PARS/CITY OF CUPERTINO 115P OPEB & PENSION ACCOUNTS

June 30, 2020

U.S. Bank Institutional Asset Management

usbank

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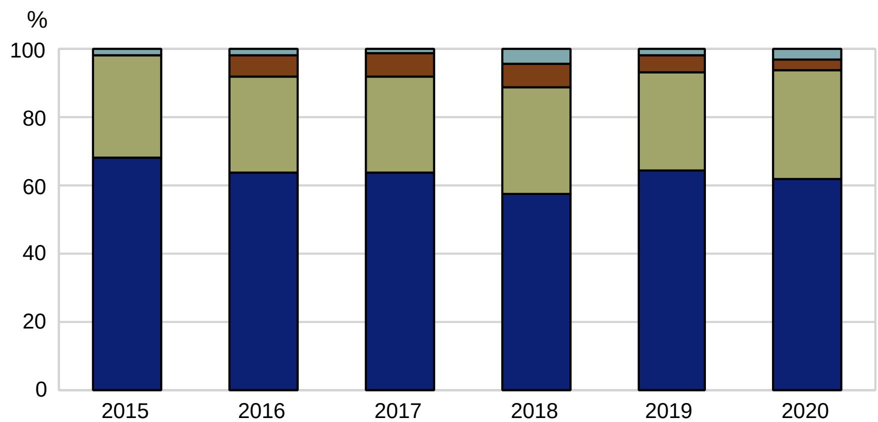
PORTFOLIO REVIEW

History of Asset Growth Graphs

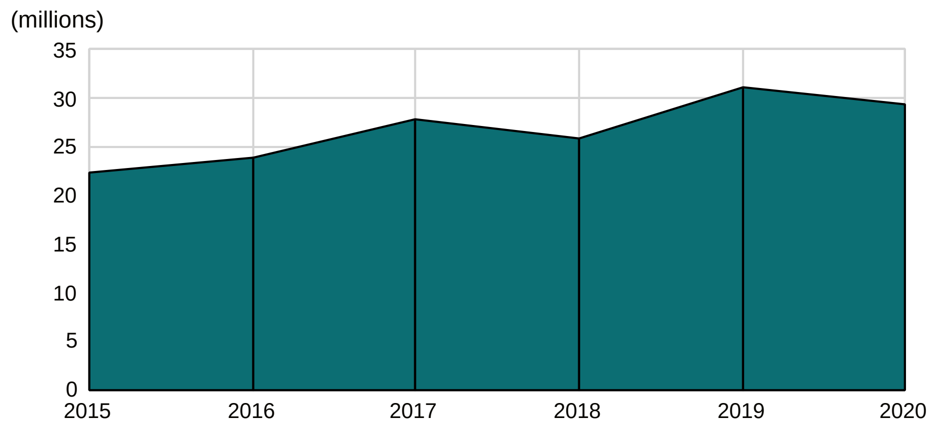
Annual Portfolio Values

	Consolidated	Jan 2015-Dec 2015	Jan 2016-Dec 2016	Jan 2017-Dec 2017	Jan 2018-Dec 2018	Jan 2019-Dec 2019	Jan 2020-Jun 2020
Beginning Portfolio Value	**14,766,783**	**14,766,783**	**22,293,645**	**23,808,269**	**27,914,893**	**25,771,054**	**31,154,264**
Contributions	36,325,738	8,000,001	3	2	15	28,325,715	2
Withdrawals	-28,901,495	-96,399	-97,969	-106,702	-113,476	-28,432,997	-53,952
Income Earned	2,780,999	406,272	448,187	452,364	548,841	695,433	229,902
Gain/Loss	4,400,867	-783,011	1,164,403	3,760,960	-2,579,219	4,795,058	-1,957,324
Ending Portfolio Value	**29,372,892**	**22,293,645**	**23,808,269**	**27,914,893**	**25,771,054**	**31,154,264**	**29,372,892**
Total Return	**5.04**	**-1.95**	**7.25**	**17.73**	**-7.30**	**20.89**	**-5.54**
Principal	3.03	-3.72	5.20	15.74	-9.15	18.08	-6.30
Income	1.95	1.82	1.97	1.74	1.99	2.42	.80

Allocation Over Time



Ending Market Values Over Time



Custom Benchmark

CITY OF CUPERTINO

Asset Class	Benchmark	Range	Target
Fixed Income	BBARC Global Aggregate Index	20%-40%	29%
Equities	MSCI AC World Free Index	50%-70%	62%
Real Estate	S&P Global REIT TR USD	0%-15%	6%
Commodities	S&P GSCI Commodity Index	0%-10%	2%
Cash	FTSE 3-Mo US T-Bill Index	0%-10%	1%

Selected Period Performance

	Market Value	1 Month	Year to Date (6 Months)	1 Year	3 Years	73 Months	10 Years	Inception to Date 07/01/2010
Total Portfolio Gross of Fees	29,372,892	2.98	-5.54	.93	4.79	4.58	6.20	6.20
Total Portfolio Net of Fees	29,372,892	2.96	-5.63	.70	4.58	4.36		
City of Cupertino		2.52	-4.48	1.80	5.44	4.14	6.98	6.98
Total Equity	18,232,608	4.31	-2.42	6.08	7.80	7.54	11.26	11.26
MSCI ACWI (Net)		3.20	-6.25	2.11	6.14	5.72	9.16	9.16
U.S. Equity	13,540,221	2.42	-3.99	4.09	8.31	9.04		
S&P 500 Index (Gross)		1.99	-3.08	7.51	10.73	10.39	13.99	13.99
S&P MidCap 400 Index		1.26	-12.78	-6.70	2.39	6.04	11.34	11.34
S&P SmallCap 600 Index		3.74	-17.85	-11.29	.56	5.58	11.24	11.24
Foreign Equity	4,692,387	9.47	1.32	10.75	6.42	3.79		
Developed Markets Equity	2,929,523	9.44	6.41	17.73	9.13	5.20		
MSCI EAFE Index (Net)		3.41	-11.34	-5.13	.81	1.12	5.73	5.73
Emerging Markets Equity	1,762,864	9.52	-7.25	-1.29	1.10	.01		
MSCI Emerging Markets Index (Net)		7.35	-9.78	-3.39	1.90	1.90	3.27	3.27
Total Fixed Income	9,391,243	.86	-4.85	-1.70	1.44	1.38	2.53	2.53
BBARC Global Aggregate Index		.89	2.98	4.22	3.79	1.80	2.81	2.81
Total Real Assets	856,033	1.79	-14.78	-9.59	.15			
Real Estate	856,033	1.79	-14.78	-9.59	.65	4.42		
S&P Global REIT Index (Gross)		2.45	-20.64	-14.98	-.50	2.79	8.14	8.14
S&P GSCI Index		5.09	-36.31	-33.90	-8.71	-16.65	-8.53	-8.53
Total Cash Equivalents	893,008	.00	.32	1.25	1.46	.82	.51	.51
ICE BofAML US 3-Month Treasury Bill Index		.01	.60	1.63	1.77	.98	.64	.64
Pending Cash	0	.00	.00	.00	.00	.00	.00	.00

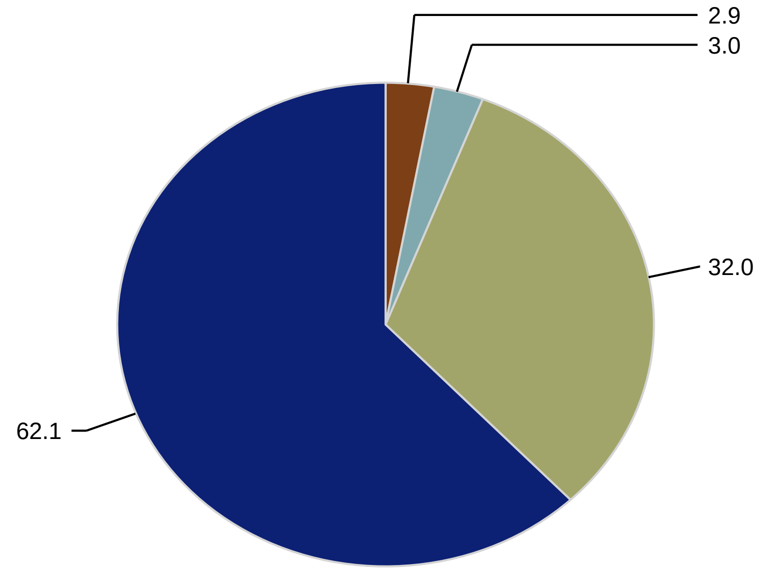
For performance and rate of return methodologies, as well as other important information, please refer to the Appendix/Disclosures provided.

Asset Allocation Analysis Graph

Market Value by Asset Class

	Market Value	% of Mkt Val
Total Equity	18,232,608	62.1
Total Fixed Income	9,391,243	32.0
Total Cash Eqv	893,008	3.0
Total Real Assets	856,033	2.9
Total	**29,372,892**	**100.0**

Market Value by Asset Class Pie Chart



	Symbol	% of Port.	Price	Shares/ Units	Portfolio Value	Cost Basis	Unrealized Gain/Loss	Current Yield	Projected Annual Income
Total		**100.0**			**29,347,955**	**3,596,697**	**25,751,259**	**1.79**	**526,029**
Cash		**3.04**			**892,978**	**892,978**	**0**	**0.06**	**536**
Cash Equivalents		**3.04**			**892,978**	**892,978**	**0**	**0.06**	**536**
FIRST AM GOVT OB FD CL Z	31846V567	3.04	1.00	892,978	892,978	892,978	0	0.06	536
Fixed Income		**31.93**			**9,370,607**	**485,726**	**8,884,881**	**2.83**	**265,270**
Investment Grade		**29.97**			**8,796,786**	**478,472**	**8,318,314**	**2.64**	**232,424**
Mutual Funds & ETFs		**29.97**			**8,796,786**	**478,472**	**8,318,314**	**2.64**	**232,424**
DoubleLine Total Return Bond Fund Class I	DBLTX	2.98	10.72	81,688	875,690	0	875,690	3.58	31,368
Fidelity U.S. Bond Index Fund	FXNAX	24.00	12.54	561,660	7,043,215	478,472	6,564,743	2.45	172,430
PGIM Total Return Bond Fund Class R6	PTRQX	2.99	14.72	59,639	877,881	0	877,881	3.26	28,627
High Yield		**1.96**			**573,822**	**7,254**	**566,568**	**5.72**	**32,846**
Mutual Funds & ETFs		**1.96**			**573,822**	**7,254**	**566,568**	**5.72**	**32,846**
American Century High Income Fund Class...	NPHIX	1.96	8.77	65,430	573,822	7,254	566,568	5.72	32,846
Equity		**62.13**			**18,232,608**	**2,217,993**	**16,014,615**	**1.30**	**236,484**
Large Cap U.S. Equity		**29.99**			**8,802,629**	**1,391,530**	**7,411,098**	**1.33**	**116,868**
Mutual Funds & ETFs		**29.99**			**8,802,629**	**1,391,530**	**7,411,098**	**1.33**	**116,868**
Columbia Dividend Income Fund Class I3	CDDYX	7.03	22.47	91,831	2,063,433	345,265	1,718,168	2.19	45,089
Harbor Capital Appreciation Fund - Retirem...	HNACX	8.01	89.67	26,218	2,350,980	306,599	2,044,381	0.13	3,041
T. Rowe Price Blue Chip Growth Fund, Inc.	TRBCX	7.99	138.03	16,996	2,346,010	390,352	1,955,658	0.08	1,870
Vanguard Equity Income Fund Admiral Sha...	VEIRX	6.96	67.77	30,134	2,042,206	349,314	1,692,892	3.27	66,868
Mid Cap U.S. Equity		**12.06**			**3,540,750**	**0**	**3,540,750**	**1.71**	**60,699**
Mutual Funds & ETFs		**12.06**			**3,540,750**	**0**	**3,540,750**	**1.71**	**60,699**
Fidelity Mid Cap Index Fund	FSMDX	12.06	21.35	165,843	3,540,750	0	3,540,750	1.71	60,699
Small Cap U.S. Equity		**4.08**			**1,196,843**	**0**	**1,196,843**	**1.37**	**16,377**
Mutual Funds & ETFs		**4.08**			**1,196,843**	**0**	**1,196,843**	**1.37**	**16,377**
Fidelity Small Cap Index Fund	FSSNX	4.08	18.27	65,509	1,196,843	0	1,196,843	1.37	16,377
Developed Markets Equity		**9.98**			**2,929,523**	**0**	**2,929,523**	**1.16**	**33,934**
Mutual Funds & ETFs		**9.98**			**2,929,523**	**0**	**2,929,523**	**1.16**	**33,934**
Vanguard International Growth Fund Admir...	VWILX	9.98	115.51	25,362	2,929,523	0	2,929,523	1.16	33,934
Emerging Markets Equity		**6.01**			**1,762,864**	**826,463**	**936,401**	**0.49**	**8,607**

	Symbol	% of Port.	Price	Shares/ Units	Portfolio Value	Cost Basis	Unrealized Gain/Loss	Current Yield	Projected Annual Income
Mutual Funds & ETFs		**6.01**			**1,762,864**	**826,463**	**936,401**	**0.49**	**8,607**
Baron Emerging Markets Fd Inst Shs	BEXIX	6.01	14.01	125,829	1,762,864	826,463	936,401	0.49	8,607
Real Assets		**2.90**			**851,762**	**0**	**851,762**	**2.79**	**23,739**
U.S. Listed Real Estate		**2.90**			**851,762**	**0**	**851,762**	**2.79**	**23,739**
Nuveen Real Estate Securities Fund Cl I	FARCX	2.90	17.33	49,150	851,762	0	851,762	2.79	23,739

Fixed Income Holdings

Account: 6746059600 | *Holdings Method: Direct* | *Report Date: 06/30/2020*

	Symbol	% of Fixed Income	Portfolio Value	Projected Annual Income	Current Yield	Yield To Maturity	Effective Duration	Effective Mat. (Yrs)	Avg. Quality
Total		**100.00**	**9,370,607**	**265,270**	**2.83**	**5.33**	**5.24**	**5.28**	**A-**
Investment Grade		**93.90**	**8,796,786**	**232,424**	**2.64**	**3.03**	**5.31**	**4.65**	**A+**
Mutual Funds & ETFs		**93.90**	**8,796,786**	**232,424**	**2.64**	**3.03**	**5.31**	**4.65**	**A+**
DoubleLine Total Return Bond Fund Class I	DBLTX	9.30	875,690	31,368	3.58	3.03	3.29	4.65	BB
Fidelity U.S. Bond Index Fund	FXNAX	75.20	7,043,215	172,430	2.45	NA	5.48	NA	AA
PGIM Total Return Bond Fund Class R6	PTRQX	9.40	877,881	28,627	3.26	NA	6.01	NA	BBB
High Yield		**6.10**	**573,822**	**32,846**	**5.72**	**8.84**	**4.13**	**6.25**	**B**
Mutual Funds & ETFs		**6.10**	**573,822**	**32,846**	**5.72**	**8.84**	**4.13**	**6.25**	**B**
American Century High Income Fund Class Y	NPHIX	6.10	573,822	32,846	5.72	8.84	4.13	6.25	B

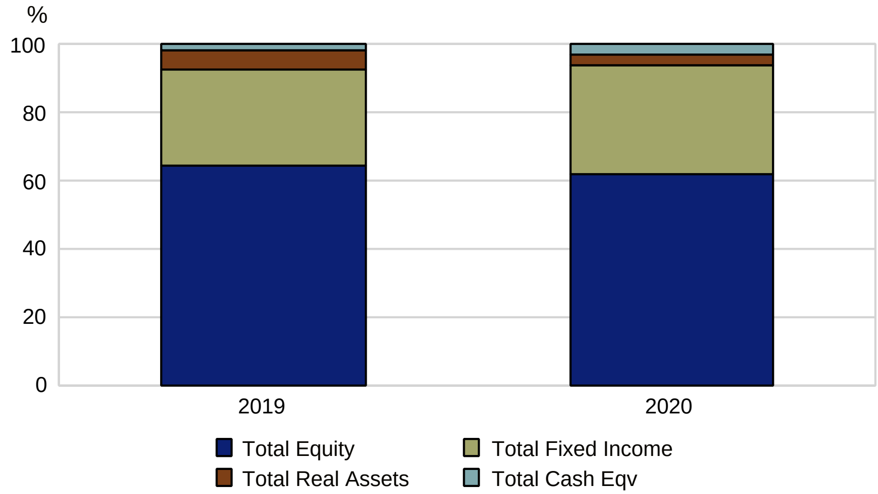
Holdings Date: 6/30/2020

History of Asset Growth Graphs

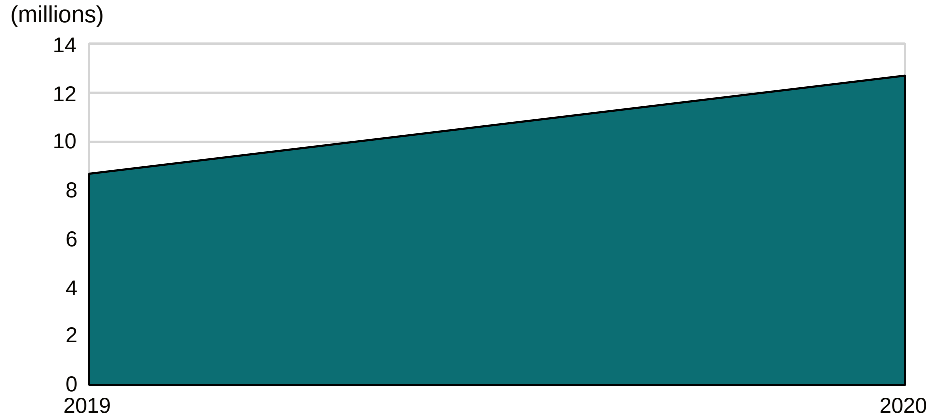
Annual Portfolio Values

	Consolidated	May 2019- Dec 2019	Jan 2020- Jun 2020
Beginning Portfolio Value	**8,073,518**	**8,073,518**	**8,657,991**
Contributions	4,000,003	1	4,000,002
Withdrawals	-38,856	-20,472	-18,384
Income Earned	239,621	155,938	83,682
Gain/Loss	452,083	449,006	3,077
Ending Portfolio Value	**12,726,369**	**8,657,991**	**12,726,369**
Total Return	**4.59**	**7.51**	**-1.99**
Principal	2.24	5.52	-2.75
Income	2.30	1.91	.76

Allocation Over Time



Ending Market Values Over Time



For performance and rate of return methodologies, as well as other important information, please refer to the Appendix/Disclosures provided.

Investment products and services are:
NOT A DEPOSIT ● NOT FDIC INSURED ● MAY LOSE VALUE ● NOT BANK GUARANTEED ● NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY

Custom Benchmark

CITY OF CUPERTINO

Asset Class	Benchmark	Range	Target
Fixed Income	BBARC Global Aggregate Index	20%-40%	29%
Equities	MSCI AC World Free Index	50%-70%	62%
Real Estate	S&P Global REIT TR USD	0%-15%	6%
Commodities	S&P GSCI Commodity Index	0%-10%	2%
Cash	FTSE 3-Mo US T-Bill Index	0%-10%	1%

Selected Period Performance

	Market Value	1 Month	Year to Date (6 Months)	1 Year	Inception to Date 05/01/2019
Total Portfolio Gross of Fees	12,726,369	2.98	-1.99	4.72	4.58
Total Portfolio Net of Fees	12,726,369	2.96	-2.08	4.50	4.39
City of Cupertino		2.52	-4.48	1.80	2.74
Total Equity	7,899,300	4.31	-2.33	6.19	5.07
MSCI ACWI (Net)		3.20	-6.25	2.11	2.01
U.S. Equity	5,866,263	2.42	-3.99	4.09	3.58
S&P 500 Index (Gross)		1.99	-3.08	7.51	6.62
S&P MidCap 400 Index		1.26	-12.78	-6.70	-6.53
S&P SmallCap 600 Index		3.74	-17.85	-11.29	-11.25
Foreign Equity	2,033,037	9.47	1.47	10.92	8.35
Developed Markets Equity	1,269,242	9.44	6.41	17.74	13.95
MSCI EAFE Index (Net)		3.41	-11.34	-5.13	-3.72
Emerging Markets Equity	763,795	9.52	-7.22	-1.27	-1.76
MSCI Emerging Markets Index (Net)		7.35	-9.78	-3.39	-4.13
Total Fixed Income	4,068,346	.86	-4.70	-1.55	.57
BBARC Global Aggregate Index		.89	2.98	4.22	6.80
Total Real Assets	372,706	1.79	-14.78	-9.59	-6.87
Real Estate	372,706	1.79	-14.78	-9.59	-6.87
S&P Global REIT Index (Gross)		2.45	-20.64	-14.98	-11.53
S&P GSCI Index		5.09	-36.31	-33.90	-32.37
Total Cash Equivalents	386,017	.00	.31	1.23	1.37
ICE BofAML US 3-Month Treasury Bill Index		.01	.60	1.63	1.79
Pending Cash	0	.00	.00	.00	.00

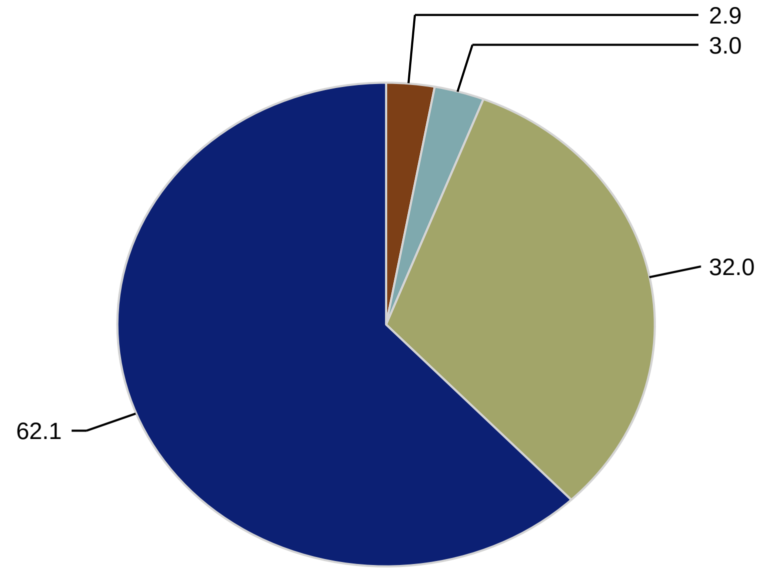
For performance and rate of return methodologies, as well as other important information, please refer to the Appendix/Disclosures provided.

Asset Allocation Analysis Graph

Market Value by Asset Class

	Market Value	% of Mkt Val
Total Equity	7,899,300	62.1
Total Fixed Income	4,068,346	32.0
Total Cash Eqv	386,017	3.0
Total Real Assets	372,706	2.9
Total	**12,726,369**	**100.0**

Market Value by Asset Class Pie Chart



	Symbol	% of Port.	Price	Shares/ Units	Portfolio Value	Cost Basis	Unrealized Gain/Loss	Current Yield	Projected Annual Income
Total		**100.0**			**12,715,557**	**2,963,482**	**9,752,075**	**1.79**	**227,942**
Cash		**3.04**			**386,004**	**386,004**	**0**	**0.06**	**232**
Cash Equivalents		**3.04**			**386,004**	**386,004**	**0**	**0.06**	**232**
FIRST AM GOVT OB FD CL Z	31846V567	3.04	1.00	386,004	386,004	386,004	0	0.06	232
Fixed Income		**31.92**			**4,059,407**	**883,310**	**3,176,096**	**2.83**	**114,918**
Investment Grade		**29.97**			**3,810,821**	**881,372**	**2,929,449**	**2.64**	**100,689**
Mutual Funds & ETFs		**29.97**			**3,810,821**	**881,372**	**2,929,449**	**2.64**	**100,689**
DoubleLine Total Return Bond Fund Class I	DBLTX	2.98	10.72	35,393	379,411	61,784	317,627	3.58	13,591
Fidelity U.S. Bond Index Fund	FXNAX	23.99	12.54	243,305	3,051,051	767,101	2,283,949	2.45	74,695
PGIM Total Return Bond Fund Class R6	PTRQX	2.99	14.72	25,840	380,360	52,487	327,872	3.26	12,403
High Yield		**1.95**			**248,586**	**1,938**	**246,648**	**5.72**	**14,229**
Mutual Funds & ETFs		**1.95**			**248,586**	**1,938**	**246,648**	**5.72**	**14,229**
American Century High Income Fund Class...	NPHIX	1.95	8.77	28,345	248,586	1,938	246,648	5.72	14,229
Equity		**62.12**			**7,899,300**	**1,694,167**	**6,205,133**	**1.30**	**102,456**
Large Cap U.S. Equity		**29.99**			**3,813,913**	**988,142**	**2,825,770**	**1.33**	**50,635**
Mutual Funds & ETFs		**29.99**			**3,813,913**	**988,142**	**2,825,770**	**1.33**	**50,635**
Columbia Dividend Income Fund Class I3	CDDYX	7.03	22.47	39,788	894,026	247,218	646,807	2.19	19,536
Harbor Capital Appreciation Fund - Retirem...	HNACX	8.01	89.67	11,360	1,018,607	228,617	789,990	0.13	1,318
T. Rowe Price Blue Chip Growth Fund, Inc.	TRBCX	7.99	138.03	7,364	1,016,450	268,226	748,224	0.08	810
Vanguard Equity Income Fund Admiral Sha...	VEIRX	6.96	67.77	13,056	884,830	244,081	640,749	3.27	28,972
Mid Cap U.S. Equity		**12.06**			**1,533,874**	**114,257**	**1,419,618**	**1.71**	**26,295**
Mutual Funds & ETFs		**12.06**			**1,533,874**	**114,257**	**1,419,618**	**1.71**	**26,295**
Fidelity Mid Cap Index Fund	FSMDX	12.06	21.35	71,844	1,533,874	114,257	1,419,618	1.71	26,295
Small Cap U.S. Equity		**4.08**			**518,476**	**5,949**	**512,527**	**1.37**	**7,095**
Mutual Funds & ETFs		**4.08**			**518,476**	**5,949**	**512,527**	**1.37**	**7,095**
Fidelity Small Cap Index Fund	FSSNX	4.08	18.27	28,379	518,476	5,949	512,527	1.37	7,095
Developed Markets Equity		**9.98**			**1,269,242**	**129,764**	**1,139,478**	**1.16**	**14,702**
Mutual Funds & ETFs		**9.98**			**1,269,242**	**129,764**	**1,139,478**	**1.16**	**14,702**
Vanguard International Growth Fund Admir...	VWILX	9.98	115.51	10,988	1,269,242	129,764	1,139,478	1.16	14,702
Emerging Markets Equity		**6.01**			**763,795**	**456,054**	**307,740**	**0.49**	**3,729**

Holdings Date: 6/30/2020

	Symbol	% of Port.	Price	Shares/ Units	Portfolio Value	Cost Basis	Unrealized Gain/Loss	Current Yield	Projected Annual Income
Mutual Funds & ETFs		**6.01**			**763,795**	**456,054**	**307,740**	**0.49**	**3,729**
Baron Emerging Markets Fd Inst Shs	BEXIX	6.01	14.01	54,518	763,795	456,054	307,740	0.49	3,729
Real Assets		**2.92**			**370,846**	**0**	**370,846**	**2.79**	**10,336**
U.S. Listed Real Estate		**2.92**			**370,846**	**0**	**370,846**	**2.79**	**10,336**
Nuveen Real Estate Securities Fund Cl I	FARCX	2.92	17.33	21,399	370,846	0	370,846	2.79	10,336

	Symbol	% of Fixed Income	Portfolio Value	Projected Annual Income	Current Yield	Yield To Maturity	Effective Duration	Effective Mat. (Yrs)	Avg. Quality
Total		**100.00**	**4,059,407**	**114,918**	**2.83**	**5.33**	**5.24**	**5.28**	**A-**
Investment Grade		**93.90**	**3,810,821**	**100,689**	**2.64**	**3.03**	**5.31**	**4.65**	**A+**
Mutual Funds & ETFs		**93.90**	**3,810,821**	**100,689**	**2.64**	**3.03**	**5.31**	**4.65**	**A+**
DoubleLine Total Return Bond Fund Class I	DBLTX	9.30	379,411	13,591	3.58	3.03	3.29	4.65	BB
Fidelity U.S. Bond Index Fund	FXNAX	75.20	3,051,051	74,695	2.45	NA	5.48	NA	AA
PGIM Total Return Bond Fund Class R6	PTRQX	9.40	380,360	12,403	3.26	NA	6.01	NA	BBB
High Yield		**6.10**	**248,586**	**14,229**	**5.72**	**8.84**	**4.13**	**6.25**	**B**
Mutual Funds & ETFs		**6.10**	**248,586**	**14,229**	**5.72**	**8.84**	**4.13**	**6.25**	**B**
American Century High Income Fund Class Y	NPHIX	6.10	248,586	14,229	5.72	8.84	4.13	6.25	B

Holdings Date: 6/30/2020

ECONOMIC OUTLOOK

Situation analysis

This informational material is provided by U.S. Bank Asset Management Group who provides analysis and research to U.S. Bank and its affiliate U.S. Bancorp Investments. Contact your wealth professional for more details.

Third Quarter 2020

Investment outlook

At a glance

Markets are rebounding, thanks to significant policy support initiated to combat the global recession caused by COVID-19 pandemic shutdowns. The coming quarters are critical to evaluate how companies, countries and regions are emerging from these recent challenges. Strong market performance in the second quarter implies investors anticipate some progress, although continued central bank support of low borrowing costs should support an ongoing recovery.

We offer a glass-half-full perspective for diversified investors and are cautiously optimistic about the investment outlook. Asset prices moved markedly lower through late March before snapping back during the second quarter, initially discounting persistent malaise before switching to a more optimistic view. We are seeing modest improvements in economic activity, consumer and business demand, and resiliency in animal spirits. These developments, coupled with central banks' ongoing support of low borrowing costs, will likely lead to ongoing recovery, although markets may be pricing in too much progress too quickly.

These are difficult times, but throughout this period we have found clients who are grounded in a financial plan tailored to their unique circumstances have been able to withstand volatility within a constant news cycle. As always, we appreciate your trust.

— Eric Freedman, Chief Investment Officer, U.S. Bank

[1] Important disclosures provided on page 6.

Situation analysis

This informational material is provided by U.S. Bank Asset Management Group who provides analysis and research to U.S. Bank and its affiliate U.S. Bancorp Investments. Contact your wealth professional for more details.

Third Quarter 2020

Global economy

Quick take: Measures to combat the spread of COVID-19 drove the global economy into a recession. Ample fiscal and monetary stimulus measures should help the global economic recovery.

Our view: We expect the global recession will give way to a modest recovery supported by reopening economies and ample central bank stimulus.

- **Consumer and business behaviors and appetites are changing** in the wake of COVID-19. While a near-term rebound is likely, we expect the longer-term recovery to be modest, reflecting these changes in behavior.
- **U.S. unemployment above 13 percent is the worst since** the Great Depression. The intervention of significant fiscal and monetary stimulus provided some lift for the future recovery. We expect the U.S. economy will experience an ongoing recovery in the coming quarters.
- **Over the rest of the year, inflation pressures are likely to stabilize** and perhaps push higher from recent low levels, based on recoveries for the economy and commodity prices. Stimulus-driven inflation will depend upon government action duration relative to the level of economic activity.
- **Global economic growth will be a function of reopening**. Economic reopening has started cautiously in Asia and is spreading across Europe. The recovery in economic activity has been modest with some social distancing measures remaining in place as we await a medical solution to this disease. Based on differences in pace of reopening the recovery appears likely somewhat faster in Europe, somewhat slower in Asia, and further down the road in Latin America.

[2] Important disclosures provided on page 6.

Equity markets

Quick take: Volatility was a hallmark of trading action in the first half of 2020 and is likely to remain elevated in the second half of the year. The duration and impact of COVID-19 remains unknown, and the path toward normalcy requires more time and is subject to much uncertainty.

Our view: Supportive policy, improving investor sentiment and positive price trends provide a positive backdrop for equities in the second half of the year, despite the absence of a definitive COVID-19 treatment and prevention solutions. The market's expectation that the COVID-19 pandemic is peaking or contained predicates our "glass-half-full" orientation.

- **The fundamental backdrop remains supportive for equities**: Restrained inflation and low interest rates provide valuation support, the yield curve is steepening (rates on longer-term interest rates are rising faster than shorter-term rates), an indicator of improving economic conditions, the dollar is trending lower, benefiting U.S. exporters, and the price of crude oil has trended steadily higher into mid-year, mitigating stress in the energy sector. The increasing gap between advancing equity prices and subdued economic activity tempers our optimism somewhat, in addition to the unknown duration and impact of COVID-19.

- **Sentiment has improved**. The S&P 500 reached the halfway point of the year 32.7 percent above the March 23 low of 2,337 and only 9.2 percent shy of the February 19 all-time high of 3,386. The S&P 500 is beginning the third quarter trading at roughly 21.5 times trailing 12-month earnings estimates, which is a level considered elevated but short of extremes.

- **Domestic equity price trends reflect a recent trading pattern of higher highs and higher lows**, and the proportion of industries and companies participating in the recent market rally has improved considerably. Eight of 11 S&P 500 sectors have 50 percent or more of companies within each sector trading above their average price over the past 50 trading days, which is considered a positive price trend. In our view, this reflects widespread momentum indicating that the near-term path of least resistance is still higher.

- **Opportunities exist beyond COVID-19.** While the extent to which the world will change because of COVID-19 remains unclear, we anticipate secular growth trends in artificial intelligence, machine learning, cloud computing, robotics and automation, and e-commerce to be unphased by the pandemic. In some cases, the pandemic strengthens their long-term case. Additionally, many companies have compelling dividend profiles. The S&P 500 ended the second quarter with nearly 75 percent of companies offering dividends above the 10-year Treasury yield of 0.7 percent.

Foreign markets

Quick take: We view foreign emerging market equities' risk and reward as reasonably balanced, while strong policy action and a muted virus response to date supports foreign developed equities' near-term growth prospects.

Our view: While we must respect the recent recovery in foreign developed equity prices, structural issues such as challenging demographics and less growth-oriented equity markets remain longer-term headwinds. Thematic considerations and China's ongoing emergence from restrictive containment policies support our balanced emerging markets outlook.

- **The macro backdrop is generally positive for foreign equities**. Restrained inflation and low interest rates continue to provide valuation support. Firming crude oil prices provide support for the beleaguered energy sector without crimping consumers' spending power.
- **European monetary and fiscal policy** is "all-in," including a $847 billion package of loans and grants to hardest hit countries, financed for the first-time by Euro-wide taxes.
- **COVID-19's path and impact vary across foreign markets**. The virus's growth across Europe, Australia and Far East (EAFE) countries continues to moderate despite economic reopening, with daily case growth 85 percent below early-April peak levels. Meanwhile, the virus's epicenter has shifted to high population density countries in Latin America and South Asia, where governments' ability to manage health and societal impacts remain unclear.
- **Recent dollar weakness** is doubly supportive for investments in foreign equities. It decreases dollar denominated costs for foreign borrowers supporting local growth and aiding profitability and it increases U.S. investors' foreign holdings values when translated back to U.S. currency.
- **China's economic restart and the virus's response** remain keys. China consumer and businesses' response to economic reopening and the potential for a virus second wave remain key variables we are watching. China, Taiwan and South Korea, among the earliest impacted by COVID-19, represent more than 60 percent of the MSCI Emerging Markets Index.

Bond markets

Quick take: The riskiest bonds performed best in the second quarter, clawing back much of their significant losses from the first quarter. U.S. Federal Reserve (Fed) policies helped restore order to riskier markets and boosted investor confidence.

Our view: Lower rates potentially lasting into 2022 and an active Fed create opportunities in high-quality corporate and municipal bonds. Ongoing Fed programs relating to market liquidity and access to capital via debt markets remain important backstops in the event economic recovery falters. Corporate and municipal bond yields compared to Treasuries remain higher than historical norms and significantly higher than the beginning of 2020.

- **The Fed plans to hold short-term interest rates near zero** well into 2022. This should also hold other shorter-term bond yields low, limiting incomes for bond investors. Longer-term Treasury yields are heavily dependent on the recovery in economic growth expectations, investor demand for significant new Treasury bond issuance to pay for stimulus measures and how the Fed reacts if yields rise quickly. The Fed could deploy additional tools if market sentiment turns for the worse or if bond yields rise significantly.
- **Opportunities in U.S. corporate bonds skewed toward higher-quality** options due to risks in lower-quality bonds. Downgrades by ratings agencies for investment-grade bonds may persist, but defaults should remain insignificant, reflecting significant fiscal and monetary stimulus measures. New issuance is at record high levels so far this year, showing that high-quality companies have ample access to cash to bridge potential funding gaps until operating cash flows improve.
- **Municipal bonds, like corporate bonds, recovered somewhat in the second quarter**. High-quality municipal bonds remain attractive, with higher-than-normal yields compared to Treasuries. High-quality issuers must continue to address budget problems, but quick Fed policy actions have helped them retain access to new financing. State and local governments reacted quickly to reduce spending and services, cutting significant headcount from their payrolls to manage potential budget gaps — a positive for bond investors.

Real assets

Quick take: Signs of an economic rebound dominated price action in all real asset sectors. The most beaten-up sectors in March led the rally in the second half of the second quarter. Crude oil was supported by a historic production cut agreement by OPEC+ members and production shutdowns domestically. (OPEC+ is the Organization of the Petroleum Exporting Countries plus 10 additional oil-producing nations.)

Our view: Real estate prices are somewhat rich, and current revenue assumptions implied by prices may be elevated. However, property incomes remain solid compared to alternatives. Commodity prices will be sensitive to global economic reopening and the absorption of excess supplies.

- **Softer real estate income and higher vacancy rates to start 2020 gave way to delinquencies** as the economy shut down for COVID-19. Rent collections in some sectors are down significantly and default notices are increasing. Changes in property demands, such as recent work-from-home initiatives, may be a further headwind for some in this asset class. However, investor yields remain solid relative to other asset classes, especially fixed income.
- **Crude prices experienced a large rebound** in the second quarter. Production cuts by major global oil exporters coupled with the decline in U.S. oil output due to low prices should stabilize prices in the near term. Higher prices will require absorption of the current supply glut, perhaps through increased demand as the global economy reopens.
- **The continued increase in the Fed balance sheet through asset purchases**, low interest rates and a weaker U.S. dollar should support gold prices. Economic reopening in Asia could also provide some support as demand recovers.

Alternative Investments

Quick take: The policy responses to COVID-19 (social distancing, stay-at-home orders, etc.) caused a divergence in fortunes for business that fall into two categories: Companies that mostly require in-person relationships and interactions and those with technology viewed as critical to working from home or providing in-home entertainment.

Our view: We expect market volatility will remain elevated as investors contemplate variables during the gradual recovery. The velocity of change results in disruption and hedge funds may profit by holding the securities of companies expected to succeed and selling short securities of companies expected to struggle.

- **Market uncertainty over the last few months illustrates hedge fund managers' nimbleness** and how quickly they can decrease, increase and change their market exposures in reaction to market dynamics.
- **Global equity markets outside of U.S. large-cap stocks remain below** beginning year price levels, offering ample opportunities to purchase good companies at lower valuations.

Private Markets

Quick take: Private markets typically exhibit lower price volatility than public market returns. Active business management capability of investment managers adds greater value during economic slowdowns leading to stronger outperformance.

Our view: Slower economic conditions present opportunities for investing in private equity strategies focused on adding operational value to portfolio companies. Also, secular innovation cycles in the Technology and Healthcare sectors remain intact for private market investors. Private loans with limited protections increased substantially prior to the current slowdown, and the current environment will present opportunity for direct lending at attractive rates of return with investor friendly terms.

- **Private market returns exhibit low volatility** as they are not subject to frequently changing investor sentiment reflected in public market returns.
- **In a slow business environment, active management activities** such as consolidation of fragmented industries, operational changes, cost rationalizations and new approaches to enable growth are an important tool for private equity investors to deliver high relative returns.
- **The digitization of businesses and consumers** and innovations in health care are long-term trends that private market investors can continue to benefit from.

[7] Situation analysis – 3rd quarter 2020

- **Direct lending in the smaller end of the middle market** and stressed/distressed situations offer more attractive rates of return with greater investor protection compared to what was available prior to the COVID-19 economic slowdown. However, compared to prior slowdowns there are fewer distressed opportunities on the larger and more liquid end of the market, and there will be greater competition from larger pools of capital raised recently in anticipation of broader market distress.

the value of the underlying properties, the effect of economic conditions on real estate values, changes in interest rates and risks related to renting properties (such as rental defaults). **Hedge funds** are speculative and involve a high degree of risk. An investment in a hedge fund involves a substantially more complicated set of risk factors than traditional investments in stocks or bonds, including the risks of using derivatives, leverage and short sales, which can magnify potential losses or gains. Restrictions exist on the ability to redeem or transfer interests in a fund. **Private capital investment funds** are speculative and involve a higher degree of risk. These investments usually involve a substantially more complicated set of investment strategies than traditional investments in stocks or bonds, including the risks of using derivatives, leverage, and short sales, which can magnify potential losses or gains. Always refer to a Fund's most current offering documents for a more thorough discussion of risks and other specific characteristics associated with investing in private capital and impact investment funds. Reinsurance allocations made to **insurance-linked securities (ILS)** are financial instruments whose performance is determined by insurance loss events primarily driven by weather-related and other natural catastrophes (such as hurricanes and earthquakes). These events are typically low-frequency but high-severity occurrences. **Private equity investments** provide investors and funds the potential to invest directly into private companies or participate in buyouts of public companies that result in a delisting of the public equity. Investors considering an investment in private equity must be fully aware that these investments are illiquid by nature, typically represent a long-term binding commitment and are not readily marketable. The valuation procedures for these holdings are often subjective in nature. **Private debt investments** may be either direct or indirect and are subject to significant risks, including the possibility of default, limited liquidity and the infrequent availability of independent credit ratings for private companies.

Disclosures, Definitions, Descriptions

Important disclosures (page 1 of 4)

The information provided here is not intended to replace your account statement. Your account statement is the official record of your account.

EQUAL HOUSING LENDER

Equal Housing Lender. Credit products are offered by U.S. Bank National Association and subject to normal credit approval. Deposit products offered by U.S. Bank National Association. Member FDIC.

For use in one-on-one meetings/presentations.

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U.S. Bank and its representatives do not provide tax or legal advice. Your tax and financial situation is unique. You should consult your tax and/or legal advisor for advice and information concerning your particular situation.

Past performance is no guarantee of future results. All performance data, while obtained from sources deemed to be reliable, are not guaranteed for accuracy. Indexes shown are unmanaged and are not available for direct investment, nor are they subject to fees and expenses.

Performance reports included may show performance results gross of fees and expenses. If fees and expenses were included, the performance would be lower. If you have any questions, please speak with your relationship manager for additional information.

Based on our strategic approach to creating diversified portfolios, guidelines are in place concerning the construction of portfolios and how investments should be allocated to specific asset classes based on client goals, objectives and tolerance for risk. Not all recommended asset classes will be suitable for every portfolio. **Diversification and asset allocation do not guarantee returns or protect against losses.**

Important disclosures (page 2 of 4)

Equity securities are subject to stock market fluctuations that occur in response to economic and business developments. **Stocks of small-capitalization companies** involve substantial risk. These stocks historically have experienced greater price volatility than stocks of larger companies and may be expected to do so in the future. **Stocks of mid-capitalization companies** can be expected to be slightly less volatile than those of small-capitalization companies, but still involve substantial risk and may be subject to more abrupt or erratic movements than large-capitalization companies. The value of **large-capitalization stocks** will rise and fall in response to the activities of the company that issued them, general market conditions and/or economic conditions. **Growth investments** focus on stocks of companies whose earnings/profitability are accelerating in the short term or have grown consistently over the long term. Such investments may provide minimal dividends, which could otherwise cushion stock prices in a market decline. Stock value may rise and fall significantly based, in part, on investors' perceptions of the company, rather than on fundamental analysis of the stocks. Investors should carefully consider the additional risks involved in growth investments. **Value investments** focus on stocks of income-producing companies whose price is low relative to one or more valuation factors, such as earnings or book value. Such investments are subject to risks that their intrinsic values may never be realized by the market, or such stocks may turn out not to have been undervalued. Investors should carefully consider the additional risks involved in value investments.

International investing involves special risks, including foreign taxation, currency risks, risks associated with possible differences in financial standards and other risks associated with future political and economic developments. Investing in **emerging markets** may involve greater risks than investing in more developed countries. In addition, concentration of investments in a single region may result in greater volatility.

Investments in **real estate securities** can be subject to fluctuations in the value of the underlying properties, the effect of economic conditions on real estate values, changes in interest rates and risks related to renting properties (such as rental defaults). There are special risks associated with an investment in **commodities**, including market price fluctuations, regulatory changes, interest rate changes, credit risk, economic changes and the impact of adverse political or financial factors.

Investments in **fixed income securities** are subject to various risks, including changes in interest rates, credit quality, market valuations, liquidity, prepayments, early redemption, corporate events, tax ramifications and other factors. Investment in fixed income securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term securities. Investments in lower-rated and non-rated securities present a greater risk of loss to principal and interest than higher-rated securities. Investments in **high yield bonds** offer the potential for high current income and attractive total return, but involve certain risks. Changes in economic conditions or other circumstances may adversely affect a bond issuer's ability to make principal and interest payments.

Important disclosures (page 3 of 4)

The **municipal bond** market is volatile and can be significantly affected by adverse tax, legislative or political changes and the financial condition of the issues of municipal securities. Interest rate increases can cause the price of a bond to decrease. Income on municipal bonds is free from federal taxes, but may be subject to the federal alternative minimum tax (AMT), state and local taxes. **Treasury Inflation-Protected Securities (TIPS)** offer a lower return compared to other similar investments and the principal value may increase or decrease with the rate of inflation. Gains in principal are taxable in that year, even though not paid out until maturity.

Non-financial **specialty assets**, such as real estate, farm, ranch and timber properties, oil, gas and mineral interests or closely-held business interests are complex and involve unique risks specific to each asset type, including the total loss of value. Special risk considerations may include natural events or disasters, complex tax considerations and lack of liquidity. Specialty assets may not be suitable for all investors.

Alternative investments very often use speculative investment and trading strategies. There is no guarantee that the investment program will be successful. Alternative investments are designed only for investors who are able to tolerate the full loss of an investment. These products are not suitable for every investor even if the investor does meet the financial requirements. It is important to consult with your investment professional to determine how these investments might fit your asset allocation, risk profile and tax situation. **Hedge funds** are speculative and involve a high degree of risk. An investment in a hedge fund involves a substantially more complicated set of risk factors than traditional investments in stocks or bonds, including the risks of using derivatives, leverage and short sales, which can magnify potential losses or gains. Restrictions exist on the ability to redeem or transfer interests in a fund. **Exchange-traded funds (ETFs)** are baskets of securities that are traded on an exchange like individual stocks at negotiated prices and are not individually redeemable. ETFs are designed to generally track a market index and shares may trade at a premium or a discount to the net asset value of the underlying securities. **Private equity** investments provide investors and funds the potential to invest directly into private companies or participate in buyouts of public companies that result in a delisting of the public equity. Investors considering an investment in private equity must be fully aware that these investments are illiquid by nature, typically represent a long-term binding commitment and are not readily marketable. The valuation procedures for these holdings are often subjective in nature. **Private debt** investments may be either direct or indirect and are subject to significant risks, including the possibility of default, limited liquidity and the infrequent availability of independent credit ratings for private companies. **Structured products** are subject to market risk and/or principal loss if sold prior to maturity or if the issuer defaults on the security. Investors should request and review copies of Structured Products Pricing Supplements and Prospectuses prior to approving or directing an investment in these securities. **Insurance-linked securities (ILS)** are financial instruments whose performance is determined by insurance loss events primarily driven by weather-related and other natural catastrophes (such as hurricanes and earthquakes). These events are typically low-frequency but high-severity occurrences. In exchange for higher potential yields, investors assume the risk of a disaster during the life of their bonds, with their principal used to cover damage caused if the catastrophe is severe enough.

Important disclosures (page 4 of 4)

Mutual fund investing involves risk and principal loss is possible. Investing in certain funds involves special risks, such as those related to investments in small- and mid-capitalization stocks, foreign, debt and high-yield securities and funds that focus their investments in a particular industry. Please refer to the fund prospectus for additional details pertaining to these risks. An investment in **money market funds** is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. Although these funds seek to preserve the value of an investment at $1.00 per share, it is possible to lose money by investing in these funds.

Holdings of First American Funds: U.S. Bancorp Asset Management, Inc. is a registered investment advisor and subsidiary of U.S. Bank National Association. U.S. Bank National Association is a separate entity and wholly owned subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, performance or services of U.S. Bancorp Asset Management. U.S. Bancorp Asset Management, Inc. serves as an investment advisor to First American Funds. First American Funds are distributed by Quasar Distributors, LLC, an affiliate of the investment advisor. **Holdings of Nuveen mutual funds**: Firstar Capital Corporation (Firstar Capital), an affiliate of U.S. Bancorp, holds a less-than-10 percent ownership interest in Windy City Investments Holdings, LLC which was formerly the parent of Windy City Investment Inc. and the indirect parent of Nuveen Fund Advisors, LLC which is the investment advisor to the Nuveen Mutual Funds. On October 1, 2014, Windy City Investments, Inc. was sold to Teachers Insurance and Annuity Association of America. As a result of the sale, U.S. Bancorp no longer has an indirect ownership interest in Nuveen Fund Advisors, LLC. Depending on the outcome of certain factors, Firstar Capital might in the future receive an earn-out payment in respect of its interest in Windy City Investment Holdings, LLC, under the terms of the sale. **Non-proprietary mutual funds**: U.S. Bank may enter into agreements with other non-proprietary mutual funds or their service providers whereby U.S. Bank provides shareholder services and/or sub-transfer agency, custodial and other administrative support services and receives compensation for these services. Compensation received by U.S. Bank directly or indirectly from mutual funds does not increase fund fees and expenses beyond what is disclosed in the fund prospectuses. For more information, review the fund prospectus.

Definitions of investment report/statement terms (page 1 of 4)

Accredited Investor: Private placement securities generally require that investors be accredited due to the additional risks and speculative nature of the securities. For natural persons, the criteria is met by a net worth of more than $1 million (excluding primary residence) or an income of more than $200,000 individually ($300,000 jointly) for the two most recent years and a reasonable expectation for the same in the current year. For other entities, such as corporations, partnerships, trusts and employee benefit plans, the criteria is met with at least $5 million in assets. See full definition in Rule 501 of Regulation D under the Securities Act of 1933.

Alpha: A measure of risk-adjusted performance. A statistic measuring that portion of a stock, fund or composite's total return attributable to specific or non-market risk. Alpha measures non-market return and indicates how much value has been added or lost. A positive Alpha indicates the fund or composite has performed better than its Beta would predict (i.e., the manager has added value above the benchmark). A negative Alpha indicates a fund or composite has underperformed given the composite's Beta.

Alternative Investments: As used by U.S. Bank, an investment considered to be outside of the traditional asset classes of long-only stocks, bonds and cash. Examples of alternative investments include hedge funds, private equity, options and financial derivatives.

Annualized Excess Return: Shows the difference between the annualized linked returns of a portfolio and the model benchmark. Performance reports provided annualize only periods greater than one year.

Annualized or Annual Rate of Return: Represents the average annual change in the value of an investment over the periods indicated.

Batting Average: Shows how consistently the portfolio return met or beat the market.

Beta: A measure of your portfolio's risk relative to a benchmark. A portfolio with a beta of 1.5, for example, would be expected to return roughly 1.5 times the benchmark's return. A high Beta indicates a riskier portfolio.

Bond Credit Rating: A grade given to bonds by a private independent rating service that indicates their credit quality. Ratings are the opinion of Standard & Poor's or other agencies as noted and not the opinion of U.S. Bank.

Consumer Price Index (CPI): A measure of the average change in prices over time in a market basket of goods and services and is one of the most frequently used statistics for identifying periods of inflation and deflation.

Convexity to Stated Maturity: A measure of the curvature in the relationship between bond prices and bond yields that demonstrates how the duration of a bond changes as the interest rate changes. Convexity is used as a risk-management tool and helps to measure and manage the amount of market risk to which a portfolio of bonds is exposed. This version of convexity measures the rate change in duration of a bond as the yield to (stated) maturity changes.

Definitions of investment report/statement terms (page 2 of 4)

Cumulative Excess Return: Shows the difference between the annualized linked returns of a portfolio and the model benchmark. Performance reports provided use unannualized returns.

Downside Capture: The downside capture ratio reflects how a portfolio compares to a benchmark during periods when the benchmark is down. A downside capture ratio of 0.80 (or 80 percent) means the portfolio has historically declined only 80 percent as much as the benchmark during down markets.

Downside Deviation: The deviation of returns that fall below a minimum acceptable return (MAR). Although the numerator includes only returns below the MAR, the denominator includes all returns in the performance period. This risk statistic is similar to the downside standard deviation except the sum is restricted to returns less than the MAR instead of the mean.

Downside Standard Deviation: The deviation of returns that fall below the mean return. Although the numerator includes only returns below the mean, the denominator includes all returns in the performance period. This risk statistic is similar to the downside deviation except the sum is restricted to returns less than the mean instead of the minimum acceptable return (MAR).

Effective Maturity: The date of a bond's most likely redemption, given current market conditions, taking into consideration the optional and mandatory calls, the optional, mandatory and recurring puts, and the stated maturity.

Information Ratio: The information ratio compares the average excess return of the portfolio over its associated benchmark divided by the tracking error.

M-Squared: The hypothetical return of the portfolio after its risk has been adjusted to match a benchmark.

Market Value: Publicly traded assets are valued using market quotations or valuation methods from financial industry services believed by us to be reliable. Assets, that are not publicly traded, may be reflected at values from other external sources or special valuations prepared by us. Assets for which a current value is not available may be reflected as not valued, at par value, or at a nominal value. Values shown do not necessarily reflect prices at which assets could have been bought or sold. Values are updated based on internal policy and may be updated less frequently than statement generation.

Market Value Over Time: Many factors can impact the portfolio value over time, such as contributions to the account, distributions from the account, the investment of dividends and interest, the deduction of fees and expenses, and market performance.

Modified Duration to Effective Maturity: A formula that expresses the measurable change in the value of a security in response to a change in interest rates. This version of Modified Duration takes into consideration a "horizon date/price" that is, given current conditions, the most likely redemption date/price using the set of calls/puts, as well as stated maturity.

Definitions of investment report/statement terms (page 3 of 4)

Modified Duration to Stated Maturity: A formula that expresses the measurable change in the value of a security in response to a change in interest rates. This version of Modified Duration uses stated maturity as the "horizon date/price" and ignores any potential call/put/pre-refunding, even if they are mandatory.

Price/Earnings Ratio (P/E): The P/E ratio of a company is calculated by dividing the price of the company's stock by its trailing 12-month earnings per share. A high P/E usually indicates that the market is paying a premium for current earnings because it believes in the firm's ability to grow its earnings. A low P/E indicates the market has less confidence that the company's earnings will increase. Within a portfolio, P/E is the weighted average of the price/earnings ratios of the stocks in the portfolio.

Qualified Purchaser: Some private placement securities require that investors be Qualified Purchasers in addition to being Accredited Investors. For natural persons, the criteria is generally met when the client (individually or jointly) owns at least $5 million in investments. For other entities, such as corporations, partnerships, trusts and employee benefit plans, the criteria is met with at least $25 million in investments though there are other eligibility tests that may apply. See full definition in Section 2(a)(51) of the Investment Company Act of 1940.

R-Squared: Measures the portion of the risk in your portfolio that can be attributed to the risk in the benchmark.

Realized and Unrealized Gains/Losses: Are calculated for individual tax lots based on the records we have available. Some data may be incomplete or differ from what you are required to report on your tax return. Some data used in these calculations may have been obtained from outside sources and cannot be verified by U.S. Bank. The data is intended for informational purposes only and should not be used for tax reporting purposes. Please consult with your tax or legal advisor for questions concerning your personal tax or financial situation.

Residual Risk: The amount of risk specific to the assets in a portfolio distinct from the market, represented by a benchmark.

Return: An indication of the past performance of your portfolio.

Sharpe Ratio: Measures of risk-adjusted return that calculates the return per unit of risk, where risk is the Standard Deviation of your portfolio. A high Sharpe ratio indicates that the portfolio is benefiting from taking risk.

Sortino Ratio: Intended to differentiate between good and bad volatility. Similar to the Sharpe ratio, except it uses downside deviation for the denominator instead of standard deviation, the use of which doesn't discriminate between up and down volatility.

Spread: The difference between the yields of two bonds with differing credit ratings (most often, a corporate bond with a certain amount of risk is compared to a standard traditionally lower risk Treasury bond). The bond spread will show the additional yield that could be earned from a bond which has a higher risk.

Definitions of investment report/statement terms (page 4 of 4)

Standard Deviation: A measure of the volatility and risk of your portfolio. A low standard deviation indicates a portfolio with less volatile returns and therefore less inherent risk.

Time-weighted Return: The method used to calculate performance. Time-weighted return calculates period by period returns that negates the effect of external cash flows. Returns for periods of greater than one year are reported as an annualized (annual) rate of return. Returns of less than one year are reported on a cumulative return basis. Cumulative return is the aggregate amount an investment has gained or lost over time, independent of the period involved.

Tracking Error: A divergence between the price behavior of a position or a portfolio and the price behavior of a benchmark. This is often in the context of a hedge or mutual fund that did not work as effectively as intended, creating an unexpected profit or loss instead.

Traditional Investments: As used by U.S. Bank, an investment made in equity, fixed income or cash securities, mutual funds or exchange-traded funds (ETFs) where the investor buys at a price with the goal that the investment will go up in value.

Top 10 Holdings: The 10 assets with the highest market values in the account.

Total Portfolio Gross of Fees: Represents all assets included in the calculation of the portfolio, before the deduction of trust and asset management fees, and is inclusive of all applicable third party security fees and expenses. Details of those fees and expenses are provided in the security's prospectus or offering documents.

Total Return: The rate of return that includes the realized and unrealized gains and losses plus income for the measurement period.

Treynor Ratio: Measures the performance of a sector relative to risk by dividing the return of the sector in excess of the risk-free return by the sector's Beta. The higher the Treynor ratio, the better the return relative to risk.

Turnover Percent: Indicates how frequently asset are bought and sold within a portfolio.

Turnover Ratio: The percentage of a mutual fund's or other investment vehicle's holdings that have been "turned over" or replaced with other holdings in a given year.

Upside Capture: The upside capture ratio reflects how a portfolio compares to the selected model benchmark during periods when the benchmark is up. An upside capture ratio of 1.15 (or 115 percent) means the portfolio has historically beat the benchmark by 15 percent during up markets.

Yield: The annual rate of return on an investment, expressed as a percentage. For bonds, it is the coupon rate divided by the market price. For stocks, it is the annual dividend divided by the market price.

Frequently used investment indexes (page 1 of 5)

Bloomberg Barclays 1-3 year U.S. Treasury Index: Measures the performance of the U.S. government bond market and includes public obligations of the U.S. Treasury with a maturity between one year and up to (but not including) three years.

Bloomberg Barclays 1-5 year U.S. Treasury Index: Includes all publicly issued, U.S. Treasury securities that have a remaining maturity of greater than or equal to one year and less than five years, are rated investment grade and have $250 million or more of outstanding face value.

The Bloomberg Barclays 1-5 year Municipal Index: Measures the performance of municipal bonds with time to maturity of more than one year and less than five years.

Bloomberg Barclays 7-year Municipal Index: Includes municipal bonds with a minimum credit rating of Baa that have been issued as part of a transaction of at least $50 million, have a maturity value of at least $5 million and a maturity range of four to six years.

Bloomberg Barclays Global Aggregate Index ex-U.S. Index: Measure of global investment grade debt from 24 local currency markets. This multi-currency benchmark includes Treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Bloomberg Barclays Global Treasury ex-U.S. Index: Includes government bonds issued by investment-grade counties outside the United States, in local currencies, that have a remaining maturity of one year or more and are rated investment grade.

Bloomberg Barclays High Yield Municipal Bond Index: An unmanaged index made up of bonds that are non-investment grade, unrated or below Ba1 bonds.

Bloomberg Barclays Intermediate Aggregate Index: Consists of one- to 10-year governments, one- to 10-year corporate bonds, all mortgages and all asset-backed securities within the Aggregate Index.

Bloomberg Barclays Mortgage-Backed Securities Index: Covers agency mortgage-backed pass-through securities (both fixed-rate and hybrid adjustable-rate mortgages) issued by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

Bloomberg Barclays U.S. Aggregate Bond Index: Measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, mortgage-backed securities, asset-backed securities and commercial mortgage-backed securities.

Bloomberg Barclays U.S. Corporate Bond Index: Measures the investment grade, fixed-rate, taxable corporate bond market and includes U.S. dollar-denominated securities publicly issued by U.S. and non-U.S. industrial, utility and financial issuers.

Bloomberg Barclays U.S. Corporate High Yield Bond Index: Measures the U.S. dollar denominated, high yield, fixed-rate corporate bond market.

Frequently used investment indexes (page 2 of 5)

Bloomberg Barclays U.S. Municipal Bond Index: Measures the investment grade, U.S. dollar-denominated, fixed tax exempt bond market. The index includes state and local general obligation, revenue, insured and pre-refunded bonds.

Bloomberg Barclays U.S. Treasury Index: Measures U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury.

Bloomberg Barclays U.S. Treasury Inflation-Protected Securities (TIPS) Index: An unmanaged index includes all publicly issued, U.S. TIPS that have at least one year remaining to maturity, are rated investment grade, and have $250 million or more of outstanding face value.

Cambridge U.S. Private Equity Index: This index is based on returns data compiled for U.S. private equity funds (including buyout, growth equity and mezzanine funds) that represent the majority of institutional capital raised by private equity partnerships formed since 1986. Returns may be delayed by up to six months. Quarterly performance is prorated based on the cube root for the months of the quarter.

Citigroup 3-Month Treasury Bills: An unmanaged index and represents monthly return equivalents of yield averages of the last three-month Treasury Bill issues.

Citigroup 6-Month Treasury Bills: An unmanaged index and represents monthly return equivalents of yield averages of the last six-month Treasury Bill issues.

Credit Suisse Leverage Loan Index: Represents tradable, senior-secured, U.S. dollar-denominated non-investment grade loans.

Dow Jones Industrial Average (DJIA): The price-weighted average of 30 significant U.S. stocks traded on the New York Stock Exchange and NASDAQ. The DJIA is the oldest and single most watched index in the world.

Dow Jones Select REIT Index: Measures the performance of publicly traded REITs and REIT-like securities in the U.S. and is a proxy for direct real estate investment, in part by excluding companies whose performance may be driven by factors other than the value of real estate.

Eurekahedge ILS Advisers Index: Designed to provide a broad measure of the performance of underlying hedge fund managers who explicitly allocate to insurance-linked investments and have at least 70% of their portfolio invested in non-life risk.

HFRI Indices: The Hedge Fund Research, Inc. (HFRI) indexes are a series of benchmarks designed to reflect hedge fund industry performance by constructing composites of constituent funds, as reported by the hedge fund managers listed within the HFR Database.

HFRI Equity Hedge Total Index: Uses the HFR (Hedge Fund Research) database and consists only of equity hedge funds with a minimum of $50 million assets under management or a 12-month track record and that reported assets in U.S. dollars.

Frequently used investment indexes (page 3 of 5)

HFRI Relative Value Fixed Income Corporate Index: Uses the HFR (Hedge Fund Research) database and consists of only relative value fixed income corporate funds with a minimum of $50 million assets under management or a 12-month track record and that reported assets in U.S. dollars.

ICE BofAML 1-3 Year Corporate Index: Tracks U.S. dollar-denominated investment grade public debt issued in the U.S. bond market with maturities of one to three years.

ICE BofAML 1-5 Year Corporate and Government Index: Tracks the performance of short-term U.S. investment grade government and corporate securities with maturities between one and five years.

ICE BofAML U.S. 7-10 Year Index: Tracks the performance of U.S. dollar denominated investment grade rated corporate debt publicly issued in the U.S. domestic market and includes all securities with a remaining term to maturity of greater than or equal to seven years and less than 10 years.

ICE BofAML Global Broad Market Index: Tracks the performance of investment grade public debt issued in the major domestic and Eurobond markets, including global bonds.

ICE BofAML U.S. High Yield Master II Index: Commonly used benchmark index for high yield corporate bonds and measures the broad high yield market.

J.P. Morgan Emerging Markets Bond Index Global (EMBI Global): Tracks total returns for traded external debt instruments in the emerging markets.

London Interbank Offered Rate (LIBOR) 3-months: The interest rate offered by a specific group of London banks for U.S. dollar deposits with a three-month maturity.

London Interbank Offered Rate (LIBOR) 9-months: The interest rate offered by a specific group of London banks for U.S. dollar deposits with a nine-month maturity.

MSCI All Country World Index (ACWI): Designed to measure the equity market performance of developed and emerging markets.

MSCI All County World ex-U.S. Index (ACWI, excluding United States): Tracks the performance of stocks representing developed and emerging markets around the world that collectively comprise most foreign stock markets. U.S. stocks are excluded from the index.

MSCI EAFE Index: Includes approximately 1,000 companies representing the stock markets of 21 counties in Europe, Australasia and the Far East.

Frequently used investment indexes (page 4 of 5)

MSCI Emerging Markets (EM) Index: Designed to measure equity market performance in global emerging markets.

MSCI World Index: Tracks equity market performance of developed markets through individual country indices.

NAREIT Index: Includes REITs (Real Estate Investment Trusts) listed on the New York Stock Exchange, NASDAQ and American Stock Exchange.

NASDAQ Composite Index: A market capitalization-weighted average of roughly 5,000 stocks that are electronically traded in the NASDAQ market.

NCREIF Property Index (NPI): Measures the investment performance of a very large pool of individual commercial real estate properties acquired in the private market for investment purposes only.

Russell 1000 Index: Measures the performance of the 1,000 largest companies in the Russell 3000 Index and is representative of the U.S. large capitalization securities market.

Russell 1000 Growth Index: Measures companies in the Russell 1000 Index with higher price-to-book ratios and higher forecasted growth values. It includes the largest 1,000 firms in the Russell 3000 Index.

Russell 1000 Value Index: Measures companies in the Russell 1000 Index with lower price-to-book ratios and lower forecasted growth values. It includes the largest 1,000 firms in the Russell 3000 Index.

Russell 2000 Index: Measures the performance of the 2,000 smallest companies in the Russell 3000 Index and is representative of the U.S. small capitalization securities market.

Russell 2000 Growth Index: Measures companies in the Russell 2000 Index having higher price-to-book ratios and higher forecasted growth values. and is representative of U.S. securities exhibiting growth characteristics. The Russell 2000 Index includes the 2,000 firms from the Russell 3000 Index with the smallest market capitalizations.

Russell 2000 Value Index: Measures companies in the Russell 2000 Index having lower price-to-book ratios and lower forecasted growth values. The Russell 2000 Index includes the 2,000 firms from the Russell 3000 Index with the smallest market capitalizations.

Russell 3000 Index: Measures the performance of the 3,000 largest U.S. securities based on total market capitalization.

Russell Midcap Index: Measures the 800 smallest companies in the Russell 3000 Index.

Russell Midcap Growth Index: Measures companies in the Russell Midcap Index having higher price-to-book ratios and higher forecasted growth values.

Frequently used investment indexes (page 5 of 5)

Russell Midcap Value Index: Measures companies in the Russell Midcap Index having lower price-to-book ratios and lower forecasted growth values.

S&P 500 Index: Consists of 500 widely traded stocks that are considered to represent the performance of the U.S. stock market.

S&P Global ex-U.S. Property Index: Measures the investable universe of publicly traded property companies domiciled in developed and emerging markets excluding the United States. The companies included are engaged in real estate related activities such as property ownership, management, development, rental and investment.

S&P GSCI: A composite index of commodity sector returns, representing an unleveraged, long-only investment in commodity futures that is broadly diversified across the spectrum of commodities.

S&P/Case-Shiller Home Price Indexes: A group of indexes that track changes in home prices throughout the United States. Case-Shiller produces indexes representing certain metropolitan statistical areas (MSA) as well as a national index.

Swiss Re Global Cat Bond Total Return Index: Tracks the aggregate performance of all U.S. dollar-denominated euros and Japanese yen-denominated catastrophe bonds, capturing all ratings, perils and triggers.

U.S. Dollar Index: Indicates the general international value of the U.S. dollar by averaging the exchange rates between the U.S. dollar and six major world currencies.

Wilshire 5000 Index: Composed of more than 6,700 publicly-traded U.S. companies and is designed to track the overall performance of the American stock markets.