



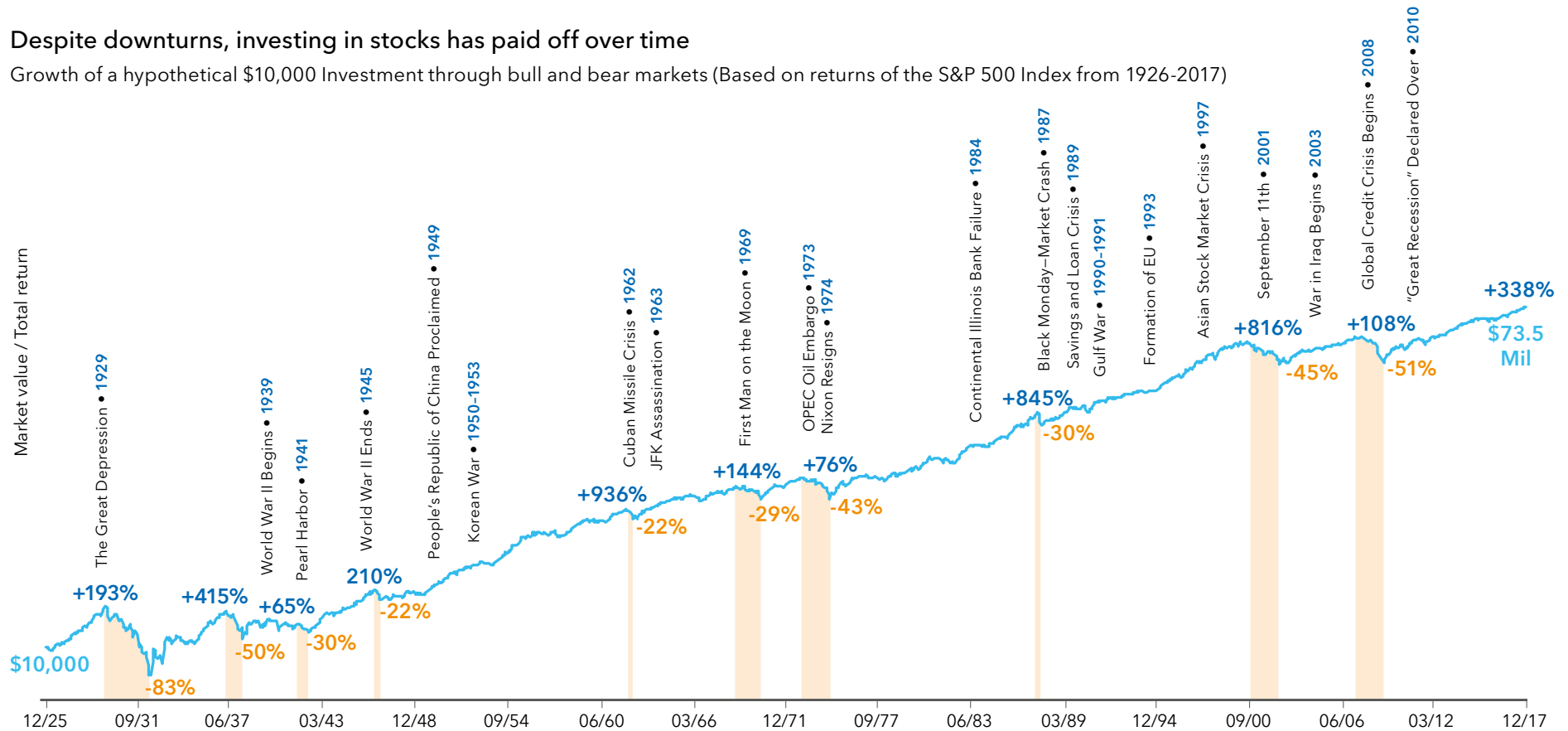
INVESTMENT INSIGHT

Improving long-term returns by losing less

A historical perspective

Despite downturns, investing in stocks has paid off over time

Growth of a hypothetical \$10,000 investment through bull and bear markets (Based on returns of the S&P 500 Index from 1926-2017)



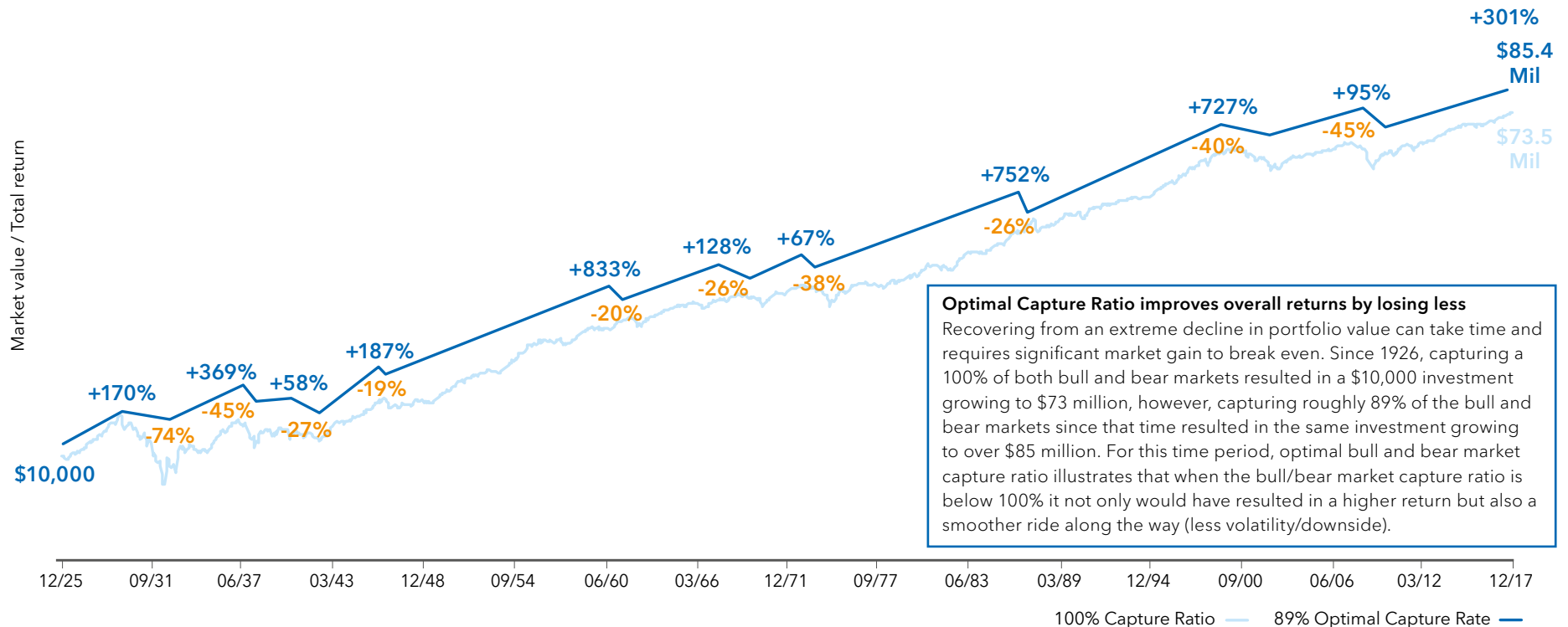
Source: Morningstar and BlackRock. Performance data quoted represents past performance and is no guarantee of future results. US stocks represented by the Ibbotson SBBI US Large Cap TR Index. Index performance is for illustrative purposes only. It is not possible to invest directly in an unmanaged index. Bear markets defined by a decline of 20% or greater. Bull markets defined by gains of 50% or greater. Numbers shown are market returns at peak and trough. ©2018 Morningstar. All Rights Reserved. The information, data, analyses and opinions contained herein (1) include the confidential and proprietary information of Morningstar, (2) may include, or be derived from, account information provided by your financial advisor which cannot be verified by Morningstar, (3) may not be copied or redistributed, (4) do not constitute investment advice offered by Morningstar, (5) are provided solely for informational purposes and therefore are not an offer to buy or sell a security, and (6) are not warranted to be correct, complete or accurate. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, this information, data, analyses or opinions or their use.

Improving long-term returns by losing less

Optimal 89% Capture Ratio in Action

Capturing 89% of bull and bear markets over the long term produced better results with less volatility than 100% capture

Growth of a hypothetical \$10,000 Investment through bull and bear markets (Based on returns of the S&P 500 Index from 1926-2017)



Optimal Capture Ratio improves overall returns by losing less

Recovering from an extreme decline in portfolio value can take time and requires significant market gain to break even. Since 1926, capturing a 100% of both bull and bear markets resulted in a \$10,000 investment growing to \$73 million, however, capturing roughly 89% of the bull and bear markets since that time resulted in the same investment growing to over \$85 million. For this time period, optimal bull and bear market capture ratio illustrates that when the bull/bear market capture ratio is below 100% it not only would have resulted in a higher return but also a smoother ride along the way (less volatility/downside).

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