

# Mutual Fund Expense Ratio Trends

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Fund fees dropped in 2013 courtesy of the huge stock market rally that year. Market rallies cause the total assets under management of the fund industry to grow tremendously and that in turn triggers breakpoints in mutual fund management fees. Those breakpoints are built into a fund's fee structure so a fund charges less for each additional dollar managed over various AUM thresholds.

The industry also shares some other efficiencies from the greater economies of scale, though they of course keep quite a bit to themselves.

The average investor in open-end mutual funds paid 0.71% in expenses in 2013 versus 0.72% in 2012 and 0.78% in 2010. The figure has gradually come down from a peak of 0.95% in 2000.

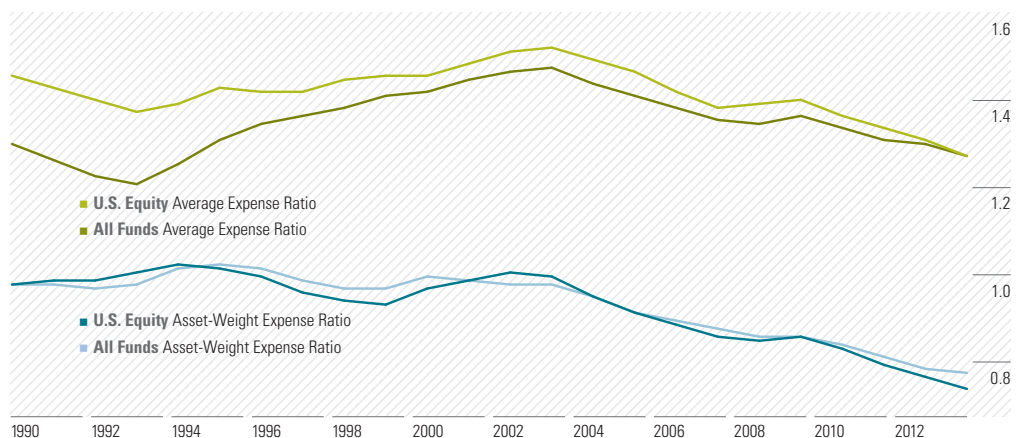
We calculate a figure for the average investor by asset-weighting expense ratios so that big funds count more than small ones. We include all open-end funds except for funds of funds.

If we look at the average mutual fund instead of the average investor, the trend is the same but at higher cost. Today the average fund charges 1.25%, down from 1.28% in 2012 and off from a peak of 1.47% in 2003.

You can see the long-term trends in this graph.

As assets in mutual funds have grown, expense ratios have steadily come down. We graphed the average and asset-weighted averages for all funds and for U.S. stock funds. The asset-weighted average tells you what the typical investor paid.

### Fund Fees Declining Over the Years



Source: Morningstar, Inc. Data from 1990–2013.

If we break the data down by fund group, we see that most of the decline was in equities. The typical investor in U.S. stock funds paid 0.67% in 2013, down from 0.70% in 2012. The average investor in foreign equities paid 0.78% versus 0.80%. The typical sector fund investor paid 0.90% versus 0.92%.

In 2013, balanced funds dropped 2 basis points to 0.78% for the average investor. I was a little surprised to see bond-fund expenses drop, as most bond categories were flat for the year. Even so, the typical investor in a bond fund paid 1 basis point less, down to 0.60% in 2013. Municipal bonds remained flat at 0.59% for the average investor.

The good news is that expenses will likely come down more for fiscal 2014 barring a huge market swoon in the second half. The reason is that 2013's rally continued toward the end of the year so that the growth in assets wasn't fully captured by 2013's figures, which reflect the 12 months ended October 2013.

### **What's Driving Lower Fees?**

Asset growth is by far the biggest driver, as funds typically have breakpoints set to automatically lower fees as assets grow. And the largest part of asset growth will usually be market performance, as in 2013.

However, a second component is fund flows. Fund investors have become smarter about buying cheaper funds. Last year, 95% of net inflows went into funds with expense ratios that ranked in the cheapest quintile of their category peers. The two years prior it was actually greater than 100% because you had money going out of pricier funds even as it was rushing into cheaper funds.

Investors were less choosy about fees. On average only 56% of net inflows went into the cheapest quintile in the '90s. Low costs generally lead to superior returns, so no doubt some of the money going into low-cost funds also reflects investors following performance as well as expenses.

A big component of that move to lower costs is passive investments. But it doesn't stop there. Money has flowed into lower-cost institutional bond funds that are actively managed, too. And even within actively managed equity funds, quite a bit of the money flowing in ends up in lower-cost funds.

### **The Predictive Power of Expenses**

I looked back at the predictive power of expense ratios to see how they fared at inflection points even as past performance was less helpful. I grouped funds by asset class and then expense ratio as of June 2008, June 2009, and June 2010.

### **The Success Rate**

The success rate tells you what percentage of funds survived and outperformed over the ensuing period. It's important to take into account funds that are liquidated because high-cost funds are more likely to be killed off than low-cost funds. Thus, failures from high-cost groups are wiped away. If you don't account for those failures, your study is survivorship-biased. Thus, I like the success rate for its ability to be bias-free. It's also important to use available data at the time to test the real-world results. Simply taking a data point published in 2014 and looking backward at returns doesn't really lead to useful information.

### **Expense Ratio**

The expense ratio is a nearly complete, all-in measure of the percentage of assets fundholders are paying in fees. It includes money for the managers, analysts, traders, transfer agents, compliance officers, customer service reps, lawyers, directors, technology providers, research resources, and printers, plus additional profits for the fund company, brokerage, and possibly the broker or financial planner. I broke each category down to five quintiles based on expense ratios.

The expenses are deducted in small amounts every business day, and a fund's net asset value is thus adjusted accordingly to account for these fees.

### **Expense Ratio in 2008**

The expense ratio would have helped you make better decisions in all asset classes in 2008. Spoiler alert: It did the same in 2009 and 2010. Let's look at the details.

In 2008, the cheapest quintile in U.S.-equity funds produced a success rate of 56% compared with 34% for the priciest quintile. That means your chances for success in a cheap fund were twice as great as in a pricey one. For foreign stocks, it was 60% versus 28%. For balanced, it was 65% versus 29%. For taxable bond, it was 65% versus 32%, and it was 67% versus 15% for munis. So, every asset class showed strong predictive power for expense ratios.

The cheapest quintile outperformed the second cheapest in every case, too, although less dramatically.

### **Expense Ratio in 2009 and 2010**

The pattern continued in 2009 and 2010. Expenses were a powerful predictor over different asset classes and time periods even though the markets swung dramatically into a rally. Past perfor-

mance was not a lot of help as superconservative funds looked best in early 2009 just as it was time for aggressive funds to run. The cheapest quintile had a 59% success rate while it was 25% for the priciest.

### **What if It's Just a Share-Class Thing?**

When you include all share classes in a test, you will have many share classes of the same fund, so naturally you'd expect PIMCO's Institutional shares to beat its A shares. But what if you just used one share class per fund? Would that diminish the predictive power of fees?

The answer is yes, but it's still quite powerful. In every test we still saw the cheapest quintile trounce the priciest.

Back to domestic stocks in June 2008, the cheapest quintile's success rate fell a hair to 55% from 56% and the priciest quintile bounced up from 24% to 30% success rate. So you still nearly doubled your chances of success by choosing low cost funds. In foreign equities in 2008, the cheapest quintile success rate was 57% versus 37% for the priciest quintile. For balanced funds, the cheapest quintile had a 50% success rate versus 27%. For taxable bond it was 50% versus 35% and for munis it was 65% versus 32%.

For June 2009, we saw the success of the cheapest quintile rise a bit with our oldest share class test as it rose from 59% to 61% but the priciest quintile's success rate also rose to 28%. For foreign equities, however, it shrunk to a 46% to 40% gap. For balanced, it was 56% versus 34%. For taxable bonds it was 47% versus 37%. For munis we saw a 41% success rate versus 26% for the priciest quintile.

### **Why Expenses Worked So Consistently**

Fees matter in bull markets and bear markets. In growth and value markets, fees still matter. A performance measure can accidentally capture a lot of the noise in markets as one area moves in and out of favor and as caution reigns, then aggression.

But expenses are just so dependable that it makes sense to make them an initial screen in your process. To quote from the book of Bogle: You get what you don't pay for.

Vanguard founder Jack Bogle has pointed out that markets don't have to be efficient for low costs to work. We know that mutual funds as a whole will get roughly the market's return minus fees and trading costs. Those that charge less are naturally more likely to outperform than those with high costs.

Table 1 Expense Ratio Trends 1990–2013

Year	US Equity			Sector Equity			Balanced			International Equity		
	Ast-Wgt Expense Ratio	Average Expense Ratio	# of funds	Ast-Wgt Expense Ratio	Average Expense Ratio	# of funds	Ast-Wgt Expense Ratio	Average Expense Ratio	# of funds	Ast-Wgt Expense Ratio	Average Expense Ratio	# of funds
1990	0.93	1.45	665	1.41	1.87	123	0.99	1.52	145	1.19	1.86	123
1991	0.94	1.42	750	1.37	1.85	132	0.97	1.45	153	1.25	1.84	156
1992	0.94	1.39	833	1.31	1.79	133	0.95	1.40	180	1.27	1.75	194
1993	0.96	1.36	1222	1.31	1.69	170	0.96	1.37	255	1.30	1.76	317
1994	0.98	1.38	1584	1.35	1.63	223	1.00	1.39	359	1.33	1.78	514
1995	0.97	1.42	1905	1.37	1.70	260	0.97	1.41	468	1.31	1.83	668
1996	0.95	1.41	2307	1.34	1.66	311	0.94	1.42	551	1.27	1.89	900
1997	0.91	1.41	2749	1.32	1.67	386	0.92	1.40	571	1.25	1.84	1108
1998	0.89	1.44	3356	1.27	1.64	491	0.89	1.39	630	1.23	1.90	1333
1999	0.88	1.45	3776	1.29	1.69	597	0.89	1.42	664	1.25	1.93	1483
2000	0.92	1.45	4100	1.25	1.74	701	0.91	1.41	695	1.21	1.85	1493
2001	0.94	1.48	4465	1.24	1.79	772	0.88	1.42	717	1.20	1.90	1571
2002	0.96	1.51	5754	1.26	1.83	938	0.89	1.44	781	1.20	1.89	1807
2003	0.95	1.52	6385	1.26	1.85	1030	0.90	1.53	892	1.20	1.90	1884
2004	0.90	1.49	6650	1.16	1.77	1071	0.86	1.49	922	1.14	1.80	1877
2005	0.86	1.46	6999	1.04	1.68	1094	0.82	1.41	902	1.08	1.71	1940
2006	0.83	1.41	7482	0.99	1.62	1138	0.80	1.36	1005	1.03	1.64	2171
2007	0.80	1.37	7588	0.98	1.60	1191	0.78	1.31	1042	0.99	1.59	2364
2008	0.79	1.38	7869	0.96	1.58	1235	0.79	1.29	1132	0.97	1.56	2686
2009	0.80	1.39	7316	0.99	1.62	1209	0.84	1.32	1084	1.00	1.60	2811
2010	0.77	1.35	7088	0.99	1.57	1210	0.82	1.27	1141	0.97	1.56	2903
2011	0.73	1.32	7013	0.95	1.52	1212	0.80	1.26	1216	0.92	1.52	3103
2012	0.70	1.29	7020	0.92	1.50	1226	0.80	1.30	1327	0.90	1.51	3248
2013	0.67	1.25	7240	0.90	1.47	1313	0.78	1.24	1488	0.87	1.47	3491

Source: Morningstar, Inc. Data as of 12/31/2013. Open-end funds excluding funds of funds.

Table 1 (continued) **Expense Ratio Trends 1990–2013**

Year	Alternative			Taxable Bonds			Municipal Bonds			All Funds		
	Ast-Wgt Expense Ratio	Average Expense Ratio	# of funds	Ast-Wgt Expense Ratio	Average Expense Ratio	# of funds	Ast-Wgt Expense Ratio	Average Expense Ratio	# of funds	Ast-Wgt Expense Ratio	Average Expense Ratio	# of funds
1990	1.11	1.48	8	1.01	1.07	481	0.69	0.80	410	0.93	1.28	1955
1991	1.19	1.61	9	1.00	1.05	579	0.68	0.77	490	0.93	1.24	2269
1992	1.20	1.56	9	0.97	1.02	688	0.68	0.75	571	0.92	1.20	2608
1993	1.10	1.40	12	0.93	1.03	1103	0.70	0.81	975	0.93	1.18	4054
1994	1.20	1.45	15	0.94	1.10	1482	0.72	0.89	1467	0.97	1.23	5644
1995	1.33	1.47	16	0.93	1.15	1644	0.75	0.98	1753	0.98	1.29	6714
1996	1.26	1.57	18	0.90	1.14	1724	0.75	1.03	1780	0.97	1.33	7591
1997	1.32	1.58	26	0.89	1.12	1813	0.72	1.05	1588	0.94	1.35	8245
1998	1.35	1.76	38	0.87	1.14	2055	0.72	1.05	1831	0.92	1.37	9738
1999	1.40	1.67	48	0.85	1.12	2061	0.71	1.07	1799	0.92	1.40	10432
2000	1.46	1.83	68	0.82	1.14	2089	0.71	1.10	1781	0.95	1.41	10931
2001	1.42	1.99	71	0.80	1.17	2103	0.69	1.08	1725	0.94	1.44	11429
2002	1.61	2.14	145	0.77	1.12	2458	0.68	1.08	1816	0.93	1.46	13704
2003	1.67	2.26	159	0.77	1.13	2760	0.69	1.10	2029	0.93	1.47	15149
2004	1.61	2.10	196	0.75	1.13	2889	0.68	1.10	2045	0.90	1.43	15665
2005	1.52	2.00	231	0.71	1.10	2992	0.67	1.08	2009	0.86	1.40	16191
2006	1.62	1.99	309	0.68	1.08	3080	0.66	1.08	1969	0.84	1.37	17182
2007	1.43	1.96	367	0.66	1.06	3168	0.66	1.07	1906	0.82	1.34	17655
2008	1.44	1.95	423	0.64	1.05	3244	0.63	1.04	1884	0.80	1.33	18514
2009	1.51	2.07	468	0.63	1.04	3236	0.65	1.04	1764	0.80	1.35	17932
2010	1.39	1.97	508	0.64	1.03	3378	0.61	1.01	1787	0.78	1.32	18076
2011	1.41	1.95	650	0.63	1.02	3591	0.60	0.98	1757	0.75	1.29	18631
2012	1.41	1.96	796	0.61	1.02	3829	0.59	0.97	1698	0.72	1.28	19249
2013	1.36	1.89	920	0.60	1.00	4170	0.59	0.95	1785	0.71	1.25	20522

Source: Morningstar, Inc. Data as of 12/31/2013.

Table 2 Flow Trends in U.S. Stock Funds by Fees

Year	Ast-Wgt Expense Ratio	Average Expense Ratio	Annual Flows	Annual Flows in Cheapest Quintile	% Annual Flow in Cheapest Quintile	Total Average Assets	# of Funds
1990	0.93	1.45	2,917,287,102	2,773,365,065	95.07	176,744,885,099	665
1991	0.94	1.42	21,843,603,806	8,092,737,006	37.05	271,123,213,439	750
1992	0.94	1.39	43,371,455,307	12,717,040,114	29.32	355,575,336,021	833
1993	0.96	1.36	59,124,161,647	14,132,063,195	23.90	486,091,737,994	1222
1994	0.98	1.38	56,540,178,117	13,166,590,207	23.29	546,917,555,343	1584
1995	0.97	1.42	92,696,030,384	29,855,267,118	32.21	830,637,815,599	1905
1996	0.95	1.41	133,841,807,380	53,231,085,835	39.77	1,134,014,293,318	2307
1997	0.91	1.41	134,629,697,307	57,834,248,809	42.96	1,559,968,465,327	2749
1998	0.89	1.44	110,708,175,756	50,739,900,497	45.83	1,987,699,002,388	3356
1999	0.88	1.45	125,469,548,968	80,247,850,003	63.96	2,634,944,576,470	3776
2000	0.92	1.45	132,756,693,491	61,650,613,148	46.44	2,537,037,238,195	4100
2001	0.94	1.48	50,273,709,110	9,102,996,610	18.11	2,267,803,472,144	4465
2002	0.96	1.51	-1,263,601,397	-3,247,395,015	257.00	1,810,394,323,506	5754
2003	0.95	1.52	103,179,523,442	72,476,299,721	70.24	2,482,890,940,321	6385
2004	0.90	1.49	82,826,372,967	66,518,292,933	80.31	2,891,998,741,670	6650
2005	0.86	1.46	-9,963,766,727	17,531,548,938	-176.00	3,095,848,837,688	6999
2006	0.83	1.41	-3,522,689,156	21,702,646,359	-616.10	3,529,559,908,471	7482
2007	0.80	1.37	-39,582,450,451	24,649,046,735	-62.27	3,722,184,054,522	7588
2008	0.79	1.38	-100,776,907,480	-7,835,215,013	7.77	2,185,755,297,366	7869
2009	0.80	1.39	-40,336,079,174	6,844,540,301	-16.97	2,833,314,788,716	7316
2010	0.77	1.35	-70,957,308,707	7,147,265,339	-10.07	3,223,354,017,294	7088
2011	0.73	1.32	-98,334,917,982	-36,246,551,256	36.86	3,074,120,110,388	7013
2012	0.70	1.29	-137,756,046,474	-30,250,709,591	21.96	3,444,707,271,855	7020
2013	0.67	1.25	26,363,824,330	50,978,913,488	193.37	4,703,582,095,145	7240

Source: Morningstar, Inc. Data as of 12/31/2013.

Table 3 Flow Trends in Sector Funds by Fees

Year	Ast-Wgt Expense Ratio	Average Expense Ratio	Annual Flows	Annual Flows in Cheapest Quintile	% Annual Flow in Cheapest Quintile	Total Average Assets	# of Funds
1990	1.41	1.87	-126,145,050	—	—	13,563,446,059	123
1991	1.37	1.85	2,351,878,882	933,880,819	39.71	20,855,766,210	132
1992	1.31	1.79	3,230,812,146	1,558,276,626	48.23	24,349,515,179	133
1993	1.31	1.69	7,083,798,942	2,229,448,206	31.47	39,254,285,280	170
1994	1.35	1.63	1,635,986,548	-365,976,316	-22.37	39,418,944,717	223
1995	1.37	1.70	4,771,837,821	1,053,154,328	22.07	54,983,021,700	260
1996	1.34	1.66	4,485,111,055	1,840,228,428	41.03	66,939,009,059	311
1997	1.32	1.67	12,409,017,091	3,901,755,754	31.44	93,100,167,358	386
1998	1.27	1.64	4,663,299,967	1,163,493,318	24.95	111,006,810,017	491
1999	1.29	1.69	20,755,200,714	14,237,797,038	68.60	182,162,653,970	597
2000	1.25	1.74	51,872,883,867	29,366,064,800	56.61	203,398,510,971	701
2001	1.24	1.79	-8,516,530,065	-5,426,149,604	63.71	153,546,003,921	772
2002	1.26	1.83	-9,210,632,647	-2,687,161,330	29.17	109,293,433,544	938
2003	1.26	1.85	4,227,001,566	3,424,816,528	81.02	153,270,151,223	1030
2004	1.16	1.77	2,791,727,027	4,449,178,559	159.37	179,060,686,296	1071
2005	1.04	1.68	5,074,017,622	6,211,241,286	122.41	207,559,090,703	1094
2006	0.99	1.62	3,576,380,123	529,735,332	14.81	249,473,597,874	1138
2007	0.98	1.60	-2,350,247,350	-4,282,850,228	182.23	263,804,005,255	1191
2008	0.96	1.58	-6,081,706,522	-913,894,933	15.03	151,338,745,176	1235
2009	0.99	1.62	5,109,078,407	2,143,630,156	41.96	211,443,342,773	1209
2010	0.99	1.57	7,171,291,183	3,405,850,431	47.49	261,089,756,648	1210
2011	0.95	1.52	3,922,630,128	4,075,023,850	103.88	253,171,243,541	1212
2012	0.92	1.50	1,807,422,591	3,120,771,786	172.66	283,573,084,224	1226
2013	0.90	1.47	22,278,230,935	14,333,296,927	64.34	350,035,923,296	1313

Source: Morningstar, Inc. Data as of 12/31/2013.



Table 4 Flow Trends in Balanced Funds by Fees

Year	Ast-Wgt Expense Ratio	Average Expense Ratio	Annual Flows	Annual Flows in Cheapest Quintile	% Annual Flow in Cheapest Quintile	Total Average Assets	# of Funds
1990	0.99	1.52	418,312,152	1,117,521,309	267.15	32,555,239,917	145
1991	0.97	1.45	6,842,903,545	3,003,772,846	43.90	48,335,953,975	153
1992	0.95	1.40	17,036,661,913	8,142,300,039	47.79	73,584,692,721	180
1993	0.96	1.37	34,715,828,468	15,609,449,838	44.96	124,430,621,064	255
1994	1.00	1.39	16,007,071,307	7,321,236,422	45.74	139,515,082,300	359
1995	0.97	1.41	3,395,242,748	3,786,214,752	111.52	178,209,828,658	468
1996	0.94	1.42	8,058,028,257	4,229,099,439	52.48	210,723,963,272	551
1997	0.92	1.40	9,208,935,908	3,535,323,232	38.39	258,480,893,928	571
1998	0.89	1.39	2,930,154,500	4,812,497,728	164.24	293,295,813,203	630
1999	0.89	1.42	-14,447,024,898	-7,353,385,454	50.90	299,600,604,122	664
2000	0.91	1.41	-29,021,321,347	-18,012,794,687	62.07	282,114,101,974	695
2001	0.88	1.42	7,960,443,902	2,653,491,561	33.33	296,410,633,602	717
2002	0.89	1.44	14,380,894,325	9,853,906,612	68.52	291,133,194,678	781
2003	0.90	1.53	42,157,045,578	24,053,909,566	57.06	405,170,924,033	892
2004	0.86	1.49	58,327,183,715	29,965,667,123	51.38	507,169,827,470	922
2005	0.82	1.41	43,919,475,281	23,815,488,543	54.23	577,754,562,704	902
2006	0.80	1.36	24,533,885,476	11,642,176,827	47.45	690,094,709,014	1005
2007	0.78	1.31	41,788,961,398	21,552,758,485	51.58	775,194,657,859	1042
2008	0.79	1.29	-23,379,074,389	-9,120,827,255	39.01	533,623,145,730	1132
2009	0.84	1.32	976,688,146	743,291,053	76.10	659,704,857,792	1084
2010	0.82	1.27	12,522,751,643	6,344,246,641	50.66	748,557,234,714	1141
2011	0.80	1.26	9,208,419,411	-1,019,218,210	-11.07	765,082,346,527	1216
2012	0.80	1.30	14,111,653,659	7,887,434,711	55.89	871,281,695,993	1327
2013	0.78	1.24	39,261,186,445	12,009,326,350	30.59	1,054,552,625,678	1488

Source: Morningstar, Inc. Data as of 12/31/2013.

Table 5 Flow Trends in International-Equity Funds by Fees

Year	Ast-Wgt Expense Ratio	Average Expense Ratio	Annual Flows	Annual Flows in Cheapest Quintile	% Annual Flow in Cheapest Quintile	Total Average Assets	# of Funds
1990	1.19	1.86	771,060,172	308,322,494	39.99	28,720,367,999	123
1991	1.25	1.84	2,693,862,183	1,009,903,331	37.49	38,492,314,728	156
1992	1.27	1.75	6,071,208,299	2,097,982,594	34.56	45,858,306,533	194
1993	1.30	1.76	35,025,291,765	10,905,503,265	31.14	106,092,069,999	317
1994	1.33	1.78	38,259,916,562	15,920,662,561	41.61	145,864,254,885	514
1995	1.31	1.83	12,311,306,612	8,961,075,232	72.79	179,905,111,796	668
1996	1.27	1.89	44,938,739,797	22,729,664,408	50.58	257,867,976,219	900
1997	1.25	1.84	38,899,529,647	23,064,243,024	59.29	317,574,402,323	1108
1998	1.23	1.90	3,024,744,340	3,864,711,497	127.77	357,647,579,732	1333
1999	1.25	1.93	2,769,921,755	7,005,354,059	252.91	539,117,514,886	1483
2000	1.21	1.85	36,693,151,088	16,677,758,652	45.45	495,142,732,719	1493
2001	1.20	1.90	-18,997,206,693	-12,378,416,909	65.16	397,074,305,680	1571
2002	1.20	1.89	-48,205,674	-2,250,377,847	4668.30	334,486,122,179	1807
2003	1.20	1.90	25,289,322,741	13,356,301,977	52.81	490,102,813,663	1884
2004	1.14	1.80	65,618,356,108	43,391,680,432	66.13	651,485,206,603	1877
2005	1.08	1.71	103,460,677,116	56,872,603,401	54.97	872,938,041,082	1940
2006	1.03	1.64	132,719,060,047	87,018,365,360	65.57	1,237,533,767,207	2171
2007	0.99	1.59	124,611,619,737	91,451,457,643	73.39	1,560,249,884,651	2364
2008	0.97	1.56	-73,910,717,426	-7,394,415,984	10.00	811,465,874,535	2686
2009	1.00	1.60	17,113,469,756	14,960,791,583	87.42	1,134,355,709,520	2811
2010	0.97	1.56	30,572,644,107	42,576,039,573	139.26	1,324,313,314,806	2903
2011	0.92	1.52	-2,806,665,309	38,263,291,737	-1363.00	1,163,487,924,090	3103
2012	0.90	1.51	3,535,790,444	33,785,341,440	955.52	1,393,232,930,933	3248
2013	0.87	1.47	137,497,584,605	87,808,278,358	63.86	1,793,755,914,777	3491

Source: Morningstar, Inc. Data as of 12/31/2013.

Table 6 Flow Trends in Alternative Funds by Fees

Year	Ast-Wgt Expense Ratio	Average Expense Ratio	Annual Flows	Annual Flows in Cheapest Quintile	% Annual Flow in Cheapest Quintile	Total Average Assets	# of Funds
1990	1.11	1.48	8,629,151	-246,483	-2.86	2,487,397,108	8
1991	1.19	1.61	-118,696,967	-347,320,453	292.61	2,508,447,546	9
1992	1.20	1.56	-344,228,569	54,588,649	-15.86	2,075,299,161	9
1993	1.10	1.40	-129,630,043	-18,393,559	14.19	2,152,437,115	12
1994	1.20	1.45	49,376,631	-84,173,790	-170.50	2,124,412,678	15
1995	1.33	1.47	-111,547,731	-47,466,621	42.55	2,131,017,070	16
1996	1.26	1.57	317,712,949	68,675,042	21.62	2,179,173,612	18
1997	1.32	1.58	240,798,418	260,494,730	108.18	2,709,099,799	26
1998	1.35	1.76	975,206,616	114,310,593	11.72	4,144,370,425	38
1999	1.40	1.67	516,884,217	310,346,227	60.04	5,947,363,738	48
2000	1.46	1.83	892,489,691	-172,117,372	-19.29	5,650,172,491	68
2001	1.42	1.99	707,779,457	13,571,128	1.92	5,386,927,487	71
2002	1.61	2.14	2,667,569,853	1,315,745,209	49.32	9,177,909,729	145
2003	1.67	2.26	4,784,830,938	2,306,965,289	48.21	14,361,277,378	159
2004	1.61	2.10	6,421,312,082	3,178,549,828	49.50	21,492,869,442	196
2005	1.52	2.00	2,926,793,706	1,548,034,883	52.89	25,052,177,198	231
2006	1.62	1.99	8,440,917,444	3,554,114,457	42.11	36,584,875,567	309
2007	1.43	1.96	2,534,173,133	749,396,178	29.57	40,712,532,539	367
2008	1.44	1.95	2,105,700,516	1,214,580,240	57.68	36,018,942,860	423
2009	1.51	2.07	11,278,156,842	4,684,884,986	41.54	49,623,298,907	468
2010	1.39	1.97	16,406,128,830	10,723,984,908	65.37	66,603,084,765	508
2011	1.41	1.95	9,906,615,634	2,979,960,015	30.08	76,534,727,995	650
2012	1.41	1.96	11,317,436,434	7,994,691,818	70.64	92,080,428,691	796
2013	1.36	1.89	36,817,869,322	10,254,535,485	27.85	135,728,846,018	920

Source: Morningstar, Inc. Data as of 12/31/2013.

Table 7 Flow Trends in Taxable-Bond Funds by Fees

Year	Ast-Wgt Expense Ratio	Average Expense Ratio	Annual Flows	Annual Flows in Cheapest Quintile	% Annual Flow in Cheapest Quintile	Total Average Assets	# of Funds
1990	1.01	1.07	172,479,029	143,451,451	83.17	160,588,449,831	481
1991	1.00	1.05	20,732,127,395	13,454,355,899	64.90	230,075,265,617	579
1992	0.97	1.02	31,390,784,180	10,076,540,351	32.10	291,169,129,342	688
1993	0.93	1.03	27,650,174,570	10,568,666,974	38.22	374,335,195,546	1103
1994	0.94	1.10	-54,683,357,967	-12,614,203,914	23.07	310,680,126,739	1482
1995	0.93	1.15	-8,061,832,130	5,709,274,801	-70.82	349,020,029,763	1644
1996	0.90	1.14	1,395,159,257	8,717,450,246	624.84	363,853,000,270	1724
1997	0.89	1.12	18,822,277,846	13,047,358,212	69.32	405,001,418,246	1813
1998	0.87	1.14	42,499,508,602	23,978,996,921	56.42	482,435,277,903	2055
1999	0.85	1.12	448,525,902	12,904,433,108	2877.10	479,058,177,386	2061
2000	0.82	1.14	-35,071,015,546	-6,011,408,394	17.14	468,746,207,109	2089
2001	0.80	1.17	47,133,039,785	16,111,146,351	34.18	528,207,075,891	2103
2002	0.77	1.12	105,441,958,230	47,504,344,054	45.05	714,410,998,706	2458
2003	0.77	1.13	41,180,093,318	22,068,862,013	53.59	816,134,629,399	2760
2004	0.75	1.13	1,146,660,408	16,985,021,586	1481.30	864,147,703,965	2889
2005	0.71	1.10	11,106,300,209	19,492,858,662	175.51	892,930,325,148	2992
2006	0.68	1.08	35,584,998,333	32,045,881,468	90.05	984,257,082,981	3080
2007	0.66	1.06	88,495,832,515	60,735,419,479	68.63	1,120,495,557,837	3168
2008	0.64	1.05	20,191,819,499	17,685,844,860	87.59	1,056,409,309,025	3244
2009	0.63	1.04	273,729,630,544	149,080,218,804	54.46	1,503,801,723,074	3236
2010	0.64	1.03	197,523,045,829	106,329,595,014	53.83	1,826,195,932,995	3378
2011	0.63	1.02	123,818,372,420	95,852,955,766	77.41	2,046,986,174,480	3591
2012	0.61	1.02	259,124,043,934	186,642,804,217	72.03	2,488,824,701,463	3829
2013	0.60	1.00	-11,862,277,016	17,718,140,899	-149.40	2,485,615,316,135	4170

Source: Morningstar, Inc. Data as of 12/31/2013.

Table 8 Flow Trends in Municipal-Bond Funds by Fees

Year	Ast-Wgt Expense Ratio	Average Expense Ratio	Annual Flows	Annual Flows in Cheapest Quintile	% Annual Flow in Cheapest Quintile	Total Average Assets	# of Funds
1990	0.69	0.80	-714,834,661	—	—	118,804,702,144	410
1991	0.68	0.77	17,317,455,197	5,254,120,963	30.34	155,245,328,979	490
1992	0.68	0.75	21,265,300,726	6,468,811,710	30.42	194,135,631,616	571
1993	0.70	0.81	30,429,818,451	7,487,820,223	24.61	252,229,864,815	975
1994	0.72	0.89	-16,850,602,931	-6,420,454,359	38.10	227,908,024,820	1467
1995	0.75	0.98	-6,517,138,189	-97,111,343	1.49	255,242,316,369	1753
1996	0.75	1.03	-7,303,017,921	-1,590,409,930	21.78	248,935,049,659	1780
1997	0.72	1.05	-3,177,583,489	998,987,925	-31.44	256,540,941,742	1588
1998	0.72	1.05	11,336,385,184	9,818,568,340	86.61	292,910,006,972	1831
1999	0.71	1.07	-11,677,935,337	-3,857,894,426	33.04	267,643,378,091	1799
2000	0.71	1.10	-19,659,998,564	-6,079,121,890	30.92	266,557,545,634	1781
2001	0.69	1.08	3,780,618,291	-1,006,062,209	-26.61	279,486,163,334	1725
2002	0.68	1.08	15,311,897,440	6,366,263,386	41.58	327,819,303,551	1816
2003	0.69	1.10	-7,663,265,954	-4,330,057,456	56.50	337,149,827,997	2029
2004	0.68	1.10	-15,070,758,369	-7,636,349,989	50.67	330,708,274,698	2045
2005	0.67	1.08	2,592,336,770	2,091,998,059	80.70	342,281,714,270	2009
2006	0.66	1.08	14,366,170,779	8,986,228,468	62.55	370,164,219,583	1969
2007	0.66	1.07	9,231,770,048	9,880,300,721	107.02	375,574,293,592	1906
2008	0.63	1.04	5,901,084,231	6,560,001,756	111.17	344,969,690,644	1884
2009	0.65	1.04	70,227,221,931	36,483,686,255	51.95	463,542,587,215	1764
2010	0.61	1.01	10,547,630,691	6,169,637,128	58.49	479,808,359,226	1787
2011	0.60	0.98	-12,292,692,294	1,868,926,794	-15.20	502,252,678,200	1757
2012	0.59	0.97	49,629,090,110	24,919,056,534	50.21	584,241,722,550	1698
2013	0.59	0.95	-58,659,647,041	-12,849,183,904	21.90	503,959,346,432	1785

Source: Morningstar, Inc. Data as of 12/31/2013.

Table 9 Flow Trends in All Funds by Fees

Year	Ast-Wgt Expense Ratio	Average Expense Ratio	Annual Flows	Annual Flows in Cheapest Quintile	% Annual Flow in Cheapest Quintile	Total Average Assets	# of Funds
1990	0.93	1.28	3,446,787,895	4,342,413,836	125.98	533,464,488,157	1955
1991	0.93	1.24	71,663,134,041	31,401,450,411	43.82	766,636,290,494	2269
1992	0.92	1.20	122,021,994,002	41,115,540,083	33.70	986,747,910,573	2608
1993	0.93	1.18	193,899,443,800	60,914,558,142	31.42	1,384,586,211,813	4054
1994	0.97	1.23	40,958,568,267	16,923,680,811	41.32	1,412,428,401,482	5644
1995	0.98	1.29	98,483,899,515	49,220,408,267	49.98	1,850,129,140,955	6714
1996	0.97	1.33	185,733,540,774	89,225,793,468	48.04	2,284,512,465,409	7591
1997	0.94	1.35	211,132,884,864	102,642,411,668	48.62	2,893,465,693,815	8245
1998	0.92	1.37	176,145,799,924	94,492,478,867	53.64	3,529,209,989,113	9738
1999	0.92	1.40	123,825,756,526	103,494,500,536	83.58	4,408,603,275,178	10432
2000	0.95	1.41	138,450,577,894	77,420,020,300	55.92	4,258,781,143,758	10931
2001	0.94	1.44	82,342,716,476	9,071,874,627	11.02	3,927,930,516,058	11429
2002	0.93	1.46	127,358,520,523	56,867,009,286	44.65	3,596,941,186,972	13704
2003	0.93	1.47	214,575,219,208	133,922,399,816	62.41	4,700,842,792,833	15149
2004	0.90	1.43	207,001,320,769	158,948,890,307	76.79	5,453,251,249,660	15665
2005	0.86	1.40	164,977,618,310	130,292,800,089	78.98	6,029,402,285,031	16191
2006	0.84	1.37	216,681,609,751	167,922,808,947	77.50	7,113,286,956,855	17182
2007	0.82	1.34	223,173,511,715	203,620,592,216	91.24	7,875,318,195,983	17655
2008	0.80	1.33	-176,116,965,093	451,870,639	-0.26	5,129,015,935,379	18514
2009	0.80	1.35	347,283,094,643	222,449,019,887	64.05	6,879,233,308,936	17932
2010	0.78	1.32	216,255,001,599	192,995,040,926	89.24	7,975,149,524,752	18076
2011	0.75	1.29	43,126,312,749	112,175,293,525	260.11	7,931,158,523,947	18631
2012	0.72	1.28	202,394,442,376	235,665,458,816	116.44	9,208,499,264,624	19249
2013	0.71	1.25	186,921,053,209	177,350,212,730	94.88	11,067,478,747,932	20522

Source: Morningstar, Inc. Data as of 12/31/2013.

Table 10 Predictive Power of Fees June 2008–June 2013

Broad Group	Expense Ratio Quintile Begin Yr	Subsequent Total Return	Subsequent Tot Return % Rank	Subsequent Tot Return Batting Average	Subsequent Tot Return Success Rate	Subsequent Standard Deviation	Avg Expense Rate of Subsequent Year	5-Yr Investor Return as of 06/30/2013	5-Yr Investor Rank as of 06/30/2013	5-Yr Investor Return Batting Avg	5-Yr Investor Return Success Rate	3-Yr Rating as of June 30, End Year	5-Yr Rating as of 06/30/2013	End Year For 3-Yr Rating
US Equity	1	7.40	38	72.92	<b>55.12</b>	20.81	0.56	6.58	43.52	66.46	<b>42.91</b>	3.21	3.32	2011
	2	7.20	43	62.47	<b>47.13</b>	20.79	0.91	5.71	47.88	60.38	<b>37.43</b>	3.17	3.13	2011
	3	6.69	51	51.60	<b>36.12</b>	20.91	1.13	4.34	53.71	46.77	<b>23.67</b>	2.90	2.82	2011
	4	6.67	50	49.17	<b>35.26</b>	20.84	1.31	4.89	52.88	45.32	<b>24.10</b>	2.83	2.80	2011
	5	5.98	55	42.34	<b>29.87</b>	21.13	1.81	3.85	56.18	41.30	<b>21.61</b>	2.85	2.61	2011
Sector Equity	1	5.56	37	69.62	<b>67.07</b>	25.45	0.73	4.89	41.40	76.06	<b>65.85</b>	3.27	3.25	2011
	2	5.36	44	61.90	<b>52.00</b>	25.78	1.07	4.42	42.06	63.79	<b>49.33</b>	3.06	3.10	2011
	3	3.93	50	52.24	<b>41.67</b>	26.91	1.28	2.38	47.50	50.00	<b>38.10</b>	2.76	2.76	2011
	4	3.36	48	54.24	<b>40.51</b>	26.49	1.49	2.46	50.50	53.06	<b>32.91</b>	2.86	2.88	2011
	5	2.32	51	49.06	<b>33.33</b>	26.43	1.95	-0.49	60.35	46.51	<b>25.64</b>	2.87	2.87	2011
Int'l Equity	1	1.15	41	67.81	<b>56.57</b>	24.27	0.69	0.04	40.52	65.91	<b>49.71</b>	3.19	3.13	2011
	2	1.43	43	60.00	<b>46.75</b>	23.62	1.08	0.21	45.03	56.31	<b>37.66</b>	3.22	3.08	2011
	3	0.80	48	50.72	<b>42.68</b>	23.85	1.30	-1.46	50.87	48.25	<b>33.54</b>	2.99	2.92	2011
	4	0.32	51	50.38	<b>40.99</b>	23.99	1.51	-2.95	57.26	40.57	<b>26.71</b>	2.69	2.65	2011
	5	0.09	53	45.38	<b>36.88</b>	24.34	1.91	-1.90	55.38	46.15	<b>30.00</b>	2.74	2.67	2011
Balanced	1	4.72	45	56.58	<b>50.00</b>	13.62	0.20	4.03	49.13	53.54	<b>39.53</b>	2.95	2.98	2011
	2	4.93	41	64.80	<b>55.86</b>	13.89	0.50	5.11	46.33	65.00	<b>44.83</b>	2.88	2.94	2011
	3	5.05	41	64.06	<b>55.78</b>	14.02	0.75	4.98	46.66	63.89	<b>46.94</b>	2.78	2.88	2011
	4	4.71	46	59.23	<b>52.03</b>	13.67	1.03	4.63	48.87	52.83	<b>37.84</b>	2.77	2.72	2011
	5	3.99	60	31.54	<b>26.80</b>	14.21	1.51	3.73	59.19	38.05	<b>28.10</b>	2.52	2.34	2011
Taxable Bond	1	5.52	44	61.50	<b>49.57</b>	6.17	0.41	3.79	47.43	68.57	<b>51.72</b>	3.20	3.22	2011
	2	5.56	45	57.23	<b>47.50</b>	6.57	0.63	3.79	45.70	67.13	<b>48.00</b>	3.23	3.10	2011
	3	5.37	46	58.24	<b>48.06</b>	6.50	0.78	3.54	45.02	61.81	<b>43.20</b>	2.86	2.88	2011
	4	5.57	46	58.58	<b>47.83</b>	6.61	0.95	3.72	45.80	60.90	<b>39.13</b>	2.79	2.79	2011
	5	5.22	54	43.79	<b>34.54</b>	6.89	1.30	3.42	53.73	47.66	<b>31.44</b>	2.65	2.50	2011
Muni Bond	1	4.49	38	78.05	<b>64.86</b>	5.13	0.48	2.86	36.75	81.90	<b>64.19</b>	3.50	3.39	2011
	2	4.66	35	79.00	<b>62.20</b>	5.80	0.67	2.90	37.07	80.25	<b>51.18</b>	3.12	3.15	2011
	3	4.52	41	70.37	<b>58.91</b>	5.54	0.77	2.75	40.56	71.95	<b>45.74</b>	2.75	2.87	2011
	4	4.46	37	69.32	<b>49.59</b>	5.47	0.85	2.79	38.52	80.82	<b>47.97</b>	2.61	2.80	2011
	5	4.04	57	43.62	<b>31.54</b>	5.97	1.19	2.37	55.93	51.95	<b>30.77</b>	2.21	2.31	2011

Source: Morningstar, Inc. Data as of 07/01/2013.

Table 11 Predictive Power of Fees June 2009–June 2013

Broad Group	Expense Ratio Quintile Begin Yr	Subsequent Total Return	Subsequent Tot Return % Rank	Subsequent Tot Return Batting Average	Subsequent Tot Return Success Rate	Subsequent Standard Deviation	Avg Expense Rate of Subsequent Year	3-Yr Rating as of June 30, End Year	End Year For 3-Yr Rating
US Equity	1	18.14	34	77.12	61.35	16.45	0.56	3.52	2012
	2	17.49	44	62.96	47.70	16.48	0.93	3.18	2012
	3	16.84	52	49.33	38.17	16.42	1.14	2.72	2012
	4	16.94	52	49.32	37.68	16.53	1.32	2.72	2012
	5	15.95	59	38.35	28.26	16.67	1.83	2.55	2012
Sector Equity	1	17.21	32	81.82	80.77	19.03	0.73	3.39	2012
	2	15.53	49	52.24	49.30	18.78	1.07	2.91	2012
	3	15.01	46	57.97	51.28	19.30	1.27	2.86	2012
	4	16.88	44	58.73	46.84	19.17	1.45	2.56	2012
	5	12.68	57	49.15	37.66	20.02	1.94	2.35	2012
Int'l Equity	1	10.37	47	53.70	45.55	18.42	0.69	3.05	2012
	2	10.32	45	58.46	45.78	18.43	1.10	3.16	2012
	3	10.45	48	53.47	43.75	18.27	1.32	2.86	2012
	4	10.12	45	60.93	51.11	18.31	1.54	2.81	2012
	5	9.88	52	51.13	40.48	18.35	1.95	2.57	2012
Balanced	1	11.36	43	60.23	56.08	10.14	0.18	3.03	2012
	2	11.55	44	60.61	54.42	10.40	0.46	2.80	2012
	3	11.74	43	56.93	50.65	10.54	0.71	2.70	2012
	4	11.13	49	49.34	44.91	10.32	0.95	2.33	2012
	5	10.57	59	38.52	33.55	10.55	1.48	2.33	2012
Taxable Bond	1	6.74	46	54.21	46.61	4.36	0.42	3.22	2012
	2	6.64	49	50.00	41.87	4.31	0.63	3.06	2012
	3	6.68	48	46.02	38.94	4.18	0.78	2.94	2012
	4	6.79	47	48.30	41.46	4.42	0.94	2.63	2012
	5	6.71	54	44.94	36.98	4.63	1.31	2.53	2012
Muni Bond	1	5.23	45	47.46	41.48	4.36	0.48	3.10	2012
	2	5.46	44	52.78	44.19	4.64	0.66	2.96	2012
	3	5.59	42	53.15	47.20	4.59	0.76	2.79	2012
	4	5.46	41	56.82	43.10	4.70	0.86	2.81	2012
	5	5.06	56	35.16	26.02	4.78	1.20	2.37	2012

Source: Morningstar, Inc. Data as of 07/01/2013.



Table 12 Predictive Power Single Share Class (2008) 5-Yr Time Period

Broad Group	Expense Ratio Quintile Begin Yr	Subsequent Total Return	Subsequent Tot Return % Rank	Subsequent Tot Return Batting Average	Subsequent Total Return Success Rate	Subsequent Standard Deviation	Subsequent Standard Deviation Batting Avg	Subsequent Standard Deviation Success Rate	Average Expense Ratio of Subsequent Year	5-Yr Investor Return as of 06/30/2013	5-Yr Investor Return Success Rate	3-Yr Rating as of June 30, End Year	5-Yr Rating as of 06/30/2013
US Equity	1	7.40	38	55.12	20.81	53.91	40.75	0.56	6.58	42.91	3.21	3.32	3.32
	2	7.20	43	47.13	20.79	59.06	44.55	0.91	5.71	37.43	3.17	3.13	3.13
	3	6.69	51	36.12	20.91	53.64	37.55	1.13	4.34	23.67	2.90	2.82	2.82
	4	6.67	50	35.26	20.84	53.06	38.05	1.31	4.89	24.10	2.83	2.80	2.80
	5	5.98	55	29.87	21.13	47.45	33.47	1.81	3.85	21.61	2.85	2.61	2.61
Sector Equity	1	5.56	37	67.07	25.45	48.10	46.34	0.73	4.89	65.85	3.27	3.25	3.25
	2	5.36	44	52.00	25.78	47.62	40.00	1.07	4.42	49.33	3.06	3.10	3.10
	3	3.93	50	41.67	26.91	40.30	32.14	1.28	2.38	38.10	2.76	2.76	2.76
	4	3.36	48	40.51	26.49	50.85	37.97	1.49	2.46	32.91	2.86	2.88	2.88
	5	2.32	51	33.33	26.43	52.83	35.90	1.95	-0.49	25.64	2.87	2.87	2.87
Int'l Equity	1	1.15	41	56.57	24.27	43.84	36.57	0.69	0.04	49.71	3.19	3.13	3.13
	2	1.43	43	46.75	23.62	51.67	40.26	1.08	0.21	37.66	3.22	3.08	3.08
	3	0.80	48	42.68	23.85	52.17	43.90	1.30	-1.46	33.54	2.99	2.92	2.92
	4	0.32	51	40.99	23.99	43.51	35.40	1.51	-2.95	26.71	2.69	2.65	2.65
	5	0.09	53	36.88	24.34	50.77	41.25	1.91	-1.90	30.00	2.74	2.67	2.67
Balanced	1	4.72	45	50.00	13.62	50.66	44.77	0.20	4.03	39.53	2.95	2.98	2.98
	2	4.93	41	55.86	13.89	56.00	48.28	0.50	5.11	44.83	2.88	2.94	2.94
	3	5.05	41	55.78	14.02	53.91	46.94	0.75	4.98	46.94	2.78	2.88	2.88
	4	4.71	46	52.03	13.67	53.08	46.62	1.03	4.63	37.84	2.77	2.72	2.72
	5	3.99	60	26.80	14.21	52.31	44.44	1.51	3.73	28.10	2.52	2.34	2.34
Taxable Bond	1	5.52	44	49.57	6.17	65.24	52.59	0.41	3.79	51.72	3.20	3.22	3.22
	2	5.56	45	47.50	6.57	65.66	54.50	0.63	3.79	48.00	3.23	3.10	3.10
	3	5.37	46	48.06	6.50	56.47	46.60	0.78	3.54	43.20	2.86	2.88	2.88
	4	5.57	46	47.83	6.61	61.54	50.24	0.95	3.72	39.13	2.79	2.79	2.79
	5	5.22	54	34.54	6.89	52.29	41.24	1.30	3.42	31.44	2.65	2.50	2.50
Muni Bond	1	4.49	38	64.86	5.13	73.17	60.81	0.48	2.86	64.19	3.50	3.39	3.39
	2	4.66	35	62.20	5.80	73.00	57.48	0.67	2.90	51.18	3.12	3.15	3.15
	3	4.52	41	58.91	5.54	70.37	58.91	0.77	2.75	45.74	2.75	2.87	2.87
	4	4.46	37	49.59	5.47	69.32	49.59	0.85	2.79	47.97	2.61	2.80	2.80
	5	4.04	57	31.54	5.97	59.57	43.08	1.19	2.37	30.77	2.21	2.31	2.31

Source: Morningstar, Inc. Data as of 07/01/2013.

Table 13 Predictive Power Single Share Class (2009) 4-Yr Time Period

Broad Group	Expense Ratio Quintile Begin Yr	Subsequent Total Return	Subsequent Tot Return % Rank	Subsequent Total Return Success Ratio	Subsequent Standard Deviation	Subsequent Standard Deviation Batting Average	Subsequent Standard Deviation Success Ratio	Average Expense Ratio of Subsequent Year	3-Yr Rating As of June 30th, End Year
US Equity	1	18.14	34	61.35	16.45	57.07	45.40	0.56	3.52
	2	17.49	44	47.70	16.48	52.91	40.08	0.93	3.18
	3	16.84	52	38.17	16.42	53.08	41.08	1.14	2.72
	4	16.94	52	37.68	16.53	49.05	37.47	1.32	2.72
	5	15.95	59	28.26	16.67	47.79	35.22	1.83	2.55
Sector Equity	1	17.21	32	80.77	19.03	51.95	51.28	0.73	3.39
	2	15.53	49	49.30	18.78	50.75	47.89	1.07	2.91
	3	15.01	46	51.28	19.30	53.62	47.44	1.27	2.86
	4	16.88	44	46.84	19.17	61.90	49.37	1.45	2.56
	5	12.68	57	37.66	20.02	44.07	33.77	1.94	2.35
Int'l Equity	1	10.37	47	45.55	18.42	37.04	31.41	0.69	3.05
	2	10.32	45	45.78	18.43	38.46	30.12	1.10	3.16
	3	10.45	48	43.75	18.27	42.36	34.66	1.32	2.86
	4	10.12	45	51.11	18.31	47.68	40.00	1.54	2.81
	5	9.88	52	40.48	18.35	46.62	36.90	1.95	2.57
Balanced	1	11.36	43	56.08	10.14	48.30	44.97	0.18	3.03
	2	11.55	44	54.42	10.40	49.24	44.22	0.46	2.80
	3	11.74	43	50.65	10.54	51.09	45.45	0.71	2.70
	4	11.13	49	44.91	10.32	48.68	44.31	0.95	2.33
	5	10.57	59	33.55	10.55	48.15	41.94	1.48	2.33
Taxable Bond	1	6.74	46	46.61	4.36	62.11	53.39	0.42	3.22
	2	6.64	49	41.87	4.31	58.82	49.26	0.63	3.06
	3	6.68	48	38.94	4.18	64.77	54.81	0.78	2.94
	4	6.79	47	41.46	4.42	51.70	44.39	0.94	2.63
	5	6.71	54	36.98	4.63	53.16	43.75	1.31	2.53
Muni Bond	1	5.23	45	41.48	4.36	74.58	65.19	0.48	3.10
	2	5.46	44	44.19	4.64	60.19	50.39	0.66	2.96
	3	5.59	42	47.20	4.59	66.67	59.20	0.76	2.79
	4	5.46	41	43.10	4.70	60.23	45.69	0.86	2.81
	5	5.06	56	26.02	4.78	53.85	39.84	1.20	2.37

Source: Morningstar, Inc. Data as of 07/01/2013.