GLOSSARY OF INVESTMENT-RELATED TERMS[1] FOR DISCLOSURES TO RETIREMENT PLAN PARTICIPANTS

General Investment-Related Terms

12b-1 Fee: A fee assessed on certain mutual funds permitted under an SEC rule to help cover the costs associated with marketing and selling the fund. 12b-1 fees may also be used to cover shareholder or unitholder servicing expenses.

Accrued Interest: The interest that has accumulated since the principal investment, or since the previous interest payment if there has been one already.

Active Management: The trading of securities to take advantage of market opportunities as they occur, in contrast to passive management. Active managers rely on research, market forecasts, and their own judgment and experience in selecting securities to buy and sell.

Aggressive: An investment approach that accepts above-average risk of loss in return for potentially above-average investment returns.

Aggressive Growth Fund: A fund that invests primarily in the stocks of companies with above-average risk in return for potentially above-average gains. These companies often pay small or no dividends and their stock prices tend to have the most ups and downs from day to day.

Alpha: is a risk-adjusted measure of the return on an actively managed investment.

Annualized Rate of Return: The return on an investment over a period other than one year (such as a month, or two years) multiplied or divided to give a comparable one-year return.

Annual Rate of Return: The annual rate of gain or loss on an investment expressed as a percentage.

Annual Turnover Ratio: A measure of how frequently investments are bought and sold within an investment fund during a year. The portfolio turnover rate is usually expressed as a percentage of the total value of an investment fund. As the level of portfolio turnover increases, transaction expenses incurred by the fund, such as brokerage commissions, increase, which may adversely affect the fund's performance.

Appreciation: An increase in the value of an investment.

Asset: Anything with commercial or exchange value owned by a business, institution or individual. Examples include cash, real estate and investments.

Asset Allocation: A method of investing by which investors include a range of different investment classes such as stocks, bonds, and cash alternatives or equivalents in their portfolios. See Diversification.

Asset-backed Security: A security whose value and income payments are derived from and collateralized (or "backed") by a specified pool of underlying assets. The pool of assets is typically a group of small and illiquid assets that are unable to be sold individually. The pools of underlying assets can include payments from credit cards, auto loans, and mortgage loans.

Asset-based Fee: An annual fee based on asset levels charged by investment managers for investment management.

[1] Includes excerpt from the published sample v1.01 (April 26, 2012) by The SPARK Institute and Investment Company Institute investment-terms that relevant to the ABA Retirement Funds Program and not published

Asset Class: A group of securities or investments that have similar characteristics and behave similarly in the marketplace. Three common asset classes are equities (e.g., stocks), fixed income (e.g., bonds), and cash alternatives or equivalents (e.g., money market funds).

Average Annual Total Return: The yearly average percentage increase or decrease in an investment's value that includes dividends, and changes in share price.

Average Credit Quality: It is an average of each bond's credit rating, adjusted for its relative weighting in the portfolio.

Average Effective Duration: A measure of a fund's interest-rate sensitivity.

Average Effective Maturity: A weighted average of all the maturities of the bonds in a portfolio, computed by weighting each bond's effective maturity by the market value of the security.

Average Weighted Coupon: Computed by weighting the coupon of each bond by its relative size in the portfolio.

Average Weighted Price: Computed for most bond funds by weighting the price of each bond by its relative size in the portfolio. This number reveals whether the fund favors bonds selling at prices above or below face value (premium or discount securities, respectively) and can also serve as an indicator of interest-rate sensitivity. This statistic is expressed as a percentage of par (face) value.

Balanced Fund: A fund with an investment objective of both long-term growth and income, through investment in both stocks and bonds.

Barclay's Capital U.S. Aggregate Bond Index: A common index widely used to measure performance of U.S. investment grade bond funds.

Barclay's Capital U.S. High Yield Bond Index: This Index includes USD denominated, non-investment grade, fixed-rate, taxable corporate bonds.

Barclay's Capital U.S. High Yield Very Liquid Bond Index: The Barclays Capital High Yield Very Liquid Index includes publicly issued U.S. dollar denominated, non-investment grade, fixed-rate, taxable corporate bonds that have a remaining maturity of at least one year, regardless of optionality, are rated high-yield (Ba1/BB+/BB+ or below) using the middle rating of Moody's, S&P, and Fitch, respectively (before July 1, 2005, the lower of Moody's and S&P was used), and have $600 million or more of outstanding face value.

Barclay's Capital U.S. Long Government Bond Index: This Index includes fixed income securities issued by the U.S. Treasury (not including inflation-protected bonds) and U.S. government agencies and instrumentalities, as well as corporate or dollar-denominated foreign debt guaranteed by the U.S. government, with maturities greater than 10 years.

Barclay's Capital U.S. TIPS Index: The index includes all publicly issued, U.S. Treasury inflation-protected securities that have at least one year remaining to maturity, are rated investment grade, and have $250 million or more of outstanding face value.

Basis Point: One-hundredth of one percent, or 0.01%. For example, 20 basis points equal 0.20%. Investment expenses, interest rates, and yield differences among bonds are often expressed in basis points.

Benchmark: An unmanaged group of securities whose performance is used as a standard to measure investment performance. A well-known benchmark is the S&P 500 Index.

Beta: Describes the volatility of an asset in relation to the volatility of the benchmark that the asset is being compared to. This benchmark is generally the overall financial market and is often estimated via the use of representative indices, such as the S&P 500.

Blended Benchmark or Custom Benchmark or Hybrid Benchmark: A Blended Benchmark is created by blending two or more underlying benchmarks.

Bond: A debt security which represents the borrowing of money by a corporation, government, or other entity. The borrowing institution repays the amount of the loan plus a percentage as interest. Income funds generally invest in bonds.

Bond Duration or Duration: A measure of the sensitivity of the price (the value of principal) of a fixed-income security to a change in interest rates. Duration is expressed as a number of years. Rising interest rates generally lead to falling bond prices, while declining interest rates result in rising bond prices. The longer the duration, the greater the increase or decrease, as applicable, in a bond's price in response to interest rate changes.

Bond Fund: A fund that invests primarily in bonds and other debt instruments.

Bond Rating or Credit Rating or Credit Quality: A rating or grade that is intended to indicate the credit quality of a bond, considering the financial strength of its issuer and the likelihood that it will repay the debt. Bond or credit rating agencies such as Standard & Poor's, Moody's Investors Service, and Fitch issue ratings for different bonds, ranging from AAA (highly unlikely to default) to D (in default).

Book Value Accounting: "Book value accounting" keeps the price of stable value funds steady despite changes in the market value of the underlying securities. This treatment makes it possible for the fund to pay interest rates similar to bonds, with minimal fluctuations in the visible price of the fund.

Broker: A person who acts as an intermediary between the buyer and seller of a security, insurance product, or mutual fund, often paid by commission. The terms broker, broker/dealer, and dealer are sometimes used interchangeably.

Brokerage Window: An investment option plan feature that permits participants to purchase investments that are not included among the plan's general menu of designated investment alternatives.

Capitalization (Cap) or Market Cap: The market value of a company. Market capitalization can be determined by multiplying the number of outstanding shares of a company's stock by the stock's current market price per share..

Capital Appreciation Fund: An investment fund that seeks growth in share prices by investing primarily in stocks whose share prices are expected to rise.

Capital Gain (Appreciation): An increase in the value of a portfolio, calculated by the difference between the market value of the investments and the cost of the investments. A realized gain is the difference between the actual proceeds received on the sale of that investment, net of all selling costs, and the purchase price of that investment.

Capital Loss (Depreciation): The loss in the value of a portfolio, calculated by the difference between the cost of the investments and their market value. A realized loss is the difference between the purchase price of an investment and the actual proceeds received on the sale of that investment, net of all selling costs.

Capital Preservation: An investment goal or objective to keep the original investment amount (the principal) from decreasing in value.

Cash Alternative or Cash Equivalent or Money Market Instrument: An investment that is short term, highly liquid, and has high credit quality.

Collective Investment Fund or Collective Investment Trust: Investments created by a bank or trust company for employee benefit plans, such as 401(k) plans, that pool the assets of retirement plans for investment purposes. These funds are also referred to as collective or commingled trusts.

Commercial Mortgage-backed Security (CMBS): A type of mortgage-backed security backed by mortgages on commercial rather than residential real estate.

Commission: Compensation paid to a broker or other salesperson for his or her role when investments are bought or sold.

Common Stock: An investment that represents a share of ownership in a corporation.

Competing Funds: An investment fund that is identified by the investment manager of another fund and which is subject to special rules relating to an investor's ability to buy and sell investments between the two funds. See Equity Wash Restriction.

Commodity: A raw material or primary agricultural product that can be bought and sold, such as copper or coffee.

Compounding: The cumulative effect that reinvesting an investment's earnings can have by generating additional earnings of their own.

Conservative: An investment approach that accepts lower rewards in return for potentially lower risks.

Convertible Security: A convertible security combines features of two different investments. It is a corporate security (usually bonds or preferred stock) that can be exchanged for another form of security (usually common stock). In addition to paying a fixed rate of return like a non-convertible security, a convertible security conveys the right (but not the obligation) to convert the security.

Core Consumer Price Index (Core CPI): Core CPI measures changes in the price level of consumer goods and services purchased by households which excludes certain items that face volatile price movements, notably food and energy.

Corporate Bond: A bond issued by a corporation, rather than by a government. The credit risk for a corporate bond is based on the re-payment ability of the company that issued the bond.

Coupon: A bond coupon refers to the periodic interest payments that a bond holder is entitled to receive for holding a bond.

Credit Analysis: It is the method by which one calculates the creditworthiness of a business or organization. The audited financial statements of a large company might be analyzed when it issues or has issued bonds.

Credit Risk or Default Risk: The risk that a bond issuer will default, meaning not repay principal or interest to the investor as promised.

Credit Spread: The difference between the yield of Treasury securities and non-Treasury securities that are identical in all respects except for quality rating.

Current Yield: The current rate of return of an investment calculated by dividing its expected income payments by its current market price.

Custodian: A person or entity (e.g., bank, trust company, or other organization) responsible for holding financial assets.

Deflation: The opposite of inflation; a decline in the prices of goods and services.

Depreciation: A decrease in the value of an investment.

Derivative: A security whose price is dependent upon or derived from one or more underlying assets. The derivative itself is merely a contract between two or more parties. Its value is determined by fluctuations in the underlying asset. The most common underlying assets include stocks, bonds, commodities, currencies, interest rates and market indexes.

Designated Investment Alternative: The investment options picked by the Program into which participants can direct the investment of their plan accounts.

Developed Market: Established economies with stable governments and a regulated market that has transparency and recognizes shareholder rights.

Diversification: The practice of investing in multiple asset classes and securities with different risk characteristics to reduce the risk of owning any single investment.

Dividend: Money an investment fund or company pays to its stockholders, typically from profits. The amount is usually expressed on a per-share basis.

Dow Jones UBS Commodity Index: A broadly diversified index composed of futures contracts on physical commodities.

Dow Jones U.S. Select REIT Index: Comprised of companies whose charters are the equity ownership and operation of commercial real estate and which operate under the REIT Act of 1960.

Emerging Market: Generally, economies that are in the process of growth and industrialization, such as in Africa, Asia, Eastern Europe, the Far East, Latin America, and the Middle East which, while relatively undeveloped, may hold significant growth potential in the future. Investing in these economies may provide significant rewards, and significant risks. May also be called developing markets.

Emerging Market Fund: A fund that invests primarily in emerging market countries.

Equity or Stock: A security or investment representing ownership in a corporation, unlike a bond, which represents a loan to a borrower.

Equity Fund: A fund that invests primarily in equities.

Equity Wash Restriction: A provision in certain stable value or fixed income products under which transfers made from the stable value or fixed income product are required to be directed to an equity fund or other non-competing investment option of the plan for a stated period of time (usually 90 days) before those funds may be invested in any other plan-provided competing fixed income fund (such as a money market fund).

Exchange Traded Fund (ETF): An investment company, such as a mutual fund, whose shares are traded throughout the day on stock exchanges at market-determined prices.

Expense Ratio or Total Expense Ratio: A measure of what it costs to operate an investment, expressed as a percentage of its assets or in basis points. These are costs the investor pays through a reduction in the investment's rate of return. Fund performance is reported net of fees and expenses. See Operating Expenses and Total Annual Operating Expenses.

Face Value or Par Value or Par: The nominal value or dollar value of a security stated by the issuer. For stocks, it is the original cost of the stock shown on the certificate. For bonds, it is the amount paid to the holder at maturity.

Federal Deposit Insurance Corporation (FDIC): A federal agency that insures money on deposit in member banks and thrift institutions.

Federal Home Mortgage Corporation (FHLMC or FMCC) or Freddie Mac: Freddie Mac, a public government sponsored enterprise (GSE), buys mortgages on the secondary market, pools them, and sells them as a mortgage-backed security (MBS) to investors on the open market. Freddie Mac's primary method of making money is by charging a guarantee fee on loans that it has purchased and securitized into MBS bonds. Investors, or purchasers of Freddie Mac MBS, are willing to let Freddie Mac keep this fee in exchange for assuming the credit risk, that is, Freddie Mac's guarantee that the principal and interest on the underlying loan will be paid back regardless of whether the borrower actually repays.

Federal National Mortgage Association (FNMA) or Fannie Mae: Fannie Mae, a public government sponsored enterprise (GSE), securitizes mortgages in the form of mortgage-backed securities (MBS) allowing lenders to reinvest their assets into more lending and in effect increasing the number of lenders in the mortgage market by reducing the reliance on savings and loan associations. Fannie Mae made money partly by borrowing at low rates, and lending at higher rates. It borrowed by selling bonds, and lent by creating mortgages and mortgage backed securities which it held on its own books. Fannie Mae also earned a significant portion of its income from guaranty fees it received as compensation for assuming the credit risk on the mortgage loans underlying its single-family Fannie Mae MBS and on the single-family mortgage loans held in its retained portfolio. Investors, or purchasers of Fannie Mae MBSs, are willing to let Fannie Mae keep this fee in exchange for assuming the credit risk; that is, Fannie Mae's guarantee that the scheduled principal and interest on the underlying loan will be paid even if the borrower defaults.

Financial Industry Regulatory Authority (FINRA): A self-regulatory organization for brokerage firms doing business in the United States. FINRA operates under the supervision of the SEC. The organization’s objectives are to protect investors and ensure market integrity.

Federal Reserve: The federal banking authority in the U.S. that performs the functions of a central bank and is used to implement the country's monetary policy, providing a national system of reserve cash available to banks.

Financial Statements: The written record of the financial status of a fund or company, usually published in the annual report. The financial statements generally include a balance sheet, income statement, and other financial statements and disclosures.

Fixed Income Fund: A fund that invests primarily in bonds and other fixed-income securities, often to provide shareholders or unitholders with current income.

Fixed Return Investment: An investment that provides a specific rate of return to the investor.

Front-end Load: A sales charge on mutual funds or annuities assessed at the time of purchase to cover selling costs.

Frontier Market: Frontier markets are investable but have lower market capitalization and liquidity than the more developed emerging markets. The frontier equity markets are typically pursued by investors seeking high, long term returns and low correlations with other markets. Over time, it is expected that the market will become more liquid and exhibit similar risk and return characteristics as the larger, more liquid emerging markets.

FTSE EPRA/NAREIT Global Developed Liquid Real Estate Securities Index: Designed to track the performance of eligible listed real estate in the Developed markets. The Index includes Real Estate Operating Companies and REITs that derive at least 75% of their income from relevant real estate activities. Relevant real estate activities are defined as ownership, trading and development of income-producing real estate. The index is screened for liquidity and provides geographic and property sector diversification.

Fund Family: A group or "complex" of mutual funds, each typically with its own investment objective, and managed and distributed by the same company. A Fund Family also could refer to a group of collective investment funds or a group of separate accounts managed and distributed by the same company.

Fund of Funds: A mutual fund, collective investment fund or other pooled investment that invests primarily in other mutual funds, collective investment funds or pooled investments rather than investing directly in individual securities (such as stocks, bonds or money market securities).

Futures Contract: A standardized contract between two parties to buy or sell a specified asset of standardized quantity and quality for a price agreed today (the *futures price* or strike price) with delivery and payment occurring at a specified future date, the *delivery date*. The contracts are negotiated at a futures exchange, which acts as an intermediary between the two parties.

Glidepath: The change over time in a target retirement date fund's asset allocation mix to shift from a focus on growth to a focus on income.

Global Fund: A fund that invests primarily in securities anywhere in the world, including the United States.

Government National Mortgage Association or Ginnie Mae: Ginnie Mae is a wholly owned government corporation. It guarantees the timely payment of principal and interest payments on residential mortgage-backed securities (MBS) backed by single and multi-family loans. These securities, or "pools" of mortgage loans, are used as collateral for the issuance of securities by government-approved securities issuers who participate in Ginnie Mae's program. Ginnie Mae securities are the only mortgage-backed securities that are backed by the full faith and credit guaranty of the United States government.

Government Securities: Any debt obligation issued by a government or its agencies (e.g., Treasury Bills issued by the United States).

Growth Investing: Growth refers to a style of investing in which investment advisors seek to invest in firms with rapidly increasing profits or sales often focusing less on the relative estimated enterprise or asset values as compared to the prices they pay for such stocks.

Growth Fund: A fund that invests primarily in the stocks of companies with above-average risk in return for potentially above-average gains. These companies often pay small or no dividends and their stock prices tend to have the most ups and downs from day to day.

Growth and Income Fund: A fund that has a dual strategy of growth or capital appreciation and current income generation through dividends or interest payments.

Guaranteed Investment Contracts (GIC): A contract that guarantees repayment of principal and a fixed or floating interest rate for a predetermined period of time. For a **traditional** GIC the insurance company or the issuer retains custody of the assets backing the contract. For a **synthetic** GIC the investment and insurance components are unbundled. The purchaser has custody of the assets and negotiates for the wrap contract providing the book value insurance protection separately.

High-yield Bond or Junk Bond or Non-investment-grade Bond or Speculative-grade Bond: A bond that is rated below investment grade. These bonds have a higher risk of default or other adverse credit events, but typically pay higher yields than better quality bonds in order to make them attractive to investors.

iMoneyNet MFR Prime Institutional Money Market Fund Average: Benchmark used to compare short-term fixed income funds to the average yield of institutional money market funds monitored by iMoneyNet.

Impaired Securities: A security is considered to be value-impaired when its book value exceeds the future net cash flows expected to be received from its use.

Inception Date: The date that a fund began operations.

Income: Payment to an investor of a dividend on a stock or of interest on a bond.

Income Fund: A fund that primarily seeks current income rather than capital appreciation.

Index or Market Index: A benchmark against which to evaluate a fund's performance. The most common index for stock funds is the Standard & Poor's 500 Index.

Index Fund: An investment fund that seeks to track the performance of a particular stock market or bond market index. Index funds are often referred to as passively managed investments.

Inflation: The overall general upward price movement of goods and services in an economy. Inflation is one of the major risks to investors over the long term because it erodes the purchasing power of their savings.

Interest/Interest Rate: The fee charged by a lender to a borrower, usually expressed as an annual percentage of the principal. For example, someone investing in bonds will receive interest payments from the bond's issuer.

Interest Rate Risk or Interest Rate Sensitivity: The possibility that a bond's or bond fund's market value will decrease (increase) due to rising (lowering) interest rates. When interest rates (and bond yields) go up, bond prices usually go down and vice versa.

Interest Rate Swap: A popular and highly liquid financial derivative instrument in which two parties agree to exchange interest rate cash flows, based on a specified notional amount from a fixed rate to a floating rate (or vice versa) or from one floating rate to another. Interest rate swaps are commonly used for both hedging and speculating.

International Fund or Foreign Fund: A fund that invests primarily in the securities of companies located, or with revenues derived from, outside of the United States.

Investable Market Index (IMI): Securities included in an index that are limited to "investable" securities. For example, the MSCI ACWI IMI is a subset of the MSCI ACWI All Cap Index. The IMI in this case excludes companies in the developed markets considered to be extremely small and said to have "micro" capitalization.

Investment Adviser or Investment Manager: A person or organization hired by an investment fund or an individual to give professional advice on investments and asset management practices.

Investment Company: A corporation or trust that invests pooled shareholder dollars in securities appropriate to the organization's objective. The most common type of investment company, commonly called a mutual fund, stands ready to buy back its shares at their current net asset value.

Investment Company Act of 1940: The Act regulates conflicts of interest in investment companies and securities exchanges. It seeks to protect the public primarily by legally requiring disclosure of material details about each investment company.

Investment Grade: A bond is considered investment grade if its credit rating is BBB- or higher by Standard & Poor's or Baa3 or higher by Moody's. Generally they are bonds that are judged by a rating agency as likely enough to meet payment obligations allowing banks to invest in them.

Investment Objective or Investment Strategy: The goal that an investment fund or investor seeks to achieve (e.g., growth or income).

Investment Return: The gain or loss on an investment over a certain period, expressed as a percentage. Income and capital gains or losses are included in calculating the investment return.

Investment Risk: The possibility of losing some or all of the amounts invested or not gaining value in an investment.

Investment Style: It refers to different style characteristics of equities, bonds or financial derivatives within a given investment philosophy. Investment styles include value or growth investing and passive or active investing.

Large Capitalization (Cap): A reference to either a large company stock or an investment fund that invests in the stocks of large companies.

Large Cap Fund: A fund that invests primarily in large cap stocks.

Large Cap Stocks: Stocks of companies with a large market capitalization. Large caps tend to be well-established companies, so their stocks typically entail less risk than smaller caps, but large-caps also offer less potential for dramatic growth.

Liability: A current obligation of an entity arising from past transactions or events.

Lifecycle Fund: A fund designed to provide varying degrees of long-term appreciation and capital preservation based on an investor's age or target retirement date through a mix of asset classes. The mix changes over time to become less focused on growth and more focused on income. Also known as "target retirement date" or "age-based" fund.

Lifestyle Fund: A fund that maintains a predetermined risk level and generally uses words such as "conservative," "moderate," or "aggressive" in its name to indicate the fund's risk level. Used interchangeably with "target risk fund."

Liquidity: The ease with which an investment can be converted into cash. If a security is very liquid, it can be bought or sold easily. If a security is not liquid, it may take additional time and/or a lower price to sell it.

Load: A sales charge assessed on certain investments to cover selling costs. A front-end load is charged at the time of purchase. A back-end load is charged at the time of sale or redemption.

MSCI EAFE Index: An index known by an acronym for the Europe, Australasia, and Far East markets produced by Morgan Stanley Capital International (MSCI). Markets are represented in the index according to their approximate share of world market capitalization. The index is a widely used benchmark for managers of international stock fund portfolios.

MSCI All Country World ex-U.S. Index (MSCI ACWI ex US): An index of major world stock markets, excluding the United States. The index is a widely used benchmark for managers of international stock fund portfolios.

MSCI All Country World Index (MSCI ACWI): An index of major world stock markets, including the United States. The index is a widely used benchmark for managers of global stock fund portfolios.

Management Fee: A fee or charge paid to an investment manager for its services.

Market Capitalization or Market Cap: The market value of a company. Market capitalization can be determined by multiplying the number of outstanding shares of a company's stock by the stock's current market price per share.

Market Risk: The possibility that the value of an investment will fall because of a general decline in the financial markets.

Maturity Date: The date on which the principal amount of a loan, bond, or any other debt becomes due and is to be paid in full. A longer maturity indicates higher sensitivity to interest rate fluctuations.

Mid Capitalization (Cap): A reference to either a medium sized company stock or an investment fund that invests in the stocks of medium-sized companies.

Mid Cap Fund: A fund that invests primarily in mid-cap stocks.

Mid Cap Stocks: Stocks of companies with a medium market capitalization. Mid caps are often considered to offer more growth potential than larger caps (but less than small caps) and less risk than small caps (but more than large caps).

Money Market Fund: A mutual fund that invests in short-term, high-grade fixed-income securities, and seeks the highest level of income consistent with preservation of capital (i.e., maintaining a stable share price).

Morningstar: A leading mutual fund research and tracking firm. Morningstar categorizes funds by objective and size, and then ranks fund performance within those categories. See ABA Retirement Funds Fund Performance for information on the Morningstar Categories used.

Mortgage-backed Security: An asset-backed security that represents a claim on the cash flows from mortgage loans through a process known as securitization.

Municipal Securities: Municipal securities (or munis) are tax exempt debt securities issued by state and local governments in the United States and its territories. They include securities issued by agencies or authorities established by those governments. Munis are used to fund items such as infrastructure, schools, libraries, general municipal expenditures or refundings of old debt.

Mutual Fund: An investment company registered with the SEC that buys a portfolio of securities selected by a professional investment adviser to meet a specified financial goal (investment objective). Mutual funds can have actively managed portfolios, where a professional investment adviser creates a unique mix of investments to meet a particular investment objective, or passively managed portfolios, in which the adviser seeks to track the performance of a selected benchmark or index.

Net Asset Value (NAV): A fund's price per unit calculated daily. The per unit dollar value of a fund is calculated by dividing the total assets of all the holdings in its portfolio, less any liabilities, by the number of fund units outstanding.

No-Load Fund: A mutual fund whose shares are sold without a sales commission and which does not charge a combined 12b-1 fee and service fee of more than 25 basis points or 0.25% per year.

Nominal Return: The rate of return on an investment without adjusting for inflation. It is calculated simply by taking the dollar amount of the return and comparing it to the amount invested. A high nominal return does not guarantee a real profit. For example, if the nominal return on an investment is 8% and the inflation rate is 5%, the real rate of return is only 3%.

Notes, Debentures, or Equipment Trust Certificates: Financial debt instruments with differing characteristics (e.g., payment terms and collateral) where an obligation is owed by one party (the debtor) to a second party, the creditor.

Operating Expenses: The expenses associated with running or operating an investment fund. Operating expenses may include custody fees, management fees, and transfer agent fees. See Expense Ratio and Total Annual Operating Expenses.

Passive Management: The process or approach to operating or managing a fund in a passive or non-active manner, typically with the goal of mirroring an index. These funds are often referred to as index funds and differ from investment funds that are actively managed.

Portfolio: A collection of investments such as stocks and bonds that are owned by an individual, organization, or investment fund.

Portfolio Manager: The individual, team or firm who makes the investment decisions for an investment fund, including the selection of the individual investments.

Portfolio Turnover Rate: A measure of how frequently investments are bought and sold within an investment fund during a year. The portfolio turnover rate is usually expressed as a percentage of the total value of an investment fund. As the level of portfolio turnover increases, transaction expenses incurred by the fund, such as brokerage commissions, increase, which may adversely affect the fund's performance.

Principal: The original dollar amount of an investment. Principal may also be used to refer to the face value or original amount of a bond.

Prospectus and Prospectus Supplement: The official documents that describes certain investments, such as mutual funds, to prospective investors. The prospectus contains information required by the SEC, such as investment objectives and policies, risks, services, and fees.

R-squared: A statistical measure that represents the percentage of a fund or security's movements that can be explained by movements in a benchmark index. R-squared values range from 0 to 100. An R-squared of 100 means that all movements of a fund or security are completely explained by movements in the index.

Rate of Return: The gain or loss on an investment over a period of time. The rate of return is typically reported on an annual basis and expressed as a percentage. The performance includes distributed and undistributed capital appreciation or loss and interest or other income.

Real Estate Investment Trust (REIT): Companies that invest in multiple real estate properties. REITs generally trade on major stock exchanges and are held by many mutual funds.

Real Rate of Return: The rate of return on an investment adjusted for inflation.

Rebalance: The process of moving money from one type of investment to another to maintain a desired asset allocation.

Redemption: To sell fund shares or units back to the fund. Redemption can also be used to mean the repayment of a bond on or before the agreed upon pay-off date.

Redemption Fee: A fee, generally charged by a mutual fund, to discourage certain trading practices by investors, such as short-term or excessive trading. If a redemption fee is charged it is done when the investment is redeemed or sold.

Relative Return: The return that a fund achieves over a period of time compared to a benchmark. The relative return is the difference between the absolute return achieved by the fund and the return achieved by the benchmark.

Return or Total Return or Absolute Return: The gain or loss on an investment. A positive return indicates a gain, and a negative return indicates a loss.

Risk: The potential for investors to lose some or all the amounts invested or to fail to achieve their investment objectives.

Risk Tolerance: An investor's ability and willingness to incur various levels of losses of an investment in exchange for greater potential returns.

Round Trip Restriction: A policy that limits the number of times an investor can exchange into and out of a fund within a given time frame. This is intended to discourage frequent trading that increases the costs to all the fund’s investors.

Russell Indexes: A group of indexes that are widely used to benchmark investment performance. The **Russell 3000 Index** is composed of the 3,000 largest U.S. companies by market capitalization. The most common Russell index is the **Russell 2000 Index**, an index of U.S. small-cap stocks, which measures the performance of the 2,000 smallest U.S. companies in the Russell 3000 Index. The **Russell 1000 Index** measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000 Index and includes approximately 1,000 of the largest U.S. securities based on a combination of their market cap and current index membership. The **Russell 2500 Index**, a subset of the Russell 3000 Index, measures the performance of the small to mid-cap segment of the U.S. equity universe and includes approximately 2,500 of the smallest securities based on a combination of their market cap and current index membership. The **Russell Small Completeness** measures the performance of the Russell 3000® Index companies excluding S&P 500 constituents. This Index is constructed to provide an assessment of the extended broad market beyond the S&P 500 exposure.

Ryan Labs 3-Year GIC Index: The index is a benchmark comparison index for stable value funds. It is an arithmetic mean of market rates of $1 million Guaranteed Investment Contracts held for three years. The Index is unmanaged, diversified, and does not reflect any transaction costs.

Sales Charge: A charge for buying an investment.

Sector Fund: A fund that invests in a particular or specialized segment of the marketplace, such as stocks of companies in the software, healthcare, or real estate industries.

Securities Act of 1933: The '33 Act is based upon a philosophy of disclosure, meaning that the goal of the law is to require issuers of securities to fully disclose all material information that a reasonable shareholder would require in order to make up his or her mind about the potential investment.

Securities and Exchange Commission (SEC): Government agency created by Congress in 1934 to regulate the securities industry and to help protect investors. The SEC is responsible for ensuring that the securities markets operate fairly and honestly.

Securities Lending: Refers to the lending of securities by one party to another. The terms of the loan will be governed by a "Securities Lending Agreement", which requires that the borrower provides the lender with collateral, in the form of cash, government securities, or a Letter of Credit of value equal to or greater than the loaned securities. As payment for the loan, the parties negotiate a fee, quoted as an annualized percentage of the value of the loaned securities.

Securitization: The process through which an issuer creates a financial instrument by combining other financial assets and then marketing different tiers of the repackaged instruments to investors. The process can encompass any type of financial asset and promotes liquidity in the marketplace.

Security: A general term for stocks, bonds, mutual funds, and other investments.

Separate Account: An insurance company account that is segregated or separate from the insurance company's general assets. Also refers to a fund managed by an investment adviser for a single plan.

Share: A representation of ownership in a company or investment fund.

Shareholder: An owner of shares in an investment fund or corporation.

Shareholder-Type Fees: Any fee charged against your investment for purchase and sale, other than the total annual operating expenses.

Small Capitalization (Cap): A reference to either a small company stock or an investment fund that invests in the stocks of small companies.

Small Cap Fund: A fund that invests primarily in small-cap stocks.

Small Cap Stocks: Stocks of companies with a smaller market capitalization. Small caps are often considered to offer more growth potential than large caps and mid caps but with more risk.

Speculation: The practice of engaging in risky financial transactions in an attempt to profit from short or medium term fluctuations in the market value of a tradable good such as a financial instrument, rather than attempting to profit from the underlying financial attributes embodied in the instrument such as capital gains, interest, or dividends. Many speculators pay little attention to the fundamental value of a security and instead focus purely on price movements.

Stable Value Fund: An investment fund that seeks to preserve principal, provide consistent returns and liquidity. Stable value funds include collective investment funds sponsored by banks or trust companies or contracts issued by insurance companies.

Standard & Poor's 500 Stock Index (S&P 500): An index comprised of 500 widely held common stocks considered to be representative of the U.S. stock market in general. Performance figures are inclusive of dividends reinvested. The S&P 500 is often used as a benchmark for equity fund performance.

Standard & Poor's Mid Cap 400 Index (S&P 400): An index that includes approximately 10% of the capitalization of U.S. equities. Represented by 400 companies whose capitalization range is between $250 million to $5 billion.

Standard Deviation: Standard deviation shows how much variation or "dispersion" exists from the average return (mean, or expected value). A low standard deviation indicates that the data points tend to be very close to the mean, whereas high standard deviation indicates that the data points are spread out over a large range of values.

Stock: A security that represents an ownership interest in a corporation.

Stock Exchange: A form of exchange which provides services for stock brokers and traders to trade stocks, bonds, and other securities.

Stock Fund or Equity Fund: A fund that invests primarily in stocks.

Stock Symbol: An abbreviation using letters and numbers assigned to securities to identify them. Also see Ticker Symbol.

Sub-advisor: An investment manager who works outside of the fund, and is hired by a fund manager to help with an investment portfolio. These sub-advisors are allowed to manage all or some of a fund's assets, and usually are given a set of investment objectives to adhere to when selecting securities.

Summary Prospectus: A short-form prospectus that mutual funds generally may use with investors if they make the long-form prospectus and additional information available online or on paper upon request.

Super Sectors (Morningstar): **Cyclical** Super Sector includes industries significantly impacted by economic shifts (e.g., real estate and financial services). When the economy is prosperous these industries tend to expand, and when the economy is in a downturn these industries tend to shrink. **Defensive** Super Sector includes industries that are relatively immune to economic cycles. These industries provide services that consumers require in both good and bad times, such as health care and utilities. **Sensitive** Super Sector includes industries that ebb and flow with the overall economy (e.g., energy and technology), but not severely so. Sensitive industries fall between the defensive and cyclical industries as they are not immune to a poor economy, but they also may not be as severely impacted by a poor economy as industries in the Cyclical Super Sector.

Target Date Fund or Retirement Date Fund: A fund designed to provide varying degrees of long-term appreciation and capital preservation based on an investor's age or target retirement date through a mix of asset classes. The mix changes over time to become less focused on growth and more focused on income. Also known as a "lifecycle fund."

Target Risk Fund: A fund that maintains a predetermined asset mix and generally uses words such as "conservative," "moderate," or "aggressive" in its name to indicate the fund's risk level. Often used interchangeably with "lifestyle fund."

Three Year Constant Maturity Treasury Yield: Interpolated by the Treasury from the daily yield curve. This curve, which relates the yield on a security to its time to maturity is based on the closing market bid yields on actively traded Treasury securities in the over-the-counter market. These market yields are calculated from composites of quotations obtained by the Federal Reserve Bank of New York. The yield values are read from the yield curve at fixed maturities, currently 1, 3 and 6 months and 1, 2, 3, 5, 7, 10, 20, and 30 years.

Ticker Symbol: An abbreviation using letters and numbers assigned to securities and indexes to identify them. Also see Stock Symbol.

Time Horizon: The amount of time that an investor expects to hold an investment before taking money out.

Time to Maturity: The time remaining until a financial contract expires.

Total Annual Operating Expenses: A measure of what it costs to operate an investment, expressed as a percentage of its assets, as a dollar amount, or in basis points. These are costs the investor pays through a reduction in the investment's rate of return. See Expense Ratio and Operating Expenses.

Treasury Inflation Protected Securities (TIPS): A treasury security that is linked to the rate of inflation in order to protect investors from the negative effects of inflation. TIPS are considered an extremely low-risk investment since they are backed by the U.S. government and since their par value rises with inflation, as measured by the Consumer Price Index, while their interest rate remains fixed.

Trustee: A person or entity (e.g., bank, trust company, or other organization) that is responsible for the holding and safekeeping of trust assets. A trustee may also have other duties such as investment management. A trustee that is a "directed trustee" is responsible for the safekeeping of trust assets but has no discretionary investment management duties or authority over the assets.

Unit: A representation of ownership in an investment that does not issue shares. Most collective investment funds are divided into units instead of shares. See Share.

Unitholder: An owner of units in an investment. See Shareholder.

Unit Class: Investment funds that are divided into units (e.g., collective investment funds) instead of shares may offer more than one type or group of units, each of which is considered a class (e.g., "Class A"). For most investment funds, each class has different fees and expenses but all of the classes invest in the same pool of securities and share the same investment objectives.

Unit Value or Share Value: The dollar value of each unit or share on a given date.

Universe Comparisons or Peer Group Analysis: Method of evaluating a fund or a manager's skill by comparing the fund or manager's performance to the performance of a group of similar managers called a "universe" or "peer group".

U.S. Government Agencies and Instrumentalities: Entities with a full faith and credit guarantee of the U.S. Government are referred to as "agencies". An agency is subject to federal appointment of its senior officers (often requiring Senate confirmation), to civil service and federal procurement laws, and to the federal budget and other direct federal management controls, unless exempted. On the other hand, an instrumentality of government is a privately owned institution not subject to any of the general management laws and regulations unless so indicated in its enabling legislation. It is supervised, but not directly managed, by the federal government. For example, Fannie Mae is an instrumentality.

U.S. Treasury Securities: Debt securities issued by the United States government and secured by its full faith and credit. Treasury securities are the debt financing instruments of the United States Federal government, and they are often referred to simply as Treasuries. (e.g., Treasury Bill)

Value Fund: A fund that invests primarily in stocks that are believed to be priced below what they are really worth.

Variable Return Investment: Investments for which the return is not fixed. This term includes stock and bond funds as well as investments that seek to preserve principal but do not guarantee a particular return, e.g., money market funds and stable value funds.

Volatility: The amount and frequency of fluctuations in the price of a security, commodity, or a market within a specified time period. Generally, an investment with high volatility is said to have higher risk since there is an increased chance that the price of the security will have fallen when an investor wants to sell.

Wrap Contract: Synthetic GICs utilize a wrap contract in stable value funds to provide market and cash flow risk protection to the investor.

Wrap Fee: A fee or expense that is added to or "wrapped around" an investment to pay for one or more product features or services.

Y-T-D or Year-to-Date: A period of time, starting from the beginning of the current year (January 1), and continuing up to the date noted on the material.

Yield: The value of interest or dividend payments from an investment, usually stated as a percentage of the investment price.