Glossary of Terminology

Part I - Investment Risk Definitions

Correlation	Correlation, in the finance and investment industries, is a statistic that measures the degree to which two securities move in relation to each other. Correlations are used in advanced portfolio management.
Event-Driven Investment/ Arbitrage Securities	Investing in risk arbitrage securities may not be successful if the merger, restructuring, tender offer or other major corporate event proposed or pending at the time of investment is not completed on the terms contemplated.
Hedging Strategies	Hedging strategies and other strategic transactions may increase volatility and result in a significant loss of value if a transaction fails. Since these transactions usually involve a small investment relative to the magnitude of market, counterparty, credit, interest and other risks assumed, the resulting gain or loss from the transaction will be disproportionately magnified. These transactions may result in a loss if the counterparty to the transaction does not perform as promised.
Lending	Investing in loans creates risk for the borrower, lender and any other participants. A borrower may fail to make payments of principal, interests and other amounts in connection with loans of cash or securities or fail to return a borrowed security in a timely manner, which may lead to impairment of the collateral provided by the borrower. Investments in loan participations may be subject to increased credit, pricing and liquidity risks, with these risks intensified for below-investment grade loans.
Short Sale	Selling securities short may be subject to the risk that an advisor does not correctly predict the movement of the security, resulting in a loss if a security must be purchased on the market above its initial borrowing price to return to the lender, in addition to interest paid to the lender for borrowing the security.
Credit and Counterparty	The issuer or guarantor of a fixed-income security, counterparty to an OTC derivatives contract or other borrower may not be able to make timely principal, interest or settlement payments on an obligation. In this event, the issuer of a fixed-income security may have their credit rating downgraded or default, which may reduce the potential for income and value of the portfolio.
Extension	The issuer of a security may repay principal more slowly than expected due to rising interest rates. In this event, short and medium-duration securities are effectively converted into longer-duration securities, increasing their sensitivity to interest rate changes and causing their prices to decline.
Inflation/Deflation	Inflation may cause the present value of future payments to decrease, causing a decline in the future value of assets or income. Deflation causes prices to decline throughout the economy over time, impacting issuers' creditworthiness and increasing their risk for default, which may reduce the value of the portfolio.
Inflation-Protected Securities Interest Rate	Unlike other fixed-income securities, the values of inflation-protected securities are not materially affected by inflation expectations because their interest rates are adjusted for inflation. Generally, the value of inflation-protected securities will fall when real interest rates rise and rise when real interest rates fall.

Glossary of Terminology

Part I - Investment Risk Definitions

Prepayment (Call)	The issuer of a debt security may be able to repay principal prior to the security's maturity, due to an improvement in their credit quality or falling interest rates. In this event, this principal may have to be reinvested in securities with lower interest rates than the original securities, reducing the potential for income.
Reinvestment	Payments from debt securities may have to be reinvested in securities with lower interest rates than the original securities.
Currency	Investing in securities traded in foreign currencies or more directly in foreign currencies is subject to the risk that the foreign currency will decline in value relative to the U.S. dollar, which may reduce the value of the portfolio. Investments in currency hedging positions are subject to the risk that the value of the U.S. dollar will decline relative to the currency being hedged, which may result in a loss of money on the investment as well as the position designed to act as a hedge. Cross-currency hedging strategies and active currency positions may increase currency risk, since actual currency exposure may be substantially different than suggested by the portfolio's holdings.
Emerging Markets	Assets invested in emerging market securities may be subject to a greater extent to market, credit, currency, liquidity, legal, political and other risks compared to assets invested in developed foreign countries.
Exchange Holidays	Net asset value is not calculated on days and times when the U.S. exchange is closed, though foreign security holdings may still be traded. In this event, the net asset value may be significantly impacted when shareholders are not able to buy or sell shares.
Foreign Securities	Assets invested in foreign securities may be subject to increased volatility as the value of these securities changes more rapidly and extremely than the value of U.S. securities. Foreign securities are subject to increased issuer risk, since foreign issuers may not experience the same degree of regulation as U.S. issuers, and are held to different reporting, accounting and auditing standards. In addition, foreign securities are subject to increased costs, since there are generally higher commission rates on transactions, transfer taxes, higher custodial costs and the potential for foreign tax charges on dividend and interest payments. Many foreign markets are relatively small, and securities issued in less developed countries face the risks of nationalization, expropriation or confiscatory taxation, and adverse changes in investment or exchange control regulations, including suspension of the ability to transfer currency from a country. Political changes or diplomatic developments can also negatively impact performance.
Long-term Output and Projections	Investors should be willing to hold their investment for a substantial period of time and tolerate fluctuations in their investment's value.
Loss of Money	Since the investment's market value may fluctuate up and down, an investor may lose money when he or she buys or sells the investment, including part of the principal.

Glossary of Terminology

Part I - Investment Risk Definitions

Not FDIC Insured	The investment is not a deposit or obligation of, or guaranteed or endorsed by, any bank, and is not insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other U.S. governmental agency.
Country or Region	Assets invested in issuers located in a particular country or region may be subject to a greater extent to the risks of adverse securities markets, exchange rates and social, political, regulatory or economic events which may occur in that country or region.
Municipal Project-Specific	Assets invested in municipal bonds, including those relating to education, health care, housing, transportation, utilities and industry, may be subject to a greater extent to the risks of adverse economic, business or political developments.
Time-zone Arbitrage	Some shareholders might trade the investment to take advantage of the differences in value of foreign securities that result from events that occur after the close of these securities' native exchanges and before the close of the New York Stock Exchange, when the investment's net asset value is calculated. Successful time-zone arbitrage may dilute the interests of other shareholders.
US State or Territory-Specific	Assets invested in the municipal securities of a particular state or territory may be subject to the risk that changes in the economic conditions of that state or territory will negatively impact performance.
Capitalization	Assets invested in stocks of one or more capitalizations (small, mid or large) may be subject to a greater extent to both the specific risks of those capitalizations as well as increased volatility, since stocks of specific capitalizations tend to go through cycles of beating or lagging the market as a whole.
Growth Investing	Assets invested in growth securities may be subject to increased volatility as the value of these securities is highly sensitive to market fluctuations and future earnings expectations. These securities typically trade at higher multiples of current earnings than other securities, and may lose value if it appears their earnings expectations may not be met.
Issuer Non-Diversification	The investment is non-diversified under the Investment Act of 1940, and may be subject to increased credit, market and other risks than diversified investments since it may only invest in a relatively small number of issuers or foreign currencies. Movement in the prices of these securities may have a significant impact on the portfolio value, and any sale of the investment's large positions in these securities could likewise adversely affect stock prices if those positions represent a significant part of a company's outstanding stock.
Quantitative Investing	Holdings that are selected by quantitative analysis may perform differently from the market as a whole based on the factors used in the analysis, the weighting of each factor and how the factors have changed over time.

Glossary of Terminology

Part I - Investment Risk Definitions

Value Investing

Assets invested in value securities may be subject to the risk that these securities cannot overcome the adverse factors the advisor believes are responsible for their low price or that the market may not recognize their fundamental value as the advisor predicted. Value securities are not expected to experience significant earnings growth and may underperform growth stocks in certain markets.

Active Management

Performance is subject to the risk that the advisor's investment strategies are not suited to achieving the investment objective or do not perform as expected, which may cause the portfolio to lose value or underperform investments with similar objectives and strategies.

High Portfolio Turnover

Engaging in active trading may create high portfolio turnover, or a turnover of 100% or more, resulting in increased transaction costs. These higher costs may have an adverse impact on performance and generate short-term capital gains, creating potential tax liability even if an investor does not sell any shares during the year.

High Portfolio Turnover

Engaging in active trading may create high portfolio turnover, or a turnover of 100% or more, resulting in increased transaction costs. These higher costs may have an adverse impact on performance and generate short-term capital gains, creating potential tax liability even if an investor does not sell any shares during the year.

Income (also called Variable Dividend)

Income payments may decline depending on fluctuations in interest rates and the dividend payments of its underlying securities. In this event, some investments may attempt to pay the same dividend amount by returning capital.

Index Management

A portfolio that tracks an index is subject to the risk that certain factors may cause the portfolio to track its target index less closely, including if the advisor selects securities that are not fully representative of the index. The portfolio will generally reflect the performance of its target index even if the index does not perform well, and may underperform the index after factoring in transaction expenses and the size and timing of its cash flows.

Issuer

A stake in any individual security is subject to the risk that the issuer of that security performs poorly, resulting in a decline in the security's value. Issuer-related declines may be caused by poor management decisions, competitive pressures, technological breakthroughs, reliance on suppliers, labor problems or shortages, corporate restructurings, fraudulent disclosures or other factors. Additionally, certain issuers may be more sensitive to adverse issuer, political, regulator, market or economic developments.

Temporary Defensive Measures

Temporary defensive positions may be used during adverse economic, market or other conditions. In this event, up to 100% of assets may be allocated to securities, including cash and cash equivalents that are normally not consistent with the investment objective.

Interest Rate/Interest Rate Changes

Most securities are subject to the risk that changes in interest rates will reduce their market value.

Glossary of Terminology

Part I - Investment Risk Definitions

Market/Market Volatility	The market value of the portfolio's securities may fall rapidly or unpredictably due to changing economic, political or market conditions, which may reduce the value of the portfolio.
Bank Loans (also known as Senior Rate Interests)	Investments in senior floating rate bank loans, which are rated below-investment grade, may be subject to a greater risk of default than investment grade loans, reducing the potential for income and potentially leading to impairment of the collateral provided by the borrower. Bank loans pay interest at rates that are periodically reset based on changes in interest rates and may be subject to the risk of optional or mandatory prepayment.
Commodity	Assets invested in commodity related instruments are subject to the risk that the performance of the overall commodities market declines and that weather, disease, political, tax and other regulatory developments adversely impact the value of commodities, which may result in a loss of principal and interest. Commodity-linked investments face increased price volatility and liquidity, credit and issuer risks compared to their underlying measures.
Convertible Securities	Assets invested in convertible securities may be subject to increased interest rate risks, rising in value as interest rates decline and falling in value when interest rates rise, in addition to their market value depending on the performance of the common stock of the issuer. Convertible securities, which are typically unrated or rated lower than other debt obligations, are secondary to debt obligations in order of priority during a liquidation in the event the issuer defaults.
Depositary Receipts	Assets invested in depositary receipts generally reflect the risks of the securities they represent, although they may be subject to increased liquidity risk, higher expenses and may not pass through voting and other shareholder rights. Depositary receipts cannot be directly exchanged for the securities they represent and may trade at either a discount or premium to that security.
Developing Companies	Assets invested in developing companies are subject to the risks that they succumb to intense competition or that their products and services do not succeed over the long term or quickly become obsolete in a rapidly developing marketplace. These securities may lose value if it appears their earnings expectations may not be met, even in a rising stock market environment.
Distressed Investments	Distressed investments, which include loans, loan participations, bonds, notes and non-performing and sub-performing mortgage loans, are often not publicly traded and face increased liquidity risk and price volatility. These securities are subject to the risk that the advisor does not correctly predict the outcome of their investment, which may result in a loss of part or all of the investment.
Equity Securities	The value of equity securities, which include common, preferred and convertible preferred stocks, will fluctuate based on changes in their issuers' financial conditions as well as overall market and economic conditions, and can decline in the event of deteriorating issuer, market or economic conditions.

Glossary of Terminology

Part I - Investment Risk Definitions

Exchange Traded Funds

Assets invested in ETFs generally reflect the risks of owning the underlying securities they are designed to track, although they may be subject to greater liquidity risks and higher costs than owning the underlying securities directly due to their management fees.

Futures Contracts and Options on Future Contracts

Futures contracts and options on futures contracts may increase volatility and be subject to additional market, active management, interest, currency and other risks if the contract cannot be closed when desired.

High Yield Securities

Assets invested in below-investment grade debt securities and unrated securities of similar credit quality, commonly known as 'junk bonds' or 'high yield securities', may be subject to increased interest, credit and liquidity risk.

Industry and Sector Investing

Concentrating assets in a particular industry or sector of the economy may increase volatility, since the investment will be more susceptible to the impact of market, economic, regulatory and other factors impacting that industry or sector compared to a more broadly diversified asset allocation.

Initial Public Offerings

Assets invested in IPOs may increase volatility and have a magnified impact on performance. IPO shares may be sold shortly after purchase, which can increase portfolio turnover and expenses, including commissions and transaction costs. Additionally, IPO shares are subject to increased market, liquidity and issuer risks.

Inverse Floaters

Investments in inverse floaters may be subject to increased price volatility compared to fixed-rate bonds that have similar credit quality, redemption provisions and maturity. The performance of inverse floaters tends to lag fixed-rate bonds in rising long-term interest rate environments and exceed them in falling or stable long-term interest rate environments.

Mortgage-Backed and Asset-Backed Securities

Asset-backed securities (ABS) are debt notes backed by financial assets. Mortgage-backed securities (MBS) are essentially a type of ABS that are backed by mortgages rather than other loans. MBS are bonds that represent claims to the cash flows from pools of mortgage loans, most commonly on residential property. Mortgage loans are purchased from banks, mortgage companies, and other originators and then assembled into pools by a government agency or corporation. The entity then issues securities that represent claims on the principal and interest payments made by borrowers on the loans in the pool. These securities may decline in value due to changes in interest rates, issuer information availability, credit quality of the underlying assets, market perception of the issuer, availability of credit enhancement and prepayment of principal.

Municipal Obligations, Leases, and AMT-Subject Bonds

Assets invested in municipal obligations, leases and AMT-subject bonds are subject to varying levels of public and private support. Whereas the principal and interest payments of general obligation municipal bonds are secured by the issuer's full faith and credit and supported by limited or unlimited taxing power, the principal and interest payments of revenue bonds are tied to the revenues of specific projects or other entities. Investing in AMT-subject bonds, which have tax benefits, may be subject to the risk that federal income tax laws limiting the types and volume of bonds qualifying for tax exemption of interest make any further purchases of tax-exempt securities taxable.

Glossary of Terminology

Part I - Investment Risk Definitions

Options Investing	Investments in options may be subject to the risk that an advisor does not correctly predict the movement of an option's underlying stock, resulting in the loss of part or all of the amount paid for the option plus commission costs.
Other	The investment's performance may be impacted by its concentration in a certain type of security, adherence to a particular investing strategy or unique aspect of its structure and costs.
Preferred Stocks	Assets invested in preferred stocks may be subject to the risks of deferred distribution payments, involuntary redemptions, subordination to debt instruments, a lack of liquidity compared to common stocks, limited voting rights and sensitivity to interest rate changes.
Repurchase Agreements	Repurchase agreements may be subject to the risk that the seller of a security defaults and the collateral securing the repurchase agreement has declined and does not equal the value of the repurchase price. In this event, impairment of the collateral may result in additional costs.
Restricted/Illiquid Securities	Investments in illiquid securities may be subject to increased pricing risk and may reduce the value of the portfolio if the securities cannot be sold when desired. Investing in restricted securities may subject the fund to higher costs and liquidity risk.
Underlying Fund (also known as Fund of Funds, or Subsidiary)	A portfolio's risks are closely associated with the risks of the securities and other investments held by the underlying funds, and the ability of the portfolio to meet its investment objective likewise depends on the ability of the underlying funds to meet their objectives.
Warrants	Investments in warrants may be subject to the risk that the price of the underlying stock does not rise above the exercise price. In this event, the warrant may expire without being exercised and lose all value.
Tax Management	A tax-sensitive investment strategy that uses hedging or other techniques may fail to limit distributions of taxable income and net realized gains and therefore create some tax liability for shareholders.
Tax-Exempt Securities	Tax-exempt securities could be reclassified as taxable by the IRS or a state tax authority, or their income could be reclassified as taxable by a future legislative, administrative or court action. This may result in increased tax liability as interest from a security becomes taxable, and such reclassifications could be applied retroactively.
U.S. Federal Tax Treatment	Investments in futures contracts, foreign transactions and other techniques that have special U.S. tax reporting rules are subject to the risk that changes in those rules may require a change in compliance measures, potentially impacting performance.

Glossary of Terminology

Part I - Investment Risk Definitions

U.S. Government Obligations
Assets invested in U.S. government obligations are subject to varying levels of government support. In the event of default, some U.S. government securities, including U.S. Treasury obligations and Ginnie Mae securities, are issued and guaranteed as to principal and interest by the full faith and credit of the U.S. government. Other securities, including Fannie Mae and Freddie Mac, are obligations of U.S. government-sponsored entities but are neither issued nor guaranteed by the U.S. government.

Derivatives
Investments in derivatives may be subject to the risk that the advisor does not correctly predict the movement of the underlying security, interest rate, market index or other financial asset. Since derivatives usually involve a small investment relative to the magnitude of liquidity and other risks assumed, the resulting gain or loss from the transaction will be disproportionately magnified. These investments may result in a loss if the counterparty to the transaction does not perform as promised.

Leverage
Leverage transactions may increase volatility and result in a significant loss of value if a transaction fails. Since leverage usually involves investment exposure that exceeds the initial investment, the resulting gain or loss from a relatively small change in an underlying indicator will be disproportionately magnified.

Pricing
Market conditions may make it difficult to value some investments, and so the value determined for an investment through a subjective valuation methodology, like fair value pricing, may differ from the actual value realized upon sale. Valuation methodologies may also be used to calculate a daily NAV.

Fixed Income Securities
The value of assets invested in fixed-income or debt securities may be susceptible to general movements in the bond market and are subject to increased interest rate and credit risk.

Dollar Rolls
Dollar rolls transactions may be subject to the risk that the market value of securities sold to the counterparty declines below the repurchase price, the counterparty defaults on its obligations or the portfolio turnover rate increases due to these transactions. In addition, any investments purchased with the proceeds of a security sold in a dollar rolls transaction may lose value.

Maturity/Duration
Assets invested in securities with longer maturities or durations typically have higher yields but may be subject to increased interest risk and price volatility compared to securities with shorter maturities, which have lower yields but greater price stability.

Sovereign Debt
Assets invested in debt securities issued or guaranteed by foreign governmental entities are subject to the risk that an entity may delay or refuse to pay interest or principal on its sovereign debt due to cash flow problems, insufficient foreign reserves or political or other considerations. In this event, there is no legal process for collecting sovereign debts that a governmental entity has not repaid.

Regulation
The issuer or market value of a security may be impacted adversely by new or changing regulations as they are adopted by governments or other regulatory bodies.

Glossary of Terminology

Part I - Investment Risk Definitions

Socially Conscious	Adhering to social or moral criteria may preclude potentially profitable opportunities in sectors or firms that would otherwise be consistent with the investment objective and strategy.
Cash Drag	To the extent that assets are held in cash and cash equivalents, the ability to meet the investment objective may be limited.
Suitability	Investors are expected to select investments whose investment strategies are consistent with their financial goals and risk tolerance.
Increase in Expenses	The actual cost of investing may be higher than the expenses listed in the expense table for a variety of reasons, including if a voluntary fee waiver is changed or terminated or if average net assets decrease. The risk of expenses increasing due to a decrease in average net assets is heightened when markets are volatile.
Multi-Manager	Managers' individual investing styles may not complement each other. This can result in both higher portfolio turnover and enhanced or reduced concentration in a particular region, country, industry or investing style compared to an investment with a single manager.
Shareholder Activity (Redemption)	Frequent purchases or redemptions by one or multiple investors may harm other shareholders by interfering with the efficient management of the portfolio, increasing brokerage and administrative costs and potentially diluting the value of shares. Additionally, shareholder purchase and redemption activity may impact the per-share net income and realized gains distribution amounts, if any, potentially increasing or reducing the tax burden on the shareholders who receive those distributions.

Glossary of Terminology

Part II - Glossary of Investment & Administration Related Terms

12b-1 Fee	A fee assessed on certain mutual funds or share classes permitted under an SEC rule to help cover the costs associated with marketing and selling the fund. 12b-1 fees may also be used to cover shareholder servicing expenses.
Active Management	The trading of securities to take advantage of market opportunities as they occur, in contrast to passive management. Active managers rely on research, market forecasts, and their own judgment and experience in selecting securities to buy and sell.
Aggressive	An investment approach that accepts above-average risk of loss in return for potentially above-average investment returns.
Aggressive Growth Fund	An investment fund that takes higher risk of loss in return for potentially higher returns or gains.
AMEX Major Market Index (XMI)	An index that is an average of 20 Blue Chip Industrial Stocks.
Annual Rate of Return	The annual rate of gain or loss on an investment expressed as a percentage.
Annual Report	A yearly report or record of an investment's (e.g., a mutual fund's or company's) financial position and operations.
Annuity	A form of insurance contract that provides a stream of periodic payments, typically for life. Annuities are available in a variety of forms. See also Life Annuity, Joint and Last Survivor Annuity.
Annuity Commencement Date	The date set forth in the annuity contract on which annuity payments will start. Also known as the "annuity start date."
Appreciation	An increase in the value of an investment.
Asset	Anything with commercial or exchange value owned by a business, institution or individual. Examples include cash, real estate and investments.
Asset Allocation	A method of investing by which investors include a range of different investment classes such as stocks, bonds, and cash equivalents in their portfolios. See Diversification.
Asset Class	A group of securities or investments that have similar characteristics and behave similarly in the marketplace. Three common asset classes are equities (e.g., stocks), fixed income (e.g., bonds), and cash equivalents (e.g., money market funds).
Average Annual Total Return	The yearly average percentage increase or decrease in an investment's value that includes dividends, gains, and changes in share price.
Back-end Load	A fee imposed by some funds when shares are redeemed (sold back to the fund) during the first few years of ownership. Also called a contingent deferred sales charge.

Glossary of Terminology

Part II - Glossary of Investment & Administration Related Terms

Balanced Fund	A fund with an investment objective of both long-term growth and income, through investment in both stocks and bonds.
Barclay's Capital U.S. Aggregate Bond Index	A common index widely used to measure performance of U.S. bond funds.
Basis Point	One-hundredth of one percent, or 0.01%. For example, 20 basis points equal 0.20%. Investment expenses, interest rates, and yield differences among bonds are often expressed in basis points.
Benchmark	An unmanaged group of securities whose performance is used as a standard to measure investment performance. Some well-known benchmarks are the Dow Jones Industrial Average and the S&P 500 Index.
Bond	A debt security which represents the borrowing of money by a corporation, government, or other entity. The borrowing institution repays the amount of the loan plus a percentage as interest. Income funds generally invest in bonds.
Bond Fund	A fund that invests primarily in bonds and other debt instruments.
Bond Rating	A rating or grade that is intended to indicate the credit quality of a bond, considering the financial strength of its issuer and the likelihood that it will repay the debt. Agencies such as Standard & Poor's, Moody's Investors Service, and Fitch issue ratings for different bonds, ranging from AAA (highly unlikely to default) to D (in default).
Broker	A person who acts as an intermediary between the buyer and seller of a security, insurance product, or mutual fund, often paid by commission. The terms broker, broker/dealer, and dealer are sometimes used interchangeably.
Brokerage Window	A plan feature that permits participants to purchase investments that are not included among the plan's general menu of designated investment alternatives.
Capitalization (Cap)	The total market value of a company's outstanding equity.
Capital Appreciation Fund	An investment fund that seeks growth in share prices by investing primarily in stocks whose share prices are expected to rise.
Capital Gain	An increase in the value of an investment, calculated by the difference between the net purchase price and the net sale price.
Capital Loss	The loss in the value of an investment, calculated by the difference between the purchase price and the net sale price.
Capital Preservation	An investment goal or objective to keep the original investment amount (the principal) from decreasing in value.
Cash Equivalent	An investment that is short term, highly liquid, and has high credit quality.

Glossary of Terminology

Part II - Glossary of Investment & Administration Related Terms

Cash Refund Annuity	An annuity that makes periodic payments for the life of an individual and a benefit payable to a beneficiary upon death equal to the premium(s) paid less payments made to the individual.
Collective Investment Fund	Investments created by a bank or trust company for employee benefit plans, such as 401(k) plans, that pool the assets of retirement plans for investment purposes. They are governed by rules and regulations that apply to banks and trust companies instead of being registered with the SEC. These funds are also referred to as collective or commingled trusts. Commission Compensation paid to a broker or other salesperson for his or her role when investments are bought or sold.
Common Stock	An investment that represents a share of ownership in a corporation.
Company Stock Fund	A fund that invests primarily in employer securities that may also maintain a cash position for liquidity purposes.
Competing Funds	An investment fund that is identified by the investment manager of another fund and which is subject to special rules relating to an investor's ability to buy and sell investments between the two funds. See Equity Wash Restriction.
Compounding	The cumulative effect that reinvesting an investment's earnings can have by generating additional earnings of their own.
Conservative	An investment approach that accepts lower rewards in return for potentially lower risks.
Contingent Deferred Sales Charge (CDSC)	A fee imposed when shares of a mutual fund or a variable annuity contract are redeemed (sold) during the first few years of ownership. Also called a back-end load.
Corporate Bond	A bond issued by a corporation, rather than by a government. The credit risk for a corporate bond is based on the re-payment ability of the company that issued the bond.
Credit Risk	The risk that a bond issuer will default, meaning not repay principal or interest to the investor as promised. Credit risk is also known as 'default risk.'
Current Yield	The current rate of return of an investment calculated by dividing its expected income payments by its current market price.
Custodian	A person or entity (e.g., bank, trust company, or other organization) responsible for holding financial assets.
Deflation	The opposite of inflation / a decline in the prices of goods and services.
Depreciation	A decrease in the value of an investment.
Designated Investment Alternative	The investment options picked by your plan into which participants can direct the investment of their plan accounts.

Glossary of Terminology

Part II - Glossary of Investment & Administration Related Terms

Diversification	The practice of investing in multiple asset classes and securities with different risk characteristics to reduce the risk of owning any single investment.
Dividend	Money an investment fund or company pays to its stockholders, typically from profits. The amount is usually expressed on a per-share basis.
Dow Jones Industrial Average (Dow or DJIA)	A widely followed price-weighted index of 30 of the largest, most widely held U.S. stocks.
Emerging Market	Generally, economies that are in the process of growth and industrialization, such as in Africa, Asia, Eastern Europe, the Far East, Latin America, and the Middle East which, while relatively undeveloped, may hold significant growth potential in the future. Investing in these economies may provide significant rewards, and significant risks. May also be called developing markets.
Emerging Market Fund	A fund that invests primarily in emerging market countries.
Employer Securities	Securities issued by an employer of employees covered by a retirement plan that may be used as a plan investment option.
Equity/Equities	A security or investment representing ownership in a corporation, unlike a bond, which represents a loan to a borrower. Often used interchangeably with "stock."
Equity Fund	A fund that invests primarily in equities.
Equity Wash Restriction	A provision in certain stable value or fixed income products under which transfers made from the stable value or fixed income product are required to be directed to an equity fund or other non-competing investment option of the plan for a stated period of time (usually 90 days) before those funds may be invested in any other plan-provided competing fixed income fund (such as a money market fund).
Exchange Traded Fund (ETF)	An investment company, such as a mutual fund, whose shares are traded throughout the day on stock exchanges at market-determined prices.
Expense Ratio	A measure of what it costs to operate an investment, expressed as a percentage of its assets or in basis points. These are costs the investor pays through a reduction in the investment's rate of return. See Operating Expenses and Total Annual Operating Expenses.
Federal Deposit Insurance Corporation (FDIC)	A federal agency that insures money on deposit in member banks and thrift institutions.
Financial Industry Regulatory Authority (FINRA)	A self-regulatory organization for brokerage firms doing business in the United States. FINRA operates under the supervision of the SEC. The organization's objectives are to protect investors and ensure market integrity.
Financial Statements	The written record of the financial status of a fund or company, usually published in the annual report. The financial statements generally include a balance sheet, income statement, and other financial statements and disclosures.

Glossary of Terminology

Part II - Glossary of Investment & Administration Related Terms

Fixed Annuity	An annuity contract in which the insurance company makes fixed or guaranteed payments to an individual for the term of the contract.
Fixed Income Fund	A fund that invests primarily in bonds and other fixed-income securities, often to provide shareholders with current income.
Fixed Return Investment	An investment that provides a specific rate of return to the investor.
Front-end Load	A sales charge on mutual funds or annuities assessed at the time of purchase to cover selling costs.
Fund Family	A group or "complex" of mutual funds, each typically with its own investment objective, and managed and distributed by the same company. A Fund Family also could refer to a group of collective investment funds or a group of separate accounts managed and distributed by the same company.
Fund of Funds	A mutual fund, collective investment fund or other pooled investment that invests primarily in other mutual funds, collective investment funds or pooled investments rather than investing directly in individual securities (such as stocks, bonds or money market securities).
Glide Path	The change over time in a target date fund's asset allocation mix to shift from a focus on growth to a focus on income.
Global Fund	A fund that invests primarily in securities anywhere in the world, including the United States.
Government Securities	Any debt obligation issued by a government or its agencies (e.g., Treasury Bills issued by the United States).
Gross Expense Ratio	Represents the percentage of assets of the fund used to run and manage the fund, before any fee waivers or reimbursements. The gross expense ratio portrays the fund's expenses had the fund not waived a portion, or all, of its fees.
Group Annuity Contract	An annuity contract entered into between an insurance company and an owner for the benefit of a designated group, such as retirement plan participants.
Growth Fund	A fund that invests primarily in the stocks of companies with above-average risk in return for potentially above-average gains. These companies often pay small or no dividends and their stock prices tend to have the most ups and downs from day to day.
Growth and Income Fund	A fund that has a dual strategy of growth or capital appreciation and current income generation through dividends or interest payments.
Guaranteed Interest Account	An account within a fixed annuity or a variable annuity that is guaranteed by the insurance company to earn at least a minimum rate of interest while invested in the contract.

Glossary of Terminology

Part II - Glossary of Investment & Administration Related Terms

Guaranteed Investment Contract	A contract issued by an insurance company that guarantees a specific rate of return on an investment over a certain time period.
Guaranteed Lifetime Withdrawal Benefit or Guaranteed Minimum Withdrawal Benefit	A feature that may be offered under an annuity contract in which the insurance company promises an individual may withdraw a specified amount from an account, even if the account balance is reduced to zero (1) for the life of the individual, or the joint lives of two individuals (e.g., the individual and spouse); or (2) for a specified period of time.
Inception Date	The date that a fund began operations.
Income Fund	A fund that primarily seeks current income rather than capital appreciation.
Index	A benchmark against which to evaluate a fund's performance. The most common indexes for stock funds are the Dow Jones Industrial Average and the Standard & Poor's 500 Index.
Index Fund	An investment fund that seeks to parallel the performance of a particular stock market or bond market index. Index funds are often referred to as passively managed investments.
Inflation	The overall general upward price movement of goods and services in an economy. Inflation is one of the major risks to investors over the long term because it erodes the purchasing power of their savings.
Interest/Interest Rate	The fee charged by a lender to a borrower, usually expressed as an annual percentage of the principal. For example, someone investing in bonds will receive interest payments from the bond's issuer.
Interest Rate Risk	The possibility that a bond's or bond fund's market value will decrease due to rising interest rates. When interest rates (and bond yields) go up, bond prices usually go down and vice versa.
International Fund	A fund that invests primarily in the securities of companies located, or with revenues derived from, outside of the United States.
Investment Advisor	A person or organization hired by an investment fund or an individual to give professional advice on investments and asset management practices.
Investment Company	A corporation or trust that invests pooled shareholder dollars in securities appropriate to the organization's objective. The most common type of investment company, commonly called a mutual fund, stands ready to buy back its shares at their current net asset value.
Investment Objective	The goal that an investment fund or investor seeks to achieve (e.g., growth or income).
Investment Return	The gain or loss on an investment over a certain period, expressed as a percentage. Income and capital gains or losses are included in calculating the investment return.

Glossary of Terminology

Part II - Glossary of Investment & Administration Related Terms

Investment Risk	The possibility of losing some or all of the amounts invested or not gaining value in an investment.
Large Capitalization (Cap)	A reference to either a large company stock or an investment fund that invests in the stocks of large companies.
Joint and Last Survivor Annuity	An annuity that provides periodic payments for the joint lives of two individuals with benefits payable upon the death of one individual to the surviving individual at, for example, 50%, 75% or 100% of the original payment amount depending upon the terms of the contract.
Large Cap Stocks	Stocks of companies with a large market capitalization. Large caps tend to be well-established companies, so their stocks typically entail less risk than smaller caps, but large-caps also offer less potential for dramatic growth.
Life Annuity	An annuity that makes periodic payments only for the life of one individual. Also known as "single life annuity."
Lifecycle Fund	A fund designed to provide varying degrees of long-term appreciation and capital preservation based on an investor's age or target retirement date through a mix of asset classes. The mix changes over time to become less focused on growth and more focused on income. Also known as "target date retirement" or "age-based" funds.
Lifestyle Fund	A fund that maintains a predetermined risk level and generally uses words such as "conservative," "moderate," or "aggressive" in its name to indicate the fund's risk level. Used interchangeably with "target risk fund."
Lipper	A leading mutual fund research and tracking firm. Lipper categorizes funds by objective and size, and then ranks fund performance within those categories.
Liquidity	The ease with which an investment can be converted into cash. If a security is very liquid, it can be bought or sold easily. If a security is not liquid, it may take additional time and/or a lower price to sell it.
Longevity Risk	The risk that you will live longer than expected with the potential result that you run out of money before you die.
Load	A sales charge assessed on certain investments to cover selling costs. A front-end load is charged at the time of purchase. A back-end load is charged at the time of sale or redemption.
MSCI EAFE Index	An index known by an acronym for the Europe, Australasia, and Far East markets produced by Morgan Stanley Capital International (MSCI). Markets are represented in the index according to their approximate share of world market capitalization. The index is a widely used benchmark for managers of international stock fund portfolios.
MSCI World Index	An index of major world stock markets, including the United States. The index is a widely used benchmark for managers of global stock fund portfolios.

Glossary of Terminology

Part II - Glossary of Investment & Administration Related Terms

Management Fee	A fee or charge paid to an investment manager for its services.
Market Capitalization or Market Cap	The total market value of a company's outstanding securities, excluding current liabilities.
Market Risk	The possibility that the value of an investment will fall because of a general decline in the financial markets.
Maturity Date	The date on which the principal amount of a loan, bond, or any other debt becomes due and is to be paid in full.
Mid Capitalization (Cap)	A reference to either a medium sized company stock or an investment fund that invests in the stocks of medium-sized companies.
Mid Cap Fund	A fund that invests primarily in mid-cap stocks.
Mid Cap Stocks	Stocks of companies with a medium market capitalization. Mid caps are often considered to offer more growth potential than larger caps (but less than small caps) and less risk than small caps (but more than large caps).
Money Market Fund	A mutual fund that invests in short-term, high-grade fixed-income securities, and seeks the highest level of income consistent with preservation of capital (i.e., maintaining a stable share price).
Morningstar	A leading mutual fund research and tracking firm. Morningstar categorizes funds by objective and size, and then ranks fund performance within those categories.
Mutual Fund	An investment company registered with the SEC that buys a portfolio of securities selected by a professional investment adviser to meet a specified financial goal (investment objective). Mutual funds can have actively managed portfolios, where a professional investment adviser creates a unique mix of investments to meet a particular investment objective, or passively managed portfolios, in which the adviser seeks to parallel the performance of a selected benchmark or index.
NASDAQ	The National Association of Securities Dealers Automated Quotation, also called the "electronic stock market." The NASDAQ composite index measures the performance of more than 5,000 U.S. and non-U.S. companies traded "over the counter" through NASDAQ.
Net Asset Value (NAV)	The net dollar value of a single investment fund share or unit that is calculated by the fund on a daily basis.
Net Expense Ratio	Is what investors are ultimately charged to be invested in the fund after fee waivers, or reimbursements. These are costs the investor pays through a reduction in the investments rate of return.
New York Stock Exchange (NYSE)	The oldest and largest stock exchange in the United States, founded in 1792.

Glossary of Terminology

Part II - Glossary of Investment & Administration Related Terms

No-Load Fund	A mutual fund whose shares are sold without a sales commission and which does not charge a combined 12b-1 fee and service fee of more than 25 basis points or 0.25% per year.
Operating Expenses	The expenses associated with running or operating an investment fund. Operating expenses may include custody fees, management fees, and transfer agent fees. See Expense Ratio and Total Annual Operating Expenses.
Passive Management	The process or approach to operating or managing a fund in a passive or non-active manner, typically with the goal of mirroring an index. These funds are often referred to as index funds and differ from investment funds that are actively managed.
Period Certain	A payment feature that may be available in an annuity contract which guarantees periodic payments for no less than a set period of time. For example, in a life annuity, periodic payments would be made for the longer of either (1) the guaranteed period, to the individual or a beneficiary, or (2) the life of the individual.
Portfolio	A collection of investments such as stocks and bonds that are owned by an individual, organization, or investment fund.
Portfolio Manager	The individual, team or firm who makes the investment decisions for an investment fund, including the selection of the individual investments.
Portfolio Turnover Rate	A measure of how frequently investments are bought and sold within an investment fund during a year. The portfolio turnover rate is usually expressed as a percentage of the total value of an investment fund.
Principal	The original dollar amount of an investment. Principal may also be used to refer to the face value or original amount of a bond.
Prospectus	The official document that describes certain investments, such as mutual funds, to prospective investors. The prospectus contains information required by the SEC, such as investment objectives and policies, risks, services, and fees.
Rate of Return	The gain or loss on an investment over a period of time. The rate of return is typically reported on an annual basis and expressed as a percentage.
Real Rate of Return	The rate of return on an investment adjusted for inflation.
Rebalance	The process of moving money from one type of investment to another to maintain a desired asset allocation.
Redemption	To sell fund shares back to the fund. Redemption can also be used to mean the repayment of a bond on or before the agreed upon pay-off date.
Redemption Fee	A fee, generally charged by a mutual fund, to discourage certain trading practices by investors, such as short-term or excessive trading. If a redemption fee is charged it is done when the investment is redeemed or sold.

Glossary of Terminology

Part II - Glossary of Investment & Administration Related Terms

Return	The gain or loss on an investment. A positive return indicates a gain, and a negative return indicates a loss.
Risk	The potential for investors to lose some or all the amounts invested or to fail to achieve their investment objectives.
Risk Tolerance	An investor's ability and willingness to lose some or all of an investment in exchange for greater potential returns.
Round Trip Restriction	A policy that limits the number of times an investor can exchange into and out of a fund within a given time frame. This is intended to discourage frequent trading that increases the costs to all the fund's investors.
Russell Indexes	A group of indexes that are widely used to benchmark investment performance. The most common Russell index is the Russell 2000 Index, an index of U.S. small-cap stocks, which measures the performance of the 2,000 smallest U.S. companies in the Russell 3000 Index.
Sales Charge	A charge for buying an investment.
Sector Fund	A fund that invests in a particular or specialized segment of the marketplace, such as stocks of companies in the software, healthcare, or real estate industries.
Securities and Exchange Commission (SEC)	Government agency created by Congress in 1934 to regulate the securities industry and to help protect investors. The SEC is responsible for ensuring that the securities markets operate fairly and honestly.
Security	A general term for stocks, bonds, mutual funds, and other investments.
Separate Account	An insurance company account that is segregated or separate from the insurance company's general assets. Also refers to a fund managed by an investment adviser for a single plan.
Share	A representation of ownership in a company or investment fund.
Share Class	Some investment funds and companies offer more than one type or group of shares, each of which is considered a class (e.g., "Class A," "Advisor" or "Institutional" shares). For most investment funds each class has different fees and expenses but all of the classes invest in the same pool of securities and share the same investment objectives.
Shareholder	An owner of shares in an investment fund or corporation.
Shareholder-Type Fees	Any fee charged against your investment for purchase and sale, other than the total annual operating expenses.
Small Capitalization (Cap)	A reference to either a small company stock or an investment fund that invests in the stocks of small companies.

Glossary of Terminology

Part II - Glossary of Investment & Administration Related Terms

Small Cap Fund	A fund that invests primarily in small-cap stocks.
Small Cap Stocks	Stocks of companies with a smaller market capitalization. Small caps are often considered to offer more growth potential than large caps and mid caps but with more risk.
Stable Value Fund	An investment fund that seeks to preserve principal, provide consistent returns and liquidity. Stable value funds include collective investment funds sponsored by banks or trust companies or contracts issued by insurance companies.
Standard & Poor's 500 Stock Index (S&P 500)	An index comprised of 500 widely held common stocks considered to be representative of the U.S. stock market in general. The S&P 500 is often used as a benchmark for equity fund performance.
Stock	A security that represents an ownership interest in a corporation.
Stock Fund	A fund that invests primarily in stocks.
Summary Prospectus	A short-form prospectus that mutual funds generally may use with investors if they make the long-form prospectus and additional information available online or on paper upon request.
Target Date Fund	A fund designed to provide varying degrees of long-term appreciation and capital preservation based on an investor's age or target retirement date through a mix of asset classes. The mix changes over time to become less focused on growth and more focused on income. Also known as a "lifecycle fund."
Target Risk Fund	A fund that maintains a predetermined asset mix and generally uses words such as "conservative," "moderate," or "aggressive" in its name to indicate the fund's risk level. Often used interchangeably with "lifestyle fund."
Ticker Symbol	An abbreviation using letters and numbers assigned to securities and indexes to identify them.
Time Horizon	The amount of time that an investor expects to hold an investment before taking money out.
Total Annual Operating Expenses	A measure of what it costs to operate an investment, expressed as a percentage of its assets, as a dollar amount, or in basis points. These are costs the investor pays through a reduction in the investment's rate of return. See Expense Ratio and Operating Expenses.
Trustee	A person or entity (e.g., bank, trust company, or other organization) that is responsible for the holding and safekeeping of trust assets. A trustee may also have other duties such as investment management. A trustee that is a "directed trustee" is responsible for the safekeeping of trust assets but has no discretionary investment management duties or authority over the assets.

Glossary of Terminology

Part II - Glossary of Investment & Administration Related Terms

Unit	A representation of ownership in an investment that does not issue shares. Most collective investment funds are divided into units instead of shares. See Share.
Unit Holder	An owner of units in an investment. See Shareholder.
Unit Class	Investment funds that are divided into units (e.g., collective investment funds) instead of shares may offer more than one type or group of units, each of which is considered a class (e.g., "Class A"). For most investment funds, each class has different fees and expenses but all of the classes invest in the same pool of securities and share the same investment objectives.
Unit Value	The dollar value of each unit on a given date.
U.S. Treasury Securities	Debt securities issued by the United States government and secured by its full faith and credit. Treasury securities are the debt financing instruments of the United States Federal government, and they are often referred to simply as Treasuries.
Value Fund	A fund that invests primarily in stocks that are believed to be priced below what they are really worth.
Variable Annuity	An annuity contract under which the insurance company promises to make payments beginning immediately or at some future date. The value of the annuity and amount of the benefits paid by the insurance company will vary depending on the performance of the investment.
Variable Return Investment	Investments for which the return is not fixed. This term includes stock and bond funds as well as investments that seek to preserve principal but do not guarantee a particular return, e.g., money market funds and stable value funds.
Volatility	The amount and frequency of fluctuations in the price of a security, commodity, or a market within a specified time period. Generally, an investment with high volatility is said to have higher risk since there is an increased chance that the price of the security will have fallen when an investor wants to sell.
Wrap Fee	A fee or expense that is added to or "wrapped around" an investment to pay for one or more product features or services.
Yield	The value of interest or dividend payments from an investment, usually stated as a percentage of the investment price.