

Market Equilibrium

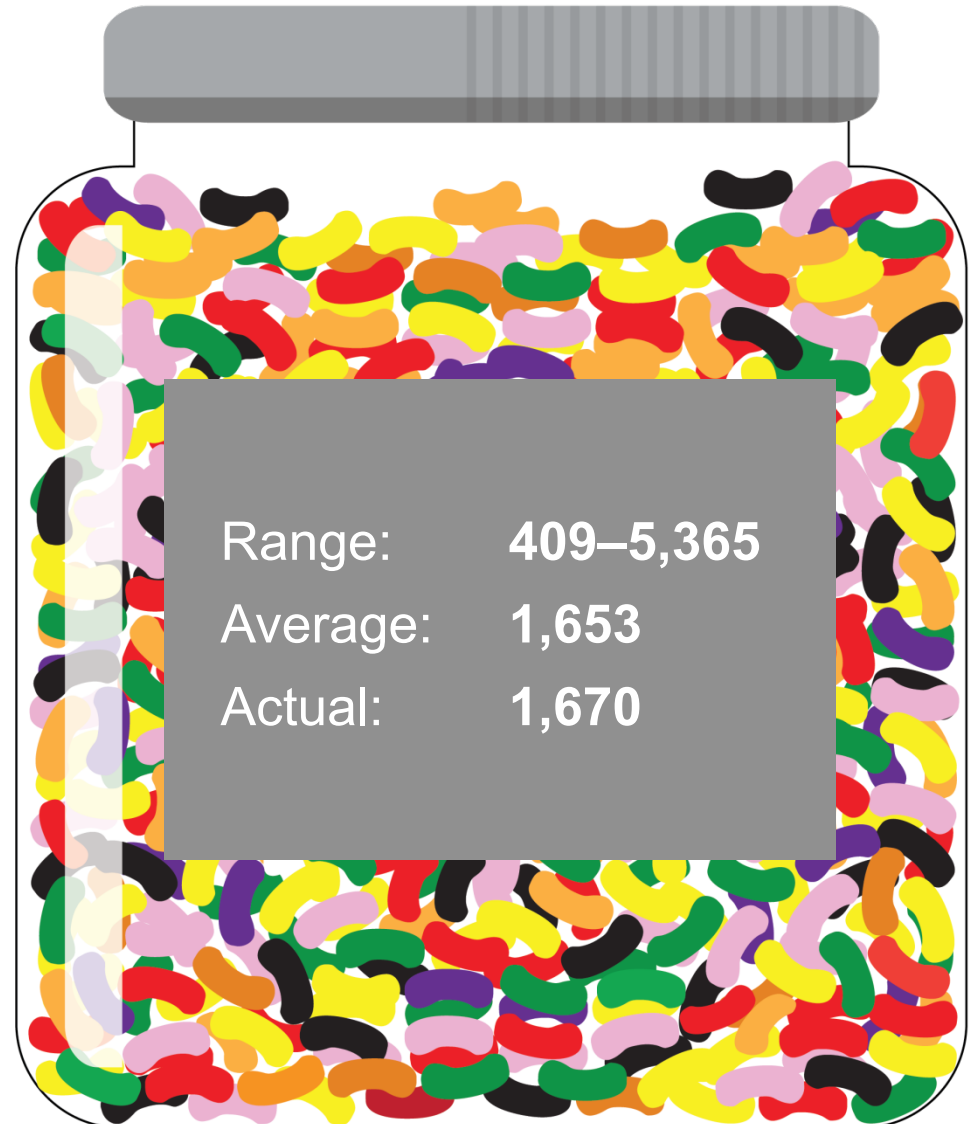
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What's Your Guess?

Participants were asked to estimate the number of jelly beans in a jar.

The average estimate of all participants was very close to the actual count.

Together, we know more than we do alone.



Markets Integrate the Combined Knowledge of All Participants

The market effectively enables competition among many market participants who voluntarily agree to transact.

This trading aggregates a vast amount of dispersed information and drives it into security prices.

World Equity Trading in 2015

	Number of Trades	Dollar Volume
Daily Average	98.6 million	\$447.3 billion

People Trust Market Pricing Every Day

The daily price of fish may vary based on buyer and seller expectations of market forces. We accept the price as an accurate estimate of current value and make decisions accordingly.

The same is true of a stock price, which reflects all known information about a company.



What Affects a Stock's Current Price?



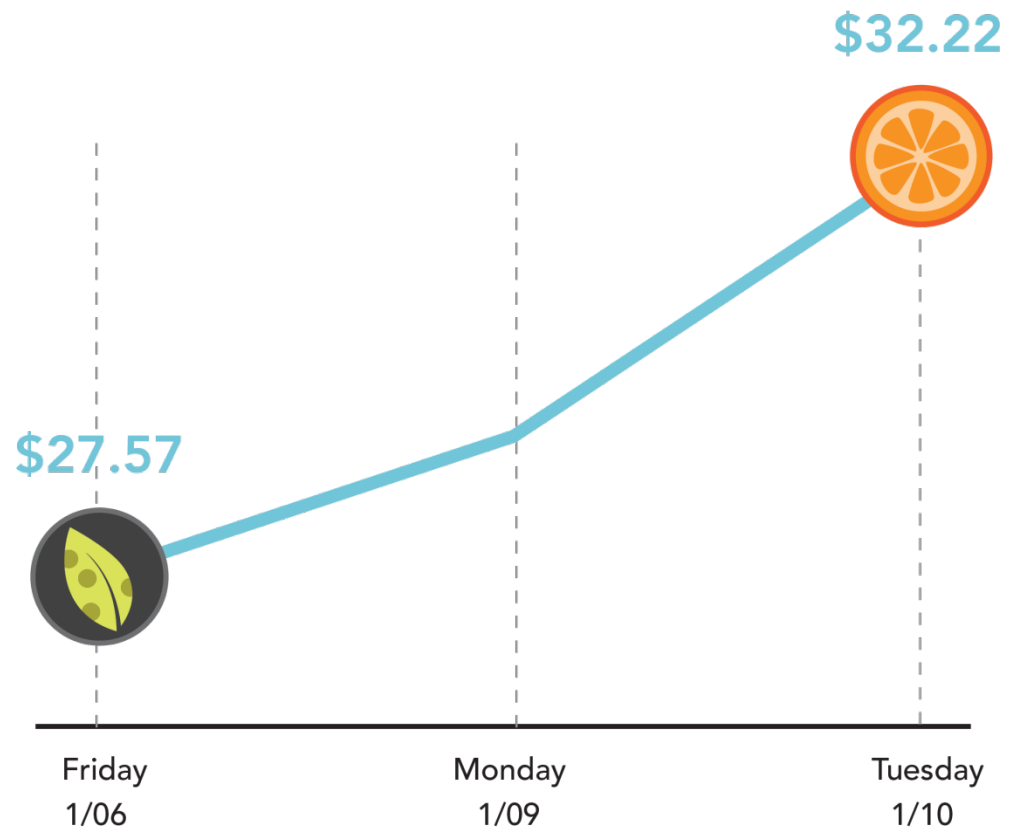
Given all information, a stock's current price reflects aggregate expectations about risk and return.

Markets React to Events

“Orange juice futures surge to record on fungicide fears”

–*Reuters*, January 10, 2012

Prices adjust when unexpected events alter the market’s view of the future.



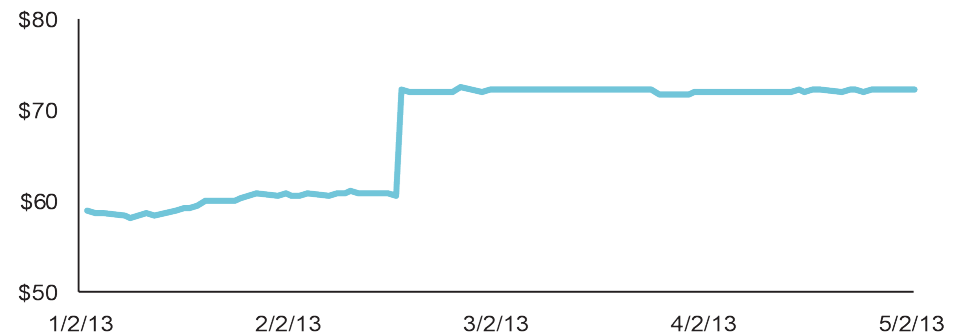
Stock Prices Adjust Quickly

Heinz, 2/14/2013

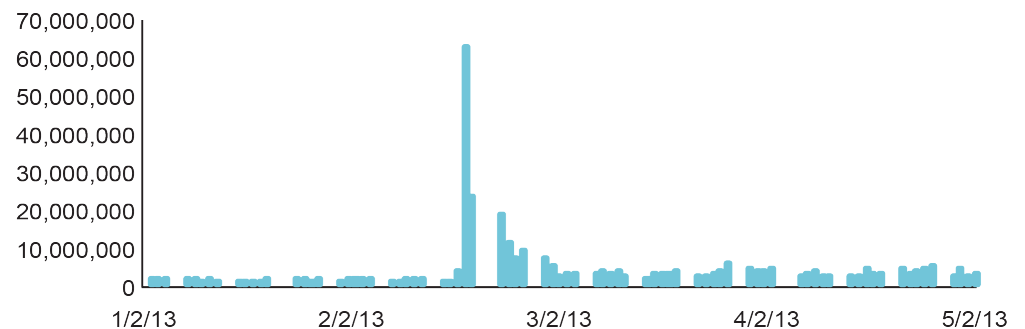
**“Heinz agrees to buyout by
Berkshire Hathaway, 3G”**
–*USA Today*, February 14, 2013

News travels quickly, and prices
can adjust in an instant.

CLOSING PRICE



TRADE VOLUME



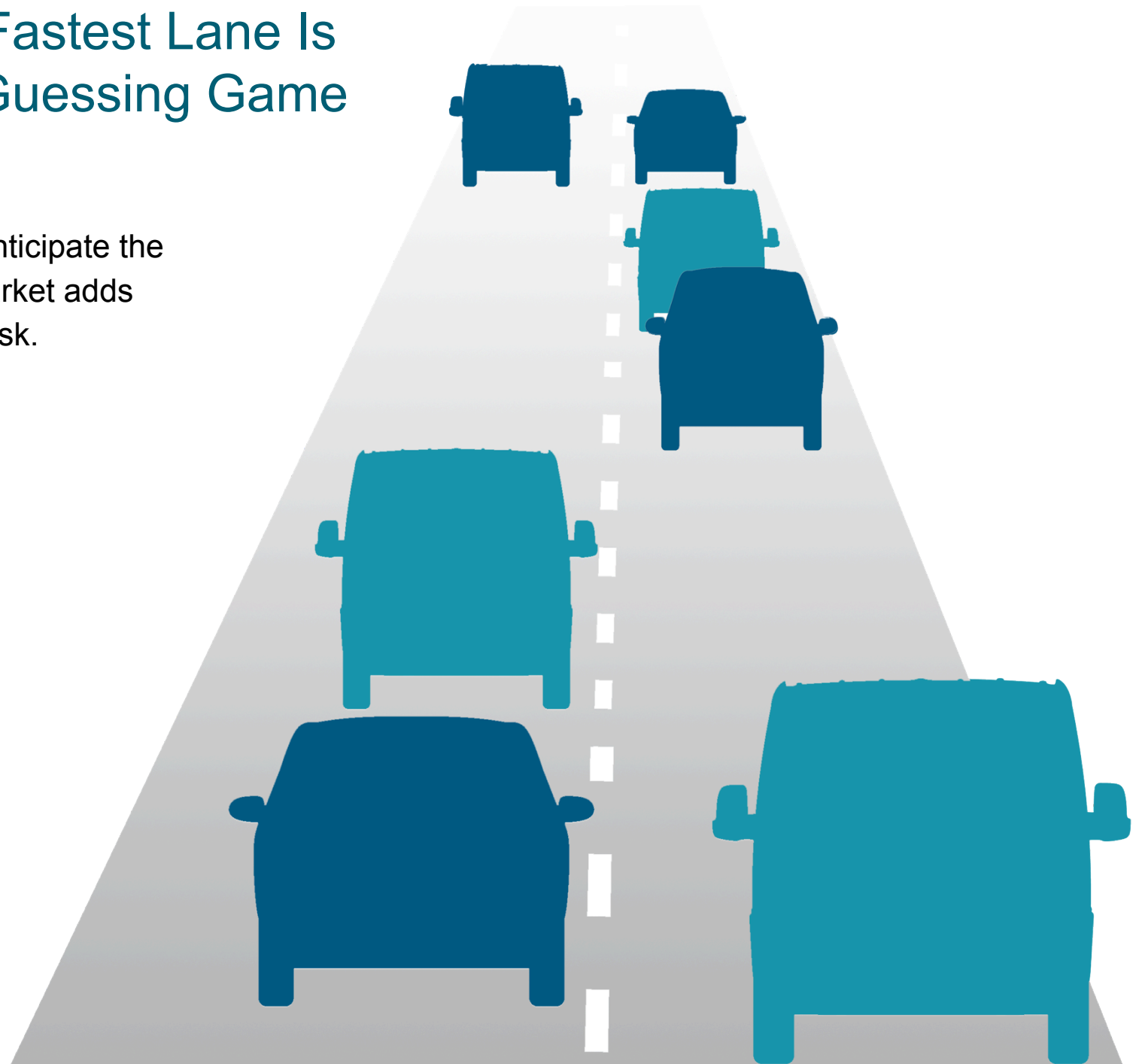
In US dollars.

Source: Bloomberg

The security identified is shown for illustrative purposes only to demonstrate the investment philosophy described herein. These materials are not, and should not be construed as, a recommendation to purchase or sell the security identified or any other securities. Actual holdings will vary for each client, and there is no guarantee that any client will hold the security identified.

Picking the Fastest Lane Is a Stressful Guessing Game

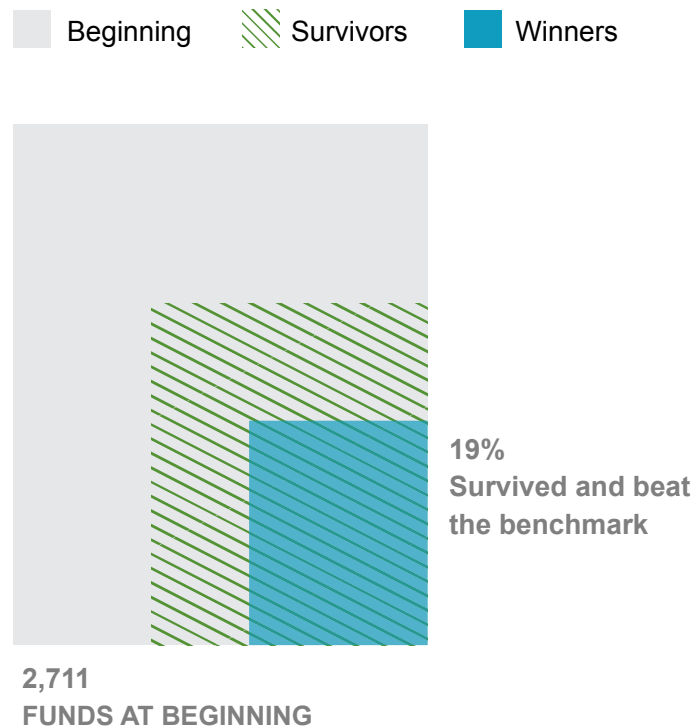
Likewise, trying to anticipate the movement of the market adds anxiety and undue risk.



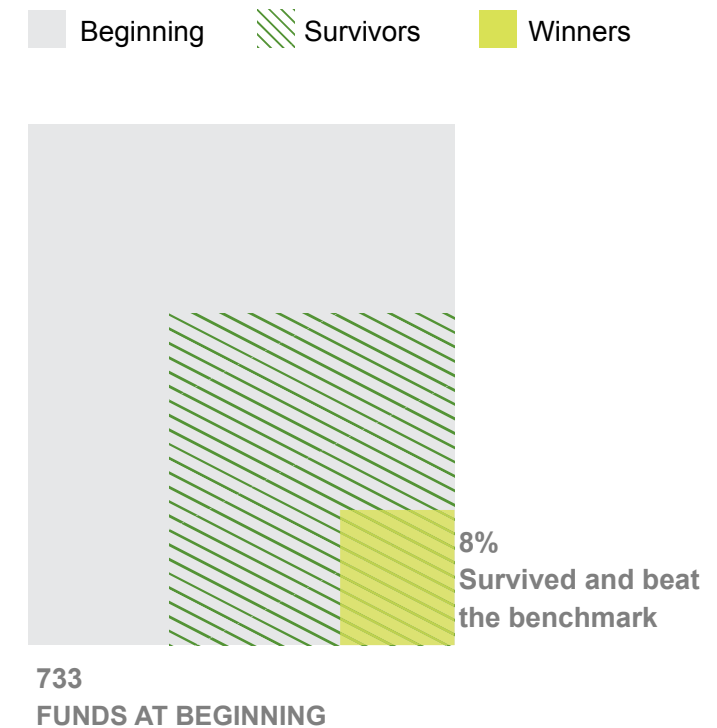
Outsmarting other investors is tough

Few mutual funds survive and beat their benchmarks
15-year performance period ending December 31, 2014

EQUITY FUNDS



FIXED INCOME FUNDS



Past performance is no guarantee of future results.

In US dollars. . US-domiciled mutual fund data is from the CRSP Survivor-Bias-Free US Mutual Fund Database, provided by the Center for Research in Security Prices, University of Chicago. Beginning sample includes funds as of the beginning of the 15-year period ending in 2014. The number of funds as of the beginning is indicated below the exhibit. Survivors are funds that are still in existence as of December 31, 2014. Winners are funds that survive and beat their respective benchmarks over the period. Funds are identified using Lipper fund classification codes and are matched to their respective benchmarks at the beginning of the sample period. Loser funds are funds that did not survive the period or whose cumulative return did not exceed their respective benchmark.