Using Behavioral Psychology to Win Business in All Markets

ClarkCapital MANAGEMENT GROUP

5 Ways to Help You Win More Business

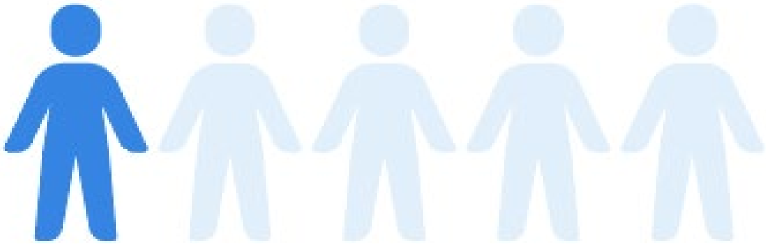
Zack Dukich
SVP, Divisional Sales Manager

Clark Capital Management Group

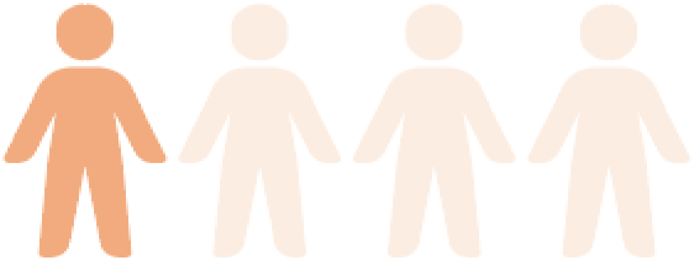
Economic Whiplash

Money in Motion…

More than 1 in 5
switched advisors since 2020



More than 1 in 4
considered switching



Next 25 Years
45 Million Households
$68 Trillion

Source: YCharts: How Can Advisors Better Communicate with Clients?

Source: Cerulli Associates: U.S. HNW and Ultra HNW Markets 2021

Forget the Fads!

5 Ways to Help You Win More Business

- Focused, targeted list of people you want to work with
- Have a great, client-focused story and tell it confidentally
- Default to prospecting
- Run professional, agenda-driven, discovery meetings
- Own your calendar

5 Ways to Help You Win More Business

- Focused, targeted list of people you want to work with
  - Growable existing clients
  - Ideal prospects
  - Dream clients

5 Ways to Help You Win More Business

- Have a great, client-focused story and tell it confidently
  - Prospective clients want to know "What's In It For Them" (WIIFT) so tell them
  - Lean into the benefits and value (hint: ask your top 5)
- A great story changes everything…
  - Builds your confidence
  - Helps justify your pricing
  - Allows you to differentiate

5 Ways to Help You Win More Business

- ~~Commit~~ Default to Prospecting
  - We believe success depends on your positivity & motivation
    - It's not scary… and believe it actually works!
    - All channels are good… but pick up the phone
    - Anticipate "no"
    - Keep your objective simple: get the meeting

5 Ways to Help You Win More Business

- Run professional, effective, discovery meetings
  - Take off your "sales hat"
  - Two ears, one mouth
  - Share your agenda and ask for input
  - Always end with your calendar open

5 Ways to Help You Win More Business

- Own your calendar
  - We are all busy… but busy with what matters
    - Babysitter/Fire Chief/Operations Manager
  - Block time to schedule appointments with yourself
    - High impact pipeline activity (create/adv/close)
  - Weekly – Ask yourself one accountability question

5 Ways to Help You Win More Business

- Focused, targeted list of people you want to work with
- Have a great, client-focused story and tell it confidently
- Default to prospecting
- Run professional, agenda-driven, discovery meetings
- Own your calendar

Growing Your Business

With Clark Capital's
Client Portfolio Management Team

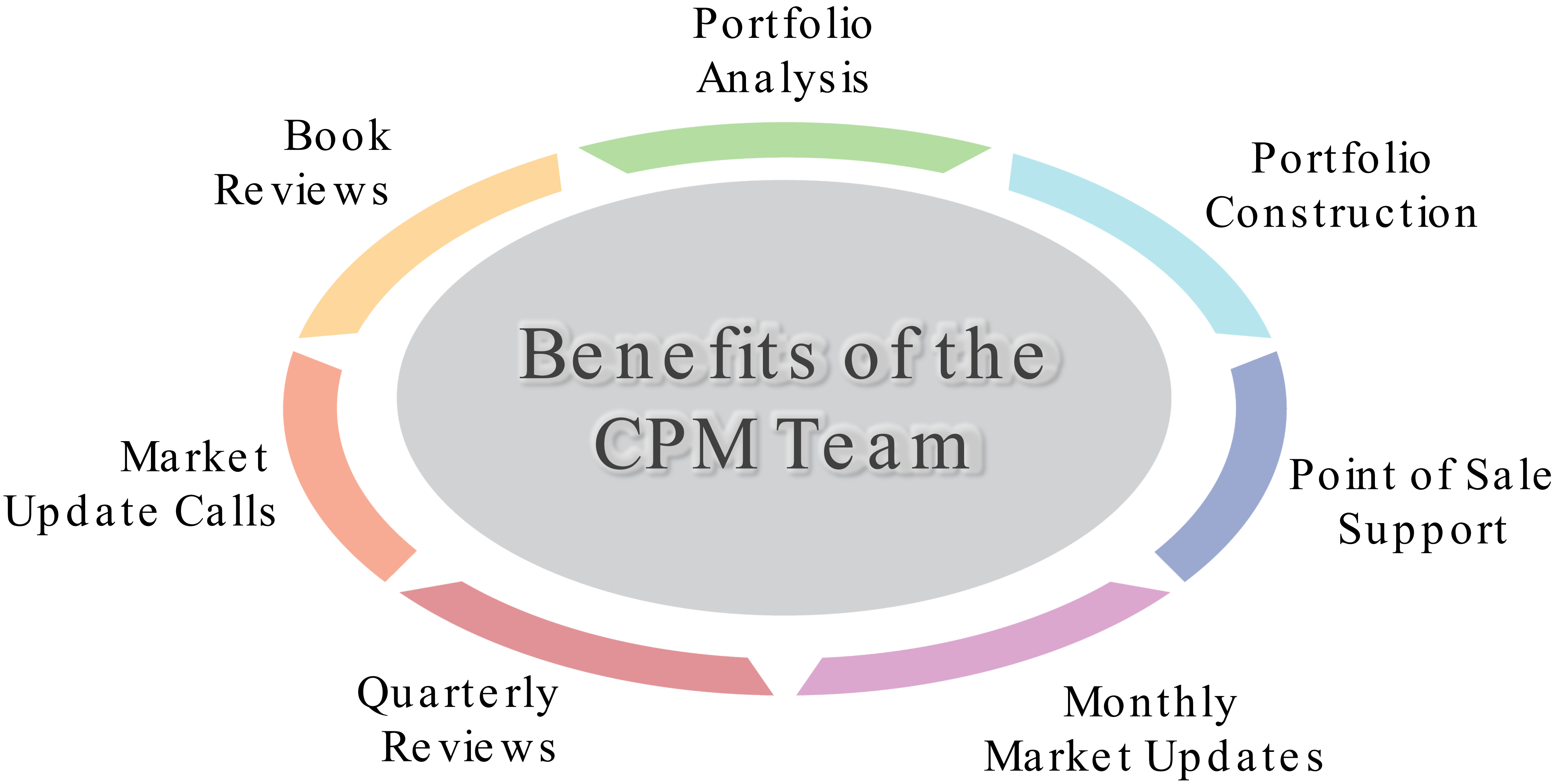
Glenn Dorsey, CFA®, CAIA®
SVP, Head of Client Portfolio Management

Clark Capital
MANAGEMENT GROUP

Client Portfolio Management Team

An Extension of Your Team

- 15 Members
  - Client Portfolio Mangers
    - 4 CFA® Charterholders, 1 CAIA®
    - 25 years average in Investment Business
  - Support Team
    - 5 Client Portfolio Analysts
    - 2 Tax Transition Specialists


Benefits of the CPM Team
Portfolio Analysis
Portfolio Construction
Point of Sale Support
Monthly Market Updates
Quarterly Reviews
Market Update Calls
Book Reviews

How Do We Help You Attract Business?

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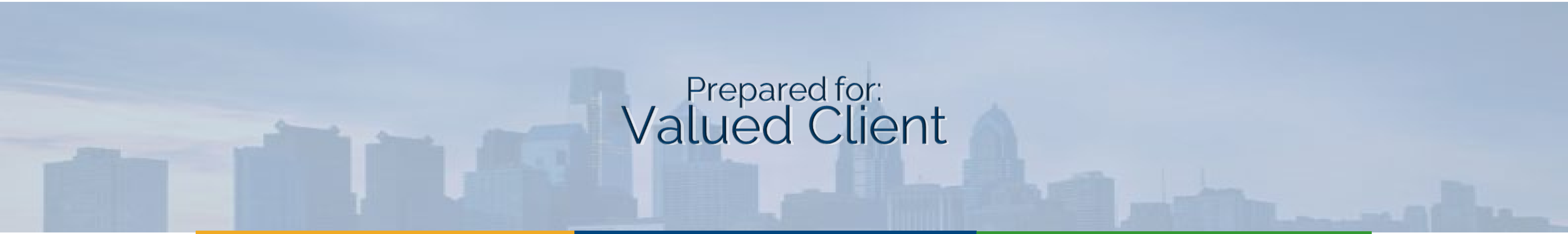
October 2022



ANALYTICS | PERSONAL FUND | TAX TRANSITION

On behalf of:

ABC Advisor

SAMPLE

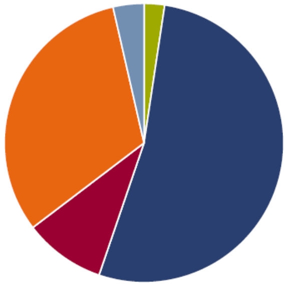
Executive Summary

Key Points:

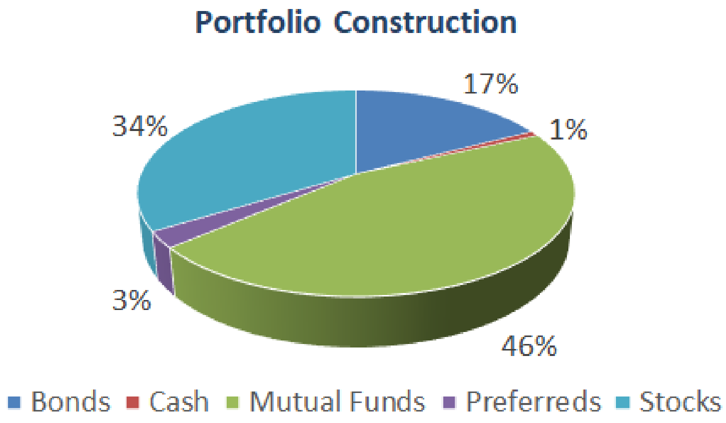
1. Heavy use of funds — Mutual funds constitute 46% of portfolio and 46% of equity.
2. International equity allocation falls below Clark Capital's target range.
3. Growth bias.
4. Overweight Technology and Energy relative to benchmark.
5. Fixed Income has longer duration than current Clark Capital positioning — Increased interest rate risk.
6. Individual bond portfolio — Limited diversification and longer duration.
7. "Other/ Not Classified" of 3.57% reflects preferred security investments.

Total Stock Holdings: 5,740
Total Bond Holdings: 16,434

- Portfolio Value: $3.06 million
- Allocation: 63%/ 37% Stocks/ Bonds
- Profile: Moderate



Asset Allocation	Portfolio %
Cash	2.37
US Stocks	52.85
Non-US Stocks	9.42
Bonds	31.79
Other/Not Clsfd	**3.57**



Asset allocation will vary and the samples shown may not represent an account's entire portfolio and in the aggregate may represent only a small percentage of an account's portfolio holdings.

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Cost of Ownership Analysis

Underlying Expenses for Use of Funds

Unseen costs can negatively impact returns

Fund	Ticker	Last Year's Cost of Ownership	Weight
American Funds American Balanced F2	AMBFX	0.71%	5.06%
Fidelity® 500 Index	FXAIX	0.02%	3.81%
American Funds Washington Mutual F2	WMFFX	0.43%	3.06%
PMC Diversified Equity	PMDEX	1.37%	2.83%
American Funds Global Balanced F2	GBLFX	0.77%	2.79%
American Funds Income Fund of Amer F2	AMEFX	0.52%	2.18%
PMC Core Fixed Income	PMFIX	0.78%	2.02%
American Funds Bond Fund of Amer F2	ABNFX	0.29%	2.01%
American Funds Capital World Gr&Inc F2	WGIFX	0.68%	1.78%
Fidelity® US Bond Index	FXNAX	0.03%	1.68%
Harding Loevner International Eq Instl	HLMIX	0.80%	1.42%
Segall Bryant & Hamill Plus Bond Instl	WIIBX	0.37%	1.29%
Brown Capital Mgmt Small Co Instl	BCSSX	0.94%	1.24%
PIMCO International Bond (Unhedged) I-3	PFUNX	0.57%	1.06%
American Funds Strategic Bond F-2	ANBFX	0.40%	1.01%
MFS International New Discovery I	MWNIX	0.98%	0.89%
American Funds New Perspective F2	ANWFX	0.60%	0.86%
PMC Core Fixed Income Institutional	PMFQX	0.55%	0.84%
Fidelity® International Index	FSPSX	0.03%	0.84%
PMC Diversified Equity Institutional	PMDQX	1.12%	0.78%

Source: Personal Fund, Inc.

Cost of Ownership Analysis

Personalfund.com calculates cost of ownership based on all fees and transaction costs, including the impact of portfolio turnover. Personal Fund only covers open-end mutual funds and ETFs. Other investment vehicles could increase cost.

Expense Impact:
Funds can add an unnecessary layer of expense, as opposed to direct ownership of securities through separately managed accounts.

In addition to the fees, the clients could run the risk of embedded cap gains that precede their ownership. When securities significantly appreciate, managers will rebalance portfolio positions and taxable gains may be realized by the investor.

The analysis is executed independent of any potential tax impacts. We encourage clients to consult with their personal tax consultant for any tax related guidance.

The projections extrapolate historical costs. These are estimates and should be used only as a starting point.

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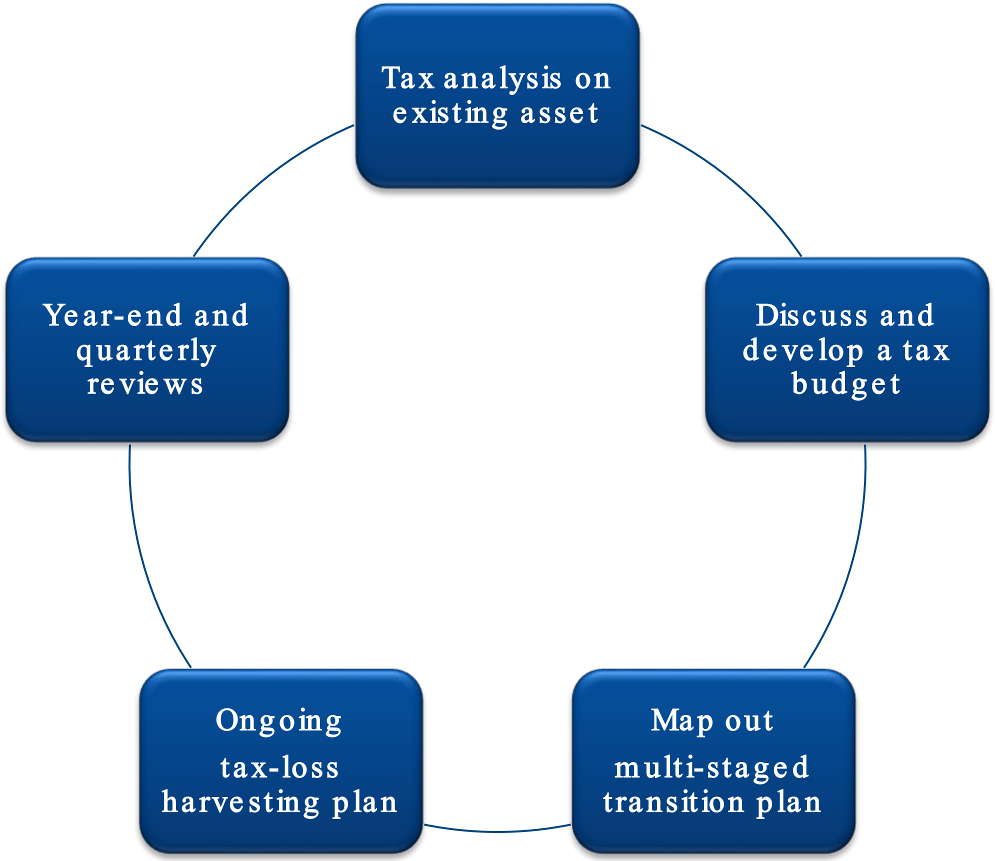
Importance of Tax Management



- Reducing tax burdens can help improve cash flow, reduce risk and increase the long-term value of the overall portfolio
- Effective tax management strategies can add 0.7 to 2.5% per year in performance

Source: Parametric White Paper / September 2014 – Estimating Tax Alpha in Different Market Environments

How Do We Help You Keep Clients?

A Long-Term Partnership

Our CPM Team offers a long-term partnership that may help you grow your high net worth business so you can spend more time focusing on your clients and what's important to them. Services available vary by account and may include:

QUARTERLY CLIENT ECONOMIC AND CAPITAL MARKET REVIEWS

MONTHLY MARKET RECAPS OF INVESTMENT TEAM INSIGHTS

QUARTERLY CLIENT PORTFOLIO REVIEWS

ANNUAL BOOK OF BUSINESS REVIEWS

Quarterly Review & Outlook

Prepared exclusively for

Valued Client

On behalf of

ABC Advisor Company

Economic Gauges

The following graphics reflect the degree of Clark Capital's positive (forward) or negative (reverse) outlook on the corresponding economic factors.

Economic Gauges

- These five gauges drive our expectations for the stock market. 12:00 is neutral, anything to the right of 12:00 is positive for stocks, anything to the left of 12:00 is negative.

Economy	Monetary Policy	Valuations	Investor Sentiment	Interest Rates
The Economy has moved back one notch.	Monetary Policy has moved backward one notch.	Valuations have moved forward one notch.	Investor Sentiment has moved forward one notch.	Interest Rates have moved backward one notch.

Quarterly Review & Outlook

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Portfolio Allocation

Quarterly Review & Outlook

Clark Capital MANAGEMENT GROUP

September 30, 2022

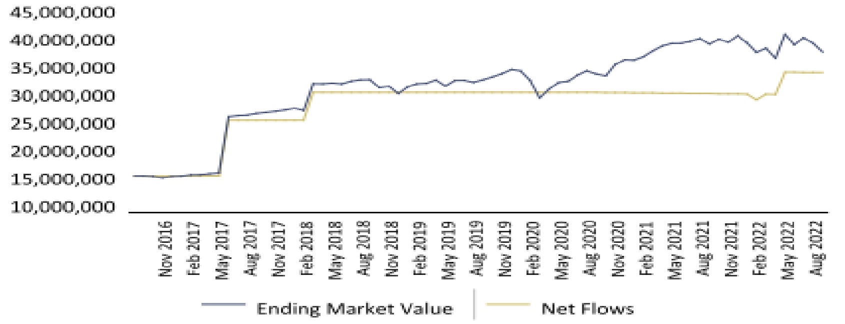
[redacted]

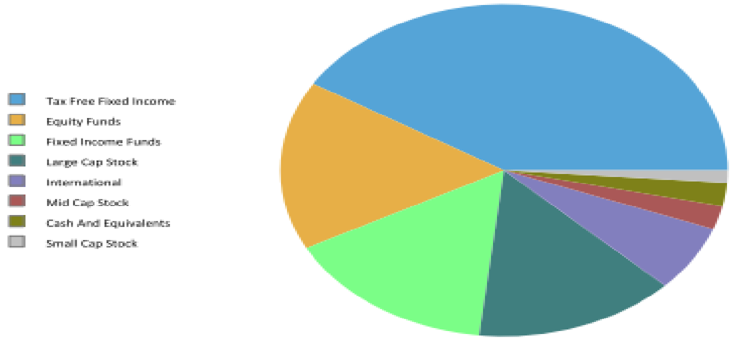
Household Summary

Household Asset Class Allocation

	% Assets	Market Value
Tax Free Fixed Income	41.25%	$15,395,790.56
Equity Funds	16.50%	$6,158,924.89
Fixed Income Funds	15.49%	$5,779,263.46
Large Cap Stock	14.54%	$5,428,073.69
International	6.48%	$2,417,456.24
Mid Cap Stock	2.28%	$851,846.13
Cash And Equivalents	2.26%	$844,084.67
Small Cap Stock	1.19%	$445,613.76
	100%	**$37,321,053.40**

Household Cumulative Value ($)





See Important Disclosures on the last page of this statement.

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Performance

Quarterly Review & Outlook

ClarkCapital MANAGEMENT GROUP

September 30, 2022

[redacted]

Household Summary

Household Performance Summary

	Inception Date	Market Value	1 Month	3 Month	Year to Date	1 Year	3 Year	5 Year	Inception Cumulative	Inception Annual	Prior Year
[redacted] Funding Sleeve (FUN)	Sep 28, 2016	$0.00	-	-	-	-	-	-	-	-	-
Navigator International ADR (ADR)	Sep 28, 2016	$3,858,013.17	-8.80%	-8.33%	-30.40%	-27.00%	1.58%	0.53%	19.44%	3.00%	20.75%
Navigator All-Cap Core (ALL)	Sep 28, 2016	$5,559,606.99	-7.90%	-3.46%	-25.56%	-18.76%	4.28%	1.80%	40.43%	5.81%	29.28%
Fixed Income Total Return -- TAMP (FTR)	Sep 28, 2016	$5,727,706.33	0.14%	-1.63%	-12.51%	-12.00%	0.70%	1.04%	12.87%	2.04%	3.53%
High Dividend Equity 100-0 (HDE)	Sep 28, 2016	$4,308,387.01	-7.24%	-4.97%	-16.99%	-10.49%	2.54%	3.65%	38.07%	5.52%	22.82%
Navigator Global Tactical (MAC)	Feb 23, 2021	$1,908,580.05	0.07%	-0.96%	-18.91%	-13.27%	-	-	-7.82%	-4.96%	-
[redacted] T FAMILY	**Sep 28, 2016**	**$21,362,293.55**	**-5.22%**	**-3.99%**	**-21.05%**	**-16.54%**	**2.64%**	**2.05%**	**24.54%**	**3.72%**	**18.57%**
Fixed Muni Large (FML)	Sep 28, 2016	$10,721,181.91	-2.86%	-2.71%	-10.44%	-10.12%	-1.88%	0.18%	1.85%	0.31%	0.53%
[redacted] T FAMILY											
Fixed Short Duration Tax-Free Bonds (SDM)	Jun 21, 2017	$5,237,577.94	-1.22%	-1.44%	-1.41%	-1.55%	0.62%	1.21%	6.53%	1.21%	0.21%
[redacted] T FAMILY											
Total Household	**Sep 28, 2016**	**$37,321,053.40**	**-4.00%**	**-3.27%**	**-16.63%**	**-13.42%**	**1.23%**	**1.48%**	**14.71%**	**2.31%**	**11.98%**

See Important Disclosures on the last page of this statement.

Investment Advisory + One Liberty Place + 1650 Market Street + 53rd Floor + Philadelphia, PA 19103 + 800.766.2264 + www.ccmg.com

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Projected Annual Income

Quarterly Review & Outlook

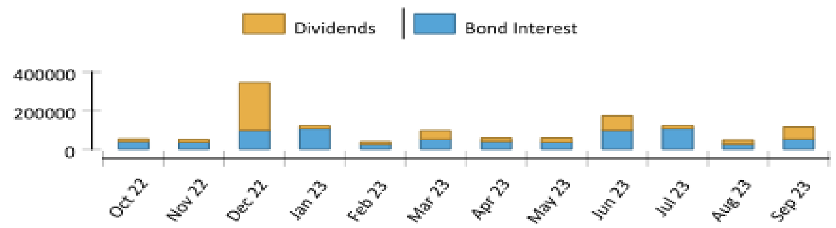
ClarkCapital MANAGEMENT GROUP

September 30, 2022

[redacted]

Household Summary

Household Income Projection



From Date	To Date	Bond Interest	Dividends	Total
Monthly				
10/1/22	10/31/22	$39,968.75	$13,644.13	$53,612.88
11/1/22	11/30/22	$36,375.00	$14,366.45	$50,741.45
12/1/22	12/31/22	$97,137.50	$246,797.22	$343,934.72
1/1/23	1/31/23	$107,081.25	$15,913.78	$122,995.03
2/1/23	2/28/23	$26,080.00	$12,934.49	$39,014.49
3/1/23	3/31/23	$52,850.00	$42,437.06	$95,287.06
4/1/23	4/30/23	$39,968.75	$18,370.69	$58,339.44
5/1/23	5/31/23	$36,375.00	$22,828.74	$59,203.74
6/1/23	6/30/23	$97,137.50	$75,285.74	$172,423.24
7/1/23	7/31/23	$107,081.25	$15,963.19	$123,044.44
8/1/23	8/31/23	$26,080.00	$22,237.41	$48,317.41
9/1/23	9/30/23	$52,850.00	$62,609.55	$115,459.55
Date to Date				
10/1/22	9/30/23	$718,985.00	$563,388.45	$1,282,373.45

See Important Disclosures on the last page of this statement.

Market Updates, Calls and Book Reviews to Support Your Practice

March 23, 2020

ClarkCapital MANAGEMENT GROUP

Commentary

Navigator® Market Update

Author

K. Sean Clark, CFA®

EVP, Chief Investment Officer

Into the Unknown

We are certainly living in scary and uncertain times. The outbreak of the coronavirus has turned the world upside down, the likes of which we have never dealt with before. The number of infected people and deaths continue to mount at a staggering rate. People are concerned for their families, friends, co-workers and their employment.

Much of the country is now under conditions that are approaching martial law. Non-essential businesses are being forced to close, large gatherings are forbidden, and many home goods are being rationed. These seemingly draconian measures are necessary to limit the spread of the virus, help keep the healthcare system from being overwhelmed, and to ultimately save lives.

Coming into this event, the U.S. economy was on solid footing. Jobless claims were low, the unemployment rate was at a 50-year low, housing starts were hitting cycle highs, and global PMI's were turning higher. That all changed quickly. The recession has started both in the U.S. and globally as a result of the response to stopping the spread of COVID-19. This is something that we have never seen—a combination of a global health and economic crisis.

The economy has ground to a halt as cities and states across the U.S. issue stay at home orders to try and stem the spread of the virus. In the coming weeks and months, we are going to see economic damage like we have never witnessed before. We are already now starting to see jobless claims rise, and they are likely to skyrocket starting this week.

Bracing for GDP Impact

There is so much unknown about the extent of the economic weakness we will face over the next (hopefully) only two quarters. As social distancing measures increase in a greater number of areas and as financial conditions tighten further, the negative effects on near-term GDP growth become that much greater.

The economy didn't really shut down until midway through March. First quarter GDP will be marginally positive, at best, with we believe a 1% growth rate. However, GDP is going to be down significantly in the 2nd quarter, initial jobless claims and unemployment will skyrocket, and retail sales will plummet as consumers are confined at home.

As a result, we expect 2nd quarter GDP to decline somewhere between 10%-15%. The 3rd quarter will likely be a transition period during which people slowly start to return to work. That quarter may also have negative GDP or slightly positive economic growth and will largely depend on how quickly active cases peak in the U.S. and when social behavior returns to some normalcy.

We believe the 4th quarter should be the rebound quarter and is likely to exhibit stronger than trend growth as depleted inventories are replenished and pent up retail demand is unleashed. We expect the 4th quarter to grow by at least 5%, which should set the stage for a strong economic rebound year in 2021.

Past performance is not indicative of future results.
This is not a recommendation to buy or sell a particular security. Please see attached disclosures.

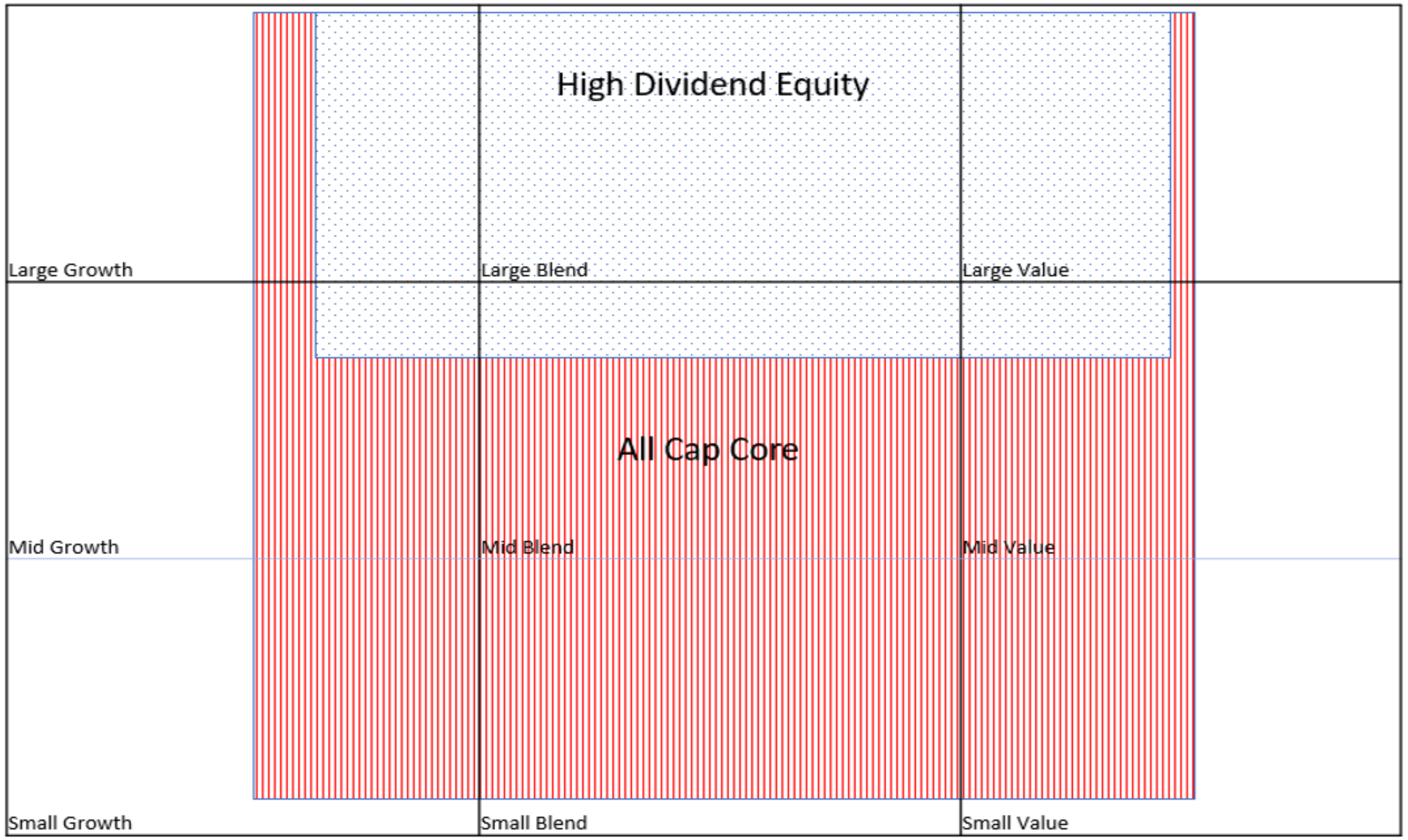
Navigate Your Future. Enjoy the Journey.

One Liberty Place ✦ 1650 Market Street ✦ 53rd Floor ✦ Philadelphia, PA 19103 ✦ 800.766.2264 ✦ ccmg.com

SAMPLE

Book Review

Advisor Name	**xxxx**		
IC Name	xxxx		
Total AUM	$ 10,980,643.27		
# of Households	15		
# of Cust Accounts	32		
	Product	**AUM**	**% of AUM**
	Navigator Taxable Fixed Income	$ 4,225,526.14	38.48%
	Navigator Tax Free Fixed Income	$ 530,372.40	4.83%
	Navigator MultiStrategy 25-75	$ 122,806.06	1.12%
	Navigator Fixed Income Total Return	$ 1,900,699.96	17.31%
	Navigator All Cap Core U.S. Equity	$ 724,178.84	6.60%
	Navigator International Equity/ADR	$ 1,029,969.93	9.38%
	Navigator High Dividend Equity	$ 1,706,406.13	15.54%
	Navigator U.S. Sector Opportunity	$ 116,086.60	1.06%
	Navigator U.S. Style Opportunity	$ 433,698.65	3.95%
	Funding Sleeve	$ 40,124.45	0.37%
	Navigator Alternative	$ 150,774.11	1.37%



US Style Opportunity Can Move to Any Style Boxes

Dedicated High Net Worth Support Team

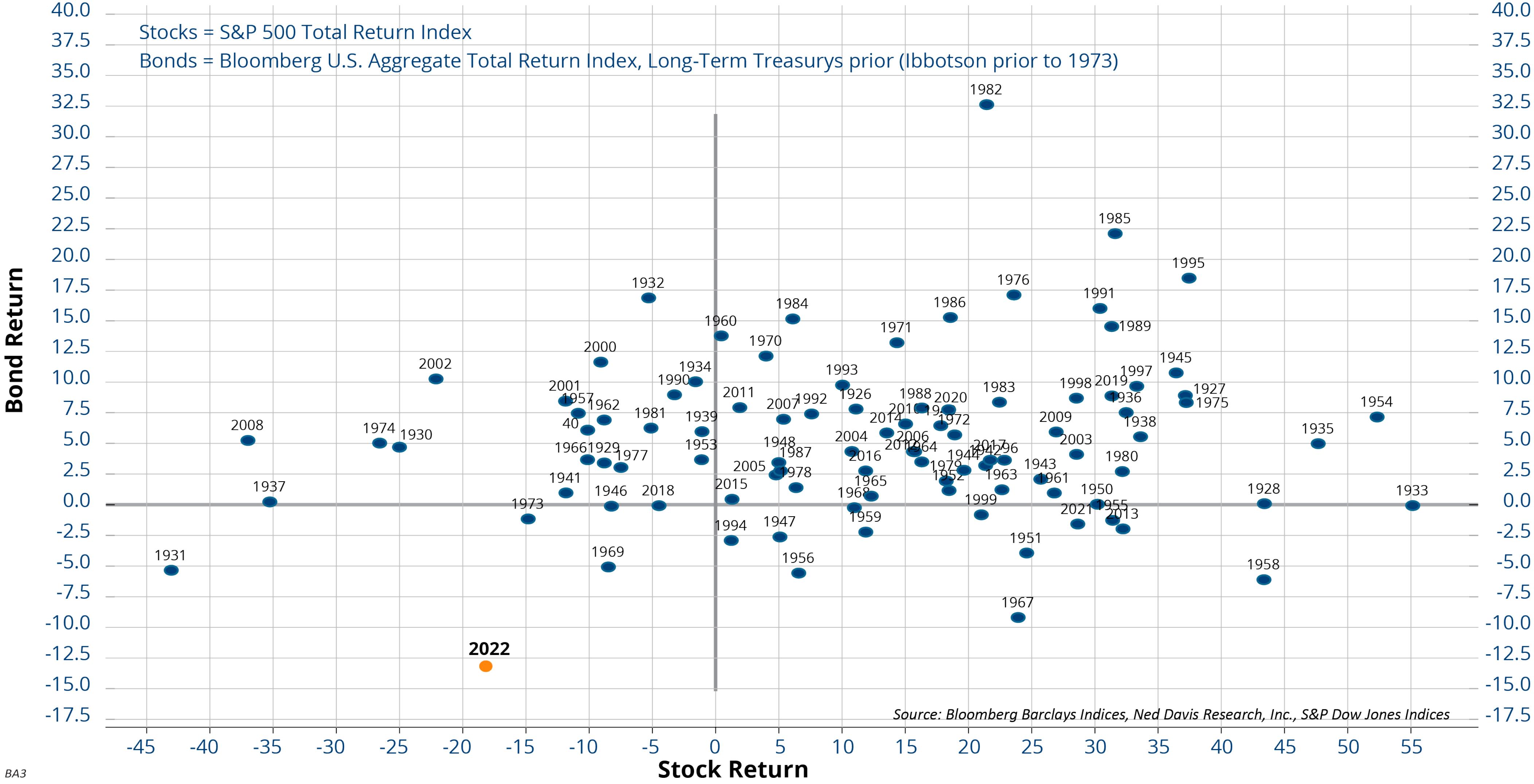
Available to You and Your Clients	Over $500,000	Over $1,000,000	Over $5,000,000
Current Holdings Analysis and Bond Diagnostics with Recommendations	✓	✓	✓
Current Portfolio Cost Analysis	✓	✓	✓
Personalized Investment Proposal	✓	✓	✓
Proposal Review with Your Investment Consultant Team	✓	✓	✓
Institutional Level Investment Proposal		✓	✓
Quarterly Portfolio Reviews by Phone with a CFA-Level Client Portfolio Manager		✓	✓
In-Person Access to CPM Team			✓
Direct Access to Senior Leadership at Clark Capital			✓

A Long-Term Partnership to Help You Grow Your High Net Worth Business	$10 million	$25 million	$50 million
Annual Book Review with a CPM Team Member	✓	✓	✓
Quarterly Client Economic and Capital Market Review Group Call	✓	✓	✓
Monthly Market Recap of Investment Team Insights	✓	✓	✓
Quarterly Portfolio Reviews by Phone with the Head of Your CPM Team		✓	✓
2 Days Worth of Exclusive Time with the Head of Your CPM Team		✓	
4 Days Worth of Exclusive Time with the Head of Your CPM Team			✓

Unusual for Stock and Bonds to both be Down

U.S. Stocks vs Bonds Returns

Yearly data from 1926 to 2022



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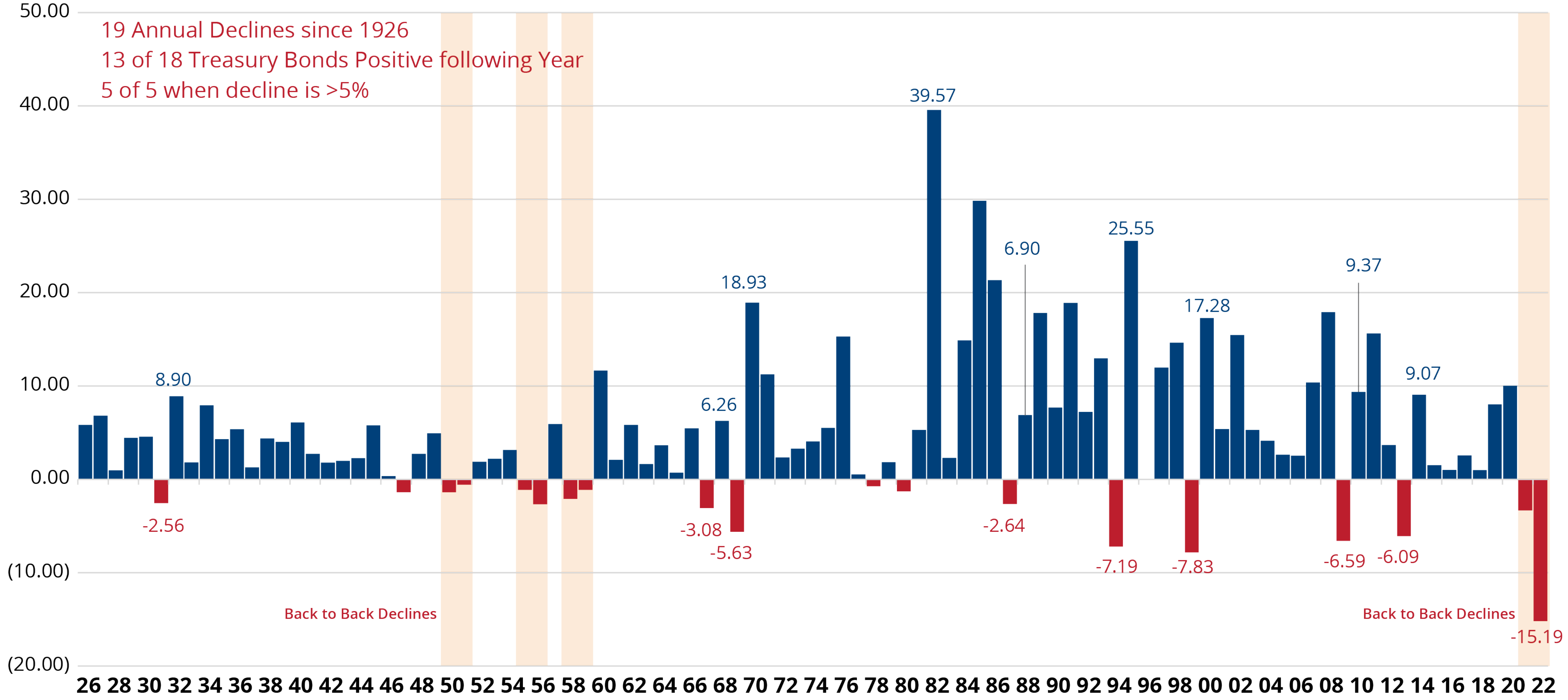
For illustrative purposes only. Past performance is not indicative of future results.

Consecutive Declines for Treasury Bonds are also Rare

10 Year Treasury Returns 1926-2022



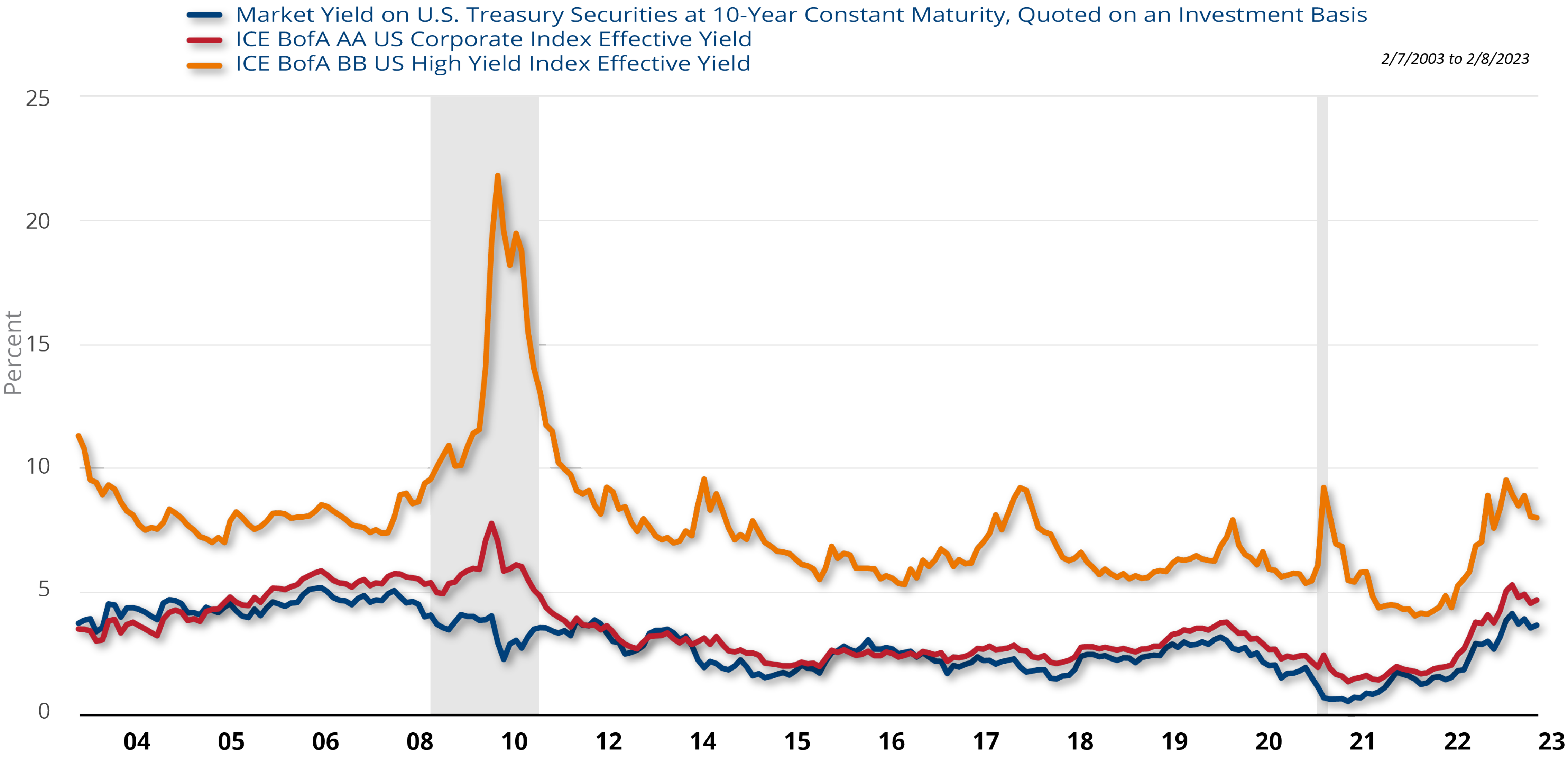
Source: Slickcharts.com, Lazyportfolioetf.com

For illustrative purposes. Past performance is not indicative of future results.

Source: Slickcharts.com, Lazyportfolioetf.com

Bonds now offering attractive yields

Bond Yields



For illustrative purposes only. Past performance is not indicative of future results.

Source: Board of Governors of the Federal Reserve System (US)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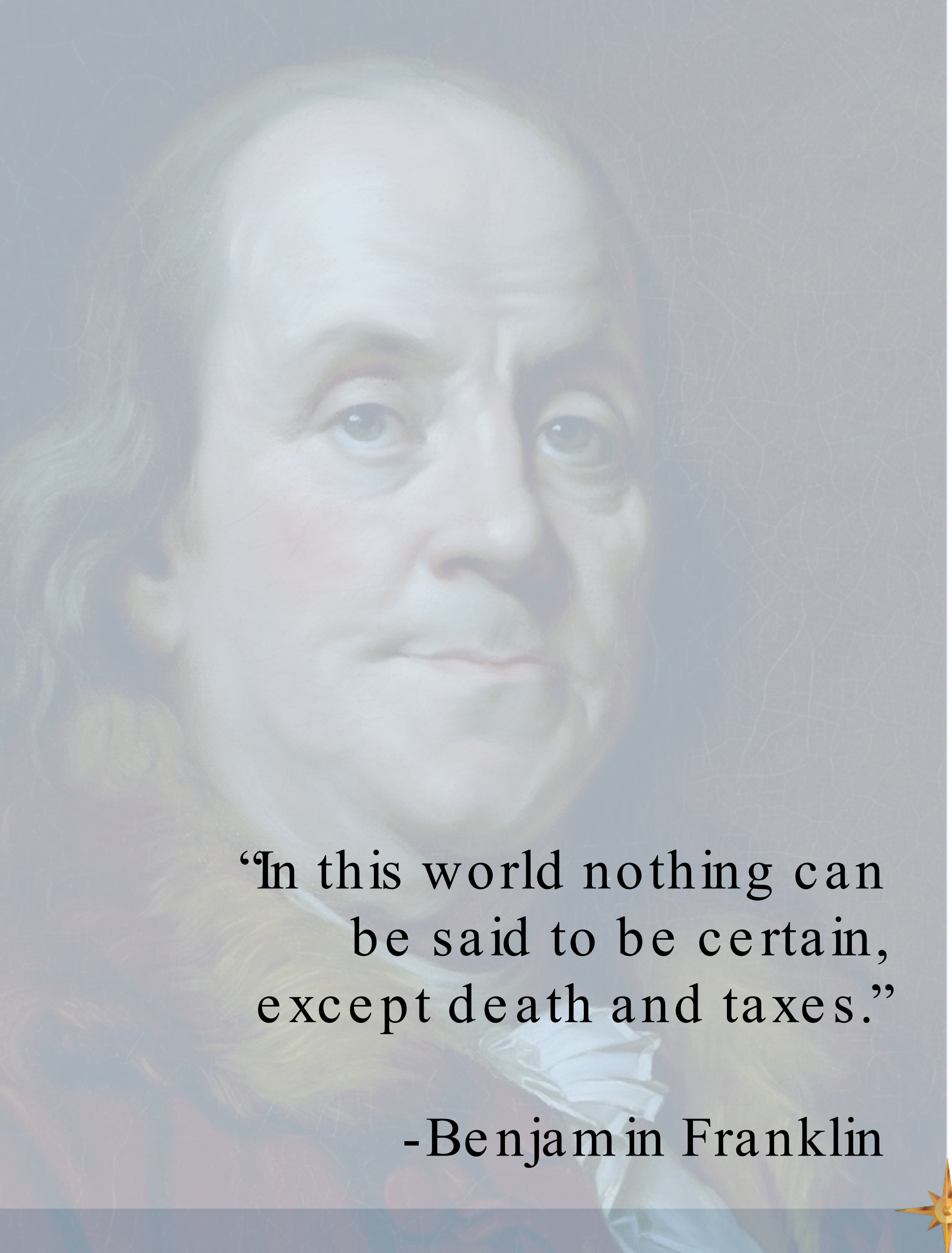


"In this world nothing can be said to be certain, except death and taxes."

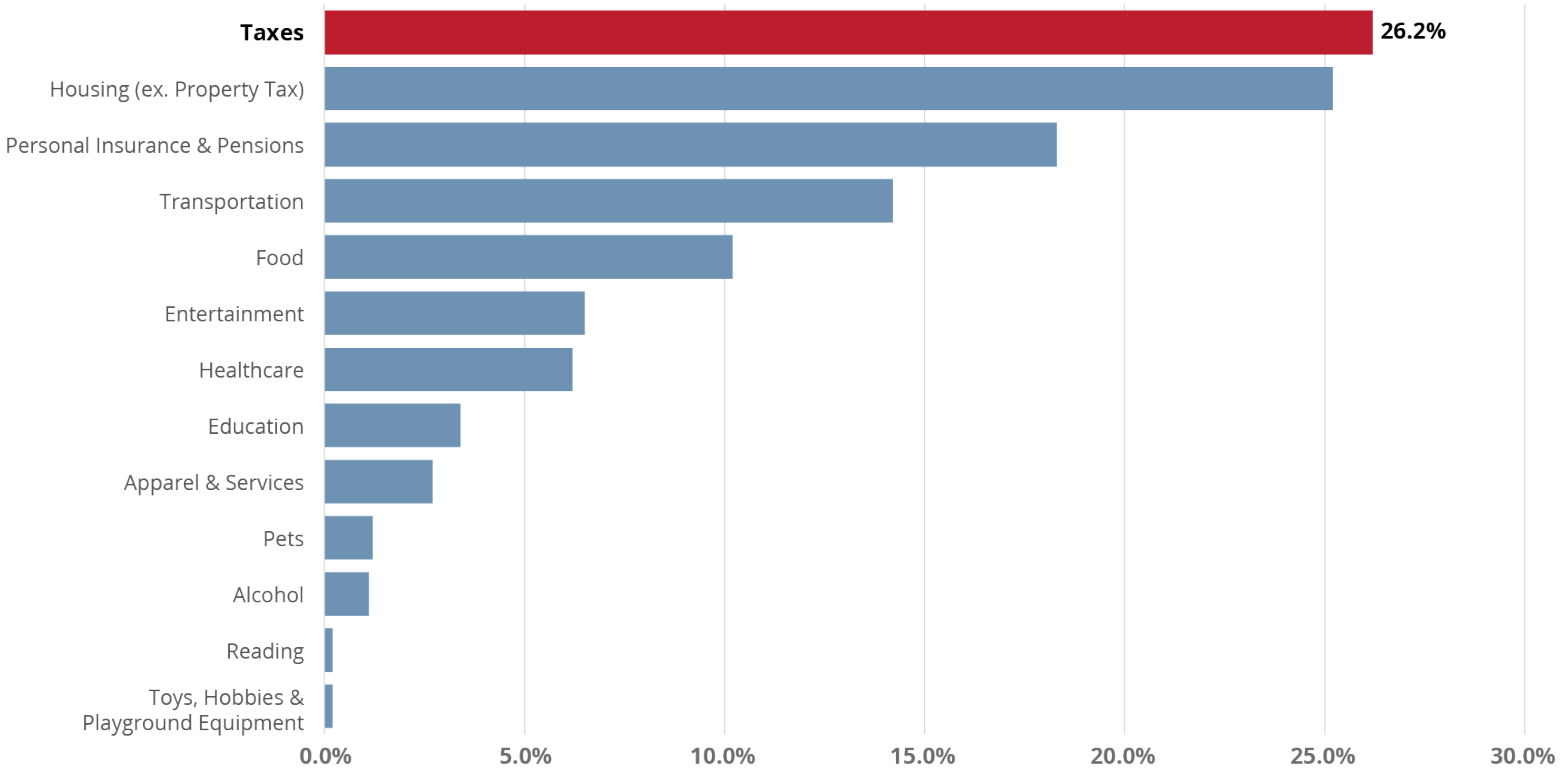
-Benjamin Franklin

"I wish I could pay more taxes than I need to."

Taxes Are Important to High Net Worth Clients

Annual Household Expenditures

2021 Survey



Source: U.S. Bureau of Labor Statistics – Consumer Expenditure Surveys

For illustrative purposes.

Quantifying the Cost of Taxes

Lipper Analytics 2010 Tax Study (2000–2009)[1]

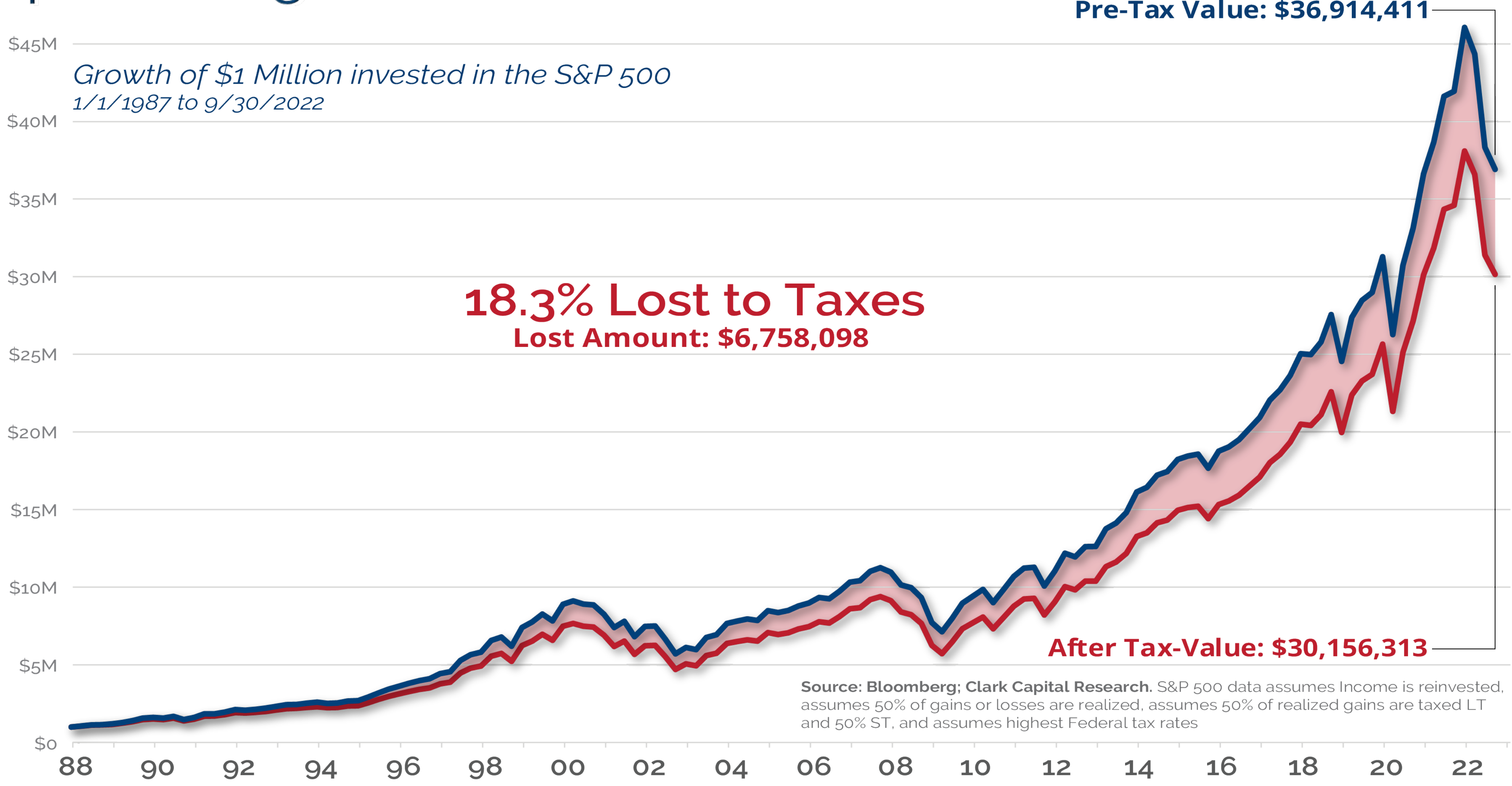
- Taxable investors gave up between **1 and 2%** of return to taxes
- Carryover losses typically used within two years of downturn
- Historically taxes at least as important as fees

Academic Research

- Explaining After-Tax Mutual Fund Performance[2]
  - Equity investors in top tax brackets **lost 2.2% annually** to taxes (1981–1998)
  - Risk, pre-tax performance, investment style and expenses important determinants of future after-tax results
- The Value of Tax-Efficient Investments[3]
  - Investors in top tax bracket **lost 1.84% annually** to taxes (1995–2005)
- Tax-Efficient Asset Management: Evidence from equity mutual funds[4]
  - Higher tax burden funds do not exhibit superior before-tax performance
  - The average long-term capital gains overhang is **10.3%** historically

1. Roseer, Tom. "Taxes in the Mutual Fund Industry", 2010, *Lipper: A Thomson Reuters company*
2. Peterson, J.D., P.A. Petranco, M.W. Repe and F. Xu, "Explaining After-Tax Mutual Fund Performance", *Financial Analysts Journal*, Vol 58, No. 1 (January/February 2012)
3. Longmeyer, G. and G. Wotherspoon, "The Value of Tax Efficient Investments: An Analysis of After-Tax Mutual Fund Returns." *The Journal of Wealth Management*, Fall 2006.
4. Clemens, A. and Zhang, H. "Tax Efficient Asset Management Evidence from equity mutual funds." December 27, 2014.

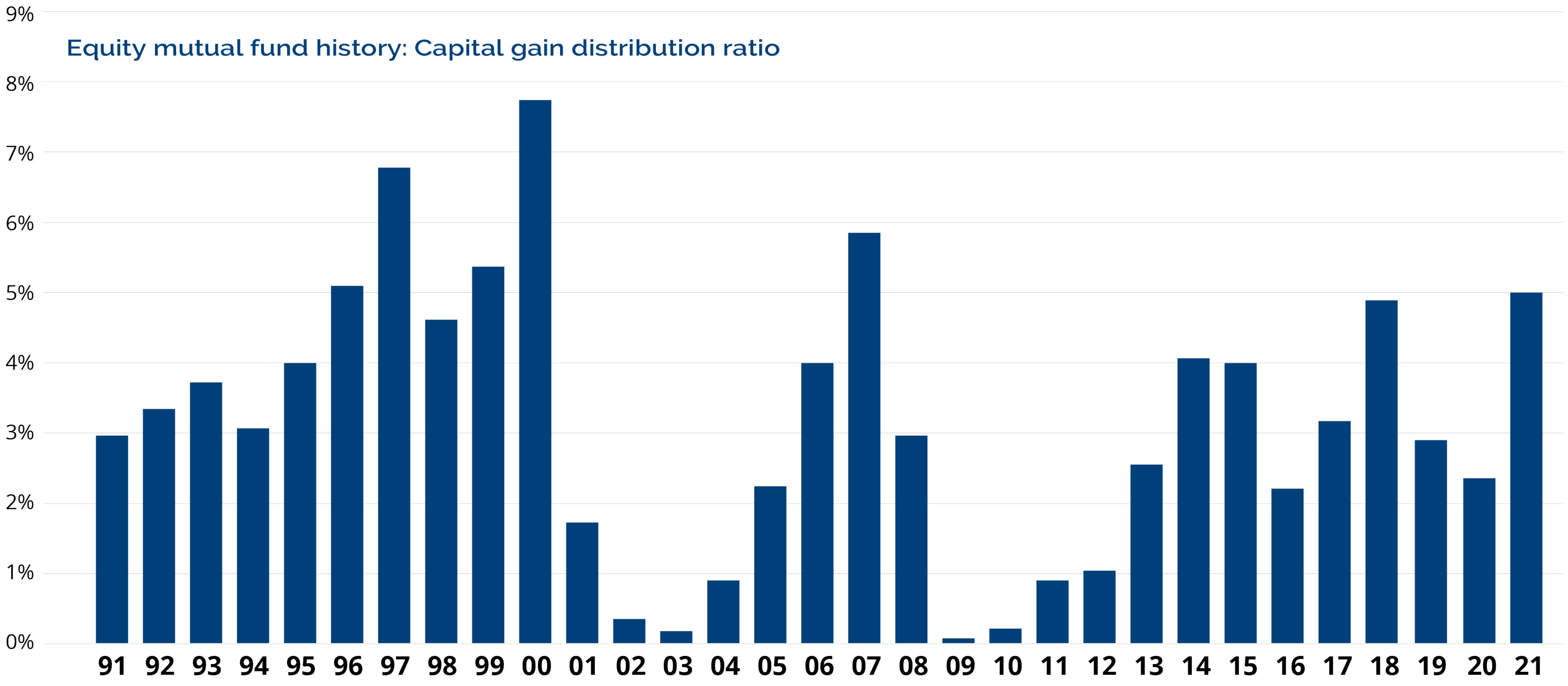
Improper Tax Management Can Impact Long-Term Results



For illustrative purposes. Past performance is not indicative of future results

Little Control Over Taxes with Mutual Funds

Equity Mutual Fund Distribution Trends 1991-2021



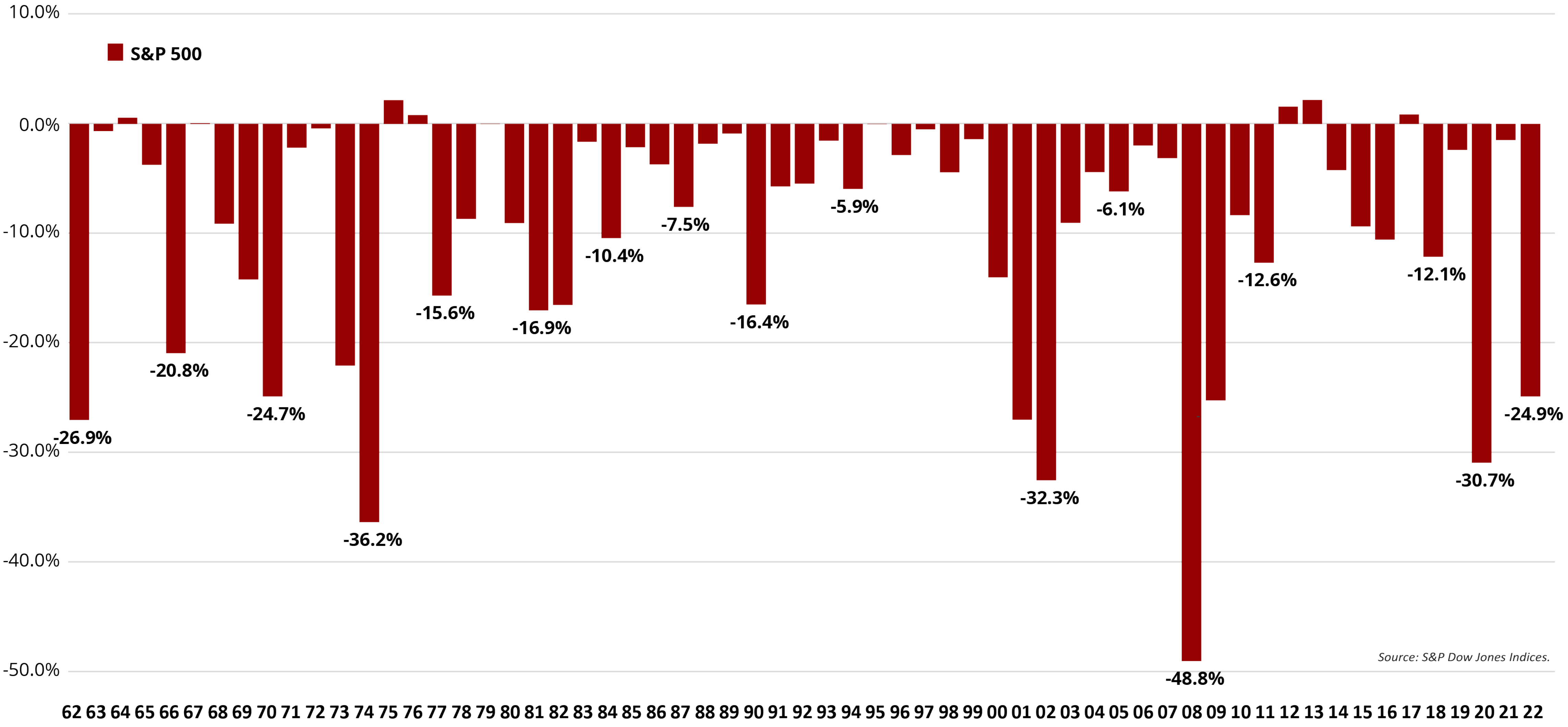
Note: Distribution ratios are calculated by dividing total equity mutual fund capital gains distributions by year-end net assets for each year.
Sources: Investment Company Institute 2018 Factbook and Managed Portfolio Advisors®, a division of Natixis Advisors, L.P.

For illustrative purposes. Past performance is not indicative of future results.

Stocks Down at Some Point Nearly Every Year
Tax Loss Harvesting Opportunities

S&P 500 Intra-Year Closing Low

1/1/1962 to 12/31/2022



Source: S&P Dow Jones Indices.

Clark Capital Management Group Process

Analyze Existing Assets → Develop a Multi-Stage Tax Strategy → Review Plan with Advisor and Client → Perform Ongoing Tax-Loss Harvesting

Strategies Available:

- Tax Transition
- Asset Location
- Capital Gains Management
- Tax-Loss Harvesting
- Municipal Bonds

Disclosures

Past performance is not indicative of future results. This material is not financial advice or an offer to sell any product. Not every client's account will have these exact characteristics. The actual characteristics with respect to any particular client account will vary based on a number of factors including but not limited to: (i) the size of the account; (ii) investment restrictions applicable to the account, if any; and (iii) market exigencies at the time of investment. Clark Capital Management Group, Inc. reserves the right to modify its current investment strategies and techniques based on changing market dynamics or client needs. The information provided in this report should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in an account's portfolio at the time you receive this report or that securities sold have not been repurchased. The securities discussed may not represent an account's entire portfolio and in the aggregate may represent only a small percentage of an account's portfolio holdings. It should not be assumed that any of the securities transactions, holdings or sectors discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein.

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The 10-year Treasury yield is the yield or interest paid to investors who purchase 10-year Treasury notes. It rises and falls based on myriad factors, including inflation, monetary policy, and investor confidence. The 10-year Treasury yield helps investors track the cost of capital and financial market health.

The ICE BofAML U.S. High Yield Index is an unmanaged index that tracks the performance of U.S. dollar denominated, below investment-grade rated corporate debt publicly issued in the U.S. domestic market.

ICE BofA AAA US Corporate Index Effective Yield was 4.65% in February of 2023, according to the United States Federal Reserve. Historically, United States - ICE BofA AAA US Corporate Index Effective Yield reached a record high of 8.25 in March of 2009 and a record low of 1.40 in August of 2020.

ICE BofA BB US High Yield Index Effective Yield was 6.90 as of 2023-02-15, according to Ice Data Indices, LLC. Historically, ICE BofA BB US High Yield Index Effective Yield reached a record high of 16.41 and a record low of 3.01, the median value is 6.58.

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The relative strength measure is based on historical information and should not be considered a guaranteed prediction of market activity. It is one of many indicators that may be used to analyze market data for investing purposes. The relative strength measure has certain limitations such as the calculation results being impacted by an extreme change in a security price.

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Statistics Descriptions

Standard Deviation: A statistical measure of dispersion about an average which depicts how widely the returns varied over a certain period of time.

Three-Year Standard Deviation: The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period.

Beta: A measure of systematic risk with respect to a benchmark. Systematic risk is the tendency of the value of the composite and the value of the benchmark to move together. Beta measures the sensitivity of the composite’s excess return (total return minus the risk-free return) with respect to the benchmark’s excess return that results from their systematic co-movement. It is the ratio of what the excess return of the composite would be to the excess return of the benchmark if there were no composite-specific sources of return. If beta is greater than one, movements in value of the composite that are associated with movements in the value of the benchmark tend to be amplified. If beta is one, they tend to be the same, and if beta is less than one, they tend to be dampened. If such movements tend to be in opposite directions, beta is negative. Beta is measured as the slope of the regression of the excess return on the composite as the dependent variable and the excess return on the benchmark as the independent variable.

The beta of the market is 1.00 by definition. Morningstar calculates beta by comparing a portfolio's excess return over T-bills to the benchmark's excess return over T-bills, so a beta of 1.10 shows that the portfolio has performed 10% better than its benchmark in up markets and 10% worse in down markets, assuming all other factors remain constant. Conversely, a beta of 0.85 indicates that the portfolio's excess return is expected to perform 15% worse than the benchmark’s excess return during up markets and 15% better during down markets.

Alpha: A measure of the difference between a portfolio’s actual returns and its expected performance, given its level of risk as measured by beta. A positive alpha figure indicates the portfolio has performed better than its beta would predict. In contrast, a negative alpha indicates the portfolio has underperformed, given the expectations established by beta. Alpha is calculated by taking the excess average monthly return of the investment over the risk free rate and subtracting beta times the excess average monthly return of the benchmark over the risk free rate.

Sharpe Ratio: A risk-adjusted measure developed by Nobel Laureate William Sharpe. It is calculated by using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe Ratio, the better the composite's historical risk-adjusted performance. The Sharpe ratio is calculated for the past 36-month period by dividing a composite's annualized excess returns by the standard deviation of a composite's annualized excess returns. Since this ratio uses standard deviation as its risk measure, it is most appropriately applied when analyzing a composite that is an investor's sole holding.

The Sharpe Ratio can be used to compare two composites directly on how much risk a composite had to bear to earn excess return over the risk-free rate.

R-Squared: Reflects the percentage of a portfolio's movements that can be explained by movements in its benchmark.

Downside Capture Ratio: Measures a manager's performance in down markets. A down-market is defined as those periods (months or quarters) in which market return is less than 0. In essence, it tells you what percentage of the down-market was captured by the manager. For example, if the ratio is 110%, the manager has captured 110% of the down-market and therefore underperformed the market on the downside.

Upside Capture Ratio: Measures a manager's performance in up markets relative to the market (benchmark) itself. It is calculated by taking the security’s upside capture return and dividing it by the benchmark’s upside capture return.

Bull Beta: A measure of the sensitivity of a composite’s return to positive changes in its benchmark’s return.

Bear Beta: A measure of the sensitivity of a composite’s return to negative changes in its benchmark’s return.

Best Month: This is the highest monthly return of the investment since its inception or for as long as data is available.

Worst Month: This is the lowest monthly return of the investment since its inception or for as long as data is available.

Maximum Gain: The peak to trough incline during a specific record period of an investment or composite. It is usually quoted as the percentage between the peak to the trough.

Maximum Drawdown: The peak to trough decline during a specific record period of an investment or composite. It is usually quoted as the percentage between the peak to the trough.