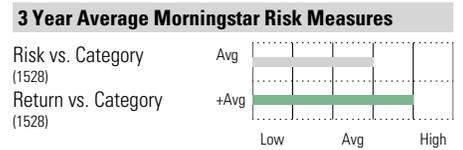
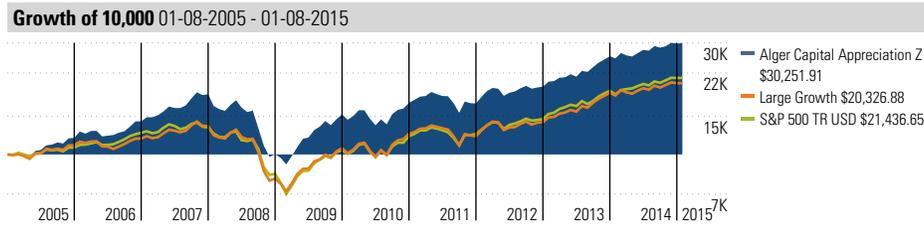


Alger Capital Appreciation Z ACAZX

Morningstar Analyst Rating

NAV \$	NAV Day Change %	Yield TTM %	Total Assets \$ Bil	Status	Min. Inv.	Load	Expenses	Morningstar Rating™	Category	Investment Style
20.85	↑0.40 1.96	0.00	2.0	Open	\$500,000	None	0.93%	★★★★	Large Growth	Large Growth



Investment Strategy
 The investment seeks long-term capital appreciation. The fund invests at least 85% of its net assets, plus any borrowings for investment purposes, in equity securities of companies of any market capitalization that Fred Alger Management, Inc. believes demonstrate promising growth potential. It can leverage, that is, borrow money to buy additional securities. The fund can also invest in derivative instruments.

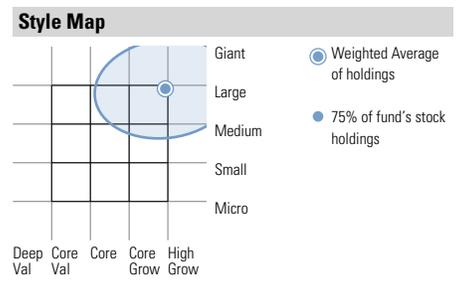
Pillars

Process	—	—
Performance	—	—
People	—	—
Parent	—	—
Price	—	—
Rating	—	—

Performance 01-08-2015

	YTD	1 Mo	1 Yr	3Yr Ann	5Yr Ann	10Yr Ann
Growth of 10,000	10,034	10,031	11,394	17,853	19,684	30,252
Fund	0.34	0.31	13.94	21.31	14.50	11.71
+/- S&P 500 TR USD	0.13	0.06	-0.61	1.48	-0.38	3.78
+/- Category	0.31	0.24	3.57	2.61	0.97	3.73
% Rank in Cat	28	30	16	11	—	—
# of Funds in Cat	1,772	1,764	1,709	1,531	1,323	908

* Currency is displayed in USD

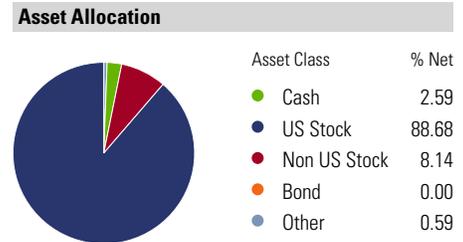


Top Holdings 10-31-2014

	Weight %	Last Price	Day Chg %	52 Week Range
Apple Inc	6.64	111.13 USD	-0.65 ↓	70.51 - 119.75
Facebook Inc Class A	3.89	77.57 USD	-0.76 ↓	51.85 - 82.17
Google Inc Class C	3.07	496.42 USD	-1.35 ↓	489.00 - 604.83
Actavis PLC	2.80	269.05 USD	0.04 ↑	174.94 - 272.75
Gilead Sciences Inc	2.57	102.30 USD	-0.01 ↓	63.50 - 116.83

% Assets in Top 5 Holdings: 18.98

⊕ Increase ⊖ Decrease ☆ New to Portfolio



Top Sectors 10-31-2014

	Fund	3 Yr High	3 Yr Low	Cat Avg
Technology	29.93	29.93	22.73	24.09
Healthcare	22.10	22.10	12.23	18.15
Consumer Cyclical	14.08	25.03	14.08	16.85
Industrials	11.17	13.24	9.81	11.34
Financial Services	7.71	9.63	7.34	10.19

Management
 Patrick Kelly
 Start Date: 09-30-2004

Dividend and Capital Gains Distributions

Distribution Date	Distribution NAV	Long-Term Capital Gain	Long-Term Short Gain	Return of Capital	Dividend Income	Distribution Total
12-18-2014	20.88	2.6800	0.5500	0.0000	0.0000	3.2300
12-18-2013	20.73	0.8300	0.7100	0.0000	0.0000	1.5300
12-18-2012	16.91	0.0700	0.0000	0.0000	0.1700	0.2400

Alger Capital Appreciation Z ACAZX

Analysis

Morningstar's Take

Morningstar Analyst Rating —

Morningstar Pillars

Process	—	—
Performance	—	—
People	—	—
Parent	—	—
Price	—	—

Morningstar Analyst Rating

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

Analyst Rating Spectrum

 Gold
  Silver
  Bronze
  Neutral
  Negative

Fund Performance

	Total Return %	+/- Category
YTD	—	—

We do not currently publish an Analyst Report for this company.

American Funds New Perspective R4 RNPEX

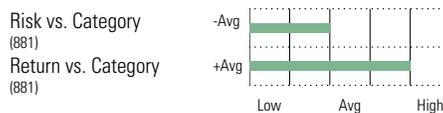
Morningstar Analyst Rating
Gold

NAV \$	NAV Day Change %	Yield TTM %	Total Assets \$ Bil	Status	Min. Inv.	Load	Expenses	Morningstar Rating™	Category	Investment Style
35.73	↑0.58 1.65	0.57	56.4	Open	\$250	None	0.80%	★★★★	World Stock	Large Growth

Growth of 10,000 01-08-2005 - 01-08-2015



3 Year Average Morningstar Risk Measures



Investment Strategy

The investment seeks long-term growth of capital; future income is a secondary objective. The fund seeks to take advantage of investment opportunities generated by changes in international trade patterns and economic and political relationships by investing in common stocks of companies located around the world. In pursuing its primary investment objective, it invests primarily in common stocks that the investment adviser believes have the potential for growth. In pursuing its secondary objective, the fund invests in common stocks of companies with the potential to pay dividends in the future.

Pillars

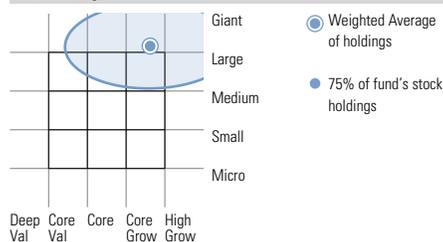
Process	Positive
Performance	Positive
People	Positive
Parent	Positive
Price	Positive
Rating	Gold

Performance 01-08-2015

	YTD	1 Mo	1 Yr	3Yr Ann	5Yr Ann	10Yr Ann
Growth of 10,000	9,964	9,806	10,356	15,568	16,007	22,280
Fund	-0.36	-1.94	3.56	15.90	9.87	8.34
+/- MSCI ACWI Ex USA NR USD	1.45	1.98	8.03	7.61	6.32	3.08
+/- Category	0.14	-0.70	0.54	2.31	1.08	1.88
% Rank in Cat	42	76	45	20	33	14
# of Funds in Cat	1,253	1,230	1,154	880	690	345

* Currency is displayed in USD

Style Map



Top Holdings 09-30-2014

	Weight %	Last Price	Day Chg %	52 Week Range
Novo Nordisk A/S	5.09	270.80 USD	0.37 ↑	198.50 - 286.20
Amazon.com Inc	2.53	298.37 USD	-0.73 ↓	284.00 - 408.06
⊕ Microsoft Corp	1.72	47.24 USD	-0.74 ↓	34.63 - 50.04
⊖ Home Depot Inc	1.40	105.69 USD	-0.97 ↓	73.96 - 106.99
Delta Air Lines Inc	1.37	47.32 USD	-1.81 ↓	29.12 - 50.16

% Assets in Top 5 Holdings 12.10

⊕ Increase ⊖ Decrease ✱ New to Portfolio

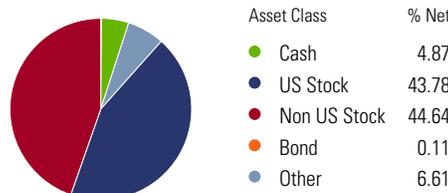
Top Sectors 09-30-2014

	Fund	3 Yr High	3 Yr Low	Cat Avg
Technology	17.24	17.24	11.11	14.16
Consumer Cyclical	16.56	19.92	16.56	12.81
Healthcare	16.22	17.33	14.23	12.86
Financial Services	14.77	16.00	11.36	15.66
Industrials	12.92	12.92	11.33	11.67

Dividend and Capital Gains Distributions

Distribution Date	Distribution NAV	Long-Term Capital Gain	Long-Term Short Gain	Return of Capital	Dividend Income	Distribution Total
12-26-2014	36.23	2.2900	0.0000	0.0000	0.2200	2.5100
12-26-2013	36.85	1.7500	0.0000	0.0000	0.3000	2.0500
12-26-2012	30.75	0.0000	0.0000	0.0000	0.3400	0.3400
12-27-2011	25.94	0.0000	0.0000	0.0000	0.2800	0.2800
12-27-2010	28.21	0.0000	0.0000	0.0000	0.2900	0.2900

Asset Allocation



Management

Manager	Start Date
Gregg E. Ireland	12-01-1992
Robert W. Lovelace	12-01-2000
Jonathan Knowles	12-01-2004
Brady L. Enright	12-01-2005
Joanna F. Jonsson	12-01-2005
Steven T. Watson	12-01-2005
Isabelle de Wismes	12-01-2007
Noriko H. Chen	04-30-2012

American Funds New Perspective R4 RNPEX

Analysis

Have blue chips, will travel.

By Dan Culloton 6/27/2014

Don't judge American Funds New Perspective's holdings by their domiciles.

The fund's stake in U.S. stocks is higher than it has been in more than a decade, but it's arguably no less global. It had 44% of its money in domestic equities at the end of May 2014--down from 46% a year ago, but still larger than the fund's 36% 15-year average helping of U.S. stocks. It's true that on balance, the fund's managers have been more attracted to U.S.-based multinational companies during the past several years. There is, however, more to the story.

Growth prospects and share valuations have long mattered more to this fund's managers than domiciles. Seeking stocks that are best positioned to exploit opportunities in Asia, Africa, or the U.S., for instance, doesn't necessarily entail buying the shares of businesses based in those countries. To them, the best entree to e-commerce growth in China, India, and Eastern Europe is through South African media company Naspers.

A lot of funds claim to be domicile-neutral, but this one has never had specific geographic targets. The fund has been around for more than 40 years, and for the last 30, its U.S. stake has averaged about 40% of assets and ranged from about 15% in December 1995 to 66% in June 1989. Since 1973, the fund has gained 12.5% annualized, 3.7 percentage points better than the MSCI World Index, and ahead of each of the handful of world-stock funds old enough to have track records as long.

The fundamentals are in place to continue that performance edge over time. The fund charges a low fee and is run by multiple managers who have been around the block (indeed, the world) and who invest liberally alongside their fellow fundholders. It also follows a consistent, bottom-up, somewhat contrarian approach that seeks global giants whose share prices lowball their long-term growth prospects for ephemeral reasons. It's a large fund

with below-average emerging-markets exposure, but its diversified portfolio of carefully bought companies from around the world has earned compelling long-term returns. It should continue to do so.

Process Pillar: Positive

Eight managers run independent slices of this portfolio; American Funds analysts get about 20% of the portfolio as well. Their styles can differ somewhat, but they all tend to be bottom-up and rather contrarian growth stock-pickers.

The managers, who American Funds refers to as portfolio counselors, rely on the firm's large and well-seasoned research staff, as well as their own work to find multinational blue-chip companies whose shares are priced below their long-term growth potential. Though its managers tend to be valuation-conscious, their fund leans toward the growth side of the Morningstar Style Box; it tends to let winners run because of its managers' buy-and-hold ethos. Many of the managers also are not averse to accepting higher price multiples for companies with above-average long-term growth prospects, such as Amazon AMZN, which is furiously reinvesting profits into its business to drive revenue growth.

But one rarely sees speculative stocks in this fund. Its preference for large, profitable, competitively advantaged stocks limits risk. So does its 7% cap on emerging-markets stocks and its tendency to hold some cash, as many American Funds do. Yet, the fund is no benchmark-hugger or crowd-follower. It lets its managers' stock-picking determine its sector and region weightings, which can look quite different from those of its rivals and benchmark.

The fund's sector and geographic allocations are a byproduct of its managers' stock-picking. The fund's balance of domestic and foreign stocks also shifts based on where the managers see the best opportunities. Its helping of U.S. stocks has ranged from more than half to less than a fourth of assets during the past three decades and stood at 42% on March 31, 2014, up from less than 30% near the U.S. market's 2007 peak.

Morningstar's Take

Morningstar Analyst Rating



Morningstar Pillars

Process	 Positive
Performance	 Positive
People	 Positive
Parent	 Positive
Price	 Positive

Morningstar Analyst Rating

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

Analyst Rating Spectrum



Fund Performance

	Total Return %	+/- Category
YTD	—	—

American Funds New Perspective R4 RNPEX

Analysis

The fund's managers seek growth across the globe, but buy when it is mispriced or misunderstood. That explains its current larger-than-average stake of health-care stocks, like diabetes drug-maker Novo Nordisk of Denmark, which the managers think can maintain pricing power and cash flows in a sluggish global economy. This fund's idea of contrarianism also could mean looking for defensible economic moats where they have been hard to sustain. It owns more consumer cyclical stocks, such as South Africa's dominant retailer, Shoprite Holdings, than it has in recent history, partly to benefit from the emerging markets' growing middle class.

The fund doesn't get carried away, either. It's optimistic about tech but still has reduced its tech weighting from more than 20% of assets in 2007 to less than 16% as of mid-2014 to focus on what the managers think will be the few big long-term winners, though it remains one of the fund's larger sector weights.

Performance Pillar: + Positive

This fund has been consistently good. Most of its trailing returns for the three- to 15-year periods ended June 24, 2014, rank in the top half or fourth of the world-stock category. It had finished eight of the past 10 calendar years in the top half of the peer group and never landed in the bottom fourth. Since its 1973 inception and over the 22-year tenure of the fund's longest-tenured manager, Gregg Ireland, it has trounced its typical category rival and the MSCI World Index; the results are similar if you compared the fund just with growth-oriented world-stock funds.

The fund has amassed this record without incurring more volatility than its average peer or benchmark. In fact, its Morningstar Risk ratings are below average for the three-, five-, and 10-year periods, as are most other measures of volatility. It also has captured 107% of the MSCI World Stock Index's upside and 92% of its downside since Ireland joined the fund. Both are better than the typical world-stock fund.

It's hard to be above the category average every year. In 2014 through June 24, for example, correcting consumer cyclical stocks, such as Amazon and other lagging holdings, including CME Group CME, have held the fund back. The fund, however, lacks other warning signs of a reversal of fortune, such as a huge influx of new money. In fact, the fund has seen more than \$16 billion in outflows since 2007.

People Pillar: + Positive

Like all American Funds, this fund uses a multi-manager system. Eight portfolio managers, or portfolio counselors, independently run a portion of the fund's assets. American Funds analysts run a slice of the fund as well. The managers' styles range from moderately aggressive to conservative, but they all tend to be price-conscious, risk-aware stock-pickers who don't trade much.

There are no neophytes on this management team. The average manager tenure on this fund spans more than a decade; the managers' average tenure at the firm is more than 23 years. That makes this squad one of the most seasoned in the world-stock category.

The team is also aligned with shareholders. Three of the eight managers have more than \$1 million invested alongside shareholders. Three have \$500,000 to \$1 million in the fund. The rest have smaller amounts on the line, but their compensation is tied to long-term performance, which encourages patience.

The managers here can tap the considerable resources of a large firm. They work closely with more than 40 analysts who, on average, have more than a dozen years of industry experience. Most of the managers also manage other successful offerings, such as American Funds EuroPacific Growth AEPGX and American Funds New Economy ANEFX. The fund has lost experienced hands in the past because of internal reassignments, but it hasn't impaired the fund.

Parent Pillar: + Positive

American Funds and parent Capital Group are adapting to changing markets. The firm has been

subject to net outflows from 2008 to 2013, prompted, in part, by investors' embrace of index-based strategies and exacerbated by a middling showing in 2008.

But on matters of stewardship, American stands firm: Investors in its well-priced funds access some of the most experienced investment teams in the industry via the firm's signature multimanager system. Further, its incentive system supports long-term thinking, and its investment managers have meaningful stakes in their funds. The firm's equity offerings have delivered consistently impressive results.

New efforts at transparency should give investors better views into individual portfolio managers' contributions to their funds. The firm also continues its multiyear effort to make its multimanager model better fit the peculiarities of fixed-income investing. The bond team has made strides in recent years, though the efforts haven't established it as an industry leader.

The firm has also made over and grown its sales and marketing arms; investment personnel still remain firmly in control of Capital Group's strategic direction, though new explicit sales goals could marginally shift the firm's culture. The goals are modest—essentially keeping the firm apace with annual outflows—though they bear monitoring.

Price Pillar: + Positive

This fund has one of the lowest expense ratios among broker-sold funds in the world-stock category and looks affordable when compared with no-load funds, too. Its 0.79% expense ratio is little more than half that of its typical broker-sold rival and of the broad category average that includes all share classes. Relatively low turnover also keeps trading commissions down for the fund and its shareholders.

The fund hasn't been the most tax-efficient vehicle in its peer group, though. Its tax-cost ratio is above the world-stock average over the trailing three-,

American Funds New Perspective R4 RNPEX

Analysis

five- and 10-years due, in part, to big, mostly long-term capital gains distributions made from 2005 to 2008 and in 2013.

Artisan International Investor ARTIX

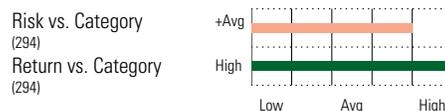
Morningstar Analyst Rating
Silver

NAV \$	NAV Day Change %	Yield TTM %	Total Assets \$ Bil	Status	Min. Inv.	Load	Expenses	Morningstar Rating™	Category	Investment Style
29.87	↑0.55 1.88	0.76	18.3	Open	\$1,000	None	1.17%	★★★★	Foreign Large Growth	Large Growth Growth

Growth of 10,000 01-08-2005 - 01-08-2015



3 Year Average Morningstar Risk Measures



Investment Strategy

The investment seeks maximum long-term capital growth. The fund invests primarily in developed markets but also may invest in emerging and less developed markets. It is substantially fully invested in common stocks and similar securities, and invests at least 65% of its net assets at market value at the time of purchase in securities of non-U.S. companies. There are no restrictions on the size of the companies in which the fund may invest. The fund may also invest to a limited extent in equity-linked securities that provide economic exposure to a security of one or more non-U.S. companies without a direct investment in the underlying securities.

Performance 01-08-2015

	YTD	1 Mo	1 Yr	3Yr Ann	5Yr Ann	10Yr Ann
Growth of 10,000	9,970	9,689	10,005	15,490	14,946	20,454
Fund	-0.30	-3.11	0.05	15.70	8.37	7.42
+/- MSCI ACWI Ex USA NR USD	1.51	0.80	4.51	7.41	4.83	2.16
+/- Category	0.48	-0.36	3.83	5.28	3.04	2.08
% Rank in Cat	23	55	17	2	4	5
# of Funds in Cat	351	351	341	294	275	167

* Currency is displayed in USD

Top Holdings 09-30-2014

	Weight %	Last Price	Day Chg %	52 Week Range
⊕ Baidu Inc ADR	5.45	228.29 USD	-0.32 ↓	140.66 - 251.99
⊕ Bayer AG	4.09	114.00 USD	-2.10 ↓	91.31 - 121.40
⊕ Linde AG	3.58	152.80 USD	-1.23 ↓	137.05 - 158.45
⊕ AIA Group Ltd	3.26	42.95 USD	0.59 ↑	34.65 - 45.65
⊕ Toyota Motor Corp	3.13	— USD	0.73 ↑	5,205.00 - 7,873.00

% Assets in Top 5 Holdings 19.51

⊕ Increase ⊖ Decrease ✱ New to Portfolio

Top Sectors 09-30-2014

	Fund	3 Yr High	3 Yr Low	Cat Avg
🏥 Healthcare	17.97	17.97	6.67	11.69
⚙️ Industrials	16.77	20.54	16.77	12.87
💻 Technology	12.72	12.72	5.21	11.97
📞 Communication Services	12.17	12.17	2.90	3.05
🛒 Consumer Defensive	11.72	26.36	11.72	12.41

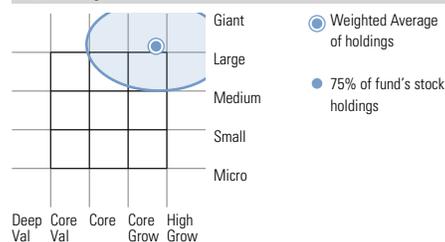
Dividend and Capital Gains Distributions

Distribution Date	Distribution NAV	Long-Term Capital Gain	Long-Term Short Gain	Return of Capital	Dividend Income	Distribution Total
11-19-2014	30.46	0.0000	0.0000	0.0000	0.2300	0.2300
11-21-2013	29.49	0.0000	0.0000	0.0000	0.2900	0.2900
12-19-2012	24.60	0.0000	0.0000	0.0000	0.2700	0.2700
12-15-2011	19.02	0.0000	0.0000	0.0000	0.2800	0.2800
12-16-2010	21.43	0.0000	0.0000	0.0000	0.1800	0.1800

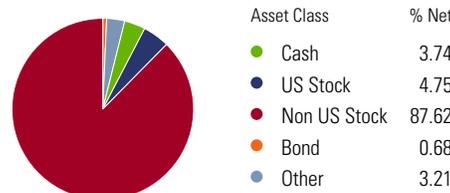
Pillars

Process	⊕ Positive
Performance	⊕ Positive
People	⊕ Positive
Parent	⊕ Positive
Price	⊖ Negative
Rating	Silver

Style Map



Asset Allocation



Management

Manager	Start Date
Mark L. Yockey	12-28-1995
Andrew J. Euretig	02-01-2012
Charles-Henri Hamker	02-01-2012

Artisan International Investor ARTIX

Analysis

Size may become a short-term obstacle, but the long-term picture remains bright.

By Greg Carlson 8/20/2014

Artisan International is getting hefty, but its prospects remain solid.

This fund has been on a tear lately. After cracking the top quartile of its category just once in a calendar year between 2000 and 2010, it beat more than 90% of its peers in 2011, 2012, and 2013. (The fund resided in the foreign large-blend category from 2010 to 2013 but has otherwise been in foreign large-growth.) As a result, flows have reversed here: Investors pulled a combined net \$2.3 billion out in 2010 and 2011, the fund saw a small net inflow in 2012, and a net \$4 billion came in between 2013 and the first seven months of 2014. Coupled with price appreciation as the market has rallied, the fund has grown to \$17.5 billion--up from \$8.2 billion at the end of 2011. The team runs a total of \$28.4 billion in the strategy.

The team's large asset load isn't a major concern yet. True, the fund now has a bigger stake in large-cap stocks than is typical, but lead manager Mark Yockey says that's a reflection of where the team is finding value. Also, while the fund's holdings list grew to more than 100 in number the last time assets peaked--near \$25 billion--in the mid-2000s, its 69 holdings at the end of June 2014 was near the low end of its historical range. Finally, Artisan has a long history of closing its funds to preserve their flexibility. Indeed, one of the team's other charges, Artisan International Small Cap ARTJX, has been closed to new investors for more than a decade. That said, Yockey and company would likely have difficulty taking a big stake in a mid-cap stock at this point, and the fund may lag if smaller-cap stocks lead the market.

The fund's long-term prospects are still bright. Yockey has plied this strategy with great success for nearly 19 years here and 25 in all, and he's backed by a large team that includes several key longtime comanagers and analysts. The team has demonstrated deep fundamental knowledge of its

holdings and built distinctive portfolios, performing in line with its typical peer and major benchmarks in down markets while gaining ground on the upside. This fund remains a keeper.

Process Pillar: Positive

Lead manager Mark Yockey is a growth investor at heart. But he's always spread the fund's assets among faster-growing, somewhat pricey companies; higher-quality stable growers; and value plays, although the weightings of those three groups have shifted over time. The stable growers have lately played a bigger role at times, which helps explain why the fund resided in Morningstar's foreign large-blend category from 2010 to 2013 before moving back to foreign large-growth. Yockey invests loosely along themes, and the fund has always had somewhat of an independent streak--regional and sector weightings often stray significantly from the norm, and emerging-markets exposure has swung from minimal to 20% of assets over time. Thus, returns have been less correlated to the MSCI EAFE and the MSCI World ex USA Indexes than those of the typical foreign large-blend or foreign large-growth fund.

The fund typically holds 70-100 stocks; the number depends in part on how many compelling stocks Yockey finds, but the portfolio also became more diffuse in the mid-2000s when assets in the strategy exceeded \$25 billion. Strategy assets reached \$28.4 billion at the end of July 2014, but the portfolio remained somewhat compact at 69 stocks.

Yockey trades around positions at times but will hold on to solid picks for years. Portfolio turnover typically runs from 50% to 85%.

The fund's once-hefty stake in steady consumer defensive firms--which manager Mark Yockey favors because, he says, they're seeing increased demand from the rising middle class in many emerging markets--is smaller now, but the fund still has substantial exposure to consumer spending. Consumer defensive firms comprised 16% of assets at the end of June 2014, a fourth more than the foreign large-growth category norm. Winners

Morningstar's Take

Morningstar Analyst Rating



Morningstar Pillars

Process		Positive
Performance		Positive
People		Positive
Parent		Positive
Price		Negative

Morningstar Analyst Rating

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

Analyst Rating Spectrum



Fund Performance

	Total Return %	+/- Category
YTD	—	—

Artisan International Investor ARTIX

Analysis

Japan Tobacco and U.K. grocer Tesco were sold as they hit valuation targets, but food giant Nestle and beverage makers Anheuser-Busch Inbev and SABMiller still resided in the top 10. Media firms Grupo Televisa and Liberty Global also land in the top third of the portfolio.

The fund's consumer defensive stake is one reason the fund owns a bigger slug of large-cap stocks than usual, and the fund's average market cap exceeded both that of its MSCI EAFE benchmark and the foreign large-growth norm at the end of June. Yockey has also generally found better values among large caps lately. But he may have a difficult time these days putting a mid-cap stock into the fund's top 10--the team ran a total of \$28.4 billion in the strategy at the end of July. He says he's keeping an eye on capacity, and Artisan has a long track record of closing its funds to preserve flexibility. But the fund's large-cap-heavy profile could hold it back if smaller fare outperforms.

Performance Pillar: + Positive

This fund has come back with a vengeance. It posted a spectacular run of performance in the late 1990s as manager Mark Yockey played the runup in tech, media, and telecom quite well. In the 2000s, the fund's returns weren't nearly as impressive (on either an absolute or relative basis), but it still turned in respectable performance. More recently, the fund has delivered superior results. It finished in the foreign large-blend category's top 5% in both 2011 and 2012, and in its top decile in 2013. The fund has surpassed 55% of its peers in 2014 through Aug. 12.

Over the trailing 10 years through Aug. 12, the fund outpaced its MSCI EAFE benchmark, the MSCI All Country ex USA Index and the growth-oriented versions of those indexes by at least 1.3% annualized. (The fund's returns have been roughly equally correlated to all four indexes over that span.) The fund has often landed in the foreign large-growth category, though it moved to foreign large-blend from 2010 to 2013. It's ahead of more than 85% of the funds in each category over 10 and 15 years.

The fund's returns also look stellar across Yockey's complete tenure. From its late 1995 inception through Aug. 12, the fund has crushed the foreign large-growth and foreign large-blend norms by 3.9 and 4.5 percentage points annualized, respectively. Although its returns have been volatile at times, the fund has outpaced all of its peers on a risk-adjusted basis.

People Pillar: + Positive

Although this team lost a veteran in early 2013, it remains quite proven.

Mark Yockey has managed this fund since its December 1995 inception. He's also run Artisan International Small Cap ARTJX, Artisan Global Equity ARTHX, and Artisan Global Small Cap ARTWX since their respective 2001, 2010, and 2013 inceptions. Before Artisan, he managed Waddell & Reed International Growth UNCGX for six years. All his charges boast fine results.

Andrew Euretig was named an associate manager here in February 2012 and a comanager in January 2013. He has comanaged Artisan Global Equity since January 2013. He joined the team in 2005 and covers industrials. Charles-Henri Hamker was named an associate manager of this fund and Artisan International Small Cap in February 2012. In January 2013, he became a comanager of the latter fund and Global Equity, and a comanager of Artisan Global Small Cap when it launched in July 2013. He joined the team as a consumer and business services analyst in 2000.

The trio is supported by 10 analysts and eight associate analysts. On average, the senior analysts have worked for Yockey for six years and have 15 years of investment-industry experience.

Barry Dargan, a former MFS manager, comanaged Global Equity from its inception through January 2013 before leaving the firm. No team members besides Yockey have significant portfolio management experience.

Parent Pillar: + Positive

Artisan hires proven or very promising managers and allows them to build and run their teams with

a large degree of autonomy. Four of the five teams employ investment strategies that are well-executed and have performed strongly over longer-term periods. (The exception is the emerging-markets team, which has generated mediocre results in its seven-year tenure.) The firm also closes funds to preserve their flexibility and increase the chances that these funds and managers will continue to outperform. Indeed, six of the firm's 13 funds are currently closed to new investors. The firm also has a clean regulatory history.

Artisan's board generally does a fine job, but it does get docked because the funds aren't priced for their size. It hasn't been as aggressive as it could be when negotiating fees on behalf of fund shareholders.

On a more positive note, all but one of the Artisan funds have at least one manager with more than \$1 million invested in fund shares and eight have at least two managers that invest that heavily in their funds. That's the highest level of manager investment disclosed to the SEC and an industry best practice.

The firm went public in March 2013. While this move could pressure management into keeping popular funds open to boost revenue, it has thus far continued to close them. Also, its executives retain tight control of the firm.

Price Pillar: - Negative

The 1.2% expense ratio of this fund's Investor shares, which hold 77% of the assets, earns a Morningstar Fee Level of Above Average. The Institutional shares hold the other 23% of assets, charge 0.97%, and earn an Average Fee Level score.

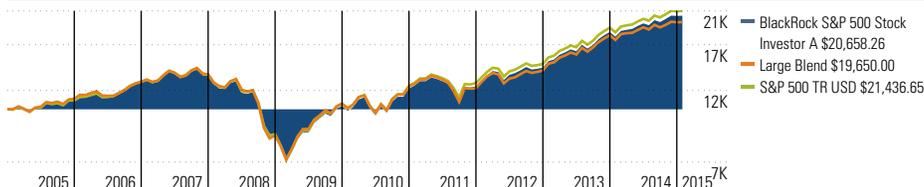
With assets of \$17.5 billion, the fund is bigger than 95% of its foreign large-growth peers, and its expenses should be lower.

BlackRock S&P 500 Stock Investor A BSPAX

Morningstar Analyst Rating
Neutral

NAV \$	NAV Day Change %	Yield TTM %	Total Assets \$ Bil	Status	Min. Inv.	Load	Expenses	Morningstar Rating™	Category	Investment Style
247.87	↑4.36 1.79	1.54	4.4	Open	\$1,000	None	0.48%	★★★	Large Blend	Large Blend

Growth of 10,000 01-08-2005 - 01-08-2015



3 Year Average Morningstar Risk Measures



Investment Strategy

The investment seeks to provide investment results that correspond to the total return performance of publicly-traded common stocks in the aggregate, as represented by the Standard & Poor's 500® Index. The fund is a "feeder" fund that invests all of its investable assets in the Master Portfolio of MIP, which has the same investment objective and strategies as the fund. At least 90% of the value of the fund's assets is invested in securities comprising the S&P 500 Index. The percentage of the fund's assets invested in a given stock is approximately the same as the percentage such stock represents in the S&P 500 Index.

Performance 01-08-2015

	YTD	1 Mo	1 Yr	3Yr Ann	5Yr Ann	10Yr Ann
Growth of 10,000	10,021	10,024	11,412	17,000	19,622	20,658
Fund	0.21	0.24	14.12	19.35	14.43	7.53
+/- S&P 500 TR USD	0.00	-0.02	-0.43	-0.49	-0.45	-0.40
+/- Category	0.21	0.20	2.55	1.04	1.22	0.26
% Rank in Cat	33	40	24	—	—	—
# of Funds in Cat	1,661	1,656	1,564	1,336	1,196	812

* Currency is displayed in USD

Top Holdings 09-30-2014

	Weight %	Last Price	Day Chg %	52 Week Range
BlackRock S&P 500 Stock Master Portfolio	100.34	—	—	—
% Assets in Top 5 Holdings 100.34				

⊕ Increase ⊖ Decrease ✖ New to Portfolio

Top Sectors 09-30-2014

	Fund	3 Yr High	3 Yr Low	Cat Avg
Technology	18.17	18.17	16.85	17.07
Financial Services	14.92	15.41	14.41	15.87
Healthcare	14.30	14.30	11.87	14.36
Industrials	10.83	11.71	10.83	11.73
Consumer Cyclical	10.32	11.29	10.25	10.79

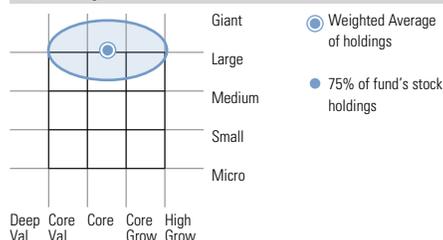
Dividend and Capital Gains Distributions

Distribution Date	Distribution NAV	Long-Term Capital Gain	Long-Term Short Gain	Return of Capital	Dividend Income	Distribution Total
12-10-2014	243.20	0.0000	0.0000	0.0000	1.0300	1.0300
09-30-2014	236.92	0.0000	0.0000	0.0000	0.9500	0.9500
06-30-2014	235.42	0.0000	0.0000	0.0000	0.9600	0.9600
03-31-2014	224.85	0.0000	0.0000	0.0000	0.8600	0.8600
12-11-2013	213.85	0.0000	0.0000	0.0000	0.8500	0.8500

Pillars

Process	Neutral
Performance	Neutral
People	Neutral
Parent	Neutral
Price	Neutral
Rating	Neutral

Style Map



Asset Allocation

	% Net	% Short	% Long	Bench mark	Cat Avg
Cash	0.65	0.13	0.78	0.00	1.51
US Stock	98.47	0.00	98.47	99.04	93.09
Non US Stock	0.29	0.00	0.29	0.96	3.80
Bond	0.00	0.00	0.00	0.00	1.40
Other	0.59	0.34	0.94	0.00	0.21

Management

	Start Date
Greg Savage	01-01-2008
Christopher Bliss	05-01-2009
Alan Mason	02-04-2014

BlackRock S&P 500 Stock Investor A BSPAX

Analysis

There are better alternatives.

By Michael Rawson 4/3/2014

While we like the improvements that this fund has made, it is still not the best S&P 500 Index fund option.

BlackRock S&P 500 Stock Investor is a suitable passive option for those looking to establish a core allocation to large-cap U.S. equities. Although the fund recently cut its expense ratio to 0.37% from 0.48%, it is still not among the lowest-cost S&P 500 Index funds available, hence the Morningstar Analyst Rating of Neutral.

Index fund management is a scalable business. More assets help index fund managers spread fixed costs. The best funds pass these savings on to investors in the form of lower expense ratios. This fund recently cut its expense ratio and adopted a master/feeder structure which should allow the fund to subadvise for similar funds and take advantage of economies of scale. Currently, BlackRock subadvises S&P 500 Index funds for a number of firms, including Federated, Nationwide, and State Farm.

The S&P 500 is often used as a performance benchmark for active fund managers. The S&P 500, as a market-cap-weighted index, puts emphasis on blue-chip companies such as General Electric GE and Apple AAPL. Compared with other indexes, S&P uses slightly more restrictive index-inclusion rules. Instead of relying on mechanical construction rules, a committee selects its constituents.

Because this fund only tracks large- and some mid-cap stocks it may not be ideal for investors who want exposure to the total U.S. stock market. However, investors could pair it with a small-cap fund or a completion index fund to get more comprehensive exposure to the U.S. stock market. A total stock market index fund may also be a suitable alternative.

Investors in this fund should be prepared for the

risk inherent in the stock market. Volatility has averaged about 15% in the last decade and the index fell 37% in 2008. While it did rebound over the course of the past several years, risk-averse investors or those with a short-term time horizon might consider limiting their allocations to U.S. stocks.

Process Pillar: ● Neutral

Because the fund follows a master/feeder structure, it owns shares of a master fund, BlackRock S&P 500 Master Portfolio, which in turn fully replicates the S&P 500 Index, essentially owning all of the stocks in the index as close to market capitalization weight as possible.

This benchmark offers broad coverage of the large-cap segment of the U.S. stock market. As its name implies, this index includes approximately 500 stocks, which it weights according to market capitalization. However, the index excludes small stocks with greater growth potential. While market-cap weighting should reflect all public information about the value of the index's holdings according to the efficient-market hypothesis, critics contend that it overweights the most expensive stocks.

Unlike more mechanically constructed indexes, the constituents of the S&P 500 Index are actually selected by a committee that considers factors such as profitability before admitting a new index constituent. At about 10%, turnover at the fund has been slightly higher than the best S&P 500 Index funds.

At about \$4 billion in assets, this fund is smaller than some of its rivals. However, the fund is managed by one of the largest index fund providers in the world. The amount of cash at the fund has been volatile and has reached as nearly 4% at times. Excess cash is invested in S&P 500 Index futures.

The cyclical technology and financials sectors represent the fund's largest sector weightings at 17% and 15%, respectively. The utility and real estate sectors carry the smallest weightings at 3% and

Morningstar's Take

Morningstar Analyst Rating **Neutral**

Morningstar Pillars

Process	● Neutral
Performance	● Neutral
People	● Neutral
Parent	● Neutral
Price	● Neutral

Morningstar Analyst Rating

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

Analyst Rating Spectrum

Gold Silver Bronze **Neutral** Negative

Fund Performance

	Total Return %	+/- Category
YTD	—	—

BlackRock S&P 500 Stock Investor A BSPAX

Analysis

2%, respectively. The average market cap is \$66 billion, and the top-10 stocks account for 18% of the fund's assets. These numbers are lower than the large-blend category averages because most large-blend funds have a greater share of assets in giant-cap stocks.

At about 18 times, the S&P 500 Index's current price/trailing earnings ratio is above its post-World War II median of 16. Historically, future returns have been weaker when starting out at elevated valuations. Still, stocks look attractive relative to bonds. The 10-year U.S. Treasury note yield of 2.7% is only 70 basis points above the 2.0% dividend yield on the stocks in the S&P 500 Index. Over the past 70 years, the Treasury rate has averaged about 280 basis points above this dividend yield.

Based on Morningstar equity analysts' fair value assessments of the fund's underlying holdings, the fund is approximately fairly valued as of this writing.

Performance Pillar: ● Neutral

While this fund was reorganized in 2013, we can link its performance with its predecessor fund. During the past decade through February 2014, the fund returned 6.8%, lagging the S&P 500 Index by about 0.4% per year. That difference is what one would expect given its expense ratio. Trailing performance reflects the historical expense ratio, so we anticipate that the 11-basis-point fee reduction will likely reduce this performance gap in the future. The 6.8% return would place the fund in the top 46th percentile of all large-blend funds that survived the past 10 years. In comparison, the best S&P 500 Index funds have placed in the top 30th percentile. However, tracking error has not been a problem. The fund has enjoyed low tracking error that is in line with the best S&P 500 Index funds.

The standard deviation of the fund's return during the past decade was 14.7%. This figure was the same as the index and slightly lower than the large-blend category average.

The predecessor fund was tax-efficient and had not issued capital gains since 2002. So far the new fund has been tax-efficient as well. It was able to implement the reorganization without issuing a capital gains distribution last year.

People Pillar: ● Neutral

The fund has had a considerable amount of management turnover since 2012, with one portfolio manager joining the fund and four leaving during that span. Among the departures, Ed Corallo resigned from the firm in February 2014 after 16 years with BlackRock and Barclays Global Investors. He was replaced by Alan Mason. The current manager lineup also includes Greg Savage and Christopher Bliss, who joined the fund in 2008 and 2009, respectively. Each of the managers previously worked for Barclays Global Investors, which was acquired by BlackRock.

Savage currently serves as the head of iShares portfolio management within BlackRock's index equity team. He first joined Barclays Global Investors in 1999. Mason serves as head of the global structured solutions portfolio management team for BlackRock's multiasset client solutions, and oversees stock, bond, and target-date funds. His service to Barclays Global Investors dates back to 1991. Savage and Bliss both hold the Chartered Financial Analyst designation. The team manages many other index funds for BlackRock.

None of the portfolio managers has significant investments in this fund. While management ownership is a sign that managers' interests are aligned with shareholders', it is not uncommon for portfolio managers that run a suite of index funds to have minimum investments in the individual funds they manage.

Parent Pillar: ● Neutral

BlackRock has become the world's largest asset manager via acquisitions. The firm, with \$4.3 trillion in assets, only runs money, and its executives stress its fiduciary duty. Communication with clients and employees is clear, and its funds' boards of trustees are independent.

BlackRock's size can work against it, though. It's

still culling hundreds of acquired strategies. Its iShares ETF lineup is responsible, but it has some niche funds and others that could be cheaper. It has cut some mutual funds' fees, but they're still no bargain. Manager ownership of funds has improved but could be higher. It has made progress in revamping its actively managed fixed-income funds but not as much in active equities. Fund manager tenure and retention still rank behind most top 25 U.S.-based fund families. BlackRock doesn't chase every fad, but there are few trends in which it's not involved. Not one of its regulatory issues in recent years amounts to much, but it's had more than other top U.S.-based fund families. And BlackRock must balance the interests of its clients with its public shareholders' growth expectations.

BlackRock's culture deserves an upgrade for its unparalleled scale and resources, reputation for operational competence, and disciplined, experienced, and competitive leadership. It still gets a C Parent pillar score overall, though, because there's still progress to make on fees, manager incentives, and regulatory history.

Price Pillar: ● Neutral

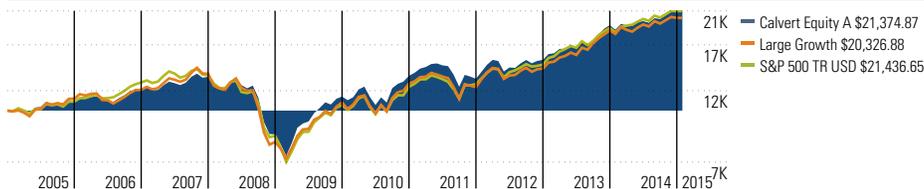
The fund recently cut its prospectus net expense ratio on its A share class to 0.37% from 0.48%. While that makes the fund more competitive, it is still more expensive than many no-load S&P 500 Index funds available to individual investors. However, the expense ratio is much lower than the 1.10% large-blend category average. The A share class requires only a \$1,000 investment minimum, while lower expense ratio share classes are available for investors who can meet higher investment minimums.

Calvert Equity A CSIEX

Morningstar Analyst Rating

NAV \$	NAV Day Change %	Yield TTM %	Total Assets \$ Bil	Status	Min. Inv.	Load	Expenses	Morningstar Rating™	Category	Investment Style
48.48	↑0.88 1.85	0.03	2.9	Open	\$2,000	4.75	1.14%	★★	Large Growth	Large Growth

Growth of 10,000 01-08-2005 - 01-08-2015



3 Year Average Morningstar Risk Measures



Investment Strategy

The investment seeks growth of capital. The fund normally invests at least 80% of net assets, including borrowings for investment purposes, in equity securities (common stock). It invests primarily in common stocks of U.S. large-cap companies. The managers define large-cap companies as those whose market capitalization falls within the range of the S&P 500 Index. It may also invest in mid-cap stocks and may invest up to 25% of its net assets in foreign stocks.

Pillars

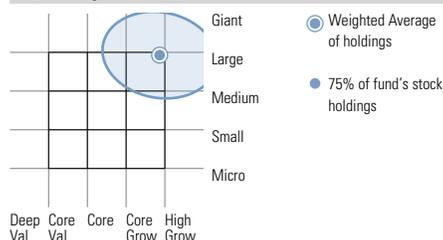
Process	—	—
Performance	—	—
People	—	—
Parent	—	—
Price	—	—
Rating	—	—

Performance 01-08-2015

	YTD	1 Mo	1 Yr	3Yr Ann	5Yr Ann	10Yr Ann
Growth of 10,000	10,014	10,054	11,218	16,526	18,693	21,375
Fund	0.14	0.54	12.18	18.23	13.33	7.89
+/- S&P 500 TR USD	-0.07	0.29	-2.36	-1.61	-1.55	-0.03
+/- Category	0.12	0.46	1.81	-0.48	-0.21	-0.09
% Rank in Cat	39	20	32	63	57	51
# of Funds in Cat	1,772	1,764	1,709	1,531	1,323	908

* Currency is displayed in USD

Style Map



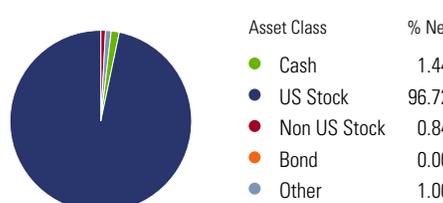
Top Holdings 11-30-2014

	Weight %	Last Price	Day Chg %	52 Week Range
CVS Health Corp	4.66	97.37 USD	-0.62 ↓	64.95 - 98.62
Apple Inc	4.29	111.16 USD	-0.62 ↓	70.51 - 119.75
Gilead Sciences Inc	3.75	102.36 USD	0.09 ↑	63.50 - 116.83
Coca-Cola Co	3.19	43.30 USD	-0.47 ↓	36.89 - 44.87
Costco Wholesale Corp	3.18	144.01 USD	-1.02 ↓	109.50 - 146.82

% Assets in Top 5 Holdings 19.06

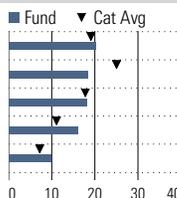
⊕ Increase ⊖ Decrease ☆ New to Portfolio

Asset Allocation



Top Sectors 11-30-2014

	Fund	3 Yr High	3 Yr Low	Cat Avg
Healthcare	20.14	20.14	12.32	18.17
Technology	18.26	28.59	18.26	24.11
Consumer Cyclical	18.13	20.76	12.73	16.87
Financial Services	16.12	16.12	11.82	10.18
Consumer Defensive	9.87	11.74	9.87	6.30



Dividend and Capital Gains Distributions

Distribution Date	Distribution NAV	Long-Term Capital Gain	Long-Term Short Gain	Return of Capital	Dividend Income	Distribution Total
12-29-2014	49.04	0.0000	0.0000	0.0000	0.0200	0.0200
12-11-2014	47.78	4.6600	0.1500	0.0000	0.0000	4.8200
12-26-2013	47.77	0.0000	0.0000	0.0000	0.0500	0.0500
12-05-2013	46.25	1.9900	0.0000	0.0000	0.0000	1.9900
12-27-2012	38.21	0.0000	0.0000	0.0000	0.0100	0.0100

Management

Manager	Start Date
Richard B. England	07-31-2006
Paul J. Marshall	03-27-2009

Calvert Equity A CSIEX

Analysis

Morningstar's Take

Morningstar Analyst Rating —

Morningstar Pillars

Process	—	—
Performance	—	—
People	—	—
Parent	—	—
Price	—	—

Morningstar Analyst Rating

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

Analyst Rating Spectrum

 Gold
  Silver
  Bronze
  Neutral
  Negative

Fund Performance

	Total Return %	+/- Category
YTD	—	—

We do not currently publish an Analyst Report for this company.

Dodge & Cox International Stock DODFX

Morningstar Analyst Rating
Gold

NAV \$	NAV Day Change %	Yield TTM %	Total Assets \$ Bil	Status	Min. Inv.	Load	Expenses	Morningstar Rating™	Category	Investment Style
41.88	↑0.84 2.05	2.30	64.0	Open	\$2,500	None	0.64%	★★★★★	Foreign Large Blend	Large Blend

Growth of 10,000 01-08-2005 - 01-08-2015



Investment Strategy

The investment seeks long-term growth of principal and income. The fund invests primarily in a diversified portfolio of equity securities issued by non-U.S. companies from at least three different countries, including emerging market countries. It will invest at least 80% of its total assets in common stocks, preferred stocks, securities convertible into common stocks, and securities that carry the right to buy common stocks of non-U.S. companies. The fund invests primarily in medium-to-large well established companies based on standards of the applicable market. It may also invest directly or indirectly in restricted securities of U.S. and non-U.S. companies.

Performance 01-08-2015

	YTD	1 Mo	1 Yr	3Yr Ann	5Yr Ann	10Yr Ann
Growth of 10,000	9,945	9,639	10,011	15,226	14,055	19,676
Fund	-0.55	-3.61	0.11	15.04	7.05	7.00
+/- MSCI ACWI Ex USA NR USD	1.27	0.31	4.58	6.75	3.50	1.74
+/- Category	0.62	-0.06	5.31	5.28	2.92	2.34
% Rank in Cat	11	44	9	3	6	14
# of Funds in Cat	814	809	750	649	582	312

* Currency is displayed in USD

Top Holdings 09-30-2014

	Weight %	Last Price	Day Chg %	52 Week Range
⊕ Roche Holding AG Dividend Right Cert.	3.50	277.80 USD	-1.49 ↓	233.60 - 295.80
⊕ Sanofi	3.42	75.16 USD	-2.92 ↓	68.29 - 89.95
⊕ Naspers Ltd Class N	3.29	— USD	-1.02 ↓	98,325.00 - 169,844.00
Novartis AG ADR	2.37	95.85 USD	0.60 ↑	77.90 - 96.90
⊕ Credit Suisse Group	2.33	23.62 USD	-2.52 ↓	23.12 - 30.21
% Assets in Top 5 Holdings	14.90			

⊕ Increase ⊖ Decrease ✱ New to Portfolio

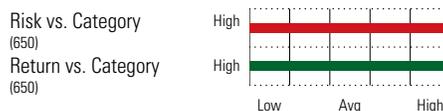
Top Sectors 09-30-2014

	Fund	3 Yr High	3 Yr Low	Cat Avg	Fund	Cat Avg
Technology	25.50	25.50	14.00	7.83	25.50	7.83
Financial Services	24.40	24.40	23.13	21.13	24.40	21.13
Healthcare	15.55	16.20	15.55	11.20	15.55	11.20
Communication Services	7.86	12.90	7.86	5.12	7.86	5.12
Energy	7.33	7.33	5.58	7.44	7.33	7.44

Dividend and Capital Gains Distributions

Distribution Date	Distribution NAV	Long-Term Capital Gain	Long-Term Short Gain	Return of Capital	Dividend Income	Distribution Total
12-19-2014	42.41	0.0000	0.0000	0.0000	0.9700	0.9700
12-19-2013	41.83	0.0000	0.0000	0.0000	0.6900	0.6900
12-19-2012	34.54	0.0000	0.0000	0.0000	0.7500	0.7500
12-20-2011	28.93	0.0000	0.0000	0.0000	0.7600	0.7600
12-21-2010	35.37	0.0000	0.0000	0.0000	0.4900	0.4900

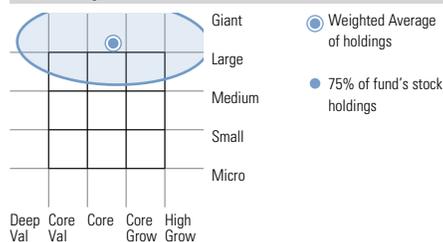
3 Year Average Morningstar Risk Measures



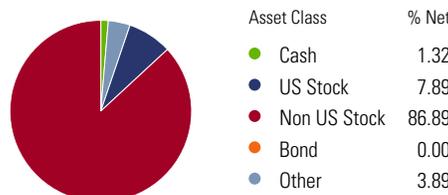
Pillars

Process	⊕ Positive
Performance	⊕ Positive
People	⊕ Positive
Parent	⊕ Positive
Price	⊕ Positive
Rating	Gold

Style Map



Asset Allocation



Management

Management	Start Date
C. Bryan Cameron	05-01-2001
John A. Gunn	05-01-2001
Gregory R. Serrurier	05-01-2001
Diana S. Strandberg	05-01-2001
Mario C. DiPrisco	01-01-2004
Roger G. Kuo	05-01-2006
Keiko Horkan	05-01-2007
Charles F. Pohl	05-01-2007
Richard T. Callister	05-01-2012

Dodge & Cox International Stock DODFX

Morningstar Analyst Rating
 Gold

NAV \$	NAV Day Change %	Yield TTM %	Total Assets \$ Bil	Status	Min. Inv.	Load	Expenses	Morningstar Rating™	Category	Investment Style
41.88	↑0.84 2.05	2.30	64.0	Open	\$2,500	None	0.64%	★★★★★	Foreign Large Blend	 Large Blend

Dodge & Cox International Stock DODFX

Analysis

Standout performance has attracted plenty of attention.

By Gregg Wolper 12/29/2014

Dodge & Cox International Stock's popularity could eventually hold it back, but for now it remains in position to continue its long-term success.

With inflows and capital appreciation pushing this fund's asset base to roughly \$66 billion, it has surpassed its pre-financial-crisis peak and is the fourth-largest international-stock fund in the United States. Comanager Diana Strandberg says she and her colleagues often discuss whether that bulk has become an impediment, but that aside from the asset size making it far less likely for them to own small stocks, investment has not been affected, and the fund could easily handle outflows if necessary.

The fund's market cap is indeed much higher than it was 10 years ago, but that's not necessarily a concern. The portfolio already held more than 88% in large caps and only 1% in small caps five years ago, and since then, the fund's annualized return tops 93% of the foreign large-blend Morningstar Category and beats the MSCI ACWI ex USA Index by 3.5 percentage points. In 2014, it has had a notably strong year in relative terms. Its 1.2% return through Dec. 23 might seem meager, but in a tough year for foreign markets and currencies, it stands in sharp contrast to the 3.7% loss suffered by the index and the category's 4.1% decline. Despite deep losses from two banks, Barclays and Standard Chartered, the fund has benefited from strong gains in longtime holdings such as top-five stocks Naspers, Novartis NVS, and Roche, as well as emerging-markets banks Kasikornbank in Thailand and ICICI in India. The managers had added to ICICI repeatedly in the first three quarters of 2013 as India's market was sinking; similar patience and commitment through a stock's difficulties have paid off with Hewlett-Packard HPQ, still a top holding.

That patience is one reason the fund may be able to better cope with its bulk than some rivals might.

It has very low turnover; trading quickly isn't part of the strategy. Its capacity likely is not unlimited, but its deliberate, value-oriented process, managerial experience and stability, and low price still make it a top choice.

Process Pillar: Positive

This fund essentially uses a standard value-investing approach but executes it with unusual dedication and patience. Its managers look for companies they consider undervalued versus their true long-range worth. That often leads them to very unpopular stocks, such as major pharmaceutical firms when concerns about lackluster pipelines were rampant, or individual companies suffering from specific issues, such as Hewlett-Packard or Nokia NOK. They tend to stick with their holdings for years. (The turnover rate was just 13% in 2013.)

The managers invest mostly in large-cap stocks and use fundamental research to determine which to invest in. They don't align country or industry weightings with the indexes or with category averages. Broader macroeconomic views or other high-level factors play lesser roles, though the managers consider issues such as potential legislation. And one top-down opinion does influence the portfolio: The managers' conviction that faster growth rates in emerging markets will be a long-term phenomenon that merits consistently tilting the portfolio strongly in that direction.

This fund does not hedge most of its foreign-currency exposure into the U.S. dollar, but it will do so with a specific currency when the managers feel that its value has moved far out of its normal range. Even then, they move gradually, targeting only the currency that they think is out of line, and hedge just part of that exposure.

As usual, this fund's latest portfolio, from Sept. 30, 2014, looks very much like its predecessors. In some ways, the fund looks like a staid representat-

Morningstar's Take

Morningstar Analyst Rating



Morningstar Pillars

Process	 Positive
Performance	 Positive
People	 Positive
Parent	 Positive
Price	 Positive

Morningstar Analyst Rating

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

Analyst Rating Spectrum



Fund Performance

	Total Return %	+/- Category
YTD	—	—

Dodge & Cox International Stock DODFX

Analysis

ive of the foreign large-blend category. It's almost fully invested in common stocks; it holds almost no small caps and fewer mid-caps than the average. Its weighting in financial services, by far the most prominent sector in the MSCI ACWI ex USA index, almost exactly matches the index weighting. But, in fact, this fund is quite distinctive. Many of those financials holdings focus on emerging markets, for example, and the fund's overall emerging-markets stake, about 23% of assets, is roughly triple the category average. When emerging markets sank in 2013, the managers boosted their already-large stake by buying a few new holdings such as Itau Unibanco in Brazil and adding to existing holdings such as ICICI Bank in India (which has gained 65% in the year to date). Meanwhile, the fund has more than double the category and index weightings in technology and is markedly heavy in health care. Conversely, it is light in basic materials, consumer cyclicals, and consumer staples. By and large these positions reflect the managers' obsession with valuation, rather than a lack of appealing companies in these sectors. About 22% of the fund's euro position was hedged into the U.S. dollar at the end of September 2014, according to comanager Diana Strandberg; no other currencies were hedged. (A partial yen hedge was taken off in late 2013.)

Performance Pillar: + Positive

This fund has achieved very impressive rankings in recent years. It hit the top quartile of the foreign large-blend category in 2012; it beat 92% of its peers in 2013; and it's again in the top decile for the year through Dec. 23, as its 1.2% gain easily outpaces the category's average loss of 4.1% and the MSCI ACWI ex USA Index's 3.7% decline.

This fund owns more emerging-markets stocks than most foreign large-cap rivals, but it overcame that headwind in 2013 (when emerging markets lagged markedly) with strong gains from a variety of stocks. For example, then-top holding Naspers (a South Africa-based Internet firm) was up 60% and number-two pick Roche climbed about 40%. (They were still in the top three as of Sept. 30, 2014, and have prospered again this year.) Once-derided Hewlett-Packard rewarded the managers'

patience by zooming 100% in 2013 and another 46% so far this year.

The fund's longer-term record is also exceptional. Its 10-year return of 7% lands in the 14th percentile of the category. From its 2001 launch to the present, it has crushed both the MSCI index (which has a hefty emerging-markets weighting) and the category average. The road hasn't always been smooth. In 2011, the fund's outsized emerging-markets stake took its toll, and so did some individual problems. Overall, this fund does have higher-than-average volatility; it should not be considered a tame choice.

People Pillar: + Positive

Few funds can match this management team's depth and experience. A nine-person investment-policy committee, whose members have an average tenure of 24 years, calls the shots at this fund. Several, including Diana Strandberg and Charles Pohl, also serve on the committees for Dodge & Cox Stock DODGX or Dodge & Cox Global Stock DODWX.

The analyst ranks are similarly broad and deep. There are about 35 industry analysts and portfolio managers on the equity side, not including junior-level research analysts on two-year contracts. (There are another 24 or so managers and analysts on the fixed-income side.)

The firm stresses collaboration and teamwork. Managers and analysts frequently travel to visit companies, as well as to Washington, D.C., to keep tabs on legislative developments. But San Francisco is the home base for the entire staff, for the firm places a high priority on face-to-face interaction.

Nearly all of the analysts and managers have spent their entire careers at Dodge & Cox. Indeed, managers and analysts rarely leave for any reason besides retirement. The firm's five-year manager retention rate is very high. The personnel have ample incentive to stick around. Many of the re-

search and investment management professionals are partners in the firm and have substantial amounts of money invested in their funds.

Parent Pillar: + Positive

Dodge & Cox is an exemplary firm. CEO and president Dana Emery and chairman Charles Pohl are also lead members of the investment team and run both the firm and its funds with a long time horizon. The average fund manager tenure of more than 20 years is exceeded by few companies, and the firm's five-year manager-retention rate is 98%.

There are no stars here; each fund is run collaboratively by an investment policy committee. Ideas can come from any analyst but must survive extensive peer review. Although the funds have seen outflows in recent years, the firm has continued to build the investment team at a slow-and-steady clip. It totals roughly 60 managers and analysts, most of whom become partners.

Dodge & Cox has rolled out only six strategies since it first opened in 1931. The most recent is a global fixed-income offering that launched in May 2014; the firm developed its foreign-bond capabilities as a natural extension of its international-equity expertise. While the firm has eschewed marketing, it is among the largest mutual fund companies today. Asset growth can hinder execution, but management has proved willing in the past to safeguard its strategies by closing funds.

Managers are heavily invested in the funds and the firm and have ample incentive to serve shareholders, as evinced by low costs, clear communications, and a sober long-term approach.

Price Pillar: + Positive

Dodge & Cox International Stock is one of the least-expensive actively managed foreign-stock funds. It has one share class (which doesn't carry a load); its expense ratio was 0.64% in 2013 and 0.65% for the first half of 2014.

A huge asset base--about \$66 billion as of December 2014--helps keep costs down. However, Dodge

Dodge & Cox International Stock DODFX

Analysis

& Cox starts funds out of the gate with low expenses by keeping management fees low. A modest management fee of 60 basis points is key to why this fund is unusually inexpensive compared against actively managed equity-fund portfolios from any category.

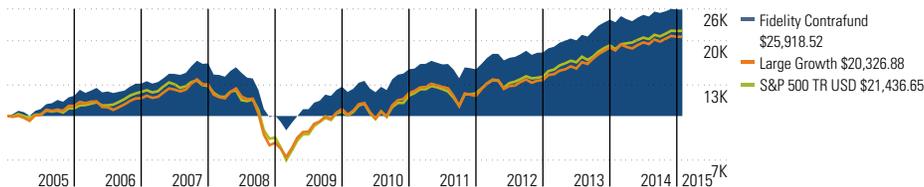
The fund's consistently low turnover rate also helps keep down trading costs, which aren't included in the expense ratio. Turnover was just 14% of assets (annualized) in the first half of 2014, typical for this fund.

Fidelity Contrafund FCNTX

Morningstar Analyst Rating
Silver

NAV \$	NAV Day Change %	Yield TTM %	Total Assets \$ Bil	Status	Min. Inv.	Load	Expenses	Morningstar Rating™	Category	Investment Style
97.91	↑1.71 1.78	0.24	109.8	Open	\$2,500	None	0.66%	★★★★	Large Growth	Large Growth

Growth of 10,000 01-08-2005 - 01-08-2015



3 Year Average Morningstar Risk Measures



Investment Strategy

The investment seeks capital appreciation. The fund normally invests primarily in common stocks. It invests in securities of companies whose value the advisor believes is not fully recognized by the public. The fund invests in domestic and foreign issuers. It invests in either "growth" stocks or "value" stocks or both. The fund uses fundamental analysis of factors such as each issuer's financial condition and industry position, as well as market and economic conditions to select investments.

Pillars

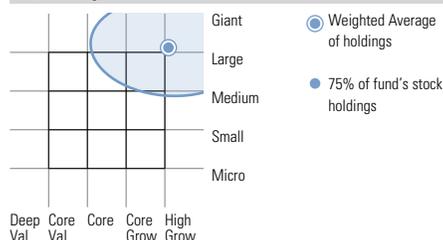
Process	Positive
Performance	Positive
People	Positive
Parent	Positive
Price	Positive
Rating	Silver

Performance 01-08-2015

	YTD	1 Mo	1 Yr	3Yr Ann	5Yr Ann	10Yr Ann
Growth of 10,000 Fund	9,994	9,964	10,972	16,824	19,597	25,919
+/- S&P 500 TR USD	-0.06	-0.36	9.72	18.94	14.40	9.99
+/- Category	-0.27	-0.62	-4.83	-0.90	-0.48	2.07
% Rank in Cat	-0.08	-0.44	-0.65	0.23	0.86	2.01
# of Funds in Cat	57	79	59	49	33	8
% Assets in Top 5 Holdings	1,772	1,764	1,709	1,531	1,323	908

* Currency is displayed in USD

Style Map



Top Holdings 11-30-2014

	Weight %	Last Price	Day Chg %	52 Week Range
Berkshire Hathaway Inc Class A	4.86	— USD	-0.74 ↓	163,038.88 - 229,374.00
Apple Inc	3.54	111.10 USD	-0.67 ↓	70.51 - 119.75
Wells Fargo & Co	3.46	52.81 USD	-1.38 ↓	44.17 - 55.94
Facebook Inc Class A	3.22	77.58 USD	-0.77 ↓	51.85 - 82.17
Google Inc Class C	3.19	495.90 USD	-1.38 ↓	489.00 - 604.83

% Assets in Top 5 Holdings: 18.26

⊕ Increase ⊖ Decrease ✱ New to Portfolio

Asset Allocation

	% Net	% Short	% Long	Bench mark	Cat Avg
Cash	2.49	0.01	2.50	0.00	1.99
US Stock	87.55	0.00	87.55	98.76	92.14
Non US Stock	9.22	0.00	9.22	1.24	5.58
Bond	0.10	0.00	0.10	0.00	0.14
Other	0.64	0.00	0.64	0.00	0.15

Management

William Danoff
Start Date: 09-17-1990

Top Sectors 11-30-2014

	Fund	3 Yr High	3 Yr Low	Cat Avg
Technology	23.64	24.24	23.55	24.11
Financial Services	20.70	20.77	15.68	10.18
Healthcare	18.65	18.65	11.29	18.17
Consumer Cyclical	14.92	19.38	14.92	16.87
Industrials	7.91	7.91	6.70	11.33

Dividend and Capital Gains Distributions

Distribution Date	Distribution NAV	Long-Term Capital Gain	Long-Term Short Gain	Return of Capital	Dividend Income	Distribution Total
12-12-2014	96.19	5.9200	0.0000	0.0000	0.2500	6.1700
02-07-2014	94.21	0.9700	0.0000	0.0000	0.0000	0.9700
12-13-2013	92.57	6.5800	0.0000	0.0000	0.1300	6.7100
02-08-2013	81.25	0.7400	0.0000	0.0000	0.0000	0.7400
12-14-2012	76.72	0.3500	0.3000	0.0000	0.1900	0.8400

Fidelity Contrafund FCNTX

Analysis

Patience should pay off.

By Katie Rushkewicz Reichart, CFA 12/3/2014

Fidelity Contrafund can still win out over time.

Manager Will Danoff has run this fund for 24 years, producing competitive long-term returns despite its bulky \$109 billion asset base. Danoff's strategy is simple enough: invest in companies with improving earnings and compelling management teams. The real challenge is putting all that money to work in a way that differentiates the fund from cheaper, passive options.

That's been a challenge for Danoff (and many active managers) lately. The fund modestly lags the Russell 1000 Growth Index for the trailing five years through late November (it lands in the large-growth Morningstar Category's top half during that period). Stock-picking has been weak outside of technology and consumer discretionary, according to attribution. A cash stake of 2% to 7% has also weighed on results in such a robust market.

Even so, the case for the fund remains intact. Danoff is experienced and has been through many market cycles, coming out ahead in the long run. He has the backing of Fidelity's huge analyst team, which feeds him ideas. Recently, that's meant upping the fund's exposure to industry-leading health-care firms with good runways for growth, such as Gilead Sciences GILD, while trimming margin-pressured stocks such as Amazon.com AMZN.

The fund has historically benefited from getting in to successful growth names early on, including Google GOOG. It's taken the same path recently, investing in the Alibaba IPO BABA. Meanwhile, Danoff has waded into a few up-and-coming private companies, including web and mobile website Pinterest and ride-sharing startup Uber. Those positions make up very small parts of the fund for now.

As large-growth funds go, this offering has been fairly tame: It's been less volatile and has posted smaller losses than peers and the benchmark in

down markets, as top positions such as Berkshire Hathaway BRK.A have provided ballast. All told, there's reason to keep the faith in this fund.

Process Pillar: Positive

Will Danoff follows a typical growth strategy, looking for firms with improving earnings, but his execution is what sets the fund apart. He effectively weaves together his own analytical insights, gleaned from nearly 30 years at Fidelity, with research from 135 global analysts. As the biggest owner of many stocks, Danoff has unparalleled access to company management, helping him understand a business' growth drivers. Capacity has long been a risk, given that Danoff manages well over \$100 billion across accounts. (In 2013, Fidelity named John Roth as comanager at Danoff's other charge, Fidelity Advisor New Insights, which in the past looked very similar to Contrafund but has started deviating to a greater extent.) Even so, Contrafund is the second-biggest actively managed large-cap fund and is often a top owner of its holdings, so its size does limit its flexibility.

Danoff has made tweaks to the process over the years to accommodate its growing size, including trading less often, owning fewer mid- and small-caps, and maintaining a portfolio of 270 to 500 stocks. (The name count has trended downward recently as Danoff has focused on his best ideas.) These moves haven't affected long-term performance, which remains strong, but there's always the risk that the fund won't handle future asset growth as well (the fund has been closed in the past but is currently open and has experienced outflows in 2014).

Despite the fund's large asset base and portfolio of hundreds of names, it has avoided looking too marketlike. The fund has held as much as 20% in non-U.S. equities in the past, though its 8% non-U.S. stake as of September was on the low end of its normal range during the past decade. While the fund's size limits Danoff's ability to take meaningful positions throughout the portfolio, he doesn't shy away from making big bets where he can.

Morningstar's Take

Morningstar Analyst Rating



Morningstar Pillars

Process	 Positive
Performance	 Positive
People	 Positive
Parent	 Positive
Price	 Positive

Morningstar Analyst Rating

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

Analyst Rating Spectrum



Fund Performance

	Total Return %	+/- Category
YTD	—	—

Fidelity Contrafund FCNTX

Analysis

Google soaked up 7% of assets as of September, a major chunk of the fund's 24% technology stake. That mirrors his previous big bet in Apple AAPL, which peaked in 2012 at 8% of assets and is now down to 2.9% on concerns about the firm's competitiveness and product innovation. He's significantly added to Facebook FB during the past year, which is now a top-10 position, and took a stake in recent IPO Alibaba. Consumer discretionary has historically played a big role in the fund, though the stake has dipped recently as Danoff has scaled back on Amazon.com and upped exposure to health-care picks such as UnitedHealth Group UNH. The fund's 15% financials stake is above the large-growth norm and includes a large, longtime stake in Berkshire Hathaway as well as a big position in Wells Fargo WFC. A new comanager at Danoff's other charge, Fidelity Advisor New Insights, has influenced Danoff to add picks that he previously avoided, including Bank of America BAC and Microsoft MSFT.

Performance Pillar: + Positive

This fund has been a top large-growth offering under Will Danoff, who has managed it since September 1990. During his tenure through Nov. 24, 2014, the fund has gained 13.4% annualized to the S&P 500's 10.3%, the Russell 1000 Growth's 9.7%, and the large-growth category's 9.1%. Danoff's record is all the more impressive considering the huge sum of money he oversees, totaling well over \$100 billion across vehicles. Undoubtedly, this fund is less flexible than the \$6 billion Fidelity Series Opportunistic Insights used exclusively in Fidelity's target-date series, which he's led to even better results since its late-2012 inception through late November.

This fund isn't extremely volatile for a growth offering. Danoff, who has run money long enough to witness a few major market blowups, has outperformed large-growth peers and the Russell 1000 Growth Index in down markets during his tenure, including in both bear markets of the 2000s. The fund's Morningstar Risk score, which penalizes downside deviations in returns, is low. Danoff prefers proven growers showing tangible signs of improving earnings to more speculative fare,

which means the fund can lag in certain market environments, such as 2009's rally. The fund's three- and five-year returns through late November slightly lag the Russell 1000 Growth Index and are around the category's middle. However, the fund's strong long-term record remains intact.

People Pillar: + Positive

Will Danoff has run this fund since September 1990. On his watch, Contrafund has been one of the top-performing large-growth funds, even as it has grown in size. While Danoff's years of experience and stock-picking abilities have given the fund an edge, he also relies on Fidelity's global analyst staff of 135. The analysts' input is essential, as it would be difficult to effectively oversee a portfolio of 300 to 500 stocks himself. The analysts have incentives to relay their best ideas to him, as he commands well over \$100 billion in assets across all his charges. But Danoff is actively involved in stock-specific research and carries around a thick notebook listing the tickers of companies he's met with.

Given Danoff's heavy asset load, capacity has been a long-standing concern. Fidelity has taken small steps to address that, naming John Roth as Danoff's comanager at the \$28 billion Advisor New Insights in September 2013. The comanager addition won't take too much off Danoff's plate, as he recently started running Fidelity Series Opportunistic Insights (\$6 billion in assets as of March), which is used exclusively in the target-date series. While Roth may be viewed as the heir apparent here, given he was handpicked by Danoff, the latter has announced no intention of retiring anytime soon.

Danoff does have his financial interests aligned with shareholders', investing more than \$1 million both in this fund and New Insights.

Parent Pillar: + Positive

Fidelity has long been an industry leader in technology, trading, and its brokerage platform, but it has had ups and downs within its own mutual fund business. The dependable fixed-income division remains a crown jewel, though it's often overshadowed by the larger equity division, which for years

was inconsistent but has shown signs of improvement. Manager tenure across Fidelity's equity funds has improved in recent years, as has performance. Fidelity has been more careful in how it has handled manager transitions on some equity funds, and its effort to build out its value and equity-income teams should serve investors well. Fidelity employs plenty of talented investors, including at its biggest funds.

That said, Fidelity's huge fund lineup leaves room for some mediocre funds. The firm also has much to prove with its revamped target-date funds, which have lost considerable market share to competitors following weak performance.

Still, Fidelity is headed in the right direction. The funds' boards and managers have made consistent performance and manager ownership a priority. Fidelity's lineup remains reasonably priced, and investors are poised for better outcomes now than just a few years ago after incremental improvements on the equity side. Its fixed-income funds remain among the industry's best. Fidelity earns a Positive Parent score.

Price Pillar: + Positive

This fund has a performance fee, so its expense ratio can change based on how its three-year returns look relative to the S&P 500 Index. (For every percentage point of out- or underperformance, the expense ratio is adjusted by 0.02%, up to a maximum of 0.20%.) The performance-based fee is in the interest of investors, who don't have to pay as much when the fund is underperforming. Without considering the performance adjustment, the fund's expense ratio is below average relative to similarly sold peers, so it receives a Price score of Positive. As of the December 2013 annual report, its 0.66% fee clocked in as low relative to peers. However, that's the lowest it's been in years; given the fund's strong performance, expenses have ranged from 0.74% to 1.01% during the past decade, a level that's hard to justify given the fund's huge asset base.

Franklin Mutual Global Discovery Z MDISX

Morningstar Analyst Rating
Silver

NAV \$	NAV Day Change %	Yield TTM %	Total Assets \$ Bil	Status	Min. Inv.	Load	Expenses	Morningstar Rating™	Category	Investment Style
33.23	↑0.55 1.68	2.37	26.1	Open	\$1,000	None	0.98%	★★★★	World Stock	Large Value

Growth of 10,000 01-08-2005 - 01-08-2015



3 Year Average Morningstar Risk Measures



Investment Strategy

The investment seeks capital appreciation. The fund invests primarily in equity securities (including securities convertible into, or that the investment manager expects to be exchanged for, common or preferred stock) of U.S. and foreign companies that the investment manager believes are available at market prices less than their value based on certain recognized or objective criteria (intrinsic value). It invests primarily in undervalued securities (securities trading at a discount to intrinsic value). The managers expect to invest substantially and potentially up to 100% of its assets in foreign securities.

Pillars

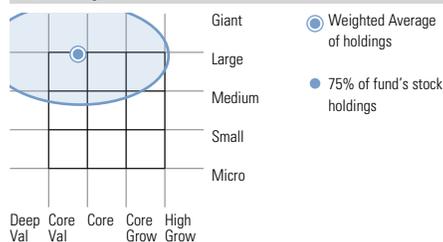
Process	Positive
Performance	Positive
People	Positive
Parent	Positive
Price	Neutral
Rating	Silver

Performance 01-08-2015

	YTD	1 Mo	1 Yr	3Yr Ann	5Yr Ann	10Yr Ann
Growth of 10,000	9,973	9,906	10,526	14,868	16,007	23,657
Fund	-0.27	-0.94	5.26	14.14	9.87	8.99
+/- MSCI ACWI Ex USA NR USD	1.54	2.98	9.73	5.84	6.32	3.73
+/- Category	0.23	0.30	2.24	0.55	1.08	2.53
% Rank in Cat	33	35	25	44	33	5
# of Funds in Cat	1,253	1,230	1,154	880	690	345

* Currency is displayed in USD

Style Map



Asset Allocation

	% Net	% Short	% Long	Bench mark	Cat Avg
Cash	7.48	0.00	7.48	0.00	2.52
US Stock	45.35	1.32	46.67	51.78	49.81
Non US Stock	39.51	0.00	39.51	47.68	46.66
Bond	2.71	0.00	2.71	0.00	0.47
Other	4.95	0.09	5.03	0.54	0.54

Management

	Start Date
Philippe Brugere-Trelat	12-07-2009
Peter A. Langerman	12-31-2009
Timothy Rankin	12-31-2010

Top Holdings 09-30-2014

	Weight %	Last Price	Day Chg %	52 Week Range
Merck & Co Inc	2.22	62.62 USD	-0.35 ↓	49.34 - 62.95
Apple Inc	1.98	111.07 USD	-0.71 ↓	70.51 - 119.75
Microsoft Corp	1.90	47.25 USD	-0.71 ↓	34.63 - 50.04
Teva Pharmaceutical Industries Ltd ADR	1.88	56.65 USD	-1.64 ↓	40.83 - 58.95
Medtronic Inc	1.68	74.36 USD	-0.54 ↓	53.33 - 75.66
% Assets in Top 5 Holdings		9.66		

⊕ Increase ⊖ Decrease ✱ New to Portfolio

Top Sectors 09-30-2014

	Fund	3 Yr High	3 Yr Low	Cat Avg
Financial Services	25.90	27.04	23.39	15.66
Healthcare	14.95	14.95	10.67	12.86
Consumer Cyclical	11.34	11.34	7.79	12.81
Technology	11.18	11.18	7.62	14.16
Energy	9.97	10.51	9.97	8.04

Dividend and Capital Gains Distributions

Distribution Date	Distribution NAV	Long-Term Capital Gain	Long-Term Short Gain	Return of Capital	Dividend Income	Distribution Total
12-19-2014	33.33	1.2100	0.0000	0.0000	0.7900	2.0000
09-05-2014	35.96	0.1700	0.0000	0.0000	0.0300	0.2000
12-20-2013	33.14	1.3100	0.1900	0.0000	0.5400	2.0400
09-06-2013	33.05	0.1300	0.0100	0.0000	0.0300	0.1800
12-20-2012	28.92	1.3500	0.2100	0.0000	0.5700	2.1300

Franklin Mutual Global Discovery Z MDISX

Analysis

Consistent

By Karin Anderson 5/30/2014

Mutual Global Discovery has what it takes to succeed.

Since taking over this fund in December 2009, Peter Langerman and Philippe Brugere-Trelat have delivered on preserving capital and minimizing volatility. They use the same approach here that they employ at their other charges: Mutual Shares TESIX and Mutual European TEMIX. At its core, the process revolves around firms with sustainable competitive advantages. As a result, nearly two thirds of this fund's equity portfolio is invested in firms with wide or narrow economic moats, as designated by Morningstar equity analysts, including nine of its top 10 holdings as of April 30, 2014. Then managers aim to buy these stocks when they trade at big discounts to their estimates of intrinsic value and keep a disciplined approach to selling when they reach their price targets.

The fund's ability to hold up to roughly 20% of the fund in cash means that investors must be able to sacrifice some gains on the upside when the managers put a more cautious foot forward. That was the case in 2010 and 2012's rallies. However, with cash on the lower side lately (roughly 7%), this fund managed to keep up with the typical world-stock fund in last year's strong rally. And so far this year, the managers' patience with struggling picks Petrobras PBR, Lorillard LO, and GDF Suez GSZ paid off, helping land its 4.6% gain through May 28 in the category's top third.

The fund's performance pattern has remained consistent on Langerman and Brugere-Telat's watch, which is a good sign. It should be able to deliver a smoother ride than most world-stock funds, which is reflected in its consistently low Morningstar Risk score. Though the analyst team has seen some recent additions, the managers have the support of several seasoned team members. And the process used here, which in addition to allowing large cash stakes also includes merger arbit-

rage and distressed debt plays, affords them plenty of flexibility. The combination of these traits earns the fund a Morningstar Analyst Rating of Silver.

Process Pillar: Positive

The fund is managed in a bottom-up, value style. Working with an in-house team of global sector analysts, the managers seek to identify stocks selling at discounts to intrinsic value. To determine intrinsic value, they use methods such as discounted cash flow and sum-of-the-parts analyses.

The portfolio is built with little regard for the MSCI World Index's stock and sector allocations. The fund can put between 0% and 100% of the portfolio in foreign stocks, but it has historically kept between 40% and 70% of assets there. The managers may also buy distressed debt--that is, invest in the securities of firms on the verge of or going through bankruptcy--and engage in merger-arbitrage strategies. On the M&A front, management may only buy the stock of the firm being acquired, but in some cases it also shorts the stock of the acquiring company. Derivatives are used at times for portfolio protection.

The investment horizon is long term, which results in below-average turnover. Positions are built gradually, with generally less than 4% of assets held in a single position. The fund usually holds about 100 positions. The managers will let cash grow substantially if they can't find attractive opportunities; although cash rose to 50% of assets in early 2009, the fund's current management is likely to keep cash between 5% and 20%.

The fund's exposure to U.S. stocks has continued to climb; at 42% of assets as of April 30, 2014, it is at a 10-year high, reflecting both the stronger recent performance of these stocks and the better opportunities the managers have found in the space. For example, they recently bought media company CBS because its management is tak-

Morningstar's Take

Morningstar Analyst Rating



Morningstar Pillars

Process		Positive
Performance		Positive
People		Positive
Parent		Positive
Price		Neutral

Morningstar Analyst Rating

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

Analyst Rating Spectrum



Fund Performance

	Total Return %	+/- Category
YTD	—	—

Franklin Mutual Global Discovery Z MDISX

Analysis

ing action that they like to see, namely, buying back shares.

In contrast, this fund's 42% stake in non-U.S. equities as of April 30, 2014, was on the low side compared with historic levels. That exposure clocked in above 50% of assets during the early to mid-2000s and has tapered from similar levels in 2010. It still includes several longtime European holdings, including British American Tobacco BATS and Royal Dutch Shell RDS.A, which still sit among the portfolio's top-10 holdings.

Fixed income hasn't played a significant role here lately as the managers haven't found many interesting opportunities, but they did add to some existing holdings including First Data and Clear Channel Communications over the past year, pushing that stake to 7% from 4%. A relatively large cash stake is a more typical feature here. The fund's 7% stake in dry powder on April 30 wasn't high by its own standards but is more than most rivals have. Over the past year the managers have kept the fund's foreign-currency exposure fully hedged.

Performance Pillar: + Positive

Although most of this world-stock fund's strong long-term track record is directly attributable to previous managers, it's been reassuring to see that the fund's performance pattern continues to reflect an attractive risk/reward profile. This has been a common result of Mutual Series' approach, which is valuation-sensitive and long-term-oriented and allows for significant cash cushions. That's helped the fund hold up better than most peers in downturns; for example, in 2011 its 3% loss was less than half the typical rival's. The trade-off is that it doesn't stand out in rallies, which was the case in 2012 when it landed in the bottom quartile and in 2013 when its 25% gain was just on par with the group norm. Last year, losses from some picks including Alstom ALSMY (now sold) and Transocean RIG weighed on relative results.

The global equity market has generally been on the upswing since the current lead managers took over in December 2009, so it's good to see that they've managed to keep the fund in respectable standing. From early December 2009 through May 28, 2014, the fund's 11.7% annualized gain was better than roughly 60% of the world-stock competition and edged out its MSCI World Index benchmark. Given the managers' experience and consistently applied approach, the fund has a good shot at delivering solid returns with less volatility compared with the category norm and index.

People Pillar: + Positive

Peter Langerman and Philippe Brugere-Trelat took the fund's reins in December 2009 following the departure of previous comanagers Anne Gudefin and Charles Lahr. Timothy Rankin was added as a third manager at the end of 2010. Although sudden manager departures are rarely a good thing for investors, there is little reason to be overly concerned here. Not only has the management duo been in place more than four years, Langerman is chairman, president, and CEO of Mutual Series. He is one of the most senior members of the team and has comanaged Mutual Shares since 2005. Brugere-Trelat, who rejoined Mutual Series in late 2004, has successfully run Mutual European over that time frame.

Furthermore, this experienced duo draws on a 17-member team of managers and analysts who all share the same value-driven philosophy. As evidence of that, there is a large degree of holdings overlap among the firm's eight different offerings, which helps mitigate the impact of an individual manager's departure. At this time, however, the team remains adequately resourced. It's good to see that Langerman, Brugere-Trelat, and Rankin invest more than \$1 million across the funds they run.

Parent Pillar: + Positive

Franklin Resources traces its roots to 1947, when Rupert H. Johnson Sr. named his brokerage firm

after Benjamin Franklin. While the firm has always run proprietary mutual funds, it also has grown through acquisition. It bought Templeton, Galbraith & Hansberger from Sir John Templeton in 1992, adding an array of international funds. Four years later it bought Heine Securities, investment advisor to the Mutual Series funds. Franklin Resources now centers on the Franklin, Franklin Templeton, and Mutual Series lineups. A Johnson still runs the firm.

Aspects of the firm are appealing. Most offerings levy below-average fees and are typically run by long-tenured managers who invest more than \$1 million in their funds. The firm has a sensible compensation plan, and the U.S. funds are overseen by experienced boards of directors.

That said, this global organization is complex. The firm's subsidiaries have distinct cultures employing different strategies. Mutual Series is value-oriented while Franklin Templeton is more growth-focused. Because the subsidiaries don't share investment resources, retention within each is vital. In 2009, Mutual Series lost several managers to PIMCO. In 2007, a number of Templeton managers jumped ship. While those defections are rare, another wave would be a red flag. Overall, though, the concerns here don't overshadow the firm's broader merits.

Price Pillar: ○ Neutral

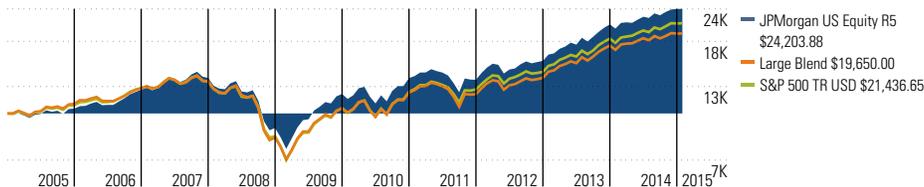
The 1.28% annual expense ratio for the fund's A shares is below average for world-stock funds that impose a front-end sales charge. The median fee for that peer group is 1.39%. However, the fund's expense ratio is on the high side compared with other front-load world-stock offerings with more than \$10 billion in assets.

JPMorgan US Equity R5 JUSRX

Morningstar Analyst Rating
Bronze

NAV \$	NAV Day Change %	Yield TTM %	Total Assets \$ Bil	Status	Min. Inv.	Load	Expenses	Morningstar Rating™	Category	Investment Style
14.57	↑0.27 1.89	1.21	12.7	Open	—	None	0.59%	★★★★	Large Blend	Large Blend

Growth of 10,000 01-08-2005 - 01-08-2015



3 Year Average Morningstar Risk Measures



Investment Strategy

The investment seeks to provide high total return from a portfolio of selected equity securities. Under normal circumstances, the fund invests at least 80% of its assets in equity securities of U.S. companies. "Assets" means net assets, plus the amount of borrowings for investment purposes. In implementing its strategy, the fund primarily invests in common stocks of large- and medium-capitalization U.S. companies, but it may also invest up to 20% of its assets in common stocks of foreign companies, including depositary receipts.

Pillars

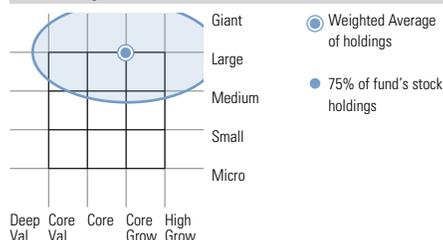
Process	Neutral
Performance	Positive
People	Positive
Parent	Positive
Price	Positive
Rating	Bronze

Performance 01-08-2015

	YTD	1 Mo	1 Yr	3Yr Ann	5Yr Ann	10Yr Ann
Growth of 10,000	10,007	10,036	11,443	17,802	20,003	24,204
Fund	0.07	0.36	14.43	21.20	14.87	9.24
+/- S&P 500 TR USD	-0.14	0.10	-0.11	1.36	-0.01	1.32
+/- Category	0.07	0.32	2.87	2.89	1.66	1.97
% Rank in Cat	51	29	18	11	16	—
# of Funds in Cat	1,661	1,656	1,564	1,336	1,196	812

* Currency is displayed in USD

Style Map

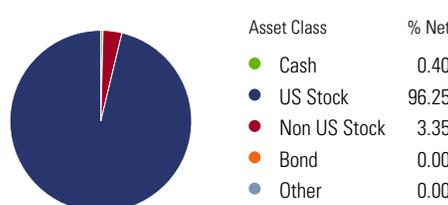


Top Holdings 11-30-2014

	Weight %	Last Price	Day Chg %	52 Week Range
Apple Inc	4.08	111.04 USD	-0.72 ↓	70.51 - 119.75
Johnson & Johnson	3.09	105.31 USD	-1.02 ↓	86.09 - 109.49
Wells Fargo & Co	2.79	52.82 USD	-1.36 ↓	44.17 - 55.94
Microsoft Corp	2.33	47.22 USD	-0.78 ↓	34.63 - 50.04
Honeywell International Inc	2.00	99.43 USD	-1.14 ↓	82.89 - 102.39
% Assets in Top 5 Holdings	14.28			

⊕ Increase ⊖ Decrease ✱ New to Portfolio

Asset Allocation



Top Sectors 11-30-2014

	Fund	3 Yr High	3 Yr Low	Cat Avg	Fund vs Cat Avg
Technology	21.18	21.18	17.79	17.02	▲
Financial Services	16.34	16.40	15.98	15.88	▲
Healthcare	16.09	16.09	13.11	14.58	▲
Consumer Cyclical	12.39	15.02	12.39	10.76	▲
Industrials	10.69	10.69	9.62	11.72	▼

Dividend and Capital Gains Distributions

Distribution Date	Distribution NAV	Long-Term Capital Gain	Long-Term Short Gain	Return of Capital	Dividend Income	Distribution Total
12-19-2014	14.61	0.0000	0.0000	0.0000	0.0700	0.0700
12-12-2014	14.20	0.8900	0.3800	0.0000	0.0000	1.2700
09-30-2014	15.11	0.0000	0.0000	0.0000	0.0400	0.0400
06-30-2014	14.96	0.0000	0.0000	0.0000	0.0400	0.0400
03-31-2014	14.31	0.0000	0.0000	0.0000	0.0400	0.0400

Management

Manager	Start Date
Thomas Luddy	02-21-2006
Susan Bao	01-01-2001
Helge Skibeli	07-29-2009
Scott Davis	08-18-2014

JPMorgan US Equity R5 JUSRX

Analysis

Little things add up.

By Laura Lalloos 9/11/2014

Changes at the margins shouldn't weaken JPMorgan US Equity's strong core.

This fund aims to outperform incrementally without taking undue risk. Longtime managers Susan Bao and Tom Luddy run half the fund's assets, drawing on the research of JPMorgan's core industry analysts. Industry weightings stay within close range of the S&P 500, and positions in the 200-stock portfolio are rarely as much as 2 percentage points off the benchmark weightings. The analysts contribute significantly to stock-picking, and in mid-2009, a portion of the fund was turned over to them to run directly; this sector-neutral sleeve is now 40% of the fund.

In August 2014, Scott Davis was added as a comanager and given 10% of assets, using the same strategy as Bao and Luddy, and relying on the same research. (Davis had been a media and Internet analyst on the team.) While Luddy has no plans to retire soon, the firm has begun succession planning with Davis in mind. Davis replaces Giri Devulapally and Aryeh Glatter, who each ran a small sleeve based on their own respective growth and value strategies used elsewhere. While the allocation to these sleeves could be adjusted to keep the profile of the fund within the tight parameters it is designed to follow, they proved more of a hindrance than a help.

The overall profile of the fund should not change, and Paul Quinsee, CIO of JPMorgan's U.S. equity group, will continue to keep a watchful eye on risk metrics. The end result has been a portfolio with a low tracking error relative to the S&P 500 and active share that has stayed close to 50% during the past decade. That sounds like a recipe for mediocrity, but the fund has consistently outperformed its peers. Overall, since Bao came on in January 2001, the fund's Institutional shares have returned an annualized 6.1% through Aug. 31, compared with 5.1% for the S&P 500.

This record demonstrates that a carefully constrained strategy, skillfully applied, can beat an index. This reliable core holding continues to merit a Morningstar Analyst Rating of Bronze.

Process Pillar: Neutral

The benchmark-sensitive process aims to minimize sector and macroeconomic exposure relative to the S&P 500. The fund can deviate from market industry and stock weightings by 4 percentage points, but it generally stays within 2 points.

The core of the portfolio, 50% of assets, is run by longtime managers Susan Bao and Tom Luddy, who together run a substantial portion of J.P. Morgan's large-cap core strategies. They each run a portion independently but follow the same strategy and rely on the research of the firm's core analyst team. These industry analysts rank stocks within each industry based on estimated fair value; they use an in-house model incorporating long-term earnings, cash flow, and growth rate estimates. The managers incorporate these rankings into their stock-picking, expressing modest sector preferences based on their macroeconomic views. In August 2014, Scott Davis was named a comanager. He runs 10% of the portfolio, using the same strategy and research as Bao and Luddy.

The remaining 40% of the portfolio is run directly by the analysts, under the direction of Helge Skibel. This portion is broadly sector-neutral relative to the S&P 500, though the analysts may express industry preferences within those sectors.

Overall, the fund shows considerable correlation with the S&P 500, with an R-squared of about 98% over the short and long term.

In keeping with a philosophy that stock-picking should drive performance, sector weightings remain close to the S&P 500. The slight differences highlight the role valuation plays in stock-picking and an effort to maintain low tracking error. The fund has an underweighting in overvalued consumer staples, utilities, and REITs, as it has for several years. It does have a small overweighting in another more-defensive sector, health care.

Morningstar's Take

Morningstar Analyst Rating



Morningstar Pillars

Process	 Neutral
Performance	 Positive
People	 Positive
Parent	 Positive
Price	 Positive

Morningstar Analyst Rating

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

Analyst Rating Spectrum



Fund Performance

	Total Return %	+/- Category
YTD	—	—

JPMorgan US Equity R5 JUSRX

Analysis

Names such as Johnson & Johnson JNJ, however, are also part of a growth-at-a-reasonable price play. The managers were able to add to names such as Google GOOG when growth names were hit earlier this year. Bao notes that technology companies have the healthiest balance sheets and still have low P/E ratios relative to historic levels.

The fund continues a slight tilt toward consumer discretionary, but with significant distinctions. Bao notes that the managers now have underweightings in retail, restaurants, and hotels, which tend to do better in the beginning of an economic cycle. As they have over the past year, they prefer auto-related stocks and media names. Top-10 holding Time Warner TWX is a particularly significant pick for this benchmark-conscious strategy, as it is not even a top-50 name in the S&P 500. Everything is relative here; picks are generally within 2 percentage points of the S&P 500 weighting.

Performance Pillar: + Positive

Since Susan Bao came on in January 2001, the fund's Institutional shares have returned an annualized 6.1% through Aug. 31, compared with 4.2% for the category and 5.1% for the fund's benchmark, the S&P 500.

While the fund has had some manager changes in recent years, its shorter-term performance shows no ill effect. Over the trailing one-, three-, and five-year periods, the Institutional shares rank in the top quintile of the category. Comanager Scott Davis is new to the team, but he is running only 10% of assets and using the same strategy and analyst research his colleagues have used for years. Given the fund's carefully circumscribed strategy, shareholders have reason to expect a consistent performance profile.

That profile has been consistently strong. From January 2001 through August 2014, its rolling three-year returns land in the top half of the category nearly 80% of the time and in the bottom quartile only 2%. Over that time, the fund's standard deviation was 16.1, a bit higher than the S&P

500's 15.3. Over the long term, the fund's Morningstar Risk ratings, which place greater emphasis on downside volatility, have been in line with the category average. That's what the strategy is designed to do: control risk, not minimize it.

The fund's B and C share classes are notably more expensive and over some time periods are closer to middling relative to the category and the S&P 500.

People Pillar: + Positive

The core portfolio, 50% of assets, has been run by Susan Bao since 2001 and Tom Luddy since 2006. Bao has been with JPMorgan since 1997, and Luddy since 1976--he helped develop the stock-valuation model at the strategy's center. The two have also run a 130/30 fund since 2005, JPMorgan US Large Cap Core Plus JLCAX.

They rely on the research of an analyst team headed by Helge Skibeli, who has a 22-year tenure at the company. Since July 2009, 30%-40% of the fund's assets have been managed directly by Skibeli and about 25 core analysts, many also long-tenured.

From July 2010 through mid-August 2014, 15%-20% of assets were split between managers of large-cap growth and large-cap value sleeves. Giri Devulapally (the lead manager of Bronze-rated JPMorgan Large Cap Growth OLGAX) ran the growth sleeve over that time, while the value sleeve saw some changes.

The firm decided to do away with the growth and value sleeves of the fund partly to help keep the overall profile within the tight parameters the core managers prefer. Also, while Luddy has no plans to retire, succession planning has begun. Scott Davis, who started at JPMorgan in 2006 and who was a media and Internet analyst on the team, was given a 10% portion to run. Davis will run his small portion of the portfolio with the same strategy and analyst support that has served Bao and Luddy well.

Parent Pillar: + Positive

J.P. Morgan Asset Management's U.S. fund business boasts a diverse lineup supported by a global investment team, and a distribution effort centered on education has built advisor trust. With more than \$250 billion in assets toward the end of 2014, the firm ranks among the 10 largest U.S. mutual fund companies.

Many of the most popular funds are Morningstar Medalists, and a number are run by managers who have been at the helm for a decade or more. These include Doug Swanson of JPMorgan Core Bond WOBDX, Jonathon Simon of JPMorgan Mid Cap Value FLMVX, and Giri Devulapally of JPMorgan Large Cap Growth's SEEGX. The core U.S. equity team, supported by a large, long-tenured analyst team, is strong, and the SmartRetirement target-date series is another bright spot. The lineup overall earns an average of 3 stars but has been improving. One concern is whether JPMorgan Strategic Income Opportunities JSOSX, which quickly grew to be one of the largest funds, is adequately supported.

While growing aggressively, the shop has been sorting through weaker spots in a lineup that now numbers more than 120 funds. An experienced board of trustees has maintained strong oversight structure. Fees are competitive, manager investment in the funds has increased significantly, and equity manager bonuses now factor in 10-year performance where applicable, which exceeds industry standards.

Price Pillar: + Positive

More than half of the fund's assets are in Institutional or Select shares. The Institutional shares, with a 0.64% expense ratio, are priced below-average compared with other large-cap institutional shares. While the Select shares' 0.79% expense ratio ranks as average compared with the same group, they are also available to retail investors through wrap accounts with certain advisors.

The rest of the fund's share classes rank either in the lowest or second-lowest quintile of the relevant Morningstar Fee Level comparison group. In

JPMorgan US Equity R5 JUSRX

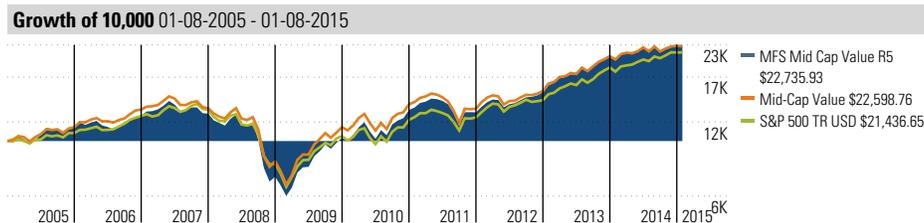
Analysis

absolute terms, however, some share classes (notably, the B, C, and Retirement 2 shares) are significantly more expensive, which weighs on their relative return rankings within the large-cap blend category.

MFS Mid Cap Value R5 MVCKX

Morningstar Analyst Rating

NAV \$	NAV Day Change %	Yield TTM %	Total Assets \$ Bil	Status	Min. Inv.	Load	Expenses	Morningstar Rating™	Category	Investment Style
20.26	↑0.34 1.71	0.72	2.9	Open	—	None	0.84%	★★★★	Mid-Cap Value	Mid Value



3 Year Average Morningstar Risk Measures



Investment Strategy

The investment seeks capital appreciation. The fund normally invests at least 80% of the fund's net assets in issuers with medium market capitalizations. The adviser generally defines medium market capitalization issuers as issuers with market capitalizations similar to those of issuers included in the Russell Midcap® Value Index over the last 13 months at the time of purchase. It normally invests the fund's assets primarily in equity securities. Equity securities include common stocks, preferred stocks, securities convertible into stocks, equity interests in real estate investment trusts (REITs), and depositary receipts for such securities.

Pillars

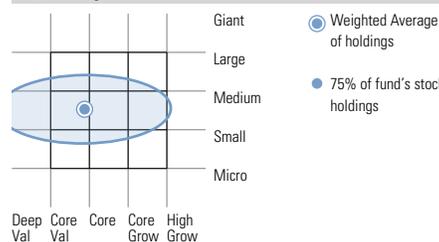
Process	—	—
Performance	—	—
People	—	—
Parent	—	—
Price	—	—
Rating	—	—

Performance 01-08-2015

	YTD	1 Mo	1 Yr	3Yr Ann	5Yr Ann	10Yr Ann
Growth of 10,000	9,946	10,090	11,042	17,516	21,470	22,736
Fund	-0.54	0.90	10.42	20.54	16.51	8.56
+/- S&P 500 TR USD	-0.75	0.64	-4.13	0.71	1.63	0.64
+/- Category	-0.18	0.14	0.97	1.42	2.37	0.09
% Rank in Cat	70	43	40	—	—	—
# of Funds in Cat	512	508	460	421	350	234

* Currency is displayed in USD

Style Map



Top Holdings 11-30-2014

	Weight %	Last Price	Day Chg %	52 Week Range
⊕ Newell Rubbermaid Inc	1.29	37.49 USD	-0.94 ↓	28.27 - 38.73
⊕ NASDAQ OMX Group, Inc.	1.21	48.51 USD	-1.10 ↓	33.49 - 49.71
⊕ Crown Holdings Inc	1.12	48.27 USD	-1.01 ↓	37.29 - 52.52
⊕ Valspar Corp	1.10	86.51 USD	-0.66 ↓	66.94 - 88.36
⊕ Xerox Corporation	1.06	13.55 USD	-1.92 ↓	10.26 - 14.36

% Assets in Top 5 Holdings 5.78

⊕ Increase ⊖ Decrease ✱ New to Portfolio

Asset Allocation

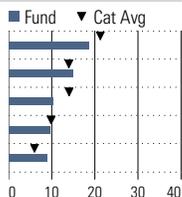
	% Net	% Short	% Long	Bench mark	Cat Avg
● Cash	2.36	0.04	2.40	0.00	3.51
● US Stock	92.40	0.00	92.40	99.46	92.21
● Non US Stock	5.25	0.00	5.25	0.54	4.14
● Bond	0.00	0.00	0.00	0.00	0.03
● Other	0.00	0.00	0.00	0.00	0.12

Management

	Start Date
Kevin J. Schmitz	11-20-2008
Brooks A. Taylor	11-20-2008

Top Sectors 11-30-2014

	Fund	3 Yr High	3 Yr Low	Cat Avg
🏦 Financial Services	18.47	19.76	18.47	20.35
🛒 Consumer Cyclical	14.92	14.92	14.68	13.05
⚙️ Industrials	10.21	11.94	10.21	13.12
🏥 Healthcare	9.65	9.65	7.81	8.94
🛡️ Consumer Defensive	8.97	8.97	7.67	5.09



Dividend and Capital Gains Distributions

Distribution Date	Distribution NAV	Long-Term Capital Gain	Long-Term Short Gain	Return of Capital	Dividend Income	Distribution Total
12-18-2014	20.22	0.9600	0.2700	0.0000	0.1600	1.3800
12-17-2013	19.07	0.7800	0.1400	0.0000	0.1500	1.0800

MFS Mid Cap Value R5 MVCKX

Analysis

Morningstar's Take

Morningstar Analyst Rating —

Morningstar Pillars

Process	—	—
Performance	—	—
People	—	—
Parent	—	—
Price	—	—

Morningstar Analyst Rating

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

Analyst Rating Spectrum

 Gold
  Silver
  Bronze
  Neutral
  Negative

Fund Performance

	Total Return %	+/- Category
YTD	—	—

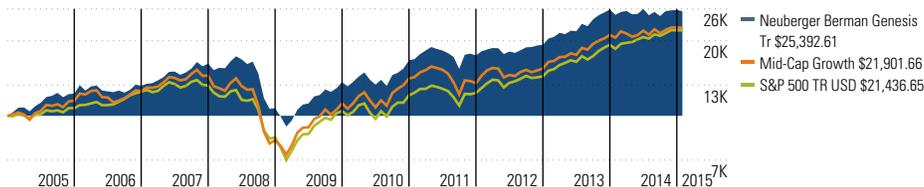
We do not currently publish an Analyst Report for this company.

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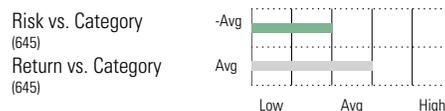
Morningstar Analyst Rating
Bronze

NAV \$	NAV Day Change %	Yield TTM %	Total Assets \$ Bil	Status	Min. Inv.	Load	Expenses	Morningstar Rating™	Category	Investment Style
58.59	↑0.95 1.65	0.06	12.8	Open	—	None	1.10%	★★★	Mid-Cap Growth	Small Growth

Growth of 10,000 01-08-2005 - 01-08-2015



3 Year Average Morningstar Risk Measures



Investment Strategy

The investment seeks growth of capital. The fund invests mainly in common stocks of small-capitalization companies, which it defines as those with a total market value of no more than \$2 billion at the time the fund first invests in them. It may continue to hold or add to a position in a stock after the company's market value has grown beyond \$2 billion. The fund seeks to reduce risk by diversifying among many companies and industries.

Pillars

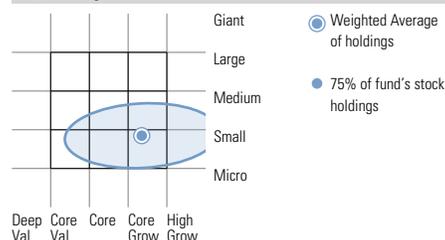
Process	+	Positive
Performance	+	Positive
People	+	Positive
Parent	+	Positive
Price	+	Positive
Rating		Bronze

Performance 01-08-2015

	YTD	1 Mo	1 Yr	3Yr Ann	5Yr Ann	10Yr Ann
Growth of 10,000	9,890	10,009	9,959	14,667	18,162	25,393
Fund	-1.10	0.09	-0.41	13.62	12.68	9.77
+/- S&P 500 TR USD	-1.31	-0.17	-14.96	-6.22	-2.21	1.84
+/- Category	-0.93	-0.84	-7.51	-3.94	-1.34	1.03
% Rank in Cat	94	89	95	94	74	29
# of Funds in Cat	777	774	752	646	584	429

* Currency is displayed in USD

Style Map



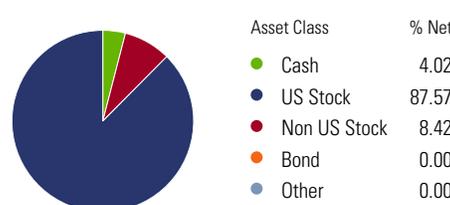
Top Holdings 09-30-2014

	Weight %	Last Price	Day Chg %	52 Week Range
⊖ Westinghouse Air Brake Technologies Corp	2.49	85.83 USD	-0.94 ↓	69.45 - 92.20
⊖ Church & Dwight Company, Inc.	2.28	79.52 USD	-0.59 ↓	61.00 - 80.97
⊖ Polaris Industries Inc	1.89	149.00 USD	-2.56 ↓	118.80 - 159.33
⊖ AptarGroup, Inc.	1.82	66.10 USD	0.00 ↓	55.59 - 68.78
⊖ Icon PLC	1.78	52.84 USD	-1.69 ↓	35.33 - 59.81

% Assets in Top 5 Holdings 10.26

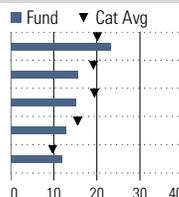
⊕ Increase ⊖ Decrease ✱ New to Portfolio

Asset Allocation



Top Sectors 09-30-2014

	Fund	3 Yr High	3 Yr Low	Cat Avg
⚙️ Industrials	23.28	23.28	21.38	19.20
💻 Technology	15.54	15.54	11.89	18.29
🛒 Consumer Cyclical	15.03	17.09	13.92	18.54
🏥 Healthcare	12.91	12.98	10.91	14.63
🏦 Financial Services	11.87	12.99	9.31	8.83



Dividend and Capital Gains Distributions

Distribution Date	Distribution NAV	Long-Term Capital Gain	Long-Term Short Gain	Return of Capital	Dividend Income	Distribution Total
12-15-2014	57.29	4.9100	0.0000	0.0000	0.0400	4.9400
12-16-2013	62.79	4.5000	0.0000	0.0000	0.1900	4.6900
12-14-2012	50.03	2.1100	0.0100	0.0000	0.1100	2.2200
12-16-2011	47.26	1.1000	0.0000	0.0000	0.5000	1.6000

Management

	Start Date
Judith M. Vale	02-01-1994
Robert W. D'Alelio	08-01-1997
Michael L. Bowyer	12-19-2005
Brett S. Reiner	12-19-2005

Neuberger Berman Genesis Tr NBGEX

Analysis

A bad year is no reason for panic here, though there are longer-term concerns.

By David Kathman, CFA 12/19/2014

Neuberger Berman Genesis remains solid, but its size is an issue.

This fund has had a tough year in 2014, with a year-to-date loss as of mid-December that ranked in the mid-cap growth Morningstar Category's bottom decile. There's no need to be too alarmed--occasional tough stretches are inevitable given the fund's strategy, and it has always bounced back. Its long-term record remains excellent, with 15-year returns ranking in the top 1% of the category. Even so, the fund's large asset base has long been a concern, and an abundance of caution has led us to move its Morningstar Analyst Rating to Bronze from Silver.

The strategy here is a patient one, very much focused on the long term. The managers look for small-cap stocks that dominate a competitive niche and combine solid balance sheets and cash flows with reasonable valuations. They prefer stocks that can grow over the next three to five years regardless of the broader economy, and they're willing to hold favorite stocks for a long time, resulting in very low annual turnover. Some top holdings, such as Church & Dwight CHD and AptarGroup ATR, have been in the portfolio for more than a decade.

This approach has been very successful over the long run, but there will inevitably be times when the fund will have a hard time keeping up. That's what has happened in 2014, when still-low interest rates and loose monetary policy caused low-quality, high-debt stocks to outperform, leaving many of this fund's high-quality holdings in the dust. Blowups by Ocwen Financial OCN and several related holdings have also hurt returns.

While the fund's long-term track record should ease worries about its recent problems, its \$13 billion asset base--third-largest in the mid-growth category and largest among actively managed

funds with more than half their assets in small caps--is cause for more concern. The managers have handled those assets well, and it's still a fine fund; however, we're a bit concerned that this size will make it tougher to perform as well going forward and that liquidity could become an issue with the fund's smaller-cap holdings.

Process Pillar: + Positive

As with most Neuberger Berman stock funds, this fund's managers pay little attention to benchmarks, picking stocks through a bottom-up process that's informed by long-term macroeconomic trends. They focus on small companies that generate good free cash flows by dominating a competitive niche, generally preferring firms that aren't too cyclical and can grow over the next three to five years regardless of the broader economy. Though they do use some screens to identify promising small-cap stocks, they evaluate companies primarily through hands-on research, including one-on-one meetings with management and follow-up phone calls. Wall Street research plays a minor role, mainly in determining the consensus view on a company.

Management takes a long-term, patient perspective, often holding on to stocks for years; thus, the portfolio's annual turnover is low, usually around 20%. The managers will buy only stocks with market caps under \$1.5 billion, but the low turnover means that holdings often grow into mid-caps, so the fund historically has tended to straddle the line between small- and mid-cap territory.

Though the team members consider themselves value managers and try to keep the portfolio's price/earnings ratio below that of the Russell 2000 Index, in practice they're willing to pay up a bit for attractive stocks in growing industries, so the fund has had a growth tilt.

The managers keep this fund diversified and close to fully invested; cash seldom exceeds 5% of assets and no single holding takes up more than about 3%. They don't worry too much about benchmarks, so sector weightings often differ from those of category peers or the Russell 2000 Index,

Morningstar's Take

Morningstar Analyst Rating  **Bronze**

Morningstar Pillars

Process		Positive
Performance		Positive
People		Positive
Parent		Positive
Price		Positive

Morningstar Analyst Rating

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

Analyst Rating Spectrum

 Gold  Silver  Bronze **Neutral**  Negative

Fund Performance

	Total Return %	+/- Category
YTD	—	—

Neuberger Berman Genesis Tr NBGEX

Analysis

but they try not to let any sector get too big.

The fund is still heavy in defensive steady-Eddies such as Church & Dwight and packaging maker AptarGroup (two of the top four holdings as of Sept. 30, 2014). It also holds some more-cyclical names, provided they meet the necessary quality criteria. The portfolio's technology weighting has increased in the two years since analyst Greg Siegel joined the team (specifically to cover tech), though it's still modestly underweight in the sector relative to its peers.

The fund is overweight in financials relative to its peers, and that sector has been the biggest detractor from performance in 2014. Most notably, Ocwen Financial, Altisource Portfolio Solutions ASPS, and Altisource Asset Management AAMC all suffered losses of more than 50% after running into regulatory problems.

The managers have been paying more attention to dividend yield lately, so that about three fourths of the fund's holdings paid a dividend. However, they avoid real estate investment trusts, which have too much leverage for their liking.

Performance Pillar: + Positive

This fund has been an outstanding long-term performer. As of December 2014, its 15-year returns are among the best in the mid-growth category, and its 10-year returns rank in the top quartile; both returns would rank in the top decile of the fund's old small-blend peer group.

At first glance, the fund's annual returns look like they've been all over the map, with top-decile rankings in some years (2002, 2005, 2007) and bottom-decile rankings in others (2003, 2006, 2014). However, that pattern says more about the volatility of the market during the past decade than it does about this fund, which actually has been one of the least volatile small- or mid-cap offerings around. It has a Morningstar Risk rating of Low over the trailing 10-year period, and its standard deviation (a measure of volatility) is among the lowest in either the small-blend or mid-growth categories.

The fund tends to hold up well in down markets such as 2008 and 2011, thanks to the managers' emphasis on relatively stable cash generators without a lot of debt, but for the same reasons it has a tough time keeping up in speculation-driven bull markets such as those of 2009 and 2010. It has badly underperformed peers in 2014, when low-quality, debt-heavy stocks have performed best, though blowups by several financial holdings also contributed to the poor results.

People Pillar: + Positive

The managers here are an experienced lot. Judy Vale became a manager of the fund in February 1994, and Bob D'Alelio was named a manager in August 1997. Both have more than 30 years of investment experience, and they've done a fine job of overseeing the fund's management team for more than a decade. Michael Bowyer and Brett Reiner were named comanagers in December 2005 after having been analysts on the fund since 2001 and 2003, respectively. The team also includes five dedicated analysts: Lawrence Berman, who has been with the fund since 2006; Solin Cho and Gregory Spiegel, who joined in 2012; and Abhishek Rathod and James Graeber, who joined the fund in 2014. Cho and Rathod were previously analysts elsewhere in Neuberger. Each member of the team covers specific sectors except Vale and D'Alelio, who are generalists, and Graeber, who is a research associate and doesn't cover specific stocks.

As of Aug. 31, 2014, each of the four listed managers had more than \$1 million invested in the fund. Those are substantial investments that help align the managers' interests with those of shareholders.

The team has consistently maintained the same patient strategy for many years despite often volatile market conditions. Overall, there's plenty to like about this management team.

Parent Pillar: + Positive

Unlike fund shops that tightly control risk, resulting in a lineup of bland index-huggers, Neuberger Berman lets its managers invest with conviction.

Neuberger funds tend to be concentrated, with relatively low turnover and significant sector bets. That leads to more-volatile returns, but the funds have mostly performed quite well over time, with few duds and several standouts.

This culture faced a threat in 2008 when then-parent Lehman Brothers collapsed, but a group of Neuberger insiders eventually took the firm private. It's now owned by about 300 employees, including most portfolio managers and many analysts, providing good incentives for them to stick around. Neuberger is focused solely on investment management, though its retail mutual funds only make up a fraction of assets under management (about 15% as of 2014). Since 2008, it gradually has been shifting its distribution emphasis to advisor-sold share classes with sales charges, though existing shareholders can still buy no-load shares.

Neuberger has made a handful of acquisitions during the past decade and launched a flurry of new funds in recent years, including some trendy ones such as absolute-return, long-short, and China funds. Such moves are potential causes for concern that bear watching, but at heart, Neuberger remains a boutique with a nicely distinctive investing culture.

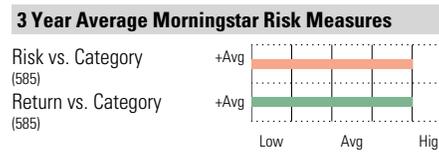
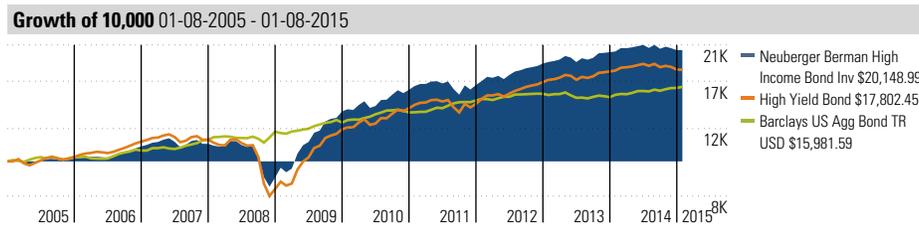
Price Pillar: + Positive

Almost 40% of this fund's assets are in the Institutional shares, whose 0.85% expense ratio ranks in the second-cheapest quintile of Institutional shares of domestic small-cap funds; an agreement with the advisor will prevent it from rising above that level until 2021. Most of the remaining assets are split between the Investor and R6 shares, whose expenses are also in the second-cheapest quintile of their peer groups, and the Trust shares, whose expenses are near the median of their peer group. Overall, this fund's expenses are quite reasonable.

Neuberger Berman High Income Bond Inv NHINX

Morningstar Analyst Rating
Silver

NAV \$	NAV Day Change %	Yield TTM %	Total Assets \$ Bil	Status	Min. Inv.	Load	Expenses	Morningstar Rating™	Category	Investment Style
8.93	↑0.05 0.56	5.57	3.4	Limited	\$2,000	None	0.84%	★★★★	High Yield Bond	



Investment Strategy

The investment seeks high total return consistent with capital preservation. The fund normally invests at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in High-Yield Bonds. It normally expects to have a weighted averaged maturity between five and ten years. The fund does not normally invest in or continue to hold securities that are in default or have defaulted with respect to the payment of interest or repayment of principal, but may do so depending on market conditions. It may invest in securities whose ratings imply an imminent risk of default with respect to such payments.

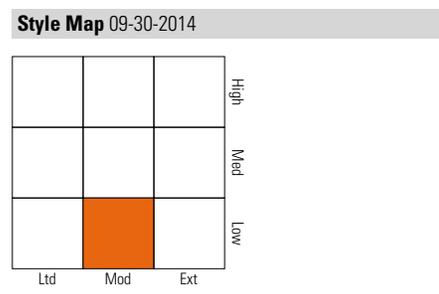
Pillars

Process	Positive
Performance	Positive
People	Positive
Parent	Positive
Price	Positive
Rating	Silver

Performance 01-08-2015

	YTD	1 Mo	1 Yr	3Yr Ann	5Yr Ann	10Yr Ann
Growth of 10,000	10,012	10,028	10,092	12,350	14,341	20,149
Fund	0.12	0.28	0.92	7.29	7.48	7.26
+/- Barclays US Agg Bond TR USD	-0.56	-0.80	-5.68	4.35	3.00	2.46
+/- Category	0.14	0.74	0.28	0.19	0.02	0.93
% Rank in Cat	12	5	53	45	52	15
# of Funds in Cat	800	794	729	588	505	353

* Currency is displayed in USD



Top Holdings 10-31-2014

	Weight %	Maturity Date	Amount Mil	Value Mil
⊖ Berry Plastics 9.75%	1.51	01-15-2021	47.11	52.53
First Data 12.625%	1.36	01-15-2021	39.24	47.39
⊕ Everest Acq Llc/Finance 9.375%	1.26	05-01-2020	40.37	44.10
Reynolds Grp Issuer 9.875%	1.09	08-15-2019	35.10	38.17
Newfield Expl 5.75%	1.00	01-30-2022	32.35	35.02
% Assets in Top 5 Holdings		6.22		

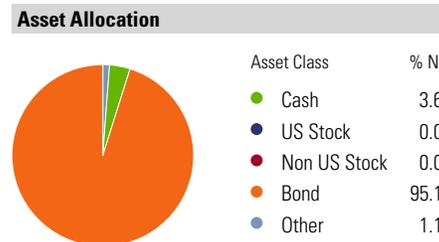
⊕ Increase ⊖ Decrease ✱ New to Portfolio

Bond Statistics

Average Effective Duration (Years)	3.90
Average Effective Maturity (Years)	6.50
Average Credit Quality	B
Average Weighted Coupon	6.86
Average Weighted Price	104.38

Top Sectors 10-31-2014

	Fund	BMark	Cat Avg
Corporate Bond	85.92	—	82.06
Bank Loan	3.45	—	5.05
Commercial MBS	1.29	—	0.36
Convertible	0.54	—	0.31
Preferred	0.00	—	0.22



Dividend and Capital Gains Distributions

Distribution Date	Distribution NAV	Long-Term Capital Gain	Long-Term Short Gain	Return of Capital	Dividend Income	Distribution Total
12-31-2014	8.93	0.0000	0.0000	0.0000	0.0400	0.0400
12-17-2014	8.75	0.0500	0.0100	0.0000	0.0000	0.0600
11-28-2014	9.15	0.0000	0.0000	0.0000	0.0400	0.0400
10-31-2014	9.28	0.0000	0.0000	0.0000	0.0400	0.0400
09-30-2014	9.20	0.0000	0.0000	0.0000	0.0400	0.0400

Management

Manager	Start Date
Ann H. Benjamin	10-03-2005
Thomas P. O'Reilly	10-03-2005
Russ Covode	02-28-2011
Daniel J. Doyle	02-28-2014

Neuberger Berman High Income Bond Inv NHINX

Analysis

Veteran managers and strong resources give this fund a leg up.

By Michelle Canavan Ward, CFA 1/15/2014

A tenured management team, deep resources, and thorough process make Neuberger Berman High Income a solid choice.

Lead managers Ann Benjamin and Tom O'Reilly have managed high-yield bonds together for more than 18 years and took over this fund in late 2005. Recently named co-portfolio manager Russ Covode joined the management team in 2011, and the fund is supported by a deep team of 21 analysts.

Since taking over the fund, the portfolio managers have instilled a sound investment process. Analysts start with a "credit checklist" that focuses on cash flow generation, repayment capabilities, management quality, and valuation, along with other factors. The team will often search for mis-priced bonds that are likely to experience an upgrade and avoids bonds with poor fundamentals that may default. Accordingly, the portfolio is typically dominated by B and BB rated bonds, but will occasionally veer toward both BBB and CCC bonds when the team views relative valuations as attractive.

Recently, the fund has taken advantage of low defaults and improving balance sheets across high-yield issuers and has slowly increased its stake in CCC rated bonds to 21% of total assets through November 2013, up from 14% in 2012 and 10% in 2011. This move paid off as riskier bonds performed well in 2013 and the fund's CCC-rated holdings, including bonds from casino operator, Tribal Mohegan, and Momentive, a private chemical company, boosted returns. The fund gained 7.4% in 2013, placing it ahead of 70% of peers. Over time, the team's effort to protect the fund from losses with a willingness to take credit risk when they feel it's appropriate has been successful. Since Benjamin and O'Reilly took over in late 2005, its 8.5% annualized return through the end of 2013 easily beats the category average of 7.5%.

The fund's vast analyst team, a highly structured and repeatable process, and long-tenured managers suggest that this strong track record should continue and warrant a Silver analyst rating.

Process Pillar: Positive

The fund's massive analyst team and portfolio managers use fundamental research and relative valuations in an effort to minimize downside while still participating in upside during strong high-yield markets. The team looks for potential upgrade candidates and avoids credits with declining fundamentals in order to minimize the likelihood of defaults. As a result, holdings are biased toward single-B and BB rated bonds, but will occasionally veer toward both BBB and CCC bonds if relative valuations are more attractive. Up to 20% of the fund can be invested in bank loans, which can help limit interest-rate risk. This is a diversified fund, and will generally maintain exposure to anywhere between 100 and 150 different issuers, and portfolio managers will also rotate across industries based on valuation and fundamentals.

Analysts use a thorough credit checklist to guide their analysis and ensure consistency across different holdings. Security selection begins by screening out illiquid bonds as well as low-quality names that the team views as susceptible to downgrades. The credit checklist requires a focus on cash flows, repayment options, and valuation, including a scenario analysis to project upside and downside cases. Analysts assign a proprietary credit rating to each bond and then compare its valuation with other bonds in similar industries or of similar credit quality.

Despite its reputation as a conservative fund, portfolio holdings have slowly shifted toward riskier names. The fund has taken advantage of low defaults and improving balance sheets across high-yield issuers and has slowly increased its stake in CCC rated bonds to 21% of total assets, up from 14% in 2012 and 10% in 2011. Examples of the fund's CCC holdings include bonds issued by Linn Energy LINE, SandRidge Energy SD, and privately held First Data. The fund's CCC weighting is about 4% higher than its benchmark, the BofAML U.S.

Morningstar's Take

Morningstar Analyst Rating



Morningstar Pillars

Process	 Positive
Performance	 Positive
People	 Positive
Parent	 Positive
Price	 Positive

Morningstar Analyst Rating

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

Analyst Rating Spectrum



Fund Performance

	Total Return %	+/- Category
YTD	—	—

Neuberger Berman High Income Bond Inv NHINX

Analysis

High Yield Master II Constrained Index. The portfolio is still dominated by BB and B rated bonds, but at 43% and 39% respectively, its allocations are lower than those of the index. On a sector basis, the fund is heavy in printing and publishing, mainly through its holdings in RR Donnelley debt, as well as telecommunications, health care, and gaming. The fund eschews traditional banking firms and is accordingly light in that sector, as well as consumer products and real estate.

The fund decreased its holdings of bank loans throughout 2013, with a 5% allocation as of Nov. 30, compared to 13% a year ago. As high yield bonds sold off during the middle of 2013, this fund opportunistically shifted assets away from bank loans and into attractively valued bonds.

Performance Pillar: + Positive

Benjamin, O'Reilly, and team have consistently navigated this fund into the top half of all high-yield bond funds. While volatility, measured by standard deviation, is generally higher than peers', the fund has met its objective of minimizing downside risk while still participating in upside. Since the current management team took over in October 2005, its 8.5% annualized return through the end of 2013 is better than almost 90% of high-yield funds. The team has managed to do so by protecting investor capital on the downside while still keeping up when the market is doing really well. For example, while the fund's absolute loss of 19% during 2008's downturn stung, it proved better than 90% of its high-yield peers'. Coming into 2008, the team had reduced exposure to the lowest-quality names and stashed more than 60% of the portfolio in debt rated BB and better.

In 2013, the fund returned 7.4%, placing it ahead of 70% of high-yield peers. The fund's exposure to gaming, printing, and health-care bonds helped drive the slightly better-than-average performance, while its banking and media exposure hurt results. On an individual basis, the fund's CCC holdings like Tribal Mohegan and Momentive helped drive strong performance. RR Donnelley RRD, the fund's largest overweight holding through the third quarter of 2013, also helped boost returns and the

team has recently trimmed its position in this name.

People Pillar: + Positive

Ann Benjamin and Tom O'Reilly have managed this fund since late 2005, but they have managed portfolios together since mid-1990s. The two worked previously at Stein Roe before joining Lincoln Capital Management in 1997. Lincoln Capital Management's fixed-income business eventually merged into Neuberger Berman, where Benjamin and O'Reilly managed high-yield portfolios for institutional clients before taking over this mutual fund. Benjamin leads Neuberger Berman's non-investment-grade credit platform, which houses the firm's high-yield, bank loan, and distressed debt teams. Russ Covode, an analyst with the team since 2004, was promoted to the fund's management team in mid-2011. Benjamin and O'Reilly are also charged with managing Neuberger Berman's Floating Rate Income fund and Short Duration High Income fund. In total, the two oversee almost \$26 billion in assets. Manager ownership in the fund is also strong, with Benjamin investing over \$1 million, O'Reilly between \$500,000 and \$1 million, and Covode with an investment between \$100,000 and \$500,000.

The portfolio managers are supported by a deep team of 21 credit analysts, five traders, and one risk-management specialist. The analyst staff is one of the largest in the high-yield category and gives the fund significant analytical breadth. The analyst team has an average of 10 years of investment experience.

Parent Pillar: + Positive

Unlike fund shops that tightly control risk, resulting in a lineup of bland index-huggers, Neuberger Berman lets its managers invest with conviction. Neuberger funds tend to be concentrated, with relatively low turnover and significant sector bets. That leads to more-volatile returns, but the funds have mostly performed quite well over time, with few duds and several standouts.

This culture faced a threat in 2008 when then-parent Lehman Brothers collapsed, but a group of Neuberger insiders eventually took the firm

private. It's now owned by about 300 employees, including most portfolio managers and many analysts, providing good incentives for them to stick around. Neuberger is focused solely on investment management, though its retail mutual funds only make up a fraction of assets under management (about 15% as of 2014). Since 2008, it gradually has been shifting its distribution emphasis to advisor-sold share classes with sales charges, though existing shareholders can still buy no-load shares.

Neuberger has made a handful of acquisitions during the past decade and launched a flurry of new funds in recent years, including some trendy ones such as absolute-return, long-short, and China funds. Such moves are potential causes for concern that bear watching, but at heart, Neuberger remains a boutique with a nicely distinctive investing culture.

Price Pillar: + Positive

Approximately 60% of the fund's assets are held in the Institutional share class, which charges a below-average 0.7% expense ratio. The fund's Investor share class also costs less than competitor funds, as its 0.84% expense ratio is below the 0.90% median for similarly distributed funds. On a positive note, expense ratios have fallen slightly as the fund has grown in the past few years, passing on some benefit from economies of scale to investors.

Oakmark International I OAKIX

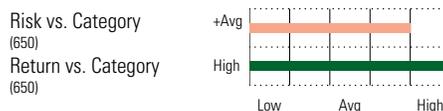
Morningstar Analyst Rating
 Gold

NAV \$	NAV Day Change %	Yield TTM %	Total Assets \$ Bil	Status	Min. Inv.	Load	Expenses	Morningstar Rating™	Category	Investment Style
22.85	↑0.44 1.96	2.07	27.2	Limited	\$1,000	None	0.95%	★★★★★	Foreign Large Blend	Large Blend

Growth of 10,000 01-08-2005 - 01-08-2015



3 Year Average Morningstar Risk Measures



Investment Strategy

The investment seeks long-term capital appreciation. The fund invests primarily in a diversified portfolio of common stocks of non-U.S. companies. It may invest in non-U.S. markets throughout the world, including emerging markets. Ordinarily, the fund will invest in the securities of at least five countries outside of the U.S. There are no geographic limits on the fund's non-U.S. investments. The fund may invest in securities of large-, mid-, and small- capitalization companies.

Pillars

Process	+	Positive
Performance	+	Positive
People	+	Positive
Parent	+	Positive
Price	○	Neutral

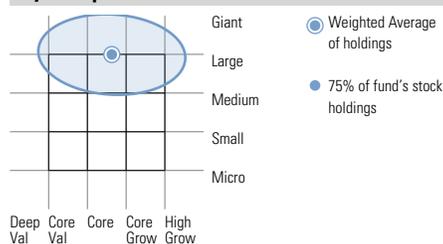
Rating Gold

Performance 01-08-2015

	YTD	1 Mo	1 Yr	3Yr Ann	5Yr Ann	10Yr Ann
Growth of 10,000	9,790	9,510	9,349	15,572	14,900	21,470
Fund	-2.10	-4.90	-6.51	15.91	8.30	7.94
+/- MSCI ACWI Ex USA NR USD	-0.28	-0.99	-2.04	7.62	4.76	2.68
+/- Category	-0.94	-1.35	-1.31	6.14	4.18	3.28
% Rank in Cat	94	95	64	2	5	5
# of Funds in Cat	814	809	750	649	582	312

* Currency is displayed in USD

Style Map



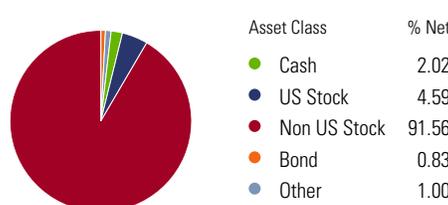
Top Holdings 09-30-2014

	Weight %	Last Price	Day Chg %	52 Week Range
⊕ Credit Suisse Group	5.26	23.62 USD	-2.52 ↓	23.12 - 30.21
⊕ BNP Paribas	3.57	44.86 USD	-3.53 ↓	43.28 - 61.82
⊖ Honda Motor Co Ltd	3.36	— USD	1.15 ↑	3,239.00 - 4,270.00
⊖ Toyota Motor Corp	3.06	— USD	0.73 ↑	5,205.00 - 7,873.00
⊕ Daimler AG	3.05	69.82 USD	-0.36 ↓	55.10 - 71.27

% Assets in Top 5 Holdings 18.30

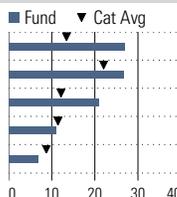
⊕ Increase ⊖ Decrease ✱ New to Portfolio

Asset Allocation



Top Sectors 09-30-2014

	Fund	3 Yr High	3 Yr Low	Cat Avg
🏠 Consumer Cyclical	26.82	26.82	21.02	12.51
🏦 Financial Services	26.70	30.53	26.70	21.13
⚙️ Industrials	20.81	21.87	17.18	11.24
🛒 Consumer Defensive	11.02	14.08	6.57	10.53
💻 Technology	6.81	6.81	5.49	7.83



Dividend and Capital Gains Distributions

Distribution Date	Distribution NAV	Long-Term Capital Gain	Long-Term Short Gain	Return of Capital	Dividend Income	Distribution Total
12-18-2014	23.58	0.9200	0.1500	0.0000	0.5100	1.5700
12-19-2013	25.55	0.2900	0.0000	0.0000	0.4400	0.7300
12-13-2012	20.17	0.0000	0.0000	0.0000	0.4400	0.4400
12-15-2011	16.07	0.0000	0.0000	0.0000	0.1300	0.1300
12-16-2010	19.26	0.0000	0.0000	0.0000	0.1600	0.1600

Management

Manager	Start Date
David G. Herro	09-30-1992
Robert A. Taylor	12-31-2008

Oakmark International I OAKIX

Analysis

There's still a lot to like here.

By Greg Carlson 11/24/2014

Despite its hefty asset base and subpar recent performance, Oakmark International is topnotch.

This closed fund has had a tough 2014, losing 5% for the year to date through Nov. 18, 2014, and trailing more than 85% of its foreign large-blend peers in the process. A heavy emphasis on developed markets in Europe other than the United Kingdom--57% of assets versus a group norm of 40%--has weighed on returns because of anemic growth there, as has a light stake in emerging markets. Picks such as the French bank BNP Paribas, Dutch electronics firm Royal Philips, and Japan's Honda Motor have been among the biggest individual detractors this year.

The fund's 2014 showing contrasts sharply with its excellent performance in recent years. It surpassed more than 95% of its category rivals in four of the five previous calendar years, while also holding up better than 60% of the category in 2008's sharp decline. But lead manager David Herro has strong contrarian instincts and will let bottom-up stock picks cluster in certain sectors and countries--while completely avoiding others--for years at a time, so the fund is likely to be well out of step with its peers (as well as its MSCI World ex USA benchmark) in some periods. Nevertheless, relative returns have been strong here over the vast majority of rolling five-year periods since the fund's 1992 inception, and the fund lands in the category's top 5% over the trailing 10 and 15 years through Nov. 18.

The fund's size bears watching; it weighs in at \$29 billion in assets, and Herro and comanager Rob Taylor run a total of \$42 billion in this strategy. While the fund focuses on large caps (small-caps, and smaller mid-cap stocks, land in Herro's other charge, Oakmark International Small Cap OAKEX) and the managers tend to buy and sell stocks gradually, liquidity could be an issue given the somewhat compact portfolio of 59 stocks. Mitigating concerns are the fund's closure to new in-

vestors in October 2013 and the ensuing slowdown of inflows.

This remains an excellent core international holding.

Process Pillar: Positive

Like all Oakmark stock-pickers, lead manager David Herro and comanager Rob Taylor seek companies trading at deep discounts to the managers' assessment of their intrinsic value. Their estimates of a business' worth are based on multiple valuation models and, depending on the company under consideration, may focus on a firm's likely private-market acquisition price, its tangible book value, or normalized discounted cash flows.

That's not unusual, but the degree to which Oakmark focuses on absolute, not relative, value sets the shop and this team apart. Firms that appear attractively valued compared with industry peers will only garner attention if they also seem cheap relative to their own stringently vetted prospects.

The pair also favors companies with shareholder-aligned managements, as evidenced by (among other things) their own investment in the firm and their capital-allocation skill. Stock-repurchase programs, dividend hikes, and sensible acquisitions that are accretive to earnings are generally regarded favorably, but as with all aspects of the team's entirely bottom-up process, judgments are made strictly on a case-by-case basis. They aim for long holding periods, but volatility can force their hand. Portfolio turnover typically ranges from 30% to 60% annually.

At the close of 2012, nearly 25% of this fund's assets were invested in Japanese equities; as of September 2014, that figure stood at roughly 13%. That isn't because lead manager David Herro and comanager Rob Taylor have soured on the Japanese companies they hold. Instead, after a dramatic runup for the country's stock market over the course of 2013, the pair of long-standing value hounds harvested gains and dialed up their exposure to developed European markets. All told, three fourths of the fund's assets were invested there at

Morningstar's Take

Morningstar Analyst Rating



Morningstar Pillars

Process		Positive
Performance		Positive
People		Positive
Parent		Positive
Price		Neutral

Morningstar Analyst Rating

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

Analyst Rating Spectrum



Fund Performance

	Total Return %	+/- Category
YTD	—	—

Oakmark International I OAKIX

Analysis

the close of September, while the fund's Japan stake now represents an underweighting relative to the category norm.

Financials and consumer discretionary companies were the fund's largest sector exposures, soaking up 27% of assets each at the end of the third quarter. With industrial stocks accounting for an additional 21% of assets, the fund tilts toward cyclicals, although (as usual) it has no exposure to energy. Health care, typically a more defensive area of the market, is also only lightly represented. At 3% of assets, the fund's exposure is one third that of the benchmark MSCI World ex USA Index and its typical foreign large-blend rival.

Herro and Taylor managed a total of \$42 billion in the strategy as of July 2014. The fund, which closed to new investors in October 2013, has always had a large-cap focus, but it would be it tough to take hefty positions in firms at the low end of the fund's capitalization range (\$5 billion).

Performance Pillar: + Positive

Between the fund's October 1992 inception and Nov. 10, 2014, it has delivered an annualized return of 10.5%, more than 4 percentage points better than the gain of its benchmark, the MSCI World ex USA Index. Its margin of victory versus the typical foreign-large blend fund is almost as large. The fund's showing isn't due merely to occasional spasms of outsized performance, either. In the time frame's rolling five-year periods, the fund has bested those yardsticks roughly three fourths of the time.

Versus its benchmark, the fund has garnered most of its outperformance during downturns while hovering near the norm in rallies. That's not the case relative to the category's average entrant. The fund has offered the best of both worlds versus typical peers, surrendering less in down markets while also gaining more in upturns.

Unsurprisingly, the fund strikes an impressive risk/reward profile. True, performance swings have been modestly wider than both the index and category norm; its overall Morningstar Risk rating

is Above Average as well. However, the fund's Sortino ratio, a volatility gauge that penalizes poor performance in declining markets, is far higher than the benchmark's and typical peer's figures, indicating that investors have been compensated handsomely for the fund's volatility.

The fund has also beaten more than 95% of peers and its benchmark over the trailing three, five, 10, and 15 years.

People Pillar: + Positive

Lead manager David Herro joined Oakmark Funds advisor Harris Associates in 1992 and has led this offering since its inception in September of that year. He serves as the firm's chief investment officer for international equities and has been the lead manager on Oakmark International Small Cap since its 1995 inception. With fellow Oakmark veteran Bill Nygren, Herro (who has nearly three decades of investment experience) also comanages Oakmark Global Select OAKWX. All three funds boast impressive long-term records.

In 2010, Morningstar named Herro as the International-Stock Fund Manager of the Decade. As he does at each of his charges, Herro invests more than \$1 million of his own money alongside fundholders here. That's also true of Herro's comanager, Rob Taylor. Taylor, who joined Harris Associates in 1994 as an analyst, also comanages Oakmark Global OAKGX and serves as the firm's director of international research.

Taylor and Herro steer the firm's international stock-selection committee along with Mike Manelli, a nine-year Harris veteran who comanages Oakmark International Small Cap. The three are supported by an analyst team that has seen turnover through the years (several analysts have left to manage funds elsewhere). The team currently comprises six analysts with an average of four years' tenure at Harris and seven total years of investment experience.

Parent Pillar: + Positive

Harris Associates boasts an admirable investing-centric culture. New fund launches, for example, aren't driven by marketing trends but by money

managers with decades of experience and outstanding long-term track records. Indeed, Oakmark has launched only one new fund in the past 15 years.

With 18 portfolio managers (seven of whom also serve as analysts) and eight dedicated investment analysts, Harris is well-staffed with investment professionals. Analysts at the firm are divided into international and domestic teams, and, in collaboration with portfolio managers, they maintain the list of approved stocks from which all Oakmark managers choose for their portfolios.

Overall, Harris is an impressive parent organization, but its Oakmark lineup should cost less. Assets in Oakmark funds rose from roughly \$21.5 billion in December 2008 to more than \$79 billion in March 2014. (Harris manages \$125 billion overall.) While fund fees have declined during the period, the amounts haven't been commensurate with asset growth.

That shortcoming aside, Oakmark investors have been well served over the long haul by managers who also are significant investors in their funds. With just two recently appointed exceptions, all Oakmark managers invest more than \$1 million in their charges.

Price Pillar: ○ Neutral

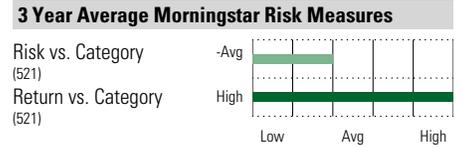
At 0.98% as of the most recent annual report (September 2013), the fund's price tag fell by 8 basis points from the previous year. The current expense ratio is significantly lower than the median price tag in the fund's fee-level comparison group of foreign large-cap no-load funds (1.11%).

Judged by asset size, though, the fund is pricey. At \$29 billion, it ranks among the category's largest offerings. To be sure, the trajectory of the fund's fees is encouraging, but there's room for costs to fall further.

Oppenheimer Developing Markets Y ODVYX

Morningstar Analyst Rating
Silver

NAV \$	NAV Day Change %	Yield TTM %	Total Assets \$ Bil	Status	Min. Inv.	Load	Expenses	Morningstar Rating™	Category	Investment Style
34.86	↑0.59 1.72	0.63	38.7	Limited	—	None	1.03%	★★★★★	Diversified Emerging Mkts	Large Growth Mkts



Investment Strategy
The investment seeks capital appreciation. The fund mainly invests in common stocks of issuers in developing and emerging markets throughout the world and at times it may invest up to 100% of its total assets in foreign securities. Under normal market conditions, it will invest at least 80% of its net assets, plus borrowings for investment purposes, in equity securities of issuers whose principal activities are in a developing market, i.e. are in a developing market or are economically tied to a developing market country. The fund will invest in at least three developing markets.

Pillars

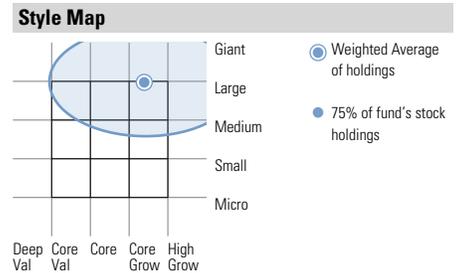
Process	Positive
Performance	Positive
People	Positive
Parent	Neutral
Price	Positive

Rating **Silver**

Performance 01-08-2015

	YTD	1 Mo	1 Yr	3Yr Ann	5Yr Ann	10Yr Ann
Growth of 10,000	9,943	9,732	9,707	12,394	12,738	30,641
Fund	-0.57	-2.68	-2.93	7.42	4.96	11.85
+/- MSCI EAFE NR USD	1.74	2.25	3.56	-2.93	0.60	7.37
+/- Category	-1.15	-1.24	-2.79	2.86	3.72	3.76
% Rank in Cat	92	87	76	16	5	—
# of Funds in Cat	886	865	745	521	341	162

* Currency is displayed in USD

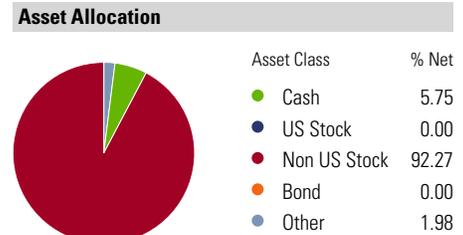


Top Holdings 11-30-2014

	Weight %	Last Price	Day Chg %	52 Week Range
⊖ Baidu Inc ADR	4.72	228.19 USD	-0.36 ↓	140.66 - 251.99
⊕ Housing Development Finance Corp Ltd	2.96	— USD	-0.79 ↓	755.00 - 1,177.80
Infosys Ltd	2.64	— USD	4.81 ↑	1,440.00 - 2,201.10
⊕ Magnit PJSC	2.50	— USD	-0.80 ↓	6,565.30 - 12,498.00
ICICI Bank Ltd ADR	2.11	11.29 USD	-2.55 ↓	6.19 - 12.32

% Assets in Top 5 Holdings: 14.92

⊕ Increase ⊖ Decrease ✖ New to Portfolio



Top Sectors 11-30-2014

	Fund	3 Yr High	3 Yr Low	Cat Avg
🏢 Financial Services	20.01	20.01	13.49	24.49
🛒 Consumer Defensive	17.71	23.81	17.71	10.91
🔄 Consumer Cyclical	17.38	17.38	15.26	11.59
💻 Technology	17.33	17.73	16.01	17.40
⚡ Energy	6.53	9.29	6.53	7.37

Management
Justin M. Leverenz
Start Date: 05-01-2007

Dividend and Capital Gains Distributions

Distribution Date	Distribution NAV	Long-Term Capital Gain	Long-Term Short Gain	Return of Capital	Dividend Income	Distribution Total
12-05-2014	36.45	0.6000	0.0000	0.0000	0.2200	0.8200
12-06-2013	37.07	0.1800	0.0000	0.0000	0.1600	0.3400
12-07-2012	33.82	0.0000	0.0000	0.0000	0.2500	0.2500
12-09-2011	29.56	0.0000	0.0000	0.0000	0.6800	0.6800
12-21-2010	35.02	0.0000	0.0000	0.0000	0.1400	0.1400

Oppenheimer Developing Markets Y ODVYX

Analysis

Sets the bar high.

By Karin Anderson 5/13/2014

Investors in Oppenheimer Developing Markets have reason to be pleased.

This fund's 4.4% gain for the trailing year through May 6, 2014, was better than 90% of diversified emerging-markets offerings¹. While that time frame was difficult for emerging-markets stocks--the category average was negative 2.2%--Chinese Internet firms Baidu BIDU, Tencent TCEHY, and C.Trip International CTRP sat at the top of this portfolio and posted big gains. Manager Justin Leverenz also made good picks in harder-hit markets like India and Brazil, including Infosys INFY, Tata Consultancy Services TCS, and Kroton Educational KROTY.

Leverenz goes after companies with healthy free cash flows that can generate high returns on capital throughout a market cycle. This has kept the fund lighter than most in commodity-related fare as well as financials, which could leave it behind the competition when these stocks lead the way. However, the fund has managed to stand out in a variety of market conditions since Leverenz took the reins in May 2007.

The theme-based, valuation-sensitive approach led Leverenz to tread lightly on Chinese and Russian stocks, which were some of the hardest-hit in the October 2007-March 2009 downturn. The fund lost less than most peers and the MSCI Emerging Markets Index during that difficult period. Good stock-picking, rather than being in the right countries at the right time, has kept the fund in good shape in the bull markets. This was true in 2012: Brazil stocks were a tricky place to be that year, but picks like Bovespa BVMF3 and Natura Cosmetics NATU3 kept the fund in good relative standing and ahead of the index.

The fund's success has made it one of the more popular equity funds in recent years, with assets swelling to nearly \$40 billion. Oppenheimer responsibly closed the fund to new investors in early

2013, however, which should help mitigate liquidity problems with individual stocks. All told, current investors have a great holding here thanks to its skilled manager and time-tested process.

Process Pillar: Positive

Manager Justin Leverenz aims to buy companies with competitive advantages and healthy free cash flows that can generate high returns on capital throughout the market cycle. Often these stocks fit into an investment theme such as the retail migration from mom-and-pop shops to supercenters in emerging-markets countries. Within these themes, Leverenz seeks stocks he can hold for several years. This tack has kept the fund's turnover well below the category norm, a trait illustrated by its larger positions in Indian IT firm Infosys and Chinese Internet firm Baidu BIDU, which he's trimmed and added to for several years.

Leverenz does not hedge currency exposure and pays no heed to the sector and regional weights of the MSCI Emerging Markets Index. His hunt for consistent earners keeps the fund light on cyclical fare such as financials and materials stocks. He'll also avoid industries or regions where he sees excessive valuations. For instance, he kept the fund's China exposure below 5% in the second half of 2007--a level well below the group norm--due to valuation concerns. That move proved fortuitous as Chinese stocks suffered greatly in 2008. Going its own way has been a winning recipe for the fund so far, but investors should expect it trail the pack at times because of its unique profile.

Justin Leverenz keeps 100-125 stocks in the portfolio, and the fund's average market cap hovers in the \$15 billion-\$20 billion range. The portfolio continues to sport the same large bets it always has, the result of Leverenz's theme-based approach. That includes a focus on consumer defensive stocks. At 22% of assets that stake is more than twice the size of the typical rival's and the MSCI Emerging Markets Index's. The fund's 16% stake in consumer cyclical firms is also well above the norm and includes developed-markets picks like Pernod Ricard PDRDF and LVMH LVMHF, which get a large chunk of their revenues from emerging-

Morningstar's Take

Morningstar Analyst Rating



Morningstar Pillars

Process	 Positive
Performance	 Positive
People	 Positive
Parent	 Neutral
Price	 Positive

Morningstar Analyst Rating

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

Analyst Rating Spectrum



Fund Performance

	Total Return %	+/- Category
YTD	—	—

Oppenheimer Developing Markets Y ODVYX

Analysis

markets consumers.

Leverenz is content to hang onto some fast-growing stocks when he continues to see strong long-term potential, like in the case of Chinese Internet firms Baidu BIDU and Tencent TCEHY, which recently traded at 40-50 times earnings. But he also engages in a fair amount of bargain-hunting. Emerging-markets stocks were generally hit hard in 2013, and Leverenz took that opportunity to add new India-based holdings DLF and Apollo Hospitals Enterprise. Those purchases helped push the fund's India stake to 12% of assets, roughly twice the category norm and index weighting.

Performance Pillar: + Positive

The fund has tended to outshine its peers in challenging market conditions, and it hasn't sat out during market rallies. For instance, the theme-based and benchmark-agnostic approach led Leverenz to tread lightly on Chinese and Russian stocks, which were some of the hardest-hit in the October 2007-March 2009 downturn. The fund lost less than most peers and the MSCI Emerging Markets Index during that difficult period. And good stock-picking, rather than being in the right countries at the right time, has kept the fund in good shape in the bull markets of the past several years. Brazil stocks were a tricky place to be in 2012, for example, but picks like Bovespa and Natura Cosméticos helped propel the fund's returns ahead of most competitors'. In 2013's challenging conditions, Leverenz also made some good picks in harder-hit markets like India and Brazil, including Infosys, Tata Consultancy Services, and Kroton Educacional, putting the fund ahead of more than 80% of its peers.

The overall results are impressive. Since Leverenz took over in May 2007, the fund's 7% annualized gain through May 6 landed well ahead of the typical rival's 2.1% and the index's 2.9%. His record looks even better when accounting for risk, as the strong downside performance has made for a less-volatile experience overall.

People Pillar: + Positive

Justin Leverenz joined Oppenheimer's international equity team in July 2004. He has nearly 20 years of investment experience, having previously worked as director of Pan Asian technology research for Goldman Sachs. He also worked at Martin Currie Investment Management, where he ran offshore China and Taiwan funds and at Barclays de Zoete Wedd (now Credit Suisse) as an analyst.

Upon joining the team in 2004, Leverenz worked as an analyst for Rajeev Bhaman on world-stock fund Oppenheimer Global OPPAX. He took over this fund in May 2007 and has a solid support system in the team's six other international equity managers, all of whom use similar low-turnover, theme-based approaches. On average, the seven portfolio managers have more than 20 years of investment experience, more than half of it at Oppenheimer. Leverenz also has the support of six analysts who are fairly green overall. One analyst joined the team in 2008, while the others came on board between 2011 and 2013. Heidi Heikenfeld was one of the more recent additions and has the most investment experience. She joined the firm's international equity team in 2001 and previously worked with Frank Jennings on Oppenheimer Global Opportunities OPGIX.

Leverenz has done a great job steering this fund so far, and he invests more than \$1 million alongside fundholders.

Parent Pillar: ○ Neutral

Art Steinmetz became CEO of OppenheimerFunds in July 2014, the firm's first from its investment ranks. He joined the firm 28 years ago and has managed several of its taxable-bond offerings, though he will give up his remaining portfolio-management duties on Sept. 30, 2014. Steinmetz replaced Bill Glavin, who had been in place since 2009. Glavin was responsible for much of the cleanup that occurred following the 2008 financial crisis, primarily due to massive losses posted by a couple of Oppenheimer funds, that included replacing management teams and merging away funds, as well as an SEC settlement.

Overall fund performance has improved since the

financial crisis, and the company has made strides in the area of manager ownership of fund shares: 57% of assets are run by managers with at least \$1 million personally invested alongside fundholders, nearly twice last year's level. And although the firm's average fee-level percentile is 41 and thus lands at the low end of the "average" range for fees overall, it represents continued improvement.

That being said, Oppenheimer still has to show that it can attract and retain top portfolio managers in all parts of its business. And it still remains to be seen if Oppenheimer can stand out from the industry set as it transitions from "fix-it" mode to one more of growth and new product initiatives and one under new leadership.

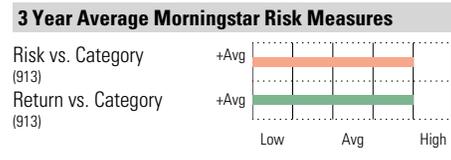
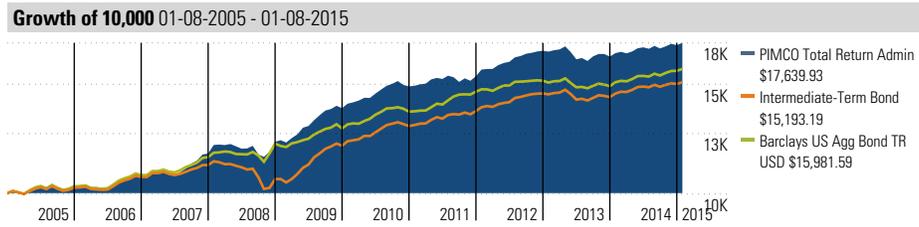
Price Pillar: + Positive

This fund's annual expense ratio of 1.35% is cheaper than four fifths of all diversified emerging-markets options and looks even more reasonably priced compared with other broker-sold offerings in the category. (The median fee for that distribution group is 1.71%.) The fund's Institutional shares levy 1.01% annually, which is also relatively inexpensive within that distribution channel.

PIMCO Total Return Admin PTRAX

Morningstar Analyst Rating
Bronze

NAV \$	NAV Day Change %	Yield TTM %	Total Assets \$ Bil	Status	Min. Inv.	Load	Expenses	Morningstar Rating™	Category	Investment Style
10.75	↓-0.01 -0.09	3.88	143.4	Open	\$1	None	0.71%	★★★★	Intermediate-Term Bond	



Investment Strategy
The investment seeks maximum total return, consistent with preservation of capital and prudent investment management. The fund normally invests at least 65% of its total assets in a diversified portfolio of Fixed Income Instruments of varying maturities, which may be represented by forwards or derivatives such as options, futures contracts, or swap agreements. It invests primarily in investment-grade debt securities, but may invest up to 10% of its total assets in high yield securities ("junk bonds") rated B or higher by Moody's, or equivalently rated by S&P or Fitch, or, if unrated, determined by PIMCO to be of comparable quality.

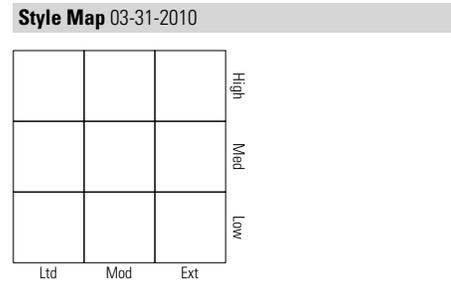
Pillars

Process	+	Positive
Performance	+	Positive
People	+	Positive
Parent	○	Neutral
Price	+	Positive
Rating		Bronze

Performance 01-08-2015

	YTD	1 Mo	1 Yr	3Yr Ann	5Yr Ann	10Yr Ann
Growth of 10,000	10,086	10,087	10,540	11,308	12,683	17,640
Fund	0.86	0.87	5.40	4.18	4.87	5.84
+/- Barclays US Agg Bond TR USD	0.19	-0.22	-1.20	1.24	0.39	1.04
+/- Category	0.32	0.10	-0.19	0.62	0.14	1.35
% Rank in Cat	2	47	63	28	46	7
# of Funds in Cat	1,084	1,072	1,036	911	806	586

* Currency is displayed in USD



Top Holdings 09-30-2014

	Weight %	Maturity Date	Amount Mil	Value Mil
✳ Fin Fut Euro\$ Cme (Red) 12/14/15	28.45	12-15-2015	231,956.00	57,348.22
✳ Fin Fut Euro\$ Cme (Red) 03/14/16	22.62	03-15-2016	184,987.00	45,606.23
✳ 10 Year US Treasury Note Future Dec14	16.47	12-29-2014	26,628.70	33,190.18
✳ Fin Fut Euro\$ Cme (Red) 09/19/16	10.82	09-20-2016	88,959.00	21,808.30
⊕ Irs Usd 3.000 09/21/16-1y (Grn) Cme	6.59	09-21-2017	13,185.20	13,279.67
% Assets in Top 5 Holdings		84.94		

⊕ Increase ⊖ Decrease ✳ New to Portfolio

Bond Statistics

Average Effective Duration (Years)	4.97
Average Effective Maturity (Years)	5.29
Average Credit Quality	Not Rated
Average Weighted Coupon	3.87
Average Weighted Price	188.04

Top Sectors 09-30-2014

	Fund	BMark	Cat Avg
Other Government Related	44.41	—	11.83
U.S. Treasury	5.89	—	16.45
Corporate Bond	5.42	—	25.33
Agency MBS Pass-Through	4.25	—	9.28
Non-U.S. Government	3.30	—	2.23

Asset Allocation

	% Net	% Short	% Long	Bench mark	Cat Avg
Cash	-89.24	146.58	57.34	—	2.69
Stock	0.39	0.00	0.39	—	0.07
Bond	180.72	9.28	190.00	—	95.27
Other	8.13	0.86	8.99	—	1.98

Dividend and Capital Gains Distributions

Distribution Date	Distribution NAV	Long-Term Capital Gain	Long-Term Short Gain	Return of Capital	Dividend Income	Distribution Total
12-31-2014	10.66	0.0000	0.0000	0.0000	0.0200	0.0200
12-29-2014	10.64	0.0000	0.0000	0.0000	0.2100	0.2100
12-10-2014	10.90	0.0800	0.0000	0.0000	0.0000	0.0800
11-28-2014	11.03	0.0000	0.0000	0.0000	0.0200	0.0200
10-31-2014	10.94	0.0000	0.0000	0.0000	0.0100	0.0100

Management

	Start Date
Mark R. Kiesel	09-26-2014
Scott A. Mather	09-26-2014
Mihir P. Worah	09-26-2014

PIMCO Total Return Admin PTRAX

Analysis

Entering a new era.

By Eric Jacobson 9/30/2014

PIMCO Total Return enters a new era with uncertainty but also a good deal of promise.

Morningstar remains positive overall on PIMCO Total Return after the departure of Bill Gross but is downgrading the fund to Bronze because of the resulting uncertainty regarding outflows and the reshuffling of management responsibilities. When PIMCO co-founder Gross resigned on Sept. 26, 2014, the firm quickly selected Dan Ivascyn as its new "group chief investment officer," and announced that three PIMCO veterans--Mark Kiesel, Mihir Worah, and Scott Mather--would take over this fund, with Mather leading the effort.

It will take some time to see how Ivascyn and the new managers will coalesce as a team in their new roles, but there are a number of reasons to believe they will be successful after the dust settles. For starters, this is an experienced and well-respected group, with both Kiesel and Ivascyn earning Morningstar Fixed-Income Fund Manager of the Year accolades in recent years. As sector specialists, they were often credited by Gross for feeding him their best bottom-up ideas. Meanwhile, changes to the Investment Committee also bode well. The addition of Kiesel and Ivascyn to the group earlier this year following Mohamed El-Erian's departure added important feedback from the firm's best bottom-up investors, while the returning Fed maven Paul McCulley and veteran manager Chris Dialynas provide economic heft from the firm's macro thinkers. The challenges posed by outflows from the fund remain a wild card, but a hefty 42% stake in a mix of U.S. Treasury bonds and agency mortgages, in addition to cash flows received from coupon payments and maturing securities, is grounds for cautious optimism that the fund should be able to withstand a significant storm.

The fund's Bronze Morningstar Analyst Rating reflects Morningstar's high level of confidence in PIMCO's resources and overall abilities but also

the uncertainty as to exactly how all of these parts will mesh in the wake of Gross' departure.

Process Pillar: Positive

Newly appointed managers Scott Mather, Mark Kiesel, and Mihir Worah don't expect any big changes to the fund's strategy. The process will continue to be based on macroeconomic forecasting (supported by PIMCO's Investment Committee) and bottom-up analysis to determine interest-rate, yield-curve, currency, country, sector, and security-level decisions. The managers plan to defer to each individual's area of specialization when making security-specific decisions, with Mather ultimately making the final call.

Following the departure of co-CIO Mohamed El-Erian in January and now Bill Gross, the Investment Committee has undergone significant change. With the addition of some of the firm's best fundamental analysts, including new group CIO Dan Ivascyn, the committee has shifted from being dominated by macro specialists to being more balanced with those focused on bottom-up analysis. Meanwhile, the return of firm veteran Paul McCulley in mid-2014 and the anticipated return of Chris Dialynas later this year helps provide macroeconomic heft following Gross' departure.

Today's Investment Committee is designed to do a better job of channeling the expertise of PIMCO's many talented investors into a coherent and successful strategy. However, the fund's success depends on how well this body and the firm's new managers coalesce and work together.

Given Bill Gross' abrupt departure, investors have focused on the possibility that outflows could wreak havoc on the portfolio. Snap estimates of expected outflows have been all over the map, but it seems likely that outflows could total in the tens of billions of dollars.

There's no sure-fire way to predict how the fund will fare if the worst of these fears are realized, but there are some good indications that it is well

Morningstar's Take

Morningstar Analyst Rating



Morningstar Pillars

Process		Positive
Performance		Positive
People		Positive
Parent		Neutral
Price		Positive

Morningstar Analyst Rating

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

Analyst Rating Spectrum



Fund Performance

	Total Return %	+/- Category
YTD	—	—

PIMCO Total Return Admin PTRAX

Analysis

positioned to weather a pretty large storm. Although liquidity has been an area of recent focus for all PIMCO funds, the firm's macroeconomic outlook has also played a big role in tilting this fund toward more-liquid exposures. As of August 2014, for example, it had a 29% exposure to a combination of conventional Treasuries and government-agency debt, along with 13% in agency mortgages. Treasuries are extremely liquid, and the mortgage TBA forward contracts that likely comprise a good slice of the agency mortgage bucket also offer good liquidity. Meanwhile, PIMCO has for some time emphasized exposure to the short end of the maturity spectrum overall, and that meant a 49% weighting in bonds maturing in less than five years.

It's possible that outflows following Gross' departure could be much worse, but the period from the fund's May 2013 asset peak to September 2014 saw roughly \$70 billion in outflows according to PIMCO, and there has been no indication that they caused any unusual problems.

Performance Pillar: + Positive

When managers leave, it often makes sense to discount a fund's past performance. Indeed, Bill Gross' public profile and the fact that he was the fund's founder and sole named manager gave the impression to many that he had single-handedly built the fund's long-term record. However, Gross never denied having a tremendous amount of help.

So it makes sense to give some attention to the fund's prior record, which has been a bit choppy since 2011. Gross had kept duration and government-bond exposures muted during that year, worrying that long-maturity Treasuries were too rich. But they began rallying in the second quarter, and the fund lost 1.1% in the third quarter, while its benchmark galloped to a 3.8% gain. It stumbled again in the summer of 2013, in part because of a spike in long-maturity yields that hit its Treasury Inflation-Protected Securities allocation especially hard and because of its exposure to sinking emerging-markets debt. And yet thanks in part to a

strong 2012, those troubles have taken its five-year return only down to the second-best quartile in the intermediate-bond category, while its three-year and longer-term returns continue to rank among the category's best. The fund's new managers will not get all of their calls right, yet over the longer haul, PIMCO as a firm has gotten things more right than wrong. Even in Gross' stead, there's reason to believe that may continue to be the case.

People Pillar: + Positive

Bill Gross had been synonymous with this fund since its 1987 inception, so his Sept. 26, 2014, resignation was jarring. However, he left behind an enormous staff of talented managers and analysts that he had hired and trained over the years, and they have stepped up to take on important roles in his absence.

They include 2013 Morningstar Fixed-Income Fund Manager of the Year Dan Ivascyn-- PIMCO's new "group chief investment officer"--and several other PIMCO veterans concurrently promoted to oversee large areas of the market as CIOs of their respective sectors. Three of them, Mark Kiesel (2012 Morningstar Fixed-Income Fund Manager of the Year), Mihir Worah, and Scott Mather, have been tasked with managing this portfolio as a team. Mather will serve as lead manager with final decision-making power.

Overall, PIMCO's staff has tremendous depth--arguably more today than it did 18 months ago--boasting world-class practitioners and intellects across the board, even despite some high-level departures since 2008. The deep sector experience of Ivascyn and the new CIOs should be a big plus for the firm's Investment Committee. Meanwhile, that body will still benefit from the continued presence of macroeconomic experts such as Andrew Balls and Saamil Parikh, as well as PIMCO veterans Chris Dialynas (returning from sabbatical) and Paul McCulley, who rejoined the firm in mid-2014.

Parent Pillar: ○ Neutral

PIMCO's new normal, without founder and former chief investment officer William H. Gross, hinges on deft leadership from a relatively new multi-chief investment officer structure. Daniel Ivascyn, who was promoted to group CIO in September 2014 upon Gross' departure for competitor Janus JNS, is also leading the investment committee that shapes portfolios for the firm's fixed-income and multiasset funds. The firm named six deputy CIOs in 2014's first quarter after then-CEO and co-CIO Mohamed El-Erian unexpectedly announced his departure. The CIOs oversee broad swaths of the firm's investment operations. These changes to PIMCO's leadership and investment processes are significant, but the firm remains a leading global fixed-income manager with broad, deep resources.

PIMCO undoubtedly will face further redemptions that may further unsettle its staff and, in turn, investment returns. (Flagship PIMCO Total Return PTRAX was in net outflows for the 16 months prior to Gross' departure.) Other threats include high expenses on many noninstitutional share classes and an SEC investigation into securities pricing in the exchange-traded fund version of the Total Return strategy. Plus, there are only three independent directors overseeing the funds--too few voices representing fundholders.

These risks are not insurmountable, but they warrant caution and a continued Parent rating of Neutral.

Price Pillar: + Positive

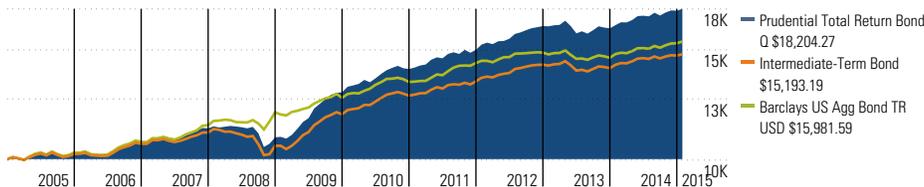
This fund has been a big revenue driver for PIMCO. Its advisory fee generated more than \$641 million for the fiscal year through March 2014, and its supervisory and administrative fees pulled in \$608 million. The fund has not featured management-fee breakpoints that would lower fees as assets grew, and some share classes--at this fund, the A shares and Institutional shares--are competitively priced, but others are relatively steep. As such, it's important to be choosy when picking a share class here. The better-priced classes have a big advantage.

Prudential Total Return Bond Q PTRQX

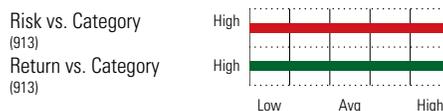
Morningstar Analyst Rating

NAV \$	NAV Day Change %	Yield TTM %	Total Assets \$ Bil	Status	Min. Inv.	Load	Expenses	Morningstar Rating™	Category	Investment Style
14.54	↓-0.02 -0.14	3.67	6.8	Open	—	None	0.49%	★★★★★	Intermediate-Term Bond	

Growth of 10,000 01-08-2005 - 01-08-2015



3 Year Average Morningstar Risk Measures



Investment Strategy

The investment seeks total return. The fund will seek to achieve its objective through a mix of current income and capital appreciation as determined by the fund's investment subadviser. It invests, under normal circumstances, at least 80% of the fund's investable assets in bonds. For purposes of this policy, bonds include all fixed-income securities, other than preferred stock, with a maturity at date of issue of greater than one year. The fund may invest up to 30% of its investable assets in high risk, below investment-grade securities having a rating of not lower than CCC. It may invest up to 30% of its investable assets in foreign debt securities.

Performance 01-08-2015

	YTD	1 Mo	1 Yr	3Yr Ann	5Yr Ann	10Yr Ann
Growth of 10,000	10,076	10,109	10,782	11,782	13,758	18,204
Fund	0.76	1.09	7.82	5.62	6.59	6.17
+/- Barclays US Agg Bond TR USD	0.09	0.00	1.22	2.68	2.11	1.37
+/- Category	0.22	0.33	2.23	2.06	1.86	1.68
% Rank in Cat	6	12	4	6	—	—
# of Funds in Cat	1,084	1,072	1,036	911	806	586

* Currency is displayed in USD

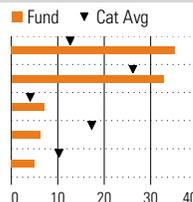
Top Holdings 11-30-2014

	Weight %	Maturity Date	Amount Mil	Value Mil
✳ 5 Year US Treasury Note Future Mar15	14.99	03-31-2015	0.01	950.08
✳ NYSE/Liffe 2 Year US Treasury Note Future Mar15	11.53	03-27-2015	0.00	731.05
✳ 90day Euro Fut Dec14	-3.93	12-15-2014	0.00	-249.41
✳ Ultra Treasury Bond Future Mar15	3.08	03-20-2015	0.00	195.07
US Treasury Note 2%	1.60	02-28-2021	100.39	101.50
% Assets in Top 5 Holdings	27.26			

⊕ Increase ⊖ Decrease ✳ New to Portfolio

Top Sectors 11-30-2014

	Fund	BMark	Cat Avg
Other Government Related	35.17	—	11.83
Corporate Bond	32.72	—	25.33
Asset-Backed	7.06	—	3.21
U.S. Treasury	6.20	—	16.45
Commercial MBS	5.00	—	9.40



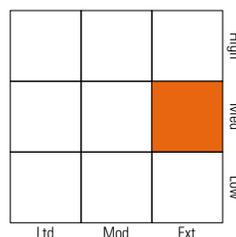
Dividend and Capital Gains Distributions

Distribution Date	Distribution NAV	Long-Term Capital Gain	Long-Term Short Gain	Return of Capital	Dividend Income	Distribution Total
12-31-2014	14.44	0.0000	0.0000	0.0000	0.0400	0.0400
12-30-2014	14.42	0.0000	0.0000	0.0000	0.0100	0.0100
12-10-2014	14.43	0.0200	0.0000	0.0000	0.0000	0.0200
11-28-2014	14.53	0.0000	0.0000	0.0000	0.0400	0.0400
10-31-2014	14.45	0.0000	0.0000	0.0000	0.0400	0.0400

Pillars

Process	—	—
Performance	—	—
People	—	—
Parent	—	—
Price	—	—
Rating	—	—

Style Map 09-30-2014



Bond Statistics

	Value
Average Effective Duration (Years)	6.10
Average Effective Maturity (Years)	—
Average Credit Quality	BBB
Average Weighted Coupon	4.14
Average Weighted Price	—

Asset Allocation

	% Net	% Short	% Long	Bench mark	Cat Avg
Cash	2.53	0.82	3.35	—	2.69
US Stock	0.00	0.00	0.00	—	0.04
Non US Stock	0.00	0.00	0.00	—	0.03
Bond	96.02	14.30	110.31	—	95.27
Other	1.46	0.27	1.73	—	1.98

Management

	Start Date
Robert Tipp	10-30-2002
Michael J. Collins	11-18-2009
Richard Piccirillo	12-31-2012
Gregory Peters	03-05-2014

Prudential Total Return Bond Q PTRQX

Morningstar Analyst Rating

NAV \$	NAV Day Change %	Yield TTM %	Total Assets \$ Bil	Status	Min. Inv.	Load	Expenses	Morningstar Rating™	Category	Investment Style
14.54	↓-0.02 -0.14	3.67	6.8	Open	—	None	0.49%	★★★★★	Intermediate-Term Bond	

Prudential Total Return Bond Q PTRQX

Analysis

Morningstar's Take

Morningstar Analyst Rating —

Morningstar Pillars

Process	—	—
Performance	—	—
People	—	—
Parent	—	—
Price	—	—

Morningstar Analyst Rating

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

Analyst Rating Spectrum

 Gold
  Silver
  Bronze
  Neutral
  Negative

Fund Performance

	Total Return %	+/- Category
YTD	—	—

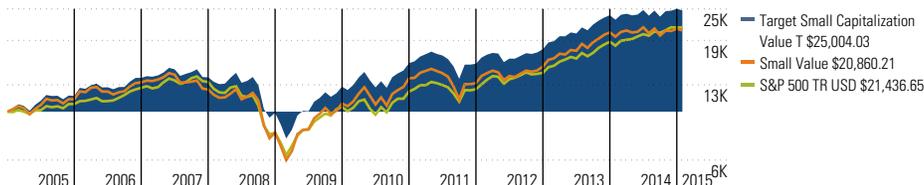
We do not currently publish an Analyst Report for this company.

Target Small Capitalization Value T TASVX

Morningstar Analyst Rating

NAV \$	NAV Day Change %	Yield TTM %	Total Assets \$ Bil	Status	Min. Inv.	Load	Expenses	Morningstar Rating™	Category	Investment Style
25.26	↑0.38 1.53	0.98	2.2	Open	—	None	0.68%	★★★★	Small Value	Small Value

Growth of 10,000 01-08-2005 - 01-08-2015



3 Year Average Morningstar Risk Measures



Investment Strategy

The investment seeks above-average capital appreciation. The Portfolio seeks investments that will increase in value. It normally invests at least 80% of its investable assets in common stocks of small companies. Small companies are those companies with market capitalizations comparable to those in the Russell 2000 Value Index. Market capitalization is measured at the time of purchase.

Pillars

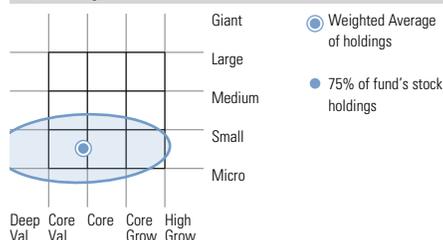
Process	—	—
Performance	—	—
People	—	—
Parent	—	—
Price	—	—
Rating	—	—

Performance 01-08-2015

	YTD	1 Mo	1 Yr	3Yr Ann	5Yr Ann	10Yr Ann
Growth of 10,000	9,871	10,095	10,543	15,981	19,278	25,004
Fund	-1.29	0.95	5.43	16.91	14.03	9.60
+/- S&P 500 TR USD	-1.50	0.70	-9.12	-2.92	-0.85	1.67
+/- Category	0.14	-0.24	2.68	0.42	1.17	1.81
% Rank in Cat	42	57	25	48	33	8
# of Funds in Cat	438	433	396	352	281	194

* Currency is displayed in USD

Style Map



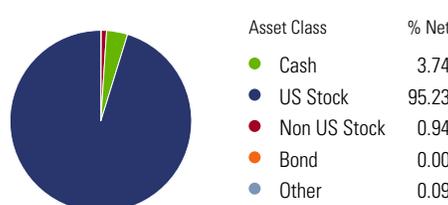
Top Holdings 11-30-2014

	Weight %	Last Price	Day Chg %	52 Week Range
Webster Financial Corp	0.84	31.66 USD	-1.83 ↓	26.53 - 33.32
⊕ American Equity Investment Life Holding Co	0.82	28.34 USD	-1.22 ↓	18.84 - 29.75
Firstmerit Corp	0.76	17.79 USD	-1.52 ↓	16.34 - 23.36
⊕ Amsurg Corp	0.74	53.92 USD	-0.57 ↓	40.00 - 55.65
Teleflex Inc	0.74	111.91 USD	-0.09 ↓	90.15 - 119.53

% Assets in Top 5 Holdings 3.90

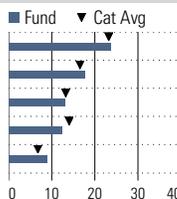
⊕ Increase ⊖ Decrease ✱ New to Portfolio

Asset Allocation



Top Sectors 11-30-2014

	Fund	3 Yr High	3 Yr Low	Cat Avg
Financial Services	23.69	23.69	18.14	22.31
Industrials	17.64	25.67	17.64	15.63
Technology	13.15	13.46	8.12	12.33
Consumer Cyclical	12.29	12.29	10.10	13.14
Healthcare	8.78	8.78	6.50	5.87



Dividend and Capital Gains Distributions

Distribution Date	Distribution NAV	Long-Term Capital Gain	Long-Term Short Gain	Return of Capital	Dividend Income	Distribution Total
12-22-2014	25.45	2.4000	0.1400	0.0000	0.2800	2.8200
12-16-2013	25.96	1.4800	0.4400	0.0000	0.2800	2.1900
12-28-2012	21.06	0.0000	0.0000	0.0000	0.0400	0.0400
12-13-2012	20.93	0.6100	0.0000	0.0000	0.2600	0.8700
12-01-2011	19.27	0.6600	0.0000	0.0000	0.2400	0.9000

Management

	Start Date
Paul E. Viera	12-31-2001
Paul A. Magnuson	10-31-2003
Benno J. Fischer	02-28-2005
Dennis S. Ruhl	07-31-2005
R. Todd Vingers	07-31-2005
Chris D. Wallis	11-30-2005
Scott J. Weber	11-30-2005
Morley D. Campbell	09-30-2008
Phillip D. Hart	02-24-2012
Dennis G. Aliff	10-01-2013
Chad D. Fargason	10-01-2013
Robert W. Bridges	01-15-2014
Robert O. Weller	01-15-2014
John R. Mowrey	02-14-2014

Target Small Capitalization Value T TASVX

Analysis

Morningstar's Take

Morningstar Analyst Rating —

Morningstar Pillars

Process	—	—
Performance	—	—
People	—	—
Parent	—	—
Price	—	—

Morningstar Analyst Rating

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

Analyst Rating Spectrum

 Gold
  Silver
  Bronze
  Neutral
  Negative

Fund Performance

	Total Return %	+/- Category
YTD	—	—

We do not currently publish an Analyst Report for this company.

Vanguard Balanced Index I VBAIX

Morningstar Analyst Rating
Gold

NAV \$	NAV Day Change %	Yield TTM %	Total Assets \$ Bil	Status	Min. Inv.	Load	Expenses	Morningstar Rating™	Category	Investment Style
29.79	↑0.28 0.95	1.93	24.7	Open	\$5	None	0.08%	★★★★	Moderate Allocation	Large Blend

Growth of 10,000 01-08-2005 - 01-08-2015



Performance 01-08-2015

	YTD	1 Mo	1 Yr	3Yr Ann	5Yr Ann	10Yr Ann
Growth of 10,000	10,037	10,077	11,061	14,402	16,859	20,275
Fund	0.37	0.77	10.61	12.93	11.01	7.32
+/- Morningstar Moderate Target Risk	1.58	2.54	6.60	3.29	2.92	0.68
+/- Category	0.27	0.76	3.91	1.56	2.03	1.18
% Rank in Cat	12	7	7	24	8	10
# of Funds in Cat	908	904	863	740	657	439

* Currency is displayed in USD

Top Holdings 11-30-2014

	Weight %	Last Price	Day Chg %	52 Week Range
Apple Inc	1.78	111.15 USD	-0.63 ↓	70.51 - 119.75
Exxon Mobil Corporation	0.97	91.52 USD	-0.74 ↓	86.19 - 104.76
Microsoft Corp	0.89	47.24 USD	-0.74 ↓	34.63 - 50.04
Johnson & Johnson	0.76	105.44 USD	-0.87 ↓	86.09 - 109.49
Wells Fargo & Co	0.71	52.84 USD	-1.33 ↓	44.17 - 55.94

% Assets in Top 5 Holdings: 5.10

⊕ Increase ⊖ Decrease ☆ New to Portfolio

Top Sectors 11-30-2014

	Fund	3 Yr High	3 Yr Low	Cat Avg
Technology	17.71	17.71	16.61	14.47
Financial Services	14.59	14.88	13.59	16.48
Healthcare	14.38	14.38	11.53	14.02
Industrials	11.95	12.69	11.95	11.91
Consumer Cyclical	11.29	11.97	11.22	11.90

	Fund	BMark	Cat Avg
Government	36.57	77.69	21.31
Agency Mortgage-Backed	22.93	0.08	8.45
Government-Related	7.49	1.73	6.91
Commercial MBS	2.95	0.03	5.88
Asset-Backed	0.63	0.01	2.20

Dividend and Capital Gains Distributions

Distribution Date	Distribution NAV	Long-Term Capital Gain	Long-Term Short Gain	Return of Capital	Dividend Income	Distribution Total
12-26-2014	29.87	0.0000	0.0000	0.0000	0.1700	0.1700
09-19-2014	29.07	0.0000	0.0000	0.0000	0.1400	0.1400
06-20-2014	28.78	0.0000	0.0000	0.0000	0.1300	0.1300
03-28-2014	27.77	0.0000	0.0000	0.0000	0.1400	0.1400
12-26-2013	27.46	0.0000	0.0000	0.0000	0.1400	0.1400

3 Year Average Morningstar Risk Measures



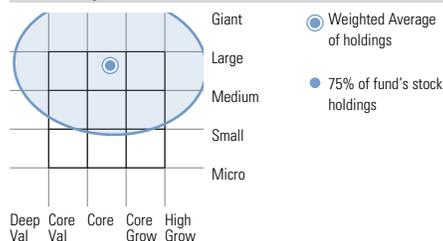
Pillars

Process	⊕ Positive
Performance	⊕ Positive
People	⊕ Positive
Parent	⊕ Positive
Price	⊕ Positive
Rating	★★★★ Gold

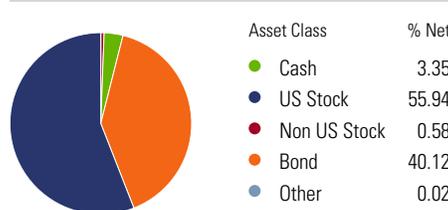
Investment Strategy

The investment seeks to track the performance of a broad, market-weighted bond index and a benchmark index that measures the investment return of the overall U.S. stock market. The fund employs an indexing investment approach designed to track the performance of two benchmark indexes. With approximately 60% of its assets, the fund seeks to track the investment performance of the CRSP U.S. Total Market Index. With approximately 40% of its assets, the fund seeks to track the investment performance of the Barclays U.S. Aggregate Float Adjusted Index.

Style Map



Asset Allocation



Management

Manager	Start Date
Joshua C. Barrickman	02-22-2013
Christine D. Franquin	02-22-2013
Paul M. Malloy	02-22-2013

Vanguard Balanced Index I VBAIX

Analysis

Hands-free exposure to both stocks and bonds.

By Michael Rawson 12/19/2014

With diversified coverage of U.S. stocks and high-quality bonds, Vanguard Balanced Index is an excellent option as either a portfolio building block or as a complete solution. The consistency of its approach and its cost advantage should help the fund land in the top half of the moderate-allocation Morningstar Category over the long term—hence its Gold Morningstar Analyst Rating.

One of the most critical decisions investors make is how to allocate between stocks and bonds. Investors must also have the discipline to periodically rebalance their portfolios, even when that seems risky. Vanguard Balanced Index handles both of these tasks by maintaining a 60%/40% allocation to U.S. stocks and bonds.

This fund's strategy is passive from top to bottom, both in terms of asset allocation and security selection. Rather than market-timing and tactically shifting assets between stocks and bonds, this fund sticks to a 60%/40% portfolio. This places the fund squarely in the moderate-allocation category. There is nothing magical about that ratio of stocks to bonds, so investors still need to determine if this is an appropriate mix for their goals and level of risk tolerance. A constant or target-risk approach that follows a 60%/40% mix has long been an investing rule of thumb.

Another rule of thumb that reduces risk over time suggests that investors should place a percentage of their portfolios in bonds that is approximately equal to their age. Therefore, investors approaching retirement might prefer a more conservative asset mix. Target-date funds may be a more appropriate alternative for investors who wish to shift into a more conservative allocation as they approach retirement. Still, this fund's simple approach to asset allocation has merit, as evidenced by its top 15 percentile ranking over the past decade.

Within both the equity and fixed-income alloca-

tions, Vanguard Balanced replicates broad, market-cap-weighted indexes, which results in a large number of holdings and minimizes the risk posed by any single security.

Process Pillar: Positive

This fund maintains a near constant 60%/40% balance between U.S. stocks and bonds. While many allocation funds will make shifts in asset allocations, Vanguard Balanced doesn't waver. To the extent possible, the fund will use cash flows, both into and out of the portfolio, in order to bring the allocation back toward its target. The implication is that following a period of strong equity market appreciation, the fund will add to its fixed-income portfolio to bring the balance back to 60%/40%. Historically, a disciplined rebalancing approach has helped to reduce risk.

The 60% equity sleeve follows the CRSP US Total Stock Market Index, which tracks nearly every stock in the U.S. market and allows it to achieve the level of diversification deemed optimal by the efficient market hypothesis. The fund holds nearly 3,300 stocks including a large number of micro-cap offerings.

The fixed-income side of the portfolio also follows a passive approach, tracking the Barclays U.S. Aggregate Float Adjusted Bond Index. The fund holds more than 5,000 bonds compared with about 9,000 in the index. Because of the large number of bonds in the index and their lack of trading volume, it is common for bond funds to engage in sampling to a much greater extent than stock funds. Still, this fund holds many more bonds than the typical bond fund.

Vanguard Balanced's broad exposure to stocks, which encompasses the full market-cap range, results in a smaller average market cap than a typical fund. Yet the fund's market-cap-weighting approach means that giant-cap names such as Apple AAPL, Exxon Mobil XOM, and General Electric GE hold the largest sway and that small- and micro-cap stocks do not substantially increase the over-

Morningstar's Take

Morningstar Analyst Rating



Morningstar Pillars

Process		Positive
Performance		Positive
People		Positive
Parent		Positive
Price		Positive

Morningstar Analyst Rating

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

Analyst Rating Spectrum



Fund Performance

	Total Return %	+/- Category
YTD	—	—

Vanguard Balanced Index I VBAIX

Analysis

all risk.

On the bond side, the portfolio is dominated by government and government-backed securities. The average duration of the fund's holdings, a proxy for interest-rate risk, is longer than the category average. However, this is a reflection of the index, which excludes securities with less than one year to maturity. In addition, the fund strives to be fully invested so it holds less cash than the category average. The credit quality of the portfolio is slightly higher than the category's because the index excludes high-yield securities. The index also excludes Treasury Inflation-Protected Securities.

In addition to these omissions, the fund lacks exposure to international securities, whereas most funds in the category include a stake. Because international stocks and bonds are not perfectly correlated to U.S. markets, holding them in combination with U.S. securities may help improve risk-adjusted returns. Investors will have to add separate funds for that exposure.

Performance Pillar: + Positive

Because the fund tracks a mixture of two broad indexes, it should not be expected to outperform in any given year. Indeed, its average annual category rank over the past 10 years is in only about 40th percentile. However, its cost advantage and consistency gives it an edge over the long term. Over the entire 10-year span, the fund landed in the top 15th percentile of the moderate-allocation category. Additionally, its low turnover has allowed it to remain tax-efficient. The fund has not issued a capital gain since 2001. This tax efficiency makes the fund an ideal choice for a taxable account.

The fund has managed to generate this performance with lower risk than the moderate-allocation category average. Over the past 10 years, Vanguard Balanced has provided 91% of the return of the S&P 500 but only 63% of the risk. Because the fund has consistently produced above-average returns but below-average risk, its risk-adjusted return ranking is slightly better than its rank based

purely on return. Many investors became disillusioned with the promise of diversification in 2008. After all, the fund was still down 22% that year. But patient investors recouped their losses in less than two years.

People Pillar: + Positive

Vanguard recently brought in new managers, consistent with its long-standing practice of rotating its portfolios' managers across its fund lineup. But this is not a cause for concern. Vanguard's experienced support teams help mitigate the impact of these changes. Christine Franquin has overseen the fund's stock portfolio since February 2013. Franquin is the portfolio manager for a number of equity index funds, including global, developed-markets, and emerging-markets funds. She has been with Vanguard since 2000 and has overseen both U.S. and European equity index products since 2004.

Joshua Barrickman and Paul Malloy have managed the fund's bond portfolio since February 2013. Barrickman, who leads the fixed-income indexing group, joined Vanguard in 1999 and has comanaged bond funds there since 2005. He also oversees the \$130 billion Vanguard Total Bond Market Index VBTLX, which has the same index as the bond portion of this fund. Malloy joined Vanguard in 2005 and also manages short-term, intermediate-term, and long-term bond funds for Vanguard.

Parent Pillar: + Positive

Vanguard has become one of the largest money managers by giving fund owners a fair deal and straight talk--and by providing strong performance overall.

The source of Vanguard's competitive advantage and the foundation of its culture is its mutual ownership structure. In the United States, the family's fund shareholders own Vanguard through their funds, which compels the firm to operate at cost, rather than for profit, and put investors' interests first. It also boasts traits that foster stewardship, such as above-average manager retention, a strong compliance culture, and an independent board.

Vanguard looks out for fund owners in many ways. It shares the economies of its scale via lower fees; has closed actively managed funds when inflows have jeopardized strategies; publishes clear and concise shareholder reports, investing education, commentary, and research; and avoids trendy fund launches.

The family didn't get to the top on altruism alone, though. It has aggressively expanded its lineup--especially exchange-traded funds--and assertively advertised its wares in recent years. And it has been moving into a handful of markets overseas, with more expansion to come. Still, Vanguard improves the global fund industry by inciting price competition. If it remembers its roots as it spreads its branches, Vanguard will remain a reliable steward.

Price Pillar: + Positive

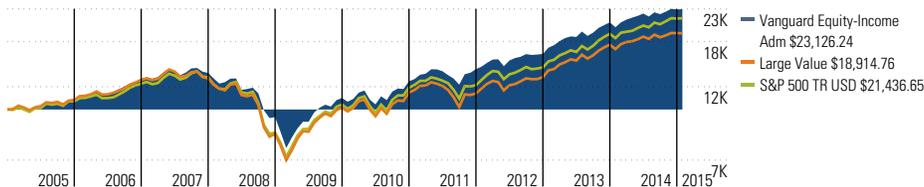
Vanguard's investment philosophy is based on the concept of low-cost investing, and this fund is no exception. The Admiral share class, which has a minimum initial investment of \$10,000, has an expense ratio of 0.09%, while the Investor share class, which has a minimum initial investment of \$3,000, charges 0.24%. The average expense ratio for the category is 1.00%. Thus, this fund enjoys an enormous cost advantage over its peers. Unlike many of Vanguard's funds, this fund does not offer an exchange-traded fund share class.

Vanguard Equity-Income Adm VEIRX

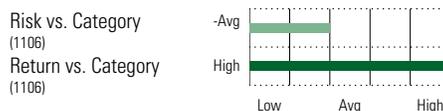
Morningstar Analyst Rating
Silver

NAV \$	NAV Day Change %	Yield TTM %	Total Assets \$ Bil	Status	Min. Inv.	Load	Expenses	Morningstar Rating™	Category	Investment Style
65.57	↑1.19 1.85	2.70	18.8	Open	\$50,000	None	0.20%	★★★★★	Large Value	Large Value

Growth of 10,000 01-08-2005 - 01-08-2015



3 Year Average Morningstar Risk Measures



Investment Strategy

The investment seeks to provide an above-average level of current income and reasonable long-term capital appreciation. The fund invests mainly in common stocks of mid-size and large companies whose stocks typically pay above-average levels of dividend income and are, in the opinion of the purchasing advisor, undervalued relative to other stocks. In addition, the advisors generally look for companies that they believe are committed to paying dividends consistently. Under normal circumstances, the fund will invest at least 80% of its assets in equity securities. The fund uses multiple investment advisors.

Pillars

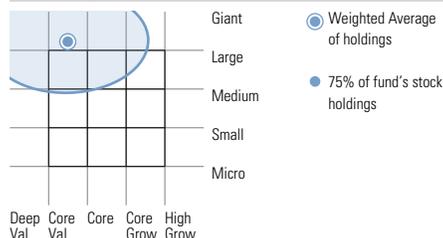
Process	Positive
Performance	Positive
People	Positive
Parent	Positive
Price	Positive
Rating	Silver

Performance 01-08-2015

	YTD	1 Mo	1 Yr	3Yr Ann	5Yr Ann	10Yr Ann
Growth of 10,000	10,024	9,968	11,279	16,356	20,583	23,126
Fund	0.24	-0.32	12.79	17.82	15.53	8.75
+/- S&P 500 TR USD	0.03	-0.58	-1.76	-2.01	0.65	0.82
+/- Category	0.37	-0.31	2.14	0.21	2.79	1.87
% Rank in Cat	20	70	24	52	4	8
# of Funds in Cat	1,375	1,363	1,290	1,104	973	664

* Currency is displayed in USD

Style Map

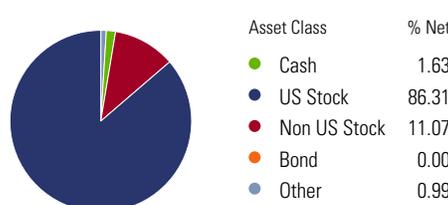


Top Holdings 09-30-2014

	Weight %	Last Price	Day Chg %	52 Week Range
⊕ Wells Fargo & Co	3.83	52.83 USD	-1.34 ↓	44.17 - 55.94
⊖ Microsoft Corp	3.77	47.22 USD	-0.78 ↓	34.63 - 50.04
⊖ Johnson & Johnson	3.65	105.39 USD	-0.92 ↓	86.09 - 109.49
⊕ Verizon Communications Inc	3.20	46.82 USD	-0.72 ↓	45.09 - 53.66
⊕ Exxon Mobil Corporation	3.09	91.50 USD	-0.76 ↓	86.19 - 104.76
% Assets in Top 5 Holdings	17.54			

⊕ Increase ⊖ Decrease ✱ New to Portfolio

Asset Allocation



Top Sectors 09-30-2014

	Fund	3 Yr High	3 Yr Low	Cat Avg
🏦 Financial Services	15.97	15.97	13.52	20.71
💻 Technology	14.08	14.08	9.08	11.36
🏥 Healthcare	13.23	13.23	12.69	14.02
🛒 Consumer Defensive	12.43	15.12	12.43	8.84
⚙️ Industrials	12.39	14.95	12.39	10.41

Dividend and Capital Gains Distributions

Distribution Date	Distribution NAV	Long-Term Capital Gain	Long-Term Short Gain	Return of Capital	Dividend Income	Distribution Total
12-17-2014	64.08	1.6600	0.4700	0.0000	0.5000	2.6200
09-19-2014	66.83	0.0000	0.0000	0.0000	0.4100	0.4100
06-20-2014	66.57	0.0000	0.0000	0.0000	0.4200	0.4200
03-28-2014	62.84	0.0000	0.0000	0.0000	0.4900	0.4900
12-17-2013	60.10	1.6000	0.0800	0.0000	0.4300	2.1100

Management

	Start Date
James P. Stetler	12-31-2003
W. Michael Reckmeyer	12-31-2007
Michael R. Roach	01-27-2012
James D. Troyer	01-27-2012

Vanguard Equity-Income Adm VEIRX

Analysis

This fund is living up to its name and then some.

By Alec Lucas 12/15/2014

Vanguard Equity-Income earns a Silver rating in part by consistently delivering an above-average yield, thanks to its minimal expense ratio. The fund currently boasts a top-decile 2.4% trailing 12-month yield as investors have had to pay only 0.29% in fees. Rock-bottom fees have helped the fund look attractive from a total return standpoint, too. Its 10-year 8.7% annualized gain through November 2014 beats the FTSE High Dividend Yield Index by nearly 4 percentage points and lands near the category's top decile.

The fund's expense edge allows it to keep risks low while still delivering a competitive payout. Its holdings tend to have less debt and higher returns on assets than its typical rival's holdings. The fund also largely steers clear of high-yielding stocks, which can signal a distressed dividend or limited growth prospects.

Credit also goes to a stable subadvisor lineup. Since late 2005 Wellington Management and Vanguard's in-house quantitative equity group have shared the portfolio, with Wellington managing a larger slice (currently about two thirds of assets). Wellington's management team underwent a change in late 2007 when Michael Reckmeyer took over the lead role from John Ryan, but Reckmeyer had been a longtime member of the firm's value equity-income team and he uses the same approach as his predecessor.

Both Reckmeyer and the quant group try to find values created by the market's short-term dislocations, but they do so in complementary ways. While Vanguard's factor-based strategy doesn't stray too far from the fund's U.S.-focused benchmark, Reckmeyer has recently found a number of attractively valued dividend payers overseas. Since early 2013, the fund's foreign stake has hovered around 10%. Most of these holdings are multinationals that pay stout dividends, like Europe's Unilever UN, which has a wide moat according to Morningstar equity analysts.

Dominated by larger-cap names, this fund will lag when smaller-cap stocks soar. But solid leadership, an effective strategic mix, and the tailwind of low fees should help the fund deliver competitive results while keeping risk in check.

Process Pillar: Positive

Both of the fund's subadvisors try to find value in the market's short-term dislocations, but they do so in distinct ways. Manager Michael Reckmeyer, who runs about two thirds of the fund's assets, is a stickler for dividends, valuations, and quality. He buys stocks with above-average dividends and low valuations, but unappreciated growth prospects. Typically, these stocks offer a yield above the S&P 500 Index's upon purchase. Unlike the strategy he runs for Wellesley Income VWINX, however, his portfolio here can hold a stock if its yield falls below the S&P 500's. Reckmeyer can be contrarian, adding to solid, but out-of-favor, stocks whose challenges are more than reflected in their share prices. While he generally holds stocks for about four to five years, Reckmeyer is quick to sell if fundamentals deteriorate, a target price is hit, or he can swap a name for a similar stock trading at a better valuation.

Vanguard's James Stetler and his quant team manage about one third of the fund's assets. They rely on computer models that pick stocks from the FTSE High Dividend Yield Index based on valuation, growth, management decisions (stock buy-backs, dividend increases, and so on), momentum, and earnings quality. They turn their portfolio over more than Reckmeyer, but the fund's overall turnover still tends to be below average. In fiscal 2014, it was 33% versus 54% for the large-value category norm.

The fund has a diverse portfolio of about 150-180 dividend-paying stocks. They consistently produce an above-average yield versus the large-value category norm, although they are typically high-quality names. Currently, the fund derives its top-decile 2.4% trailing 12-month yield from stocks that, on average, have less debt and higher returns on assets than its typical rival's holdings. The fund

Morningstar's Take

Morningstar Analyst Rating

Morningstar Pillars

Process		Positive
Performance		Positive
People		Positive
Parent		Positive
Price		Positive

Morningstar Analyst Rating

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

Analyst Rating Spectrum

			Neutral	Negative
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Fund Performance

	Total Return %	+/- Category
YTD	—	—

Vanguard Equity-Income Adm VEIRX

Analysis

largely steers clear of higher-yielding stocks, which can signal a distressed dividend or limited growth prospects.

While Vanguard's portion of the portfolio doesn't stray too far from the U.S.-focused FTSE High Dividend Yield Index, Wellington's Michael Reckmeyer has recently found a number of attractively valued dividend payers overseas. Since early 2013, the fund's foreign stake has hovered around 10%. Most of these holdings are multinationals that pay stout dividends, like Europe's Unilever UN, which has a wide moat according to Morningstar Equity analysts.

Sector weights tend to stay fairly close to the fund's benchmark but can diverge dramatically from the Russell 1000 Value Index. Financials claimed 16.2% of the fund's assets, as of October 2014. That's more than any other sector but still far below the Russell's nearly 30% stake. While exposure to dividend havens like telecom and utilities (a combined 11.4% presently) can be significant, the fund's more diversified than most income-oriented peers.

Performance Pillar: + Positive

The fund has a stellar record under the current subadvisor lineup. Since Wellington Management and Vanguard's in-house quantitative equity group became solely responsible for this fund's asset base in late 2005, its 8.9% annualized gain through November 2014 beats the FTSE High Dividend Yield Index by 4.3 percentage points and lands in the large-value category's top decile. Plus, it has achieved that record with below-average volatility.

Wellington's management team underwent a change in late 2007, when Michael Reckmeyer took over the lead role from John Ryan. But that transition has been marked by continuity as Reckmeyer had been a longtime member of the firm's value equity-income team and he uses the same approach as his predecessor. The fund's performance has hardly missed a beat. From October 2005 through November 2014, the fund has beaten its index in 86% of roughly 50 five-year rolling peri-

ods, while not losing to its typical peer a single time during those same periods.

Vanguard does not disclose individual subadvisors' results, but Reckmeyer's use of the same strategy on Hartford Equity Income HQLAX gives a sense of how the two teams have done. Although the Hartford fund has superior long-term gross returns, there are times when James Stetler and his quant group add value. In 2011, the Hartford fund had a top-decile 7% gain but still fell short of this fund by 3.6 percentage points.

People Pillar: + Positive

The fund's subadvisor lineup has been consistent since late 2005, when Vanguard fired John A. Levin & Company and reallocated the fund's assets to the current duo, Wellington Management and Vanguard's in-house quantitative equity group. Wellington, a subadvisor here since 2000, boasts ample resources in overseeing about two thirds of assets. Michael Reckmeyer took over as lead manager of Wellington's slice in late 2007 and has been a member of the firm's value equity-income team since 1994. He also has run the stock portion of Vanguard Wellesley Income VWINX since 2008. Reckmeyer works as part of a nine-member team, which includes three other portfolio managers and five analysts. They average 20-plus years of industry experience. He also has the support of Wellington's more than 50 global industry analysts.

The quantitative equity group runs the rest of the portfolio. James Stetler has been investing at Vanguard since 1996 and has been running a slice of this fund since 2003. In early 2012, the quant group, which runs Vanguard's passive index funds and active quant strategies, added as managers Michael Roach, who has been with the family since 1998 and investing since 2001, and James Troyer, who has run funds for Vanguard since 1995. The entire group includes 18 strategists, analysts, and managers, who average 12-plus years of industry experience.

Reckmeyer has over \$1 million in the fund.

Parent Pillar: + Positive

Vanguard has become one of the largest money managers by giving fund owners a fair deal and straight talk--and by providing strong performance overall.

The source of Vanguard's competitive advantage and the foundation of its culture is its mutual ownership structure. In the United States, the family's fund shareholders own Vanguard through their funds, which compels the firm to operate at cost, rather than for profit, and put investors' interests first. It also boasts traits that foster stewardship, such as above-average manager retention, a strong compliance culture, and an independent board.

Vanguard looks out for fund owners in many ways. It shares the economies of its scale via lower fees; has closed actively managed funds when inflows have jeopardized strategies; publishes clear and concise shareholder reports, investing education, commentary, and research; and avoids trendy fund launches.

The family didn't get to the top on altruism alone, though. It has aggressively expanded its lineup--especially exchange-traded funds--and assertively advertised its wares in recent years. And it has been moving into a handful of markets overseas, with more expansion to come. Still, Vanguard improves the global fund industry by inciting price competition. If it remembers its roots as it spreads its branches, Vanguard will remain a reliable steward.

Price Pillar: + Positive

Low fees are key to this fund's appeal. The Investor shares' 0.29% fiscal 2014 expense ratio, which applied to about one third of the fund's assets, was 66 basis points below the large-cap no-load peer median and lower than 95% of those peers. The Admiral shares, which contain the rest of the fund's assets, were even cheaper, as their 0.20% expense ratio beat 97% of rivals'. Modest trading costs were another plus. Brokerage fees of 0.02% of average net assets fell well below the category norm of 0.09%.

Vanguard Equity-Income Adm VEIRX

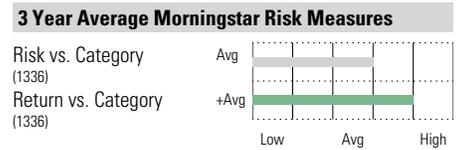
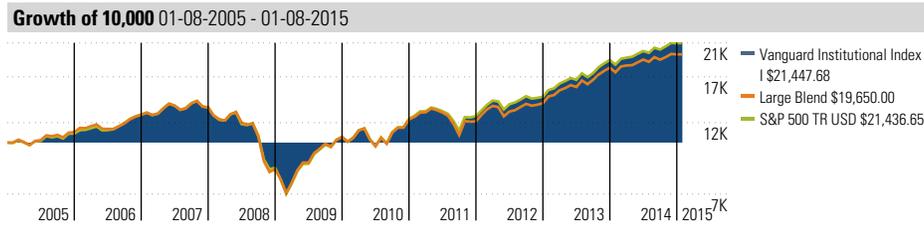
Analysis

The fund's price tag will shift some, however. Vanguard pays subadvisor Wellington Management an asset-based fee, with breakpoints, and the expense ratio also includes a performance adjustment based on the fund's three-year rolling return versus the FTSE High Dividend Yield Index.

Vanguard Institutional Index I VINIX

Morningstar Analyst Rating
Gold

NAV \$	NAV Day Change %	Yield TTM %	Total Assets \$ Bil	Status	Min. Inv.	Load	Expenses	Morningstar Rating™	Category	Investment Style
189.07	↑3.33 1.79	1.88	187.7	Open	\$5	None	0.04%	★★★★	Large Blend	Large Blend



Investment Strategy
The investment seeks to track the performance of a benchmark index that measures the investment return of large-capitalization stocks. The fund employs an indexing investment approach designed to track the performance of the Standard & Poor's 500 Index, a widely recognized benchmark of U.S. stock market performance that is dominated by the stocks of large U.S. companies. It attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.

Pillars

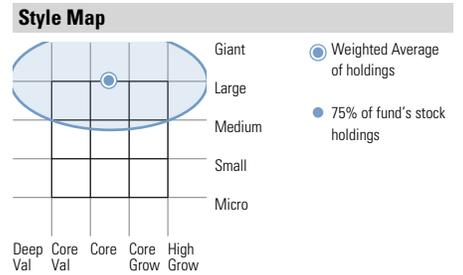
Process	Positive
Performance	Positive
People	Positive
Parent	Positive
Price	Positive

Rating: **Gold**

Performance 01-08-2015

	YTD	1 Mo	1 Yr	3Yr Ann	5Yr Ann	10Yr Ann
Growth of 10,000	10,021	10,026	11,452	17,195	19,986	21,448
Fund	0.21	0.26	14.52	19.80	14.85	7.93
+/- S&P 500 TR USD	0.00	0.00	-0.03	-0.03	-0.03	0.01
+/- Category	0.21	0.22	2.95	1.50	1.64	0.66
% Rank in Cat	32	38	17	27	16	24
# of Funds in Cat	1,661	1,656	1,564	1,336	1,196	812

* Currency is displayed in USD

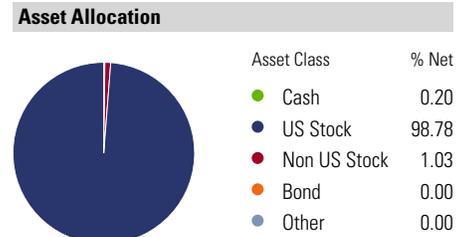


Top Holdings 11-30-2014

	Weight %	Last Price	Day Chg %	52 Week Range
Apple Inc	3.86	111.15 USD	-0.63 ↓	70.51 - 119.75
Microsoft Corp	2.14	47.23 USD	-0.76 ↓	34.63 - 50.04
Exxon Mobil Corporation	2.10	91.52 USD	-0.74 ↓	86.19 - 104.76
Johnson & Johnson	1.66	105.40 USD	-0.91 ↓	86.09 - 109.49
General Electric Co	1.44	24.06 USD	-1.27 ↓	23.69 - 27.53

% Assets in Top 5 Holdings: 11.19

⊕ Increase ⊖ Decrease ✱ New to Portfolio



Top Sectors 11-30-2014

	Fund	3 Yr High	3 Yr Low	Cat Avg
Technology	18.21	18.21	16.77	17.02
Financial Services	14.94	15.33	14.41	15.88
Healthcare	14.81	14.81	11.93	14.58
Industrials	11.20	11.68	11.05	11.72
Consumer Cyclical	10.46	11.24	10.15	10.76

Management
Donald M. Butler
Start Date: 12-31-2000

Dividend and Capital Gains Distributions

Distribution Date	Distribution NAV	Long-Term Capital Gain	Long-Term Short Gain	Return of Capital	Dividend Income	Distribution Total
12-19-2014	189.65	0.0000	0.0000	0.0000	1.0500	1.0500
09-19-2014	184.21	0.0000	0.0000	0.0000	0.8900	0.8900
06-20-2014	179.83	0.0000	0.0000	0.0000	0.8000	0.8000
03-28-2014	170.15	0.0000	0.0000	0.0000	0.8100	0.8100
12-26-2013	168.64	0.0000	0.0000	0.0000	0.8900	0.8900

Vanguard Institutional Index I VINIX

Analysis

A low-cost index fund for institutions that can meet the high minimum.

By Michael Rawson 12/4/2014

Low costs, a mutually owned parent, and a robust indexing infrastructure differentiate Vanguard Institutional Index.

This is the best mutual fund for passive exposure to the S&P 500 Index for investors who can meet the \$5 million minimum. Because of the high minimum, this fund is intended for large institutional investors, such as pension funds and endowments. However, Vanguard also offers Vanguard 500 Index VFIAX, which is nearly identical to this fund except that it carries a low investment minimum that makes it accessible to the average investor. But for institutions, no other fund has had better performance and lower tracking error. This fund's low expense ratio, tax efficiency, and minimal tracking error set it apart from other S&P 500 Index funds. During the past 10 years through mid-November 2014, the fund has beaten the S&P 500 Index by 1 basis point. In terms of index fund management, no one has done it better. Hence, this fund's Morningstar Analyst Rating of Gold.

This fund might be passive, but it has beaten most active funds. As a market-cap-weighted index, the S&P 500 represents the dollar-weighted opinion of all investors. The wisdom of crowds has proved difficult for active managers to beat over the long term, after fees. In simply tracking this benchmark, this fund outpaced more than two thirds of its surviving peers in the large-blend Morningstar Category during the past 10 years. Its aftertax performance looks even better, partly because of the index's low turnover.

The S&P 500 Index is popular, if not complete. Because the S&P 500 excludes most mid-caps and all small-caps, it leaves out roughly 20% of the market. Investors looking for comprehensive exposure to the U.S. stock market should choose a total stock market fund instead or pair this fund with a small-cap fund.

Investors in this fund should be prepared for the risk inherent in the stock market. Volatility has averaged about 15% in the last decade, and the index fell 37% in 2008. While it did rebound during the past several years, risk-averse investors or those with a short time horizon might consider limiting their allocations to U.S. stocks.

Process Pillar: + Positive

The fund employs full replication to track the S&P 500 Index. This benchmark offers broad coverage of the large-cap segment of the U.S. stock market. As its name implies, this index includes approximately 500 stocks, which it weights according to market capitalization. However, the index excludes small stocks, which typically have greater growth potential. While market-cap-weighting should reflect all public information about the value of the index's holdings according to the efficient-market hypothesis, critics contend that it overweights the most expensive stocks.

Unlike more mechanically constructed indexes, the constituents of the S&P 500 Index are selected by a committee that considers factors such as profitability and sector representation before admitting a new index constituent. Because the index has low turnover, the fund does as well. Low turnover helps reduce transaction costs and improve tax efficiency.

With more than \$180 billion in assets, the fund's large asset base and institutional following help reduce the need to hold large amounts of cash to fund potential redemptions. As a result, cash has averaged less than 1% of the portfolio. Excess cash is invested in S&P 500 Index futures.

The cyclical technology and financials sectors represent the fund's largest sector weightings, at 18% and 15%, respectively. The utility and real estate sectors carry the smallest weightings, 3% and 2%, respectively. The average market cap for a stock in the index is \$71 billion, and the top-10

Morningstar's Take

Morningstar Analyst Rating 

Morningstar Pillars

Process	 Positive
Performance	 Positive
People	 Positive
Parent	 Positive
Price	 Positive

Morningstar Analyst Rating

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

Analyst Rating Spectrum

 Gold  Silver  Bronze  Neutral  Negative

Fund Performance

	Total Return %	+/- Category
YTD	—	—

Vanguard Institutional Index I VINIX

Analysis

stocks account for 18% of the fund's assets. These numbers are lower than the large-blend category averages because most large-blend funds have a greater share of assets in mega-cap stocks. The S&P 500 Index encompasses about 80% of the total stock market and leaves out some mid-cap stocks and all small- and micro-cap stocks.

At about 19 times, the S&P 500 Index's current price/trailing earnings ratio is above its post-World War II median of 16. Historically, future returns have been weaker when starting out at elevated valuations. Still, stocks look attractive relative to bonds. The 10-year U.S. Treasury note yield of 2.3% is only 20 basis points above the 2.1% dividend yield on the stocks in the S&P 500 Index. During the past 70 years, the Treasury rate has averaged about 280 basis points above this dividend yield. The average large-blend fund has about 52% of assets invested in wide-moat stocks, compared with 47% for the S&P 500.

Performance Pillar: + Positive

During the past 10 years through mid-November 2014, this fund's 8.21% annualized return beat the S&P 500 Index by 1 basis point per year. That places it among the best-performing S&P 500 Index funds and in the top 30th percentile of all large-blend funds.

Since 2008, turnover has averaged about 6%, well below the category average of 70%. Low turnover helps reduce the incidence of capital gains distributions and improves aftertax performance. In fact, this fund is among the most tax-efficient fund available, making it a good choice for taxable accounts.

The standard deviation of the fund's return was 14.7% during the past decade. This is the same volatility as the index and slightly less than the category average. The fund's ups and downs have almost identically matched the index, so tracking error has been low.

We expect index funds to deliver performance as

close as possible to the index, net of fees. This fund's large scale, focus on cost control, and process management have enabled it to exceed expectations. In addition, Vanguard uses a conservative securities-lending program that gives back all income to the fund. Instead of lending out as much as allowed by law, Vanguard typically only lends out a small portion of the portfolio but lends those shares that are in high demand.

People Pillar: + Positive

Donald Butler has been the sole portfolio manager on this fund since 2005. He joined Vanguard in 1992 and began working on this fund with Gus Sauter in 2000. Sauter, who built out Vanguard's indexing infrastructure, stepped away from the fund in 2005. Butler manages nine other funds for Vanguard, including Vanguard Extended Market Index and Vanguard Mid-Cap Index. He has earned the Chartered Financial Analyst designation. Butler does not currently have any money invested in this fund.

Butler works within the Vanguard equity index group, which is led by Joseph Brennan. That group includes other long-tenured index portfolio managers such as Michael Buek, Christine D. Franquin, Gerard O'Reilly, and Michael Perre.

The depth of talent and Vanguard's practice of rotating managers serves to minimize key-manager risk.

Tim Buckley became Vanguard's chief investment officer in 2013, replacing Sauter. Buckley previously led the retail investment group and worked as the chief information officer prior to that. Efficient operations are critical to running an index fund, so Buckley's process-improvement background makes him a sensible successor for Sauter.

Parent Pillar: + Positive

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managers by giving fund owners a fair deal and straight talk--and by providing strong performance overall.

The source of Vanguard's competitive advantage and the foundation of its culture is its mutual ownership structure. In the United States, the family's fund shareholders own Vanguard through their funds, which compels the firm to operate at cost, rather than for profit, and put investors' interests first. It also boasts traits that foster stewardship, such as above-average manager retention, a strong compliance culture, and an independent board.

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The family didn't get to the top on altruism alone, though. It has aggressively expanded its lineup--especially exchange-traded funds--and assertively advertised its wares in recent years. And it has been moving into a handful of markets overseas, with more expansion to come. Still, Vanguard improves the global fund industry by inciting price competition. If it remembers its roots as it spreads its branches, Vanguard will remain a reliable steward.

Price Pillar: + Positive

Vanguard passes the savings from economies of scale back to the investor in the form of lower fees. The fund's 0.04% expense ratio is among the lowest available, but it requires a \$5 million initial investment. Investors with that much money to invest often command low fees. In fact, that fee is well below even the cheapest institutional share classes at most other fund providers. The fund's sister share class VIIIIX has a 0.02% expense ratio, but it has a higher investment minimum of \$200 million. Fidelity Spartan 500 Index FXSIX charges 0.04% but restricts access to institutional investors. Vanguard S&P 500 ETF VOO is available

Vanguard Institutional Index I VINIX

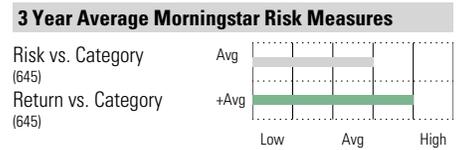
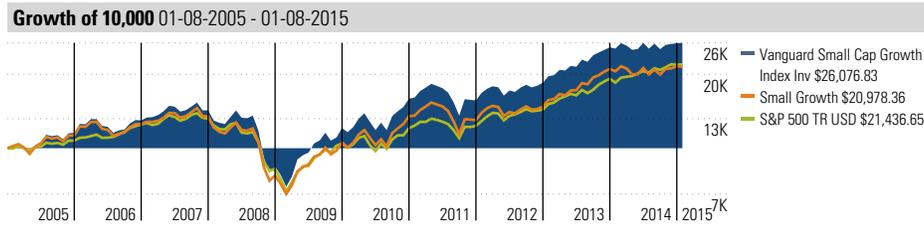
Analysis

for 0.05% with no investment minimum beyond the market price of one share.

Vanguard Small Cap Growth Index Inv VISGX

Morningstar Analyst Rating
Silver

NAV \$	NAV Day Change %	Yield TTM %	Total Assets \$ Bil	Status	Min. Inv.	Load	Expenses	Morningstar Rating™	Category	Investment Style
35.49	↑0.57 1.63	0.85	15.3	Open	\$3,000	None	0.24%	★★★★	Small Growth	Small Growth



Investment Strategy
The investment seeks to track the performance of a benchmark index that measures the investment return of small-capitalization growth stocks. The fund employs an indexing investment approach designed to track the performance of the CRSP U.S. Small Cap Growth Index, a broadly diversified index of growth stocks of small U.S. companies. It attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.

Pillars

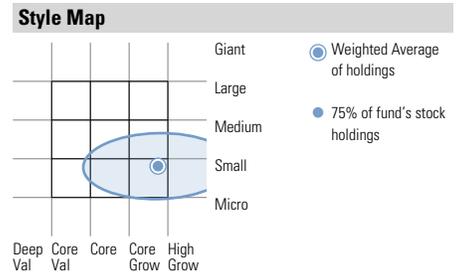
Process	Positive
Performance	Positive
People	Positive
Parent	Positive
Price	Positive

Rating **Silver**

Performance 01-08-2015

	YTD	1 Mo	1 Yr	3Yr Ann	5Yr Ann	10Yr Ann
Growth of 10,000	10,025	10,232	10,402	16,707	20,914	26,077
Fund	0.25	2.32	4.02	18.66	15.90	10.06
+/- S&P 500 TR USD	0.04	2.06	-10.53	-1.18	1.02	2.14
+/- Category	0.80	0.17	1.99	1.20	1.21	1.47
% Rank in Cat	10	41	37	30	30	12
# of Funds in Cat	762	754	723	648	568	395

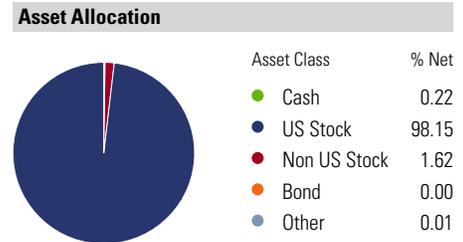
* Currency is displayed in USD



Top Holdings 11-30-2014

	Weight %	Last Price	Day Chg %	52 Week Range
⊕ Medivation Inc	0.65	102.96 USD	-0.33 ↓	54.37 - 117.23
⊕ Cooper Companies	0.62	162.89 USD	-0.03 ↓	116.95 - 171.54
⊕ Alkermes PLC	0.61	65.01 USD	-0.35 ↓	38.49 - 68.05
⊕ Palo Alto Networks Inc	0.58	127.52 USD	0.30 ↑	56.96 - 129.42
⊖ Harman International Industries Inc	0.57	101.40 USD	-0.38 ↓	83.39 - 118.60
% Assets in Top 5 Holdings	3.02			

⊕ Increase ⊖ Decrease ✖ New to Portfolio



Top Sectors 11-30-2014

	Fund	3 Yr High	3 Yr Low	Cat Avg
📱 Technology	22.13	22.13	19.51	23.70
⚙️ Industrials	15.92	22.59	15.92	19.73
🛒 Consumer Cyclical	15.25	17.44	15.25	15.23
🏥 Healthcare	14.39	16.14	14.32	15.82
🏠 Real Estate	13.95	13.95	3.26	2.94

Management
Gerard C. O'Reilly
Start Date: 12-30-2004

Dividend and Capital Gains Distributions

Distribution Date	Distribution NAV	Long-Term Capital Gain	Long-Term Short Gain	Return of Capital	Dividend Income	Distribution Total
12-19-2014	35.35	0.0000	0.0000	0.0000	0.3000	0.3000
03-24-2014	35.09	0.0000	0.0000	0.0000	0.0000	0.0000
12-23-2013	34.14	0.0000	0.0000	0.0000	0.1600	0.1600
03-19-2013	27.77	0.0000	0.0000	0.0000	0.0000	0.0000
12-21-2012	24.94	0.0000	0.0000	0.0000	0.2200	0.2200

Vanguard Small Cap Growth Index Inv VISGX

Analysis

A new benchmark should make this low-cost offering even better.

By Alex Bryan 6/27/2014

Vanguard Small Cap Growth Index is one of the cheapest funds of its kind.

It invests in the faster-growing and more expensive half of the U.S. small-cap market. While these companies tend to grow more quickly than their large-cap counterparts, they also carry greater risk. Most of the fund's holdings lack meaningful competitive advantages and often trade at rich valuations. Additionally, they may not hold up as well as large caps during recessions. Therefore, this fund is best suited as a satellite holding for investors with a high risk tolerance.

In order for growth companies to generate superior returns, they must exceed the expectations embedded in their valuations. Yet, in forming these expectations, investors may extrapolate past growth too far into the future, or become overly optimistic about a firm's outlook. This could explain why growth stocks have historically underperformed their value counterparts in nearly every country studied over long horizons.

Because this fund covers approximately half the small-cap market, it includes some stocks with only modest growth characteristics that dilute its growth tilt. That said, these holdings help limit the fund's exposure to more expensive, and potentially riskier, stocks. The fund has less overlap with its value counterpart (Vanguard Small Cap Value Index VSIAX) than do rival value and growth funds based on the Russell 2000 and S&P SmallCap 600 indexes.

Low fees give the fund a sustainable edge over the long-run. Over the past decade, the fund's Investor share class landed in the top quintile of the small-growth Morningstar Category. Its Admiral share class enjoys an even greater cost advantage. Its 0.09% fee is only a fraction of the category's median levy, 1.2%. Tax efficiency adds to the fund's appeal.

In April 2013, Vanguard transitioned it from the MSCI US Small Cap Growth Index to the CRSP US Small Cap Growth Index, citing potential cost savings. The new benchmark has generous buffer rules to mitigate turnover and transaction costs. In light of its cost advantages, we give this fund a Morningstar Analyst Rating of Silver.

Process Pillar: + Positive

The fund employs full replication to track the market-cap-weighted CRSP US Small Cap Growth Index. CRSP ranks all U.S. stocks by market capitalization and excludes the largest 85% and smallest 2% from the mid-cap universe. It then assigns composite value and growth scores to each of these stocks using a multifactor model. The growth factors include projected short- and long-term earnings-per-share growth, three-year historical earnings and sales-per-share growth, current investment/assets, and return on assets. The inclusion of return on assets as a growth metric penalizes companies for undisciplined growth. CRSP evaluates value on book/price, forward and trailing earnings/price, dividend yield, and sales/price. It fully allocates stocks with the most dominant growth characteristics to the small-cap growth index until it represents half the assets in the small-cap market.

CRSP keeps 100% of each stock in its respective style index until it passes through a buffer zone. At that point, CRSP only moves 50% of the stock from one style index to the other. If the stock stays on the opposite side of the buffer zone at the following quarterly review, CRSP will transfer the remaining half. This mitigates turnover where it does not significantly improve the fund's style purity.

While the fund's holdings are trading at richer valuations, on average, than the broad CRPS US Small Cap Index, they are comparable to the category average. Many of these stocks have attractive business prospects that may justify these high valuations. But they may have further to fall than their value counterparts if they miss expectations. The fund's broad reach limits its exposure to speculative names. Its assets are well diversified

Morningstar's Take

Morningstar Analyst Rating  Silver

Morningstar Pillars

Process	 Positive
Performance	 Positive
People	 Positive
Parent	 Positive
Price	 Positive

Morningstar Analyst Rating

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

Analyst Rating Spectrum

 Gold  Silver  Bronze **Neutral**  Negative

Fund Performance

	Total Return %	+/- Category
YTD	—	—

Vanguard Small Cap Growth Index Inv VISGX

Analysis

across more than 600 stocks. In fact, the top-10 holdings account for just more than 5% of the portfolio.

Like most of its peers, the fund gives overweightings to technology and health-care stocks and underweightings to the financial-services and utilities sectors relative to the CRSP US Small Cap Index. However, it has less exposure to technology stocks than the category average.

CRSP's buffering rules could allow some modest style drift, as stocks with diminishing growth characteristics remain in the portfolio. However, a marginal reduction in style purity is a reasonable price to pay for lower transaction costs. The fund climbs a bit further up the market-cap ladder than the Russell 2000 and S&P SmallCap 600 Growth indexes, but the average market capitalization of its holdings is similar to the category average.

Performance Pillar: + Positive

In part due to its low fees, the fund has consistently outperformed its peers in the small-growth category. Over the trailing 10 years through May 2014, the fund landed in the category's top quintile, outpacing the category average by 1.6% annualized. During that time it exhibited comparable volatility to the category average. However, it managed to lose a little less than the category average in 2008.

Its performance also looks good over shorter horizons. In fact, the fund's returns ranked in the top half of the small-growth category average in every three-year rolling period over the past decade. Given its substantial cost advantage, the fund should continue to offer attractive long-run performance relative to its peers. It is also fairly tax-efficient. The fund has not distributed a capital gain in the past 10 years. Vanguard offers a separate exchange-traded fund share class of this fund, which allows the managers to transfer low-cost-basis shares out of the portfolio in a tax-free transaction with the ETF's market makers. This structure may help make the fund more tax-efficient than its peers.

As a result of its full index replication, the fund has exhibited low tracking error. Over the trailing 12 months through May 2014, the fund lagged its benchmark by the amount of its expense ratio.

People Pillar: + Positive

Gerard O'Reilly has managed the fund since the end of 2004, but he has served as a portfolio manager at Vanguard since 1994. However, O'Reilly is not alone. He is a member of Vanguard's equity investment group, which oversees all of the firm's equity index funds. This group includes Vanguard's other senior portfolio managers and a deep bench of support personnel. Together, this team offers trade execution and risk-management support for the fund.

O'Reilly manages several other index funds including Vanguard Total Stock Market Index VTSMX, Vanguard Growth Index VIGRX, and Vanguard Value Index VIVAX. However, Vanguard's support infrastructure keeps this workload manageable.

While O'Reilly does not have any money invested in this fund, Vanguard's compensation approach helps align his interests with fund investors'. Vanguard links his compensation to operating efficiency, which helps keep costs low. Because minimizing both costs and tracking error are O'Reilly's primary objectives, it is less important for him to invest in the fund than it would be for an active manager.

Parent Pillar: + Positive

Vanguard has become one of the largest money managers by giving fund owners a fair deal and straight talk--and by providing strong performance overall.

The source of Vanguard's competitive advantage and the foundation of its culture is its mutual ownership structure. In the United States, the family's fund shareholders own Vanguard through their funds, which compels the firm to operate at cost, rather than for profit, and put investors' interests first. It also boasts traits that foster stewardship, such as above-average manager retention, a strong compliance culture, and an independent board.

Vanguard looks out for fund owners in many ways. It shares the economies of its scale via lower fees; has closed actively managed funds when inflows have jeopardized strategies; publishes clear and concise shareholder reports, investing education, commentary, and research; and avoids trendy fund launches.

The family didn't get to the top on altruism alone, though. It has aggressively expanded its lineup--especially exchange-traded funds--and assertively advertised its wares in recent years. And it has been moving into a handful of markets overseas, with more expansion to come. Still, Vanguard improves the global fund industry by inciting price competition. If it remembers its roots as it spreads its branches, Vanguard will remain a reliable steward.

Price Pillar: + Positive

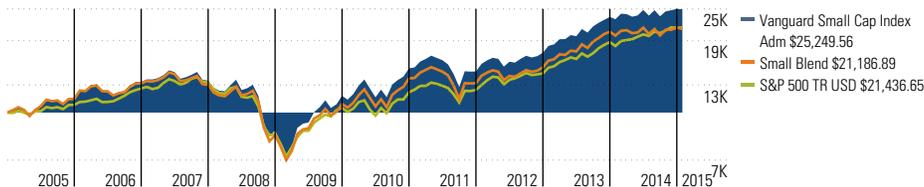
Vanguard charges a razor-thin 0.09% expense ratio for the fund's Admiral shares and 0.24% for the Investor shares, making it one of the cheapest small-cap growth funds available. In comparison, the median fund in the category charges 1.2%. The minimum investments for the Investor and Admiral shares are \$3,000 and \$10,000, respectively. Vanguard charges a \$20 annual account maintenance fee for balances below \$10,000. Vanguard also offers this fund in an ETF format, Vanguard Small-Cap Growth ETF VBK, for a 0.09% fee with no minimum investment. The fund engages in securities lending, the practice of lending out the underlying holdings in exchange for a fee. This ancillary income partially offsets the fund's expenses.

Vanguard Small Cap Index Adm VSMAX

Morningstar Analyst Rating **Gold**

NAV \$	NAV Day Change %	Yield TTM %	Total Assets \$ Bil	Status	Min. Inv.	Load	Expenses	Morningstar Rating™	Category	Investment Style
55.68	↑0.89 1.62	1.43	50.5	Open	\$10,000	None	0.09%	★★★★	Small Blend	Small Blend

Growth of 10,000 01-08-2005 - 01-08-2015



3 Year Average Morningstar Risk Measures



Investment Strategy

The investment seeks to track the performance of a benchmark index that measures the investment return of small-capitalization stocks. The fund employs an indexing investment approach designed to track the performance of the CRSP U.S. Small Cap Index, a broadly diversified index of stocks of small U.S. companies. It attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.

Pillars

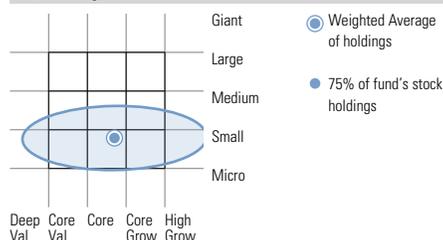
Process	Positive
Performance	Positive
People	Positive
Parent	Positive
Price	Positive
Rating	Gold

Performance 01-08-2015

	YTD	1 Mo	1 Yr	3Yr Ann	5Yr Ann	10Yr Ann
Growth of 10,000	9,966	10,173	10,744	17,221	20,993	25,250
Fund	-0.34	1.73	7.44	19.86	15.99	9.70
+/- S&P 500 TR USD	-0.55	1.47	-7.10	0.03	1.11	1.78
+/- Category	0.72	0.27	3.99	3.00	2.36	1.69
% Rank in Cat	10	39	12	16	18	11
# of Funds in Cat	789	786	736	623	566	363

* Currency is displayed in USD

Style Map

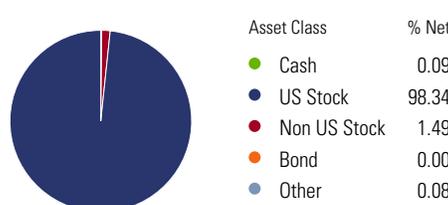


Top Holdings 11-30-2014

	Weight %	Last Price	Day Chg %	52 Week Range
Medivation Inc	0.30	102.96 USD	-0.33 ↓	54.37 - 117.23
Cooper Companies	0.29	162.89 USD	-0.03 ↓	116.95 - 171.54
Alkermes PLC	0.28	65.01 USD	-0.35 ↓	38.49 - 68.05
Alaska Air Group Inc	0.28	60.06 USD	-1.04 ↓	36.31 - 61.46
Snap-on Inc	0.28	136.18 USD	-0.85 ↓	96.24 - 140.22
% Assets in Top 5 Holdings	1.43			

⊕ Increase ⊖ Decrease ✦ New to Portfolio

Asset Allocation



Top Sectors 11-30-2014

	Fund	3 Yr High	3 Yr Low	Cat Avg
Industrials	16.76	19.32	16.76	17.20
Technology	15.88	15.88	14.90	15.51
Consumer Cyclical	14.63	15.41	13.32	15.52
Financial Services	12.73	13.22	12.73	15.35
Real Estate	12.16	12.16	9.84	6.48

Dividend and Capital Gains Distributions

Distribution Date	Distribution NAV	Long-Term Capital Gain	Long-Term Short Gain	Return of Capital	Dividend Income	Distribution Total
12-19-2014	55.56	0.0000	0.0000	0.0000	0.8000	0.8000
03-24-2014	54.03	0.0000	0.0000	0.0000	0.0000	0.0000
12-23-2013	52.27	0.0000	0.0000	0.0000	0.6800	0.6800
03-19-2013	43.15	0.0000	0.0000	0.0000	0.0100	0.0100
12-21-2012	38.70	0.0000	0.0000	0.0000	0.7100	0.7100

Management

Michael H. Buek
Start Date: 12-30-1991

Vanguard Small Cap Index Adm VSMAX

Analysis

This fund provides great low-cost, diversified exposure to U.S. small-cap stocks.

By Michael Rawson 11/12/2014

Gold-rated Vanguard Small Cap Index is an ideal portfolio building block for long-term, buy-and hold-investors or for those who wish to tactically overweight small-cap stocks.

This fund offers low-cost, diversified exposure to U.S. small-cap stocks. Despite their higher volatility, over very long periods of time small-cap stocks have outperformed large caps. The continuation of this historical trend is far from guaranteed. Small caps typically make up less than 15% of total market capitalization of the U.S. equity market and should thus be a small part of a passive investor's portfolio.

U.S. small caps have historically provided some diversification benefits. The Morningstar Small Cap Index had a correlation of around 0.92 with the S&P 500 Index over the past 10 years. That said, small-cap stocks tend to be riskier, as they exhibit greater sensitivity to macroeconomic risks and typically lack economic moats--or sustainable competitive advantages. The greater risk in small-cap stocks is evident in their volatility. Over the past 10 years, the standard deviation of monthly returns of this fund was 20%, more than 5 percentage points greater than that of large-cap equities, as represented by the S&P 500 Index.

With this greater volatility comes a higher beta, a measure of market risk. Small-cap stocks have earned a return premium of about 2% over large-cap stocks since 1926. For those who want to reap this size premium, be forewarned that the returns for smaller stocks can vary drastically over time, and small-cap stocks can lag large-cap stocks for decade-long periods. Investors should be even more cautious on the prospects of the small-cap premium, given that small caps currently look expensive relative to large caps.

Over the past 10 years, the fund has returned 9.8% on an annualized basis. That outpaced 85% of the

competition, which had an average return of 7.6%. Its lowest relative rank in any given year was 52nd percentile. Given the consistency of its performance, low fee, and well-regarded parent, we give this fund a Morningstar Analyst Rating of Gold.

Process Pillar: Positive

The fund employs full replication to track the CRSP US Small Cap Index. Vanguard has a history of encouraging best practices in index design and worked closely with CRSP in the development of the index. Vanguard's institutional knowledge of indexing helps set this fund apart.

The volatility of small-cap stocks can lead to turnover within an index as stocks at the upper end of the small-cap spectrum outgrow the ranks of their peers, often only to fall back into small-cap territory again. To minimize excessive turnover stemming from such volatility, CRSP incorporates bands around its target market-cap ranges that act as buffer zones and transitions stocks between categories in "packets." Effectively, this smooths the movement of a stock from one size segment to the next, which reduces the tendency for volatility to create unnecessary turnover. CRSP excludes business development corporations and uses an investability screen that eliminates illiquid stocks such as those that have less than 10% of their share base publicly trading or those with a market cap of less than \$10 million.

This fund also has a separate ETF share class. This can help improve tax efficiency because the managers can transfer low-cost-basis shares out of the fund in a tax-free transaction with the ETF's market makers. The fund has not made a capital gains distribution since 2000.

Small-cap stocks typically account for less than 15% of the value of the total U.S. stock market, but they are many in number. CRSP defines "small cap" as all those stocks that fall between the 85th and 98th percentile of the market-cap spectrum of the total stock market. Currently, this results in an index composed of 1,460 stocks. Because this approach pulls in a handful of mid-cap names and fewer micro-cap names than the Russell 2000 In-

Morningstar's Take

Morningstar Analyst Rating



Morningstar Pillars

Process	 Positive
Performance	 Positive
People	 Positive
Parent	 Positive
Price	 Positive

Morningstar Analyst Rating

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

Analyst Rating Spectrum



Fund Performance

	Total Return %	+/- Category
YTD	—	—

Vanguard Small Cap Index Adm VSMAX

Analysis

dex, the average market cap is higher, clocking in at \$2.9 billion versus \$1.5 billion for the Russell 2000. The CRSP index includes all stocks that fall in the market-cap range and meet minimum liquidity requirements. In contrast, the S&P SmallCap 600 Index uses more strict criteria for index additions, such as requiring new constituents to be profitable over the most recent four quarters. The result is that the CRSP index is a more complete representation of the small-cap opportunity, whereas the S&P Index has a slight quality tilt.

Compared with large-cap funds, small-cap indexes have greater exposure to the real estate and industrial sectors but less exposure to energy and consumer staples. The fund's dividend yield is also lower than that of many large-cap funds because many small-cap companies do not pay a dividend.

Performance Pillar: Positive

During the 10-year period ended September 2014, the fund has returned 9.84% annualized, while the spliced index the fund has tracked over that period returned 9.77%. While it may seem surprising that this index fund beat its index, its large size and low costs helped it accomplish this. The fund also employs a conservative securities lending program that helps offset costs. That performance placed the fund in the top quintile of the small-blend category over that 10-year span.

Volatility over this same time frame was 20%, in line with that of its benchmark index. This level of volatility is higher than what is observed in large-cap stocks. This fund's standard deviation of returns was slightly above the category average over the decade in question. It is not uncommon for index funds, which strive to be fully invested, to have higher volatility than actively managed funds, which often maintain a small cash position or can shift exposure over time.

The strong performance of small-cap stocks over the past decade has brought them to a point where they now sell at a higher valuation multiple relative to large caps based on measures such as price/prospective earnings ratios. Investors should temper their return expectations for the next 10-

year period.

People Pillar: Positive

Michael Buek has been listed as a portfolio manager on this fund since 1991 and has been the sole portfolio manager since 2005. He has worked at Vanguard since 1987. In addition to this fund, Buek manages several other index funds, including the Vanguard 500 Index and Vanguard Tax-Managed Small Cap.

Buek works within Vanguard's equity index group. Joseph Brennan was appointed to lead that group in February 2013. Brennan previously worked as the chief investment officer for Vanguard's Asia-Pacific region. Brennan reports to Vanguard's chief investment officer, Tim Buckley, who replaced Gus Sauter in 2012. In addition to Buek, the equity index group includes Gerard O'Reilly, Michael Perre, Donald Butler, and Christine Franquin. Although the listed portfolio manager has ultimate responsibility for the funds that he manages, this group shares resources and best practices across each of Vanguard's index funds.

At Vanguard, compensation helps align managers' interests with shareholders', as bonuses are linked to factors such as operating efficiency, which helps drive down costs.

Parent Pillar: Positive

Vanguard has become one of the largest money managers by giving fund owners a fair deal and straight talk--and by providing strong performance overall.

The source of Vanguard's competitive advantage and the foundation of its culture is its mutual ownership structure. In the United States, the family's fund shareholders own Vanguard through their funds, which compels the firm to operate at cost, rather than for profit, and put investors' interests first. It also boasts traits that foster stewardship, such as above-average manager retention, a strong compliance culture, and an independent board.

Vanguard looks out for fund owners in many ways. It shares the economies of its scale via lower fees;

has closed actively managed funds when inflows have jeopardized strategies; publishes clear and concise shareholder reports, investing education, commentary, and research; and avoids trendy fund launches.

The family didn't get to the top on altruism alone, though. It has aggressively expanded its lineup--especially exchange-traded funds--and assertively advertised its wares in recent years. And it has been moving into a handful of markets overseas, with more expansion to come. Still, Vanguard improves the global fund industry by inciting price competition. If it remembers its roots as it spreads its branches, Vanguard will remain a reliable steward.

Price Pillar: Positive

The Admiral share class charges just 0.09%, which is incredibly low for a small-cap fund. While that does require a \$10,000 investment, the ETF share class, Vanguard Small Cap ETF VB, also charges 0.09% but does not have an investment minimum. The fund's expense ratio is nearly 1.2 percentage points lower than the expense ratio for the average small-blend fund.

Instead of holding separate funds for large-cap and small-cap exposure, passive investors may be better off building the core of their portfolio with a total market fund, such as Vanguard Total Stock Market VTSAX. This would reduce the need for re-balancing and result in even lower costs, since that fund includes small- and micro-cap stocks yet charges only 0.05%.

Vanguard Total Intl Stock Index Inv VGTSX

Morningstar Analyst Rating
Gold

NAV \$	NAV Day Change %	Yield TTM %	Total Assets \$ Bil	Status	Min. Inv.	Load	Expenses	Morningstar Rating™	Category	Investment Style
15.40	↑0.24 1.58	3.32	134.4	Open	\$3,000	None	0.22%	★★★	Foreign Large Blend	Large Blend



3 Year Average Morningstar Risk Measures



Investment Strategy

The investment seeks to track the performance of a benchmark index that measures the investment return of stocks issued by companies located in developed and emerging markets, excluding the United States. The fund employs an indexing investment approach designed to track the performance of the FTSE Global All Cap ex U.S. Index, a free-float-adjusted market-capitalization-weighted index designed to measure equity market performance of companies located in developed and emerging markets, excluding the United States. The index includes more than 5,330 stocks of companies located in 45 countries.

Pillars

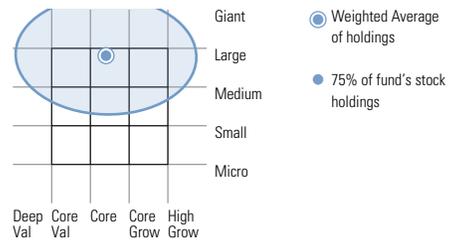
Process	Positive
Performance	Positive
People	Positive
Parent	Positive
Price	Positive
Rating	Gold

Performance 01-08-2015

	YTD	1 Mo	1 Yr	3Yr Ann	5Yr Ann	10Yr Ann
Growth of 10,000	9,904	9,691	9,616	12,841	11,803	16,305
Fund	-0.96	-3.09	-3.84	8.69	3.37	5.01
+/- MSCI ACWI Ex USA NR USD	0.85	0.82	0.63	0.40	-0.17	-0.25
+/- Category	0.20	0.45	1.36	-1.08	-0.75	0.35
% Rank in Cat	32	28	29	69	70	36
# of Funds in Cat	814	809	750	649	582	312

* Currency is displayed in USD

Style Map



Top Holdings 11-30-2014

	Weight %	Last Price	Day Chg %	52 Week Range
⊕ Nestle SA	1.15	72.95 USD	0.14 ↑	63.85 - 73.30
⊕ Novartis AG	1.08	97.80 USD	1.03 ↑	70.15 - 98.55
⊕ Roche Holding AG Dividend Right Cert.	1.01	277.80 USD	-1.49 ↓	233.60 - 295.80
⊕ HSBC Holdings PLC	0.91	599.60 USD	-1.09 ↓	583.63 - 737.00
⊕ Toyota Motor Corp	0.78	— USD	0.73 ↑	5,205.00 - 7,873.00
% Assets in Top 5 Holdings	4.93			

⊕ Increase ⊖ Decrease ✖ New to Portfolio

Asset Allocation

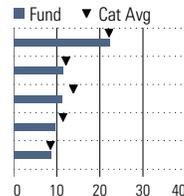
	% Net	% Short	% Long	Bench mark	Cat Avg
● Cash	0.34	0.00	0.35	0.01	1.73
● US Stock	0.18	—	0.18	0.13	1.70
● Non US Stock	96.30	—	96.30	98.74	92.95
● Bond	0.00	0.00	0.00	0.00	1.58
● Other	3.18	0.00	3.18	1.13	2.05

Management

Michael Perre
Start Date: 08-12-2008

Top Sectors 11-30-2014

	Fund	3 Yr High	3 Yr Low	Cat Avg
🏦 Financial Services	22.22	22.42	20.89	21.22
⚙️ Industrials	11.41	12.58	10.74	11.22
🛒 Consumer Cyclical	11.29	11.45	10.39	12.93
🛒 Consumer Defensive	9.61	9.86	9.21	10.55
🏭 Basic Materials	8.70	11.00	8.70	7.63



Dividend and Capital Gains Distributions

Distribution Date	Distribution NAV	Long-Term Capital Gain	Long-Term Short Gain	Return of Capital	Dividend Income	Distribution Total
12-19-2014	15.61	0.0000	0.0000	0.0000	0.1300	0.1300
09-23-2014	16.65	0.0000	0.0000	0.0000	0.0800	0.0800
06-23-2014	17.40	0.0000	0.0000	0.0000	0.1900	0.1900
03-24-2014	16.26	0.0000	0.0000	0.0000	0.1200	0.1200
12-19-2013	16.26	0.0000	0.0000	0.0000	0.1400	0.1400

Vanguard Total Intl Stock Index Inv VGTSX

Analysis

One of the broadest foreign-equity options, with small exposures to emerging markets and small caps.

By Patricia Oey 9/11/2014

Vanguard Total International Stock Index is a solid choice for broad exposure to international equities. This cap-weighted index fund invests in more than 5,000 companies in developed and emerging markets (excluding the United States) that together account for about 50% of the world's market cap. Vanguard is well known for its expertise in managing index funds, and this fund has done a solid job tracking its benchmark.

This fund is extremely broad and includes a 3.5% allocation in small-cap stocks. As such, investors can use this fund to cover the international-equities portion of a diversified stock/bond portfolio. Alternatively, investors can use this fund as a low-priced core holding (the Admiral shares charge a mere 0.14% annual expense ratio) and customize their style, size, or regional tilts with more specialized funds.

This fund falls in the foreign large-blend Morningstar Category. Most of the large, actively managed funds in this category have a very small allocation to emerging-markets stocks. However, given that this fund is market-cap-weighted, 20% of its portfolio is invested in emerging-markets equities (including Taiwan and South Korea). This is significantly higher than the category average of 8%. As such, this fund's performance relative to its peers in the foreign large-blend category can be impacted by the relative performance of emerging-markets equities.

This fund does not hedge its currency exposure, so its returns reflect both asset-price changes and changes in exchange rates between the U.S. dollar and other currencies. During periods of high volatility in the global markets, the U.S. dollar tends to rise, which would weigh on the short-term returns of this fund. But over the long term, currency volatility comprises a small portion of the total risk of an international-equity portfolio.

Solid tracking performance, a broad portfolio, a strong parent firm, and low fees underpin this fund's Morningstar Analyst Rating of Gold.

Process Pillar:  Positive

This fund tracks the FTSE Global All Cap ex US Index. Prior to June 2, 2013, it had tracked the MSCI ACWI ex USA Investable Market Index. These indexes are both free-float-adjusted and market-cap-weighted and are basically the same. The FTSE index consists of about 5,300 securities and represents almost 98% of the world's (outside of the U.S.) total investable stock capitalization. Vanguard said it changed this fund's benchmark, along with those for 21 other index funds, in an effort to reduce index-licensing expenses.

Vanguard is required by the SEC to employ fair value pricing for its foreign-equity funds. This means it adjusts the fund's net asset value to reflect market events that have occurred since the close of foreign markets. This is to ensure that the fund's NAV reflects true value and to minimize arbitrage opportunities for market-timers. There is no adjustment made to the fund's underlying index, so on a day with high market volatility, the fund's NAV may deviate slightly from its index. This difference usually corrects itself when foreign markets reopen. Long-term investors should not be impacted by these very small, short-term discrepancies.

Prior to the 2013 index change, this fund changed its index in December 2010 from the MSCI EAFE + Emerging Markets Index to the MSCI ACWI ex USA Investable Market Index. That change added small caps and Canadian securities.

In addition to the fund's relative overweighting in emerging-markets stocks, its exposure to small caps (3.2%) is higher than the category average (0.5%).

Technically, this fund employs representative sampling as it may hold overseas-listed depositary receipts (DRs) in lieu of, or in addition to, the domestic listings of index constituents. As a result,

Morningstar's Take

Morningstar Analyst Rating



Morningstar Pillars

Process	 Positive
Performance	 Positive
People	 Positive
Parent	 Positive
Price	 Positive

Morningstar Analyst Rating

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

Analyst Rating Spectrum



Fund Performance

	Total Return %	+/- Category
YTD	—	—

Vanguard Total Intl Stock Index Inv VGTSX

Analysis

the fund actually has more holdings than its index has constituents. But if we consider locals and DRs to be economic equivalents, then the fund holds nearly the entire index at close to benchmark weights. The fund may use futures contracts to manage cash in the portfolio.

The fund distributes dividends quarterly, and during the past two years, the Internal Revenue Service classified about 70% of this fund's dividends as qualified. Dividends from a foreign corporation are considered to be qualified only if the U.S. has an income tax treaty with the corporation's country of domicile. The U.S. does not have an income tax treaty with every nation. In addition, some of the dividends are subject to foreign tax withholding. Investors can claim their portion of the withheld taxes as a tax credit, but only if they hold this fund in a taxable account.

Performance Pillar: + Positive

This fund has one goal: to track the performance of its benchmark. During the 10-year period to Aug. 31, 2014, the fund's Investor share class has returned 7.64% (after fees), while the index has returned 7.72% (Vanguard introduced the Admiral share class in November 2010). The index figure is a spliced index to incorporate the 2010 and 2013 index changes and was calculated by Vanguard. In some calendar years, the fund may underperform its benchmark by more than its expense ratio. This is likely due to a sizable fair value adjustment at year-end. This is usually corrected in the following year. Over the long term, these fair value adjustments usually net out. Overall, the fund has done a solid job tracking its index, as it has trailed its index by less than its annual expense ratio during the last three years.

The Investor share class has produced second-quartile performance versus its peers in both the trailing 15- and 10-year periods. This ranking is not survivorship-adjusted and only includes funds that have been in existence during the entire period; it excludes funds that have closed or merged. Again, we note this fund has a relatively larger allocation to emerging-markets stocks versus its category peers, so it will tend to beat its peer group when

emerging markets outperform and lag when emerging markets underperform.

People Pillar: + Positive

Contrary to popular belief, management matters at index funds. Passive fund managers have to be familiar with a wide variety of trading and portfolio management techniques to ensure their funds hew as closely to their bogies as possible. These techniques and special situations range from securities lending and the use of futures to index rebalancing and corporate actions.

The listed manager is Michael Perre, who has advised the fund since 2008. Although Perre is listed as the portfolio manager, day-to-day management of the fund is a team effort, as Perre works closely with his colleagues from the Vanguard Equity Index Group. The group is based in three locations (Pennsylvania, London, and Australia) and is composed of about 40 portfolio managers and traders who sit together on a trading floor. Trades are handled by regional desks where managers and traders may have more insights on regional trade dynamics and flows and can trade during regular market hours.

Parent Pillar: + Positive

Vanguard has become one of the largest money managers by giving fund owners a fair deal and straight talk--and by providing strong performance overall.

The source of Vanguard's competitive advantage and the foundation of its culture is its mutual ownership structure. In the United States, the family's fund shareholders own Vanguard through their funds, which compels the firm to operate at cost, rather than for profit, and put investors' interests first. It also boasts traits that foster stewardship, such as above-average manager retention, a strong compliance culture, and an independent board.

Vanguard looks out for fund owners in many ways. It shares the economies of its scale via lower fees; has closed actively managed funds when inflows have jeopardized strategies; publishes clear and concise shareholder reports, investing education,

commentary, and research; and avoids trendy fund launches.

The family didn't get to the top on altruism alone, though. It has aggressively expanded its lineup--especially exchange-traded funds--and assertively advertised its wares in recent years. And it has been moving into a handful of markets overseas, with more expansion to come. Still, Vanguard improves the global fund industry by inciting price competition. If it remembers its roots as it spreads its branches, Vanguard will remain a reliable steward.

Price Pillar: + Positive

The fund's Admiral shares (which require a \$10,000 minimum investment) levy an annual fee of 0.14%. This is one of the cheapest foreign large-blend funds. The exchange-traded fund share class VXUS has an identical annual expense ratio of 0.14%, while the Investor shares VGTSX (\$3,000 minimum investment) have an annual expense ratio of 0.22%. The median expense ratio for the foreign large-blend category is 1.11%.

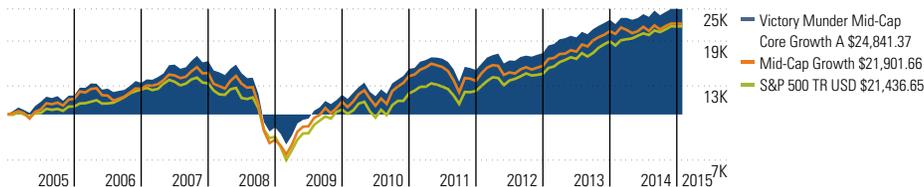
Since the launch of the Admiral share class in 2010, Vanguard has cut the annual expense ratio from 0.18% to its current 0.14%. This is perhaps due to strong inflows. At this time, this fund (which includes all share classes) is the largest in the foreign large-blend category, with \$133 billion in assets under management.

Victory Munder Mid-Cap Core Growth A MGOAX

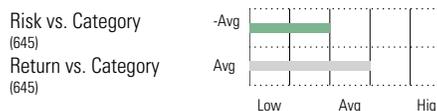
Morningstar Analyst Rating

NAV \$	NAV Day Change %	Yield TTM %	Total Assets \$ Bil	Status	Min. Inv.	Load	Expenses	Morningstar Rating™	Category	Investment Style
41.07	↑0.73 1.81	0.00	6.2	Open	\$2,500	5.75	1.32%	★★★	Mid-Cap Growth	Mid Growth

Growth of 10,000 01-08-2005 - 01-08-2015



3 Year Average Morningstar Risk Measures



Investment Strategy

The investment seeks long-term capital appreciation. The fund normally invests at least 80% of the fund's assets in equity securities (i.e., common stocks, preferred stocks, convertible securities and rights and warrants) of mid-capitalization companies. Mid-capitalization companies means those companies with market capitalizations within the range of companies included in the S&P MidCap 400® Index. Although the fund will primarily be invested in domestic securities, up to 25% of the fund's assets may be invested in foreign securities.

Performance 01-08-2015

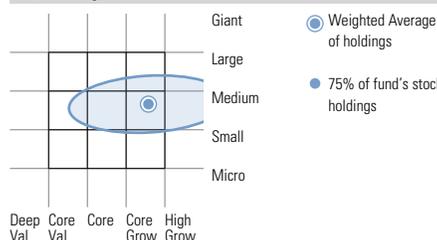
	YTD	1 Mo	1 Yr	3Yr Ann	5Yr Ann	10Yr Ann
Growth of 10,000	9,971	10,082	11,061	16,660	20,394	24,841
Fund	-0.29	0.82	10.61	18.55	15.32	9.53
+/- S&P 500 TR USD	-0.50	0.57	-3.93	-1.29	0.44	1.60
+/- Category	-0.12	-0.10	3.51	0.99	1.30	0.79
% Rank in Cat	64	58	20	36	27	32
# of Funds in Cat	777	774	752	646	584	429

* Currency is displayed in USD

Pillars

Process	—	—
Performance	—	—
People	—	—
Parent	—	—
Price	—	—
Rating	—	—

Style Map



Top Holdings 12-31-2014

	Weight %	Last Price	Day Chg %	52 Week Range
⊖ Skyworks Solutions Inc	2.69	73.07 USD	-1.52 ↓	27.40 - 74.97
⊖ Affiliated Managers Group Inc	2.04	202.48 USD	-1.35 ↓	174.43 - 218.10
⊖ SBA Communications Corp	1.97	111.37 USD	0.10 ↑	87.03 - 121.57
⊖ Lincoln National Corp	1.92	54.88 USD	-1.38 ↓	45.25 - 59.17
⊖ NiSource Inc	1.92	42.24 USD	-1.56 ↓	32.81 - 44.91
% Assets in Top 5 Holdings	10.54			

⊕ Increase ⊖ Decrease ✱ New to Portfolio

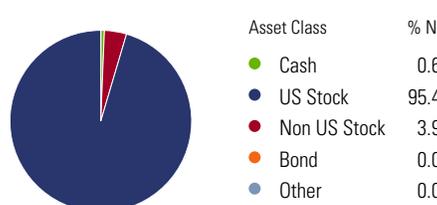
Top Sectors 12-31-2014

	Fund	3 Yr High	3 Yr Low	Cat Avg	Fund	Cat Avg
🏠 Consumer Cyclical	19.34	19.49	19.34	—	19.34	19.34
💻 Technology	14.69	15.93	12.06	—	14.69	14.69
🏦 Financial Services	14.09	15.34	13.98	—	14.09	14.09
🏥 Healthcare	11.69	11.69	7.65	—	11.69	11.69
⚙️ Industrials	11.09	14.51	11.09	—	11.09	11.09

Dividend and Capital Gains Distributions

Distribution Date	Distribution NAV	Long-Term Capital Gain	Long-Term Short Gain	Return of Capital	Dividend Income	Distribution Total
12-29-2014	41.79	4.6300	0.2000	0.0000	0.0000	4.8300
12-27-2013	41.60	0.7400	0.0400	0.0000	0.0000	0.7900
12-29-2009	22.55	0.0000	0.0000	0.0000	0.0300	0.0300

Asset Allocation



Management

	Start Date
Tony Y. Dong	02-01-2001
Brian S. Matuszak	12-31-2005
George L. Sanders II	09-30-2006
Madan Gopal	10-31-2009
Gavin Hayman	02-18-2010
Robert E. Crosby	02-14-2012
Sean D. Wright	01-09-2014

Victory Munder Mid-Cap Core Growth A MGOAX

Analysis

Morningstar's Take

Morningstar Analyst Rating —

Morningstar Pillars

Process	—	—
Performance	—	—
People	—	—
Parent	—	—
Price	—	—

Morningstar Analyst Rating

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

Analyst Rating Spectrum

 Gold
  Silver
  Bronze
  Neutral
  Negative

Fund Performance

	Total Return %	+/- Category
YTD	—	—

We do not currently publish an Analyst Report for this company.

T. Rowe Price Retirement Target-Date Fund Series Report

Morningstar Analyst Rating



Key Features

Asset-Weighted Expense Ratio	0.80%
Active/Passive Exposure	86% Active
Open/Closed Architecture	100% Closed
Total Net Assets (\$M)	118,441

Executive Summary

Rating:

Process

Positive

Management's research suggests investors spend more money in retirement than they anticipate and risk outliving their savings. As a result, the funds' glide path has a higher equity allocation than many of its rivals', both before and during retirement. The majority of the underlying funds are highly regarded by Morningstar analysts.

Price

Positive

These funds aren't as cheap as some passively managed options, but they are reasonably priced, especially compared with other actively managed series.

Performance

Positive

The series' three-, five-, and 10-year returns as of September 2014 handily outrank the majority of its peers. But the funds' relatively heavy equity allocations can lead to greater short-term volatility than many rivals. For example, the funds lost more than their typical competitors during 2008's market slide and rebounded more sharply than most peers during 2009's rally.

People

Positive

T. Rowe Price's asset-allocation committee makes the strategic decisions for the funds, while firm veteran Jerome Clark leads a group of associate managers who run the funds' day-to-day operations. The underlying funds largely feature solid, proven managers.

Parent

Positive

T. Rowe Price's corporate culture and regulatory history are impressive. The firm stresses long-term investing, high-quality securities, and sensible risk management. T. Rowe also does a good job describing its target-date funds and communicating with investors, and manager transitions are typically planned well in advance.

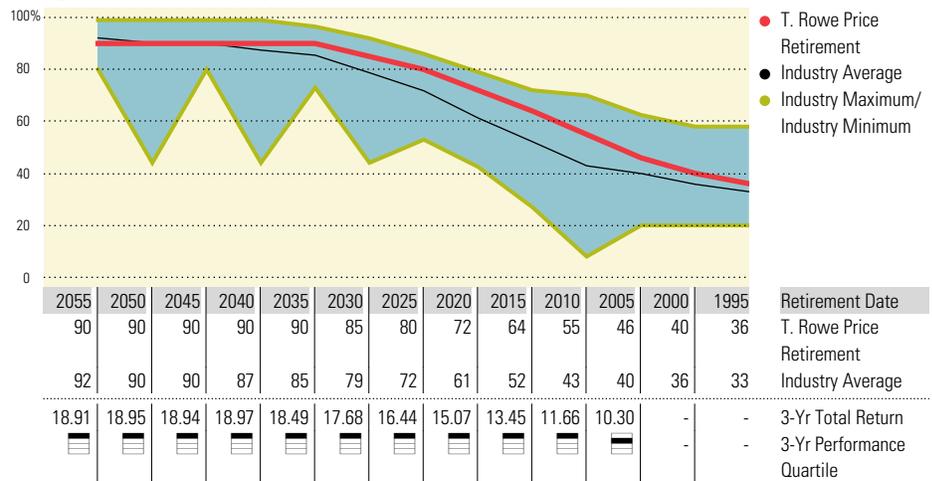
Morningstar Analyst Rating

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

Analyst Rating Spectrum



Strategic Glide Path Total Equity Exposure



Available Funds

2005 Fund	2020 Fund	2035 Fund	2050 Fund
2010 Fund	2025 Fund	2040 Fund	2055 Fund
2015 Fund	2030 Fund	2045 Fund	2060 Fund

Morningstar Opinion

An aggressive stance and compelling components help T. Rowe Price Retirement shine.

This series' glide path was designed to create a sustainable stream of income for investors during retirement. As such, the glide path is generally more aggressive than the industry norm. It begins with an industry-average 90% allocation to stocks, but it maintains that position longer than most, waiting until 20 years from retirement to begin rolling down that exposure. At retirement age, the glide path's 55% allocation to stocks is more than 10 percentage points above the norm.

The glide path's assertive stance has been a tailwind thus far in 2014, as stocks surpassed bonds during the first nine months of the year. Each of the funds in the series has landed in the top half among its category peers, most in the top quartile. That strong showing has been repeated in recent years, as equity markets have posted strong gains since the depths of the credit crisis more than five years ago. During the past five years through September 2014, the returns of all of the funds in the series surpassed those of their respective peer average, with most ranking as the leader in their category. While that period ignores 2008's downturn, during which the funds' equity-heavy stake dragged on returns, over the trailing 10-year period the funds in the series still earn some of the highest returns in their category.

Kathryn Spica, CFA

Senior Analyst, Fund-of-Funds Strategies 11-05-2014

A large stock stake hasn't been the only driver of the series' results. Indeed, T. Rowe Price's recently launched Target Retirement series, which is aimed at investors more concerned with mitigating losses at retirement, maintains a lighter-than-average equity allocation throughout most of the glide path. That series also has performed well so far this year, reflecting positively on the underlying building blocks that are mirrored in both series. The underlying funds used here are a well-diversified mix of standout funds offered by T. Rowe Price. Of the 18 funds, 14 rank in the top half of the respective peer groups for the year to date through September 2014, with most also earning a high ranking during the five- and 10-year trailing periods. Plus, 12 of the 16 funds with Morningstar Analyst Ratings earn a medal, reflecting the team's view that they will continue to outperform on a risk-adjusted basis over the long haul.

Experienced management at the series and among the underlying funds add to this series' appeal. In addition, while most index-based competitors are less expensive, retail investors can gain access this series' no-load share classes at a relatively low cost, further burnishing this series' case as a topnotch long-term investment.

T. Rowe Price Retirement Target-Date Fund Series Report

Process: Approach

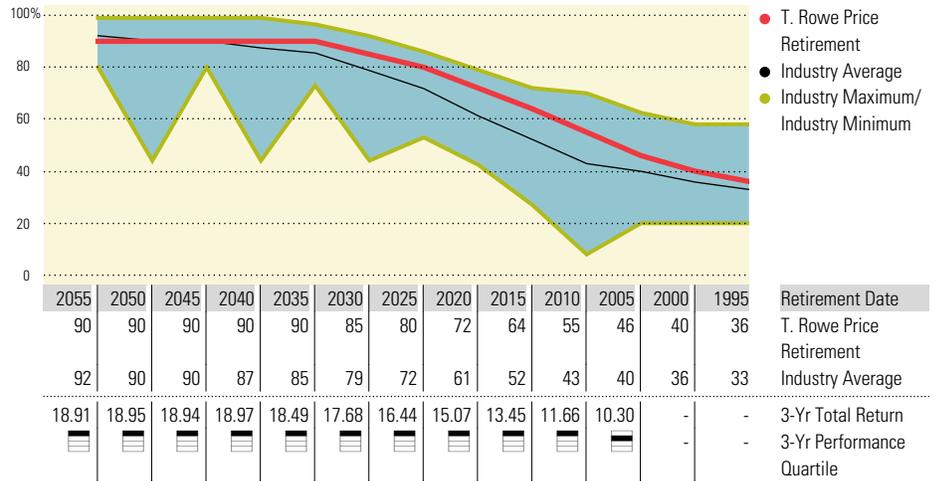
T. Rowe Price based the construction of its Retirement funds on extensive in-house studies that compared the recommended rates at which individuals save for retirement and withdraw money after retirement with the actual rates at which these activities occur. While most of the asset-allocation strategies it tested could accommodate the recommended savings and withdrawal rates, T. Rowe Price has found that 401(k) plan participants' average savings rate is lower than half of the recommended rate, while the average withdrawal rate was more than twice the recommended rate. T. Rowe Price concluded that retirees' biggest risk is to outlive their savings, so it boosted the equity allocation in the funds to compensate. It also extended the glide path well beyond the retirement date in an effort to prolong the higher returns that should come from stocks. The concern with this approach, of course, is that a greater equity allocation means additional volatility or greater risk of loss in declining equity markets.

The series' asset mix is fairly aggressive. It begins at 90% equity/10% fixed income when investors are the furthest from retirement. That split is roughly in line with 2055-plus fund peers, yet the Retirement funds maintain a higher equity stake than many of their rivals both leading up to and during retirement. The funds adjust their asset allocations at the end of each quarter until they reach the target allocation of 55% equity at retirement. The shifting doesn't stop at retirement, however, and T. Rowe doesn't view the retirement year as a distinct year in the course of an individual's retirement planning. Once the retirement allocation of 55% equity/45% fixed income is reached, the quarterly shifts continue for 30 years after retirement until the equity stake plateaus at 20%. Most of the underlying holdings remain the same over the life of the funds. T. Rowe Price Inflation Focused Bond starts to increase its allocation 15 years before retirement in order to produce near-term income for retirees and to protect against inflation. Management has modest tactical leeway and can adjust fund positions by 5 percentage points. It typically uses a six- to 18-month time horizon to inform those tactical shifts.

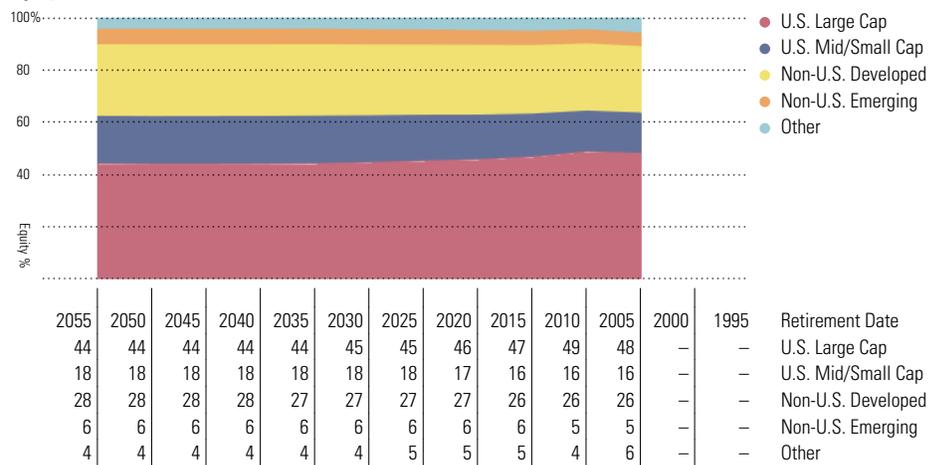
T. Rowe's disclosures regarding the series' glide path, tactical allocations, and underlying holdings are among the best in the industry.

Rating: Positive

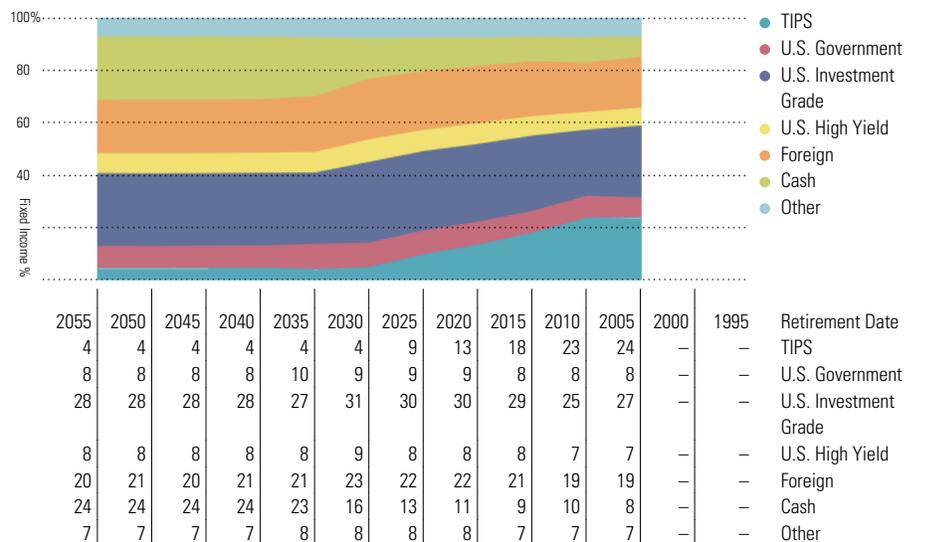
Strategic Glide Path Total Equity Exposure



Equity Allocation



Fixed-Income Allocation



T. Rowe Price Retirement Target-Date Fund Series Report

Process: Portfolio

The underlying funds in this target-date series benefit from T. Rowe Price's strong investment culture. Long manager tenures are common, as is an emphasis on high-quality securities. The funds used in the target-date series have strong long-term records: Of the 15 underlying funds with 10-year records through September 2014, all but one landed in the top half of their categories.

Morningstar analysts cover 16 of the 18 underlying funds, of which 12 received medals as of September 2014. Four underlying funds receive Analyst Ratings of Neutral because of relatively recent or upcoming manager changes. The firm usually transitions to new managers slowly to minimize disruption, though the early-2014 departure of T. Rowe Price Growth Stock's manager was unexpected.

The underlying funds are a diversified mix and cover a wide range of asset classes. On the equity side, the allocation is 70% U.S. stocks and 30% international

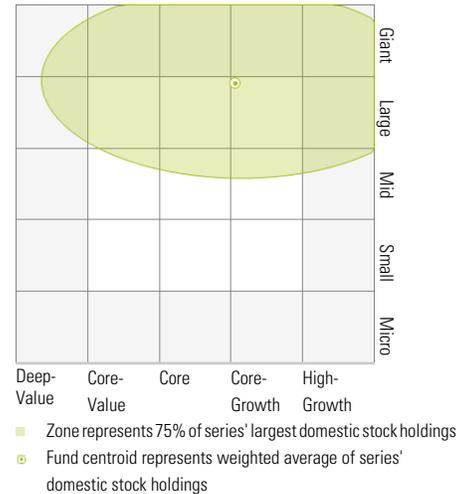
Rating: Positive

stocks (including a dedicated emerging-markets stock fund), near the target-date industry norm. The series equity stake also includes T. Rowe Price Real Assets PRAFX, which invests in the stocks of commodity producers and REITs. Although commodity-related stocks often are correlated with the broad market in the short run, T. Rowe's research argues that they behave more like the underlying commodities in the long run and should hedge inflation. The fund's allocation is targeted at 5% of assets throughout the glide path.

For fixed-income exposure, the series is anchored with a core bond fund and also includes more-specialized funds, such as an emerging-markets debt fund and a high-yield bond fund. T. Rowe Price Inflation Focused Bond is used to provide a buffer against inflation in the years leading up to retirement, but it also has the flexibility to hold as much as 80% in non-TIPS investment-grade bonds, depending on the market environment.

Series Holding-based Style Map - Equity

Data as of 09-30-2014



Top Investments as of 09-30-2014

		% of Assets	3-Yr Return %	3-Yr % Rank in Cat	3-Yr Std Dev	5-Yr Return %	5-Yr % Rank in Cat	Analyst Rating	Star Rating
T. Rowe Price New Income	Intermediate-Term Bond	14.40	3.12	57	2.97	4.44	63	Silver	★★★★
T. Rowe Price Growth Stock	Large Growth	14.32	23.86	13	13.10	16.90	11	Neutral	★★★★
T. Rowe Price Equity Index 500	Large Blend	13.71	22.66	37	10.57	15.39	24	Bronze	★★★★
T. Rowe Price Value	Large Value	13.29	25.95	4	11.63	16.15	5	Bronze	★★★★
T. Rowe Price Intl Gr & Inc	Foreign Large Value	6.65	14.29	26	13.71	7.16	20	Neutral	★★★★
T. Rowe Price Overseas Stock	Foreign Large Blend	6.08	14.63	19	13.52	7.75	14	Bronze	★★★★
T. Rowe Price International Stock Fd	Foreign Large Growth	5.69	13.23	52	14.57	7.61	50	Neutral	★★★
T. Rowe Price Emerging Markets Stock	Diversified Emerging Mkts	3.84	7.88	48	17.12	4.47	44	Bronze	★★★
T. Rowe Price Inflation Focused Bond	Inflation-Protected Bond	3.65	0.49	—	1.69	1.32	—	—	—
T. Rowe Price Real Assets	Natural Resources	3.09	7.61	59	15.37	—	—	—	★★★
Total # Holdings									19
% Portfolio in Top 10 Holdings									84.72
Overall Average Morningstar Rating									3.85

Price

The no-load share classes of T. Rowe Price's Retirement funds are relatively cheap for actively managed target-date funds sold to retail investors. T. Rowe does not charge an additional fee for its strategic and tactical asset-allocation services, so shareholders only pay the cost of the underlying funds. The Retirement

Rating: Positive

and Advisor share classes are on the pricey side, as they include additional distribution fees. Since the no-load share classes hold the majority of the funds' assets, the series' asset-weighted cost is well below the target-date asset-weighted industry average.

Asset-Weighted Cost vs. Industry Average

T. Rowe Price Retirement	0.80%
Industry Average	0.84%

Avg Cost Per Share Class	Exp Ratio (%)	Net Assets (\$M)
No Load	0.72%	94,260
Adv	0.97%	14,483
Retirement	1.22%	9,694
Other	0.78%	4
	—	—

T. Rowe Price Retirement Target-Date Fund Series Report

Performance

Rating: Positive

The series' above-average equity allocation shapes its performance. Its equity stake leading up to retirement is more than 10 percentage points greater than the industry norm and remains above-average throughout retirement. As a result, the strength of the equity market can make a big difference in the series' performance pattern. For instance, during 2008's financial crisis, nearly all of the series' funds trailed their respective peer group averages.

The bold equity allocation has paid off as the market has risen the past few years: The series' funds landed in the top of their peer groups in four of the past five calendar years. Even during 2011's tumultuous

market, the majority of the funds in the series still surpassed their typical peer. As equity markets have again surpassed bond markets for the year to date through September 2014, all of the funds in the series received a boost and rank in the top half of their respective peers. That consistent record burnishes the series' long-term results: Among the funds with 10-year records, all but the 2005 fund surpass every one of their peers (the 2005 fund is no slouch—it ranks in the top 6% of its category).

The series' above-average equity allocation has resulted in above-average volatility, as measured by standard deviation. Still, the funds' gains have more than

compensated for the bumpy ride. The funds' risk-adjusted returns over the trailing three-, five-, and 10-year periods are almost all in the top quartile of their categories, with most in the top decile.

A solid cast of underlying funds further aids the series' overall performance. Eleven of the 17 underlying funds in the series with Morningstar Ratings earn 4 or 5 stars, reflecting their strong long-term, risk-adjusted results. More recently, only three funds fell below the norm for the year to date through September 2014.

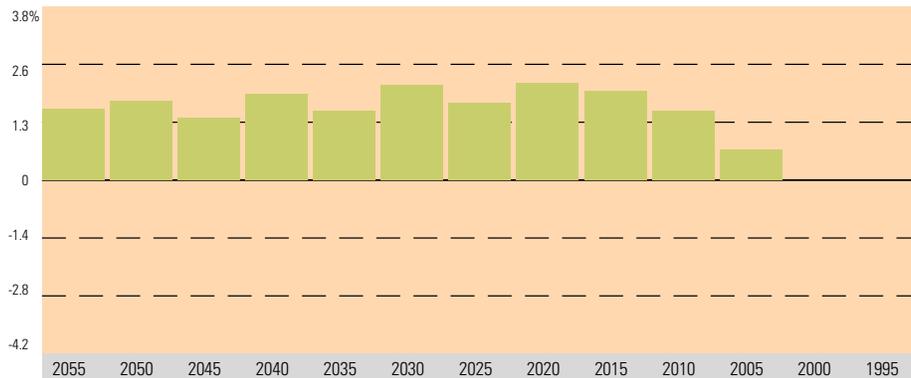
Target-Date Fund Performance as of 09-30-2014

	YTD Return %	YTD % Rank in Cat	2013 Return %	2012 Return %	3-Yr Return %	3-Yr % Rank in Cat	3-Yr Std Dev	5-Yr Return %	5-Yr % Rank in Cat	Star Rating
T. Rowe Price Retirement 2005	3.9	15	9.7	11.4	10.3	28	6.3	8.2	32	★★★★
T. Rowe Price Retirement 2010	4.0	12	11.9	12.4	11.7	1	7.1	9.0	3	★★★★★
T. Rowe Price Retirement 2015	4.1	10	15.2	13.8	13.5	1	8.1	10.0	1	★★★★★
T. Rowe Price Retirement 2020	4.1	9	18.1	15.0	15.1	1	9.0	10.9	1	★★★★★
T. Rowe Price Retirement 2025	4.2	15	20.8	16.0	16.4	5	9.8	11.6	2	★★★★★
T. Rowe Price Retirement 2030	4.2	13	23.1	16.8	17.7	3	10.5	12.2	2	★★★★★
T. Rowe Price Retirement 2035	4.1	19	24.9	17.4	18.5	1	11.0	12.6	1	★★★★★
T. Rowe Price Retirement 2040	4.1	22	25.9	17.5	19.0	1	11.3	12.8	1	★★★★★
T. Rowe Price Retirement 2045	4.1	24	25.9	17.6	18.9	1	11.3	12.8	1	★★★★★
T. Rowe Price Retirement 2050	4.1	26	25.9	17.6	18.9	3	11.2	12.8	1	★★★★★
T. Rowe Price Retirement 2055	4.1	27	25.9	17.6	18.9	5	11.3	12.8	1	★★★★★
T. Rowe Price Retirement 2060	—	—	—	—	—	—	—	—	—	—

For peer comparisons, 1 = highest return or lowest risk, 100 = lowest return or highest risk.

Target Date Funds Risk-Adjusted Returns +/- Category Average

Data as of 09-30-2014

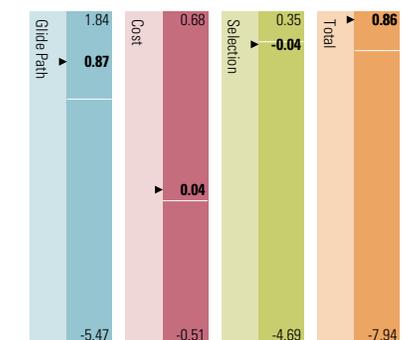


- Risk-adjusted return exceeding category average
- Risk-adjusted return trailing category average
- Category Average

Data is based on longest available performance history: three or five years. For series with more than 18 months of history, but less than three years of history, the risk-adjusted return of the appropriate Morningstar Lifetime Moderate Index is used to create a 3-year history.

Attribution Analysis

Trailing 3-Year Returns as of 09-30-2014



T. Rowe Price Retirement

● Glide Path	0.87
● Cost	0.04
● Selection	-0.04
● Total	0.86

T. Rowe Price Retirement Target-Date Fund Series Report

People

T. Rowe Price's 12-member asset-allocation committee is responsible for making the strategic decisions for the funds. The committee has a successful long-term track record on the firm's asset-allocation products, including the Spectrum and Personal Strategy funds. The group's membership includes leaders from both the firm's equity and fixed-income funds, and most of the members have spent the majority of their careers at the firm. Committee member Rich Whitney, who joined the firm in 1985, became chairman on May 1, 2011, after his predecessor retired.

Jerome Clark, a T. Rowe Price veteran and asset-allocation committee member, runs the funds' day-to-day operations. Clark joined the firm in 1992 and launched what is now the firm's college-savings plan before taking the reins here. Wyatt Lee and Kim DeDominicis assist him. The asset-allocation team includes 14 other members. Clark and the allocation team were nominated for Morningstar's 2012 Alloca-

Rating: Positive

tion Fund Manager of the Year Award. Although he does not invest directly in the target-date mutual funds, according to T. Rowe Price's compliance department, Clark has more than \$1 million invested in T. Rowe's similarly managed target-date collective trusts.

The underlying fund managers used in the series are also a sound bunch. The 8.7-year average manager tenure of the series' underlying funds is nearly double that of the mutual fund industry's average. T. Rowe Price has a history of handling manager changes for the underlying funds well, with a long transition period being the norm. T. Rowe Price Growth Stock TRSAX is one of the rare exceptions: Former manager Rob Bartolo unexpectedly resigned from the firm in mid-January 2014. His successor, Joe Fath, has been at the firm for more than a decade and, as assistant portfolio manager on another large-growth fund at the firm, was familiar with many of the fund's top holdings when he took over the portfolio.

Series Management

Manager	Start Date
Jerome Clark	09-2002
Average Tenure	12.1 years
Longest Tenure	12.1 years
Target-Date Industry	
Average Tenure	5.6 years

Underlying Funds' Management

Average Tenure	8.8 years
Longest Tenure	22.3 years
Mutual Fund Industry	
Average Tenure	5.1 years

Parent

T. Rowe Price has long exhibited many attractive attributes. The firm's disciplined, risk-conscious investment process has consistently produced successful results across its fund lineup, often with less volatility than peers. Many managers spend their careers at the firm, providing continuity for fund shareholders. Manager retirements are typically announced well in advance, allowing for a long transition process.

T. Rowe experienced a few unexpected departures in 2013, including Kris Jenner of T. Rowe Price Health Sciences PRHSX and Joe Milano of T. Rowe Price New America Growth PRWAX, who independently left to start their own hedge funds. While their exits are a loss for the firm, such occurrences are

Rating: Positive

rare, and flight risk for other managers (beyond retirements) does not appear heightened. Departures on the analyst side also bear watching, as the domestic-equity team saw a few more than usual in 2013, particularly within the health-care sector. Elsewhere, the firm has bolstered resources, particularly on the fixed-income side, which saw a rise in analysts from 33 in 2007 to 74 in 2013.

More broadly, the firm has acted in fundholders' interests by closing funds with surging asset bases and avoiding trendy fund launches. Reasonable fees and a manager compensation plan focused on long-term performance also help. However, manager ownership of fund shares is not industry-leading.

Fund Family Data

Average Overall Star Rating	★★★★
% of Assets w/Star Rating	99.6%

Assets (listed in USD \$Mil)

Total Assets Under Mgt	594,074
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Average Manager Tenure	7.4 years
5-year Manager Retention Rate (%)	95.0%
Manager Investment Over 1 Million USD (% Assets)	30.0%

Average Fee Level (%)	39.0%
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3-year Firm Success Ratio (%)	73.0%
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