 2018	473,389	(30,000)	1,036	1,743	446,168	0.57	4.30
Jul 2018	540,648	(75,000)	1,745	5,995	473,389	1.43	3.71
Jun 2018	541,275	0	1,775	(2,401)	540,648	(0.12)	2.24
May 2018	532,074	0	1,073	8,127	541,275	1.73	2.36
Apr 2018	525,372	0	488	6,214	532,074	1.28	0.62
Mar 2018	529,963	0	2,168	(6,760)	525,372	(0.87)	(0.64)
Feb 2018	542,993	0	1,902	(14,932)	529,963	(2.40)	0.22
Jan 2018	535,712	0	1,516	5,765	542,993	1.36	2.69
Dec 2017	453,603	75,000	3,897	3,212	535,712	1.39	1.31
Nov 2017	450,833	0	1,887	883	453,603	0.61	(0.08)
Oct 2017	453,965	0	457	(3,589)	450,833	(0.69)	(0.69)
<b>XXX-XX061</b> "Clearbridge Div"	<b>490,459</b>	<b>0</b>	<b>14,507</b>	<b>32,285</b>	<b>537,251</b>		<b>9.54</b>
Sep 2018	539,046	0	1,856	(3,651)	537,251	(0.33)	9.54
Aug 2018	533,395	0	552	5,100	539,046	1.06	9.91
Jul 2018	514,585	0	729	18,081	533,395	3.66	8.75
Jun 2018	508,329	0	2,194	4,062	514,585	1.23	4.92
May 2018	497,304	0	699	10,326	508,329	2.22	3.64
Apr 2018	499,417	0	1,090	(3,204)	497,304	(0.42)	1.40
Mar 2018	512,130	0	1,757	(14,470)	499,417	(2.48)	1.83
Feb 2018	537,870	0	716	(26,455)	512,130	(4.79)	4.42
Jan 2018	517,947	0	933	18,990	537,870	3.85	9.67
Dec 2017	504,782	0	1,925	11,240	517,947	2.61	5.60
Nov 2017	492,094	0	657	12,031	504,782	2.58	2.92
Oct 2017	490,459	0	1,398	237	492,094	0.33	0.33
<b>XXX-XX063</b> "Index funds"	<b>180,749</b>	<b>0</b>	<b>8,766</b>	<b>(7,851)</b>	<b>181,664</b>		<b>0.51</b>
Sep 2018	182,094	0	484	(914)	181,664	(0.24)	0.51
Aug 2018	182,070	0	517	(493)	182,094	0.01	0.74
Jul 2018	179,517	0	1,170	1,383	182,070	1.42	0.73
Jun 2018	178,802	0	800	(85)	179,517	0.40	(0.68)
May 2018	178,866	0	547	(611)	178,802	(0.04)	(1.08)
Apr 2018	179,413	0	906	(1,452)	178,866	(0.30)	(1.04)
Mar 2018	178,378	0	639	396	179,413	0.58	(0.74)
Feb 2018	181,223	0	945	(3,790)	178,378	(1.57)	(1.31)
Jan 2018	181,966	0	447	(1,191)	181,223	(0.41)	0.26
Dec 2017	181,188	0	784	(6)	181,966	0.43	0.67
Nov 2017	179,906	0	520	762	181,188	0.71	0.24
Oct 2017	180,749	0	1,008	(1,850)	179,906	(0.47)	(0.47)
<b>XXX-XX065</b> "Mcelwain"	<b>330,720</b>	<b>(4,279)</b>	<b>19,162</b>	<b>(16,842)</b>	<b>328,761</b>		<b>0.69</b>
Sep 2018	329,641	0	1,397	(2,276)	328,761	(0.27)	0.69

Accounts included in this report: Please refer to the Account List for accounts included in this report.

# Time Weighted Rate of Return by Account: Monthly



Performance period: 10/01/2017 to 09/30/2018

Period	Opening Balance(\$)	Contributions/ (Withdrawals)(\$)	Interest/ Dividends(\$)	Appreciation/ (Depreciation)(\$)	Closing Balance(\$)	ROR Period(%)	ROR Cum(%)
Aug 2018	328,800	0	1,576	(735)	329,641	0.26	0.96
Jul 2018	321,270	0	1,004	6,527	328,800	2.34	0.70
Jun 2018	320,222	0	1,427	(379)	321,270	0.33	(1.61)
May 2018	318,822	0	1,599	(199)	320,222	0.44	(1.93)
Apr 2018	315,988	0	922	1,913	318,822	0.90	(2.36)
Mar 2018	318,840	0	1,533	(4,385)	315,988	(0.89)	(3.22)
Feb 2018	331,083	0	1,456	(13,699)	318,840	(3.70)	(2.35)
Jan 2018	333,286	(4,279)	290	1,786	331,083	0.62	1.40
Dec 2017	329,465	0	5,510	(1,689)	333,286	1.16	0.78
Nov 2017	328,710	0	1,563	(809)	329,465	0.23	(0.38)
Oct 2017	330,720	0	887	(2,897)	328,710	(0.61)	(0.61)
<b>XXX-XX185 "Loomis LCG"</b>	<b>400,651</b>	<b>(75,000)</b>	<b>4,603</b>	<b>55,102</b>	<b>385,356</b>		<b>17.12</b>
Sep 2018	386,400	0	331	(1,374)	385,356	(0.27)	17.12
Aug 2018	372,805	0	323	13,272	386,400	3.65	17.44
Jul 2018	361,204	0	353	11,248	372,805	3.21	13.31
Jun 2018	361,275	0	658	(729)	361,204	(0.02)	9.78
May 2018	349,695	0	275	11,305	361,275	3.31	9.80
Apr 2018	351,856	0	636	(2,797)	349,695	(0.61)	6.28
Mar 2018	364,259	0	346	(12,749)	351,856	(3.41)	6.94
Feb 2018	379,560	0	131	(15,432)	364,259	(4.03)	10.71
Jan 2018	350,019	0	362	29,179	379,560	8.44	15.36
Dec 2017	424,958	(75,000)	512	(450)	350,019	0.30	6.38
Nov 2017	413,917	0	227	10,813	424,958	2.67	6.07
Oct 2017	400,651	0	451	12,816	413,917	3.31	3.31

Note that various factors, including unpriced securities, and certain adjustments, holdings or activity may cause report results to differ from actual performance. Report results may also differ from results reported by other Merrill Lynch services. Past performance does not guarantee future results.

# Time Weighted Rate of Return by Period: Monthly



Performance period: 10/01/2017 to 09/30/2018

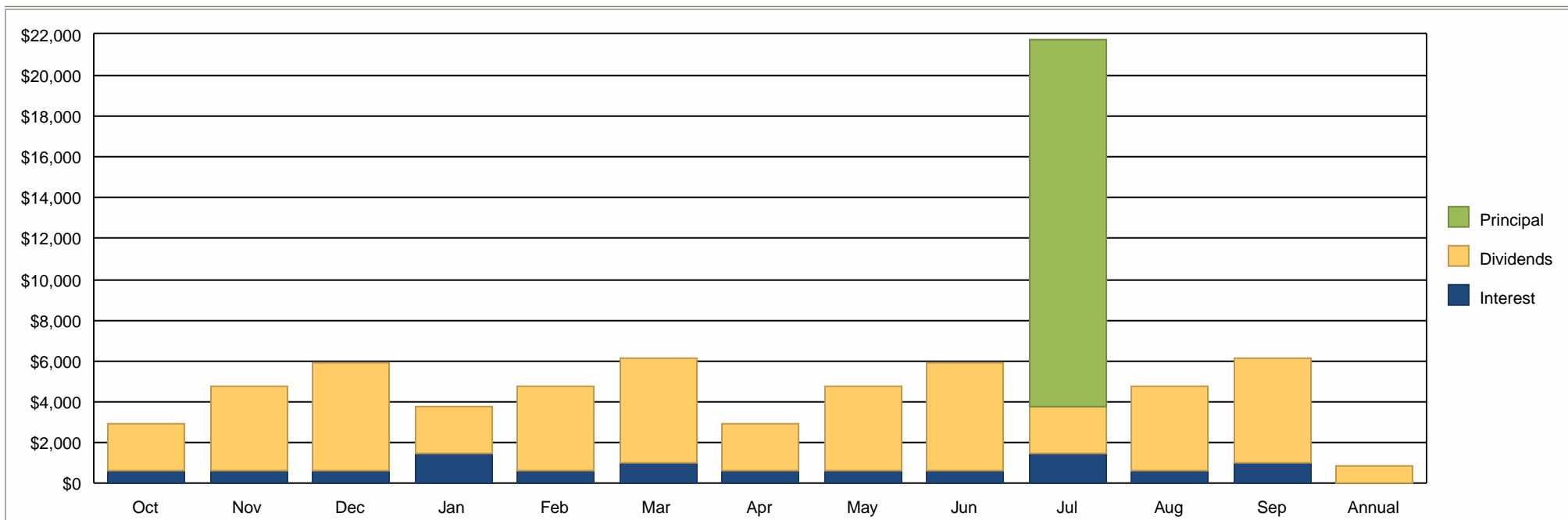
Period	Opening Balance(\$)	Contributions/ (Withdrawals)(\$)	Interest/ Dividends(\$)	Appreciation/ (Depreciation)(\$)	Closing Balance(\$)	ROR Period(%)	ROR Cum(%)
Sep 2018	1,883,350	(40,000)	6,173	(10,094)	1,839,429	(0.21)	7.22
Aug 2018	1,890,458	(30,000)	4,004	18,887	1,883,350	1.21	7.44
Jul 2018	1,917,224	(75,000)	5,001	43,234	1,890,458	2.52	6.16
Jun 2018	1,909,903	0	6,854	467	1,917,224	0.38	3.55
May 2018	1,876,762	0	4,192	28,948	1,909,903	1.77	3.16
Apr 2018	1,872,046	0	4,042	674	1,876,762	0.25	1.37
Mar 2018	1,903,571	0	6,443	(37,968)	1,872,046	(1.66)	1.11
Feb 2018	1,972,729	0	5,150	(74,308)	1,903,571	(3.51)	2.82
Jan 2018	1,918,930	(4,279)	3,548	54,529	1,972,729	3.03	6.55
Dec 2017	1,893,995	0	12,628	12,306	1,918,930	1.37	3.42
Nov 2017	1,865,461	0	4,854	23,680	1,893,995	1.53	2.02
Oct 2017	1,856,544	0	4,201	4,717	1,865,461	0.48	0.48
<b>Total</b>	<b>1,856,544</b>	<b>(149,279)</b>	<b>67,091</b>	<b>65,073</b>	<b>1,839,429</b>		<b>7.22</b>

Note that various factors, including unpriced securities, and certain adjustments, holdings or activity may cause report results to differ from actual performance. Report results may also differ from results reported by other Merrill Lynch services. Past performance does not guarantee future results.



# Estimated Income Summary

As of Close of Business: 10/24/2018



Month	Interest(\$)		Dividend(\$)		Principal(\$)	Total(\$)
	Tax-Exempt	Taxable	Tax-Exempt	Taxable		
October 2018	0	590	0	2,324	0	2,915
November 2018	0	590	1,075	3,107	0	4,772
December 2018	0	590	0	5,283	0	5,874
January 2019	0	1,450	0	2,324	0	3,774
February 2019	0	590	1,075	3,070	0	4,735
March 2019	0	984	0	5,167	0	6,151
April 2019	0	590	0	2,324	0	2,915
May 2019	0	590	1,075	3,107	0	4,772
June 2019	0	590	0	5,283	0	5,874
July 2019	0	1,450	0	2,324	18,000	21,774
August 2019	0	590	1,075	3,070	0	4,735
September 2019	0	984	0	5,167	0	6,151
<b>Total</b>	<b>0</b>	<b>9,592</b>	<b>4,299</b>	<b>42,553</b>	<b>18,000</b>	<b>74,444</b>
<b>Other Annual Estimated Income *</b>						
Annual	0	0	0	819	0	819
<b>Total Income</b>	<b>0</b>	<b>9,592</b>	<b>4,299</b>	<b>43,371</b>	<b>18,000</b>	<b>75,262</b>

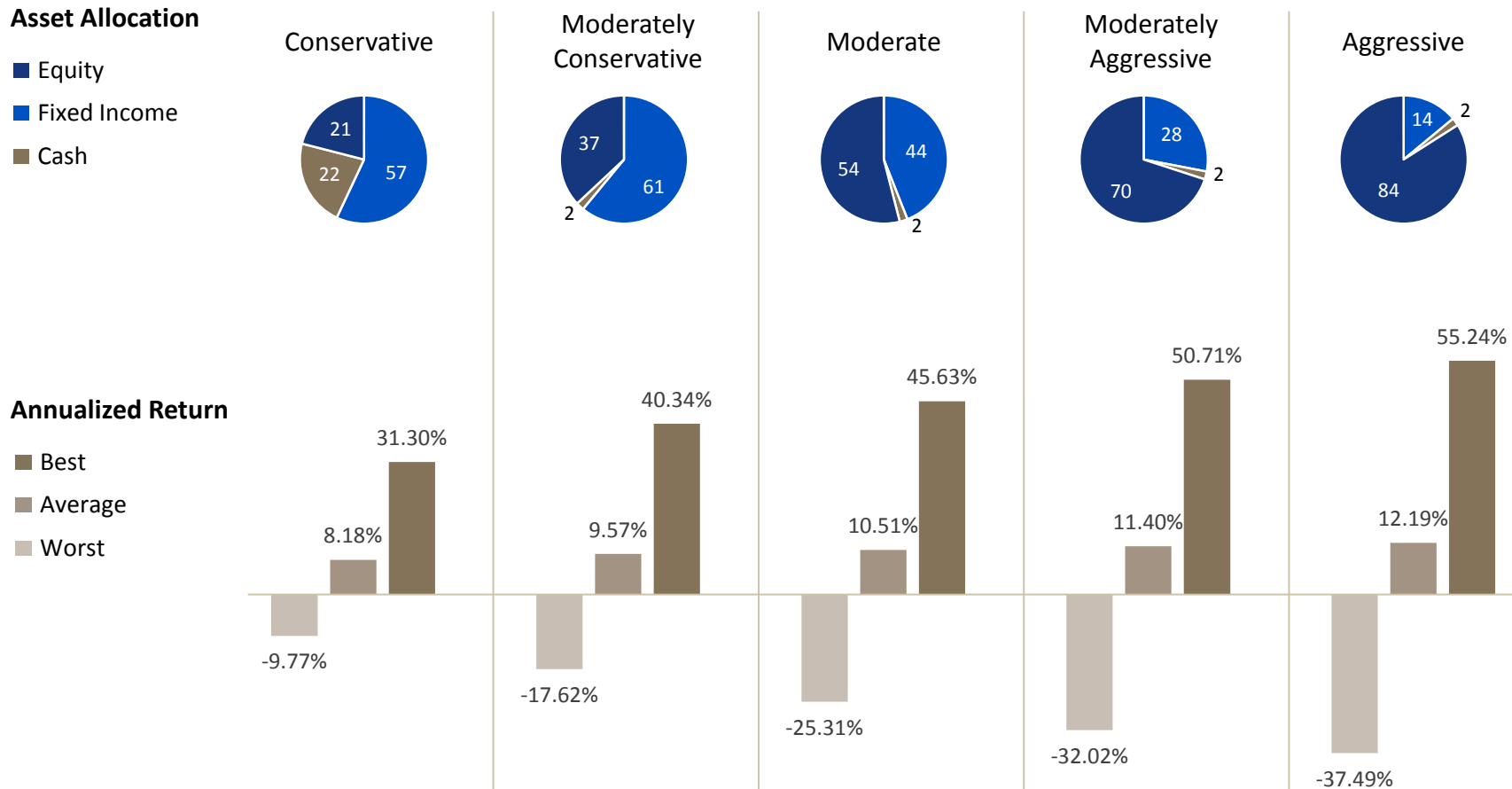
Report includes the estimated monthly income from fixed income, equities and mutual funds. For fixed income, estimates are based on the security's coupon. For equities and mutual funds, estimates are based on recent dividend payments, which may change in the future.

\* Where estimated income cannot be shown on a monthly basis the information is shown as an annual amount

# Merrill Lynch Strategic Asset Allocations

## Hypothetical Returns

### Annualized hypothetical returns for a 12-month rolling period, Jan 78 – Mar 18



Source: Chief Investment Office Investment Solutions Group (CIO ISG). Strategic Asset Allocations as of January 2018 (US-oriented, Tier 0 Liquidity, Low Tax Sensitivity). Calculations are based on monthly index returns over the period January 1978 to March 2018, assuming fixed weights. Return values shown are the worst, average and best Annualized Compound Returns over a 12-month rolling period. Indices used: Standard & Poor's 500® Total Return Index for Equity; ICE BofAML US Broad Market Bond Index for Fixed Income; ICE BofAML US Treasury Bill 3-Month Index for Cash. **Results shown are based on indices and are illustrative;** they assume reinvestment of income, no transaction costs or taxes, and that the allocation weights remained consistent. Direct investment cannot be made in an index. **Past performance is no guarantee of future results.** This is for illustrative purposes only and not indicative of any investment. Asset allocation does not assure a profit or protect against a loss in declining markets.

# Important Information About Reference Indices

Market indices are included in this report to provide a reference point when reviewing the performance of your account(s). Indices provide a general source of information on how various market segments and types of investments have performed in the past. The index illustrated may be a single index, a combination of indices, or may include the performance of a Merrill Lynch allocation model. The characteristics of the indices provided may differ from your actual account(s). You should discuss with your Financial Advisor the reference indices selected and how they compare with your account(s).

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## **XXX-XX061: Account Performance Range: 03/09/1993 - CURRENT**

### **Style Index:**

03/09/1993 - 02/29/2000 (50.00% ICE BofAML US Corporate & Government Master, 50.00% S&P 500 TR)  
03/01/2000 - 06/30/2007 (100.00% S&P 500 TR)  
07/01/2007 - 05/31/2011 (100.00% MSCI World TR Net)  
06/01/2011 - 03/31/2015 (100.00% Russell 1000 Value TR)  
04/01/2015 - 05/31/2018 (100.00% S&P 500 TR)  
06/01/2018 - CURRENT (100.00% S&P 500 TR)

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## **XXX-XX060: Account Performance Range: 01/01/1997 - CURRENT**

### **Advisor Defined Style Index**

#### **Asset Allocation Blend Index:**

Equity: S&P 500 TR  
Fixed Income: ICE BofAML US Broad Market Bond  
Cash: ICE BofAML 3-Month US Treasury Bill  
AI: AI Comp (Sep 2017-Curr) / HFRIFO (Prior Sep 2017) \*

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## **XXX-XX185: Account Performance Range: 02/28/2002 - CURRENT**

### **Style Index:**

02/28/2002 - 02/28/2002 (100.00% Russell 1000 Value TR)  
03/01/2002 - 04/30/2012 (100.00% Russell 1000 Value TR)  
05/01/2012 - 03/31/2015 (100.00% Russell 1000 Value TR)  
04/01/2015 - CURRENT (100.00% Russell 1000 Growth TR)

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**Additional Comparatives:** The following indices are further reference points to various broad market indices. Based on the exhibits selected, these indices may or may not be included in this report.

**S&P 500 TR**

**S&P 500 PR**

**Russell 1000 Growth TR**

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**Blended Indices:** The following blended indices are referenced in exhibits as comparatives or included in a style index or advisor defined style index of an account / CAG.

#### **AI Comp (Sep 2017-Curr) / HFRIFO (Prior Sep 2017):**

SINCE INCEPTION - 08/31/2017 (100.00% HFRI Fund of Funds Composite)  
09/01/2017 - 09/30/2018 (25.00% S&P GSCI TR, 25.00% FTSE NAREIT Composite TR, 25.00% Russell Microcap TR, 25.00% HFRI Fund Weighted Composite)

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A **Style Index** is designed to provide a relevant market comparison to the performance of an account and where applicable, an investment manager or Financial Advisor's investment strategy. It can either be a single index benchmark or a combination of indexes. A Style Index is determined by Merrill Lynch based on several factors such as the Manager's investment philosophy and style if applicable, the asset mix over time, the range and average market capitalization of stock holdings over time, and maturities and duration of fixed income holdings.

An **Advisor Defined Style Index** is the reference index selected by your Advisor as the primary comparative index for your account(s). If risk statistics such as alpha or the information ratio have been included in the analysis, this index will be used in calculating those statistics. The following are type(s) of index blends your Financial Advisor selected:

**Asset Allocation Blend Index** - weighs the performance of the indices selected for each asset class according to the historical asset allocation of the portfolio. If daily performance is available for each component index leveraged in the monthly calculation, your Asset Allocation Blend is calculated based on the actual performance start date. If performance data is not available daily for one or more component indices, your Asset Allocation Blend will leverage full month performance returns for those indices and months.

A **Custom Index** when presented, is calculated using the same market indices included in the Style Index, but leverages the actual asset allocation of your account(s). The difference between the Style and Custom Indices provides an indication of positive/negative asset allocation impact. Please note, the Custom Index can leverage indices not included in your Style Index and, therefore, may not have the same data availability.

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**Accounts included in this report:** Please refer to the Account List for accounts included in this report.

Report created October 25, 2018  
for **CNH KIWANIS FOUNDATION**

# Important Information About Reference Indices

**Allocation Score:** This score is designed as a measure of the incremental rate of return added by the investment manager's asset allocation decisions. Mathematically, it is derived by subtracting the Style Index Return from the Custom Index Return, thus "isolating" out the effect of the manager's active asset allocation decisions in the Custom Index, as compared with the static or passive allocation guidelines in the Style Index.

**Selection Score:** This is designed as a measure of the value added by the investment manager or Financial Advisor's active security selection. Mathematically, it is derived by subtracting the Custom Index return from the actual portfolio's return, thus "isolating" out the effect of the manager or Financial Advisor's active security selection decisions versus the passive alternative of the market indices used in the Custom Index.

**Active Management Score:** This score indicates the incremental rate of return added by the investment manager or Financial Advisor through security selection and asset allocation. The score is derived by comparing the actual, actively managed portfolio's returns to those of a "passive" portfolio, the Style Index. Mathematically, the Active Management Score is computed as the difference between the actual portfolio return and the Style Index return. It is also equal to the sum of the Selection and the Allocation Scores, since it "cumulates" the manager's or the Financial Advisor's contribution in both areas.

Reference Indices may be included as a general source of information regarding the performance of certain types of investments (e.g., US equities, international equities, fixed income, cash, etc.). Direct investment into an index cannot be made. Additional information regarding the indices shown is available from your Financial Advisor.

The Russell Indexes are marks of Frank Russell Company.

Performance data for indices is generally available on a "Close of Business" or monthly basis for the performance date range.

\* The noted indices do not have performance information available as of "Close of Business" or for partial month portfolio returns. In these cases, the indices reflect full month performance returns. It is important to understand this if you are using any indices for performance comparisons relative to your account(s) and the overall market.

# Important Information About This Report

This analysis is a brokerage report that provides you with a detailed review of your investment strategy, including current financial positions, asset allocation and investment performance. In conjunction with a Financial Advisor's assistance, this report can help you make informed investment decisions in order to support your financial objectives. Merrill Lynch offers brokerage, investment advisory and other services. For more information about any of these services and their differences, including the type of advice and assistance offered, see your Financial Advisor. Please note that security classifications and definitions of objectives described below can be changed from time to time at the discretion of Merrill Lynch.

This Report provides important information about your account(s), market indices, goals and risk level. The return information for the account(s), market indices and return comparison charts reflect time-weighted rates of return unless the returns are labeled "money weighted rates of return". Time-weighted rates of return should be used to judge the performance of the selected investment manager(s) and the money weighted rate of return should be used to assess overall growth and accumulation of wealth. Both return calculations reflect transaction costs, market appreciation or depreciation and the reinvestment of capital gains, dividends, interest and other income. The treatment of fees is discussed below.

For accounts enrolled in managed account programs such as the Investment Advisory Program (utilizing Managed or Custom Managed strategies), Consults, BlackRock Private Investors ("BR PI"), Mutual Fund Advisor ("MFA"), client agreements, disclosure statements, and profiles (if applicable) can provide additional information about these programs, including applicable fees, restrictions and other terms.

Merrill Lynch is both a broker-dealer and an investment adviser, and it offers both brokerage and investment advisory services. There are important differences between these services, including the type of advice and assistance provided, the fees charged, and the rights and obligations of the parties. Brokerage services are also regulated under different laws and rules than advisory services. It is important for you to understand these differences, particularly when determining which service or investments you might select.

## **Pricing of Securities**

Pricing of securities is provided for your information. Your Account Statement is your official record of holdings, balances, and security values for your accounts at Merrill Lynch and sold to you by your Advisor. Unless you or a third party have provided the values for any External Assets, values reflect information as of the "Close of Business" date reflected at the top of each exhibit. Values for External Assets (if you have chosen to include them) will reflect information as of the "Close of Business" date indicated, provided pricing information for the particular security is available to Merrill Lynch. Otherwise, pricing information for External Assets are based on values you or a third party have provided to Merrill Lynch. Please contact your Advisor if you have questions relating to pricing information. Please see the "External Assets" section at the end of this Report for important information relating to External Assets generally, including reviewing the External Assets with your Advisor on a regular basis.

Annuities and life insurance products are not held in your account. Their values are listed in the report for your convenience. Life Insurance Cash Values and Annuity Contract Values are used to calculate Total Portfolio Value. These values are as of "close of one business" day prior to the "as of" date shown. Cash values may not reflect immediately available funds due to loan balances and/or policy changes. Annuity Contract Values may not reflect immediately available funds due to contract changes. All market values include accrued interest, unless otherwise indicated.

## **Performance**

Account values, cash flows and returns may differ from other sources due to differing methods of pricing, accounting or calculation. This Report is prepared on a trade date basis using accrued income when sufficient data is available and thus will differ from a report prepared on a settlement date basis (e.g., your Merrill Lynch account statement). From time to time, asset valuation or transaction data may be adjusted, which in turn may impact the portfolio performance calculations and other information shown in the report. In addition, if your account(s) holds "when issued securities," which are not valued by Merrill Lynch until the settlement date, your asset allocation may not be accurately reflected.

Rate of returns presented "Net of Fees" reflect the deduction of the Investment Advisory program fee, where applicable. The deduction of the Investment Advisory fee, where applicable, is also reflected in

the Appreciate/Depreciation section. Other than the applicable program fee, net returns do not reflect the deduction of fees that may be charged directly to an underlying account, including, but not limited to brokerage-related commissions, transfer taxes, margin interest, certain redemption fees, exchange or similar fees (such as American Depositary Receipts) charged by third parties, including issuers, electronic fund, wire or other account transfer fees, annual investor fees and repurchase fees relating to exchange-traded notes and other charges imposed by law. Rate of returns presented "Gross of Fees" are shown before the deduction of advisory fees where applicable in order to make them comparable to the returns of the market indices. Rate of returns are presented "Net of Fees" unless noted as "Gross of Fees." Please refer to the applicable ADV Brochure and Client Agreement for a full description of investment advisory fees for accounts enrolled in an investment advisory program. Market indices or other benchmark returns are shown for comparison purposes only, and there is no assurance or guarantee that such performance will be achieved. Depending on how account fees are paid (see below), the account returns may be shown after the deduction of fees for certain periods. When the fee is deducted directly from this account(s), information will be shown both before and after the deduction of fees. When the fee is deducted directly from another account(s), information will be shown before the deduction of fees.

- For periods prior to September 1998, information will be shown before the deduction of fees.
- For periods after September 1998, information will be shown both before and after the deduction of fees.

It is very important that you provide Merrill Lynch with current information regarding the management of your account(s). We encourage you to contact your Advisor if there have been any changes in your financial situation or investment objectives, or if you wish to impose any reasonable restrictions on the management of your account(s) or reasonably modify existing restrictions. If you are enrolled in a dual-contract investment advisory program where you separately contract with a third-party investment manager, it is also important to notify your investment manager with respect to any changes in your financial situation, investment objectives and/or restrictions. If you would like to receive a free copy of the current Form ADV Brochure(s) for the investment advisory program(s) in which your account(s) is enrolled, please send a written request with your account number(s) to: Managed Accounts Processing and Services, 4800 Deer Lake Drive West, Building 1, 3rd Fl., Jacksonville, FL 32246. You may also obtain a copy of the various Merrill Lynch advisory program brochures by accessing the Securities and Exchange Commission ("SEC") website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The valuation of hedge funds is prepared based upon information from third party sources. The information has not been verified and cannot be guaranteed. This data may include estimates and is subject to revision.

If an account has been managed by more than one manager, the manager name in the Report reflects the current manager. However, return and standard deviation information may be calculated using the entire history of each account. This Report may also include information for account(s) that are not managed by an investment manager (i.e., where you make the investment decisions).

## **Classification of Securities**

For Asset Class, Sector or Size and Style Analysis reports, securities are generally classified by asset class, sector, size and style and, for Fixed Income, maturity.

- For Size and Style, security classification is as follows: a capitalization breakpoint of \$18.90 billion defines the size Large Cap, \$18.90 billion to \$6.20 billion for Mid Cap, and less than \$6.20 billion for Small Cap for domestic equity securities. Small/Mid Cap (SMID) is defined as less than \$18.90 billion. The style (Growth, Core or Value) for these securities is defined by a proprietary procedure which utilizes a series of quantitative and qualitative metrics (e.g., expected earnings growth, analyst coverage, etc.).
- For Equity Sector, security classifications are based on Global Industry Classification Standard ("GICS"). Source: Morgan Stanley Capital International ("MSCI") and Standard & Poor's ("S&P"), a division of the McGraw Hill Companies, Inc.
- For Fixed Income, maturity breakpoints are as follows: Short-Term: 0-5 years, Intermediate-Term: 5-15 years, Long-Term greater than 15 years.

# Important Information About This Report

- For Fixed Income, Non-Securitized US Agency, US Government Sponsored Enterprise, and Super National debt are classified as US Government / Quasi Government. All Securitized Agency and Government Sponsored Enterprise debt are classified as Securitized.
- For Fixed Income, bonds are classified as either Investment Grade or High Yield based on the bond's composite rating as determined by a methodology set out in the Composite Rating Explanation, with the exception of bonds pre-refunded or maturity to escrow (including partial redemptions). Bonds pre-refunded or maturity to escrow (including partial redemptions) are classified as investment grade and placed in their respective fixed income sector.
- Equity Region classifications are based on country of domicile and mapped to Merrill Lynch's RIC (Research Investment Committee) global regions.
- Convertible securities and options are classified as Equities. Preferred Stock is classified as Fixed Income. Life Insurance products are classified as Other.

When available, Market-Linked Investments are classified by the nature of the referenced or linked security or market measure associated with that market-linked investment which may be an individual security, index, or other investment such as a mutual fund or exchange traded fund.

For mutual funds, exchange traded funds, closed end funds and the investment options of underlying annuities, the fund may be shown by holdings or, optionally, by profile (fund objective).

When shown by holdings, the fund is classified by the asset class, sector, size and style or maturity breakdown (excluding Fixed Income Sectors where applicable) of those holdings. When shown by profile, the fund is classified by the asset class, sector (excluding Fixed Income Sectors where applicable), size and style or maturity provided by vendors and mapped to Merrill Lynch's Research Investment Committee allocation schema in order to report the industry's or Merrill Lynch's interpretation of the objective of the fund/pooled investment vehicle. Note that the data used for this classification is obtained from a variety of sources and may not be current (see "Data As Of" date shown in the Details Section for the date the portfolio holdings were reported by the fund).

Additionally, Mutual funds, exchange traded funds, closed end funds and the investment options of underlying annuities may change their portfolio holdings on a regular (often daily) basis.

Accordingly, any analysis that includes mutual funds, exchange traded funds, closed end funds, and the investment options of underlying annuities may not accurately reflect the current composition of these funds. The classification of these securities may differ from other sources due to differing methods of classification (e.g. shown and classified by holdings versus by profile). As such, this Report may differ from other reports (e.g., your Merrill Lynch account statement, in which these funds are always shown by profile) depending on whether the funds are shown by holdings or by profile in this Report.

In particular, Non-Traditional Funds (NTFs), mutual funds and exchange traded funds that pursue alternative strategies or provide alternative asset exposure, may be classified as alternative investments when shown by profile, but when shown by holdings, the NTF will be classified by the asset class, sector, size and style or maturity breakdown of its holdings, which may reflect no allocation to alternative investments.

If the holdings or profile data for mutual funds, exchange traded funds, or closed end funds is not available, the fund is classified by its predominant asset class ("Data As Of" date shown as "N/A" in the Details Section).

If the holdings or profile data for the investment options of underlying annuities is not available, fixed annuities and market value adjusted annuities are classified as Fixed Income and variable annuities are classified as Equities. Note that annuities and life insurance products are not held in your account but are included here for your information.

The Details Section may also provide summary information regarding accounts enrolled in managed account programs such as the Investment Advisory Program (utilizing Managed or Custom Managed strategies), Consults, BlackRock Private Investors ("BR PI"), and MFA, classification detail for the managed account is not based on your actual holdings but on the investment style that has been identified for the specific investment manager/style. Your Financial Advisor can also provide a report based on the account's actual holdings.

When External Assets are included in a Report (as described further in the External Assets section of this Appendix), holdings are generally classified, where available, as indicated above and are based on

classification types established by Merrill Lynch. The Merrill Lynch classification types may differ from those used at those institutions where your External Assets are maintained. These differences in classification may cause the External Assets in your External Accounts to be displayed in asset allocations and/or sector information on your Merrill Lynch Reports that differ from how they appear in those other institutions. These differences in classification types do not impact the valuation of the External Assets. Allocations reported when a classification is not available for External Accounts and External Account Proxies are classified as "Other".

Classification details for mutual funds, closed end funds, certain managed accounts, annuities and External Account Proxies are identified in "Details for Managed Assets and Pooled Investments" ("Details Section").

"External Account Proxy" are External Accounts that you have generally identified in the aggregate and not by specific holdings. Be sure to periodically review these accounts with your Financial Advisor and advise if there have been any changes to the holdings in or value of these Accounts.

When External Accounts and External Account Proxies are included in a Report (as described further in the External Assets section of this Report), holdings are generally classified, where available, as indicated above. If a classification is not available, External Accounts and External Account Proxies are classified as "Other".

If "Portfolio Detail" reports are included, the value shown for mutual funds, exchange traded funds, closed end funds and the investment options of underlying variable annuities is the proportionate dollar value of a fund's holdings, as classified by asset class, sector, size and style or maturity, respectively.

## **Date of Composition Information Obtained for Pooled Investments**

If the accounts included in this Report hold mutual funds, closed end funds, annuities, and/or other pooled investments, the holdings reported by the fund or carrier as appropriate, as of the date identified below, are reflected in the Report. Note that mutual funds change their portfolio holdings on a regular (often daily) basis. Accordingly, this Report may not reflect the current composition of the accounts included.

## **External Assets**

The following important information is provided to help you better understand the external assets information that has been provided in this Report, if applicable, and to advise you of action you may need to take by periodically reviewing those assets. If selected for inclusion in this Report, external assets are reflected in the Account List. For purposes of the following information, both External Accounts and External Account Proxies are referred to generally as "External Assets".

External Assets may include holdings, values and other information that have been supplied: (1) by you to your Advisor; (2) by you through My Financial Picture; (or) through My Financial Picture by a third party service which combines your External Assets and provides that information to Merrill Lynch.

External Assets information is not included in every exhibit in this Report. External Assets information is only included in the following exhibits:

- Asset Allocation Overview
- Asset and Account Allocation
- Asset Class Analysis Portfolio Summary and Detail
- Asset Class Analysis Account Summary and Detail
- Sector Analysis Portfolio Summary and Detail
- Size and Style Analysis Portfolio Summary and Detail
- Balances
- Holdings by Product and by Account/Product
- Potential Wealth
- Progress to Goals

Please make sure you periodically review your External Assets and if you have provided External Assets-related information to your Advisor for inclusion in this or other reports and analyses, it is important that you provide your Advisor with updated values, as appropriate.

Your Advisor and Merrill Lynch will not update information relating to your External Assets, except for pricing information, if pricing information for the particular security is available to Merrill Lynch. Please refer to "Pricing of Securities" at the end of this Report for additional information.

# Important Information About This Report

Your Merrill Lynch Account Statement is your official record of holdings, balances, and security values for your accounts at Merrill Lynch and sold to you by your Advisor. Any investments sold to you by your Merrill Lynch Advisor will be included on your Merrill Lynch Account Statement. Any information contained in this Report does not replace or supersede information on your Merrill Lynch Account Statement or any third party account statement for your External Assets. If there is any inconsistent information reflected for the External Assets information included in this Report, please refer to the statement or report sent to you by the third party and notify the Office Management Team at your Merrill Lynch branch office so that we may update the information.

**Merrill Lynch does not independently verify the accuracy of the information supplied, by you or any third party used through My Financial Picture.**

Although Merrill Lynch may be providing you with information relating to External Assets, Merrill Lynch does not provide investment advice with respect to External Assets unless otherwise agreed to between you and Merrill Lynch.

## **Asset Allocation Models**

Where an asset allocation model is presented, it may be developed by BofA Merrill Lynch Global Research or the Chief Investment Office (CIO) for use with Merrill Lynch clients. These models represent asset allocation approaches based on a client's profile and investment objectives and are subject to change as market conditions change in the future. In addition, asset allocation models including alternative investments consider liquidity needs as an important factor in the formation of an asset allocation strategy. Liquidity refers to the ability or timeliness with which assets can be converted into cash. Depending on your personal financial needs and objectives, it is important to consider whether you may need to sell investments to raise cash over varying time horizons. If the asset allocation model used in this report includes alternative investments, it is designed for investors with lower liquidity needs, however in some cases, up to 45% of the portfolio may be illiquid for 3-5 years. Alternatively, your Financial Advisor may have customized an asset allocation for your specific situation which may or may not be based on an asset allocation model. You should regularly review your asset allocation with your Financial Advisor and your professional advisors. Asset Allocation does not assure a profit or protect against a loss in declining markets. Asset allocation cannot eliminate the risk of fluctuating prices and uncertain returns.

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