

WHAT IS THIS CHART?

Summary

This chart represents a hypothetical 15 year back-test of the performance of your current allocation, an S&P 500 index tracking fund and a target allocation to which you have been mapped based on the questions you answered. Where possible, the back-test uses the historic performance of actual holdings. Should a holding not have 15 years' worth of data or if no public data is available for a holding then we make use of proxy data as more fully explained below. When viewing hypothetical back test performance it is important to note that there are limitations associated with such data. These are more fully explained in the disclosures below which should be read and understood.

How the chart is calculated?

The past performance of your allocation, the S&P 500 index and the target allocation is calculated using the historic market data from the various holdings. The performance of each holding is calculated using the monthly returns from each holding where possible. All historic returns for these holdings are inclusive of the annual fees charged on these holdings.

For the target allocation, in the case where a holding does not have 15 years of data, we use the historic performance data from a close alternative/proxy holding to get the required 15 years' worth of data. The returns for the close alternative/proxy holding are inclusive of the holdings historic annual fees.

For your current allocation, in the case where a holding does not have 15 years of data, we use data from a broad-based index tracking fund with the same broad asset class we have matched the holding to. As we are using an index fund as a proxy for the historic returns, these returns are inclusive of the historic annual fund fees for the index fund. The use of proxy data is explained in more detail below.

For the S&P 500 index we have used performance data from the SPDR S&P 500 ETF (SPY).

We generate the historical performance of holdings using the current percentage allocation of your portfolio as it is today, for the following reasons:

When we read the holdings from your account through account aggregation, we can only see what you hold today, not what you have held over the last fifteen years. We can't assume how long you may have been investing or how your holdings may have changed over the past 15 years.

Furthermore the calculation reflects:

- Annual rebalancing of both allocations
- No transaction fees
- No taxes
- Reinvestment of dividends and other earnings

Fund/Holding Fees

The performance for both your allocation, the S&P 500 index fund and the target allocation are reduced to account for annual fund fees – the fees all mutual funds, closed-end and ETFs charge to their shareholders as stated in their disclosure documents. The historic performance for all mutual funds, closed-end funds and ETFs are inclusive of annual fund fees, and accordingly all historic performance for both portfolios is inclusive of annual fund fees.

When it comes to proxy funds, we include fund fees by using historic performance data for the proxy which is inclusive of the proxy's historic annual fees.

Management Fees

The historic returns for the target allocation include a management fee of 0.40%, which is the highest fee Brokers International Financial Services charges for the management of this portfolio. The estimated performance of your allocation and the S&P 500 index assumes NO management fee since we do not know what management fees were being charged to your allocation.

Notes on Performance Data

The current and target allocation analysis is an approximate representation of the back tested performance of:

For the current portfolio – the portfolio of holdings you have chosen to import via our account aggregation service

For the target portfolio – the holdings in the target model portfolio to which you have been mapped based on the questions you answered.

Use of proxy data

Our goal in providing you with this chart is to give you a comparison of the historic performance of your allocation versus the target allocation recommended by My Retirement Ally. Ideally we use the historic performance of individual holdings to do this, however this is not always possible as 15 years of historic data is not always available for a holding for various reasons. In these instances, we look for a proxy to help estimate what the performance may have been.

For the target allocation, we are typically able to match the existing holding to a similar alternative/proxy holding given that we are able to conduct prior research on the target allocations that are available on this system. However, we are not always able to find a similar alternative/proxy holding in your current allocation because, among other things: (i) we are unable to match a similar alternative/proxy holding to each of your existing holdings without prior research and this cannot easily be done “on the fly” at the moment you import your holdings; and (ii) you may not agree with the holdings we have used as a similar alternative/proxy holding.

As a result we use a broadly diversified asset class index fund with the same broad asset class categorization for holdings in your current allocation where the requisite 15 year data is not available.

What follows are examples of the performance data used in the back-tested calculation of your target allocation and your current allocation respectively.

The performance data used in the back-tested calculation of your current allocation

If historic data is available for a holding, it is used in the historic performance. If a holding hasn't been in existence for 15 years or if no public performance data is available then historic performance for the holding is sourced from a broad asset class that is related to the holding's asset class categorization. For example, as of July 2015:

If you currently hold a percentage of your portfolio in the ETF SPY (SPDR S&P 500 ETF): the ETF SPY has 15 years' worth of data and the data is publically available therefore we will use the performance data from SPY in the target allocation portfolio's back-tested performance. However, if you currently hold a percentage of your portfolio in VTV (Vanguard Value ETF): the ETF VTV does not have a full 15 years of performance data as it has only been in existence since 01/26/2004. In order to retrieve a full 15 years' worth of historic data for the holding we will use performance data from a broad based index fund that matches the broad asset class categorization of VTV to fill in any of the "missing" data. In the case of VTV, which has the broad asset class categorization of US Large Cap Stock, we would make use of the performance data of an investable index fund that tracks an index of US Large Cap Stocks such as SPY (SPDR S&P 500 ETF) to fill in any missing data on the primary ETF VTV.

The performance data used in the back-tested calculation of your target allocation

If historic data is available for a holding, it is used in the historic performance. If a holding hasn't been in existence for 15 years or if no public performance data is available then historic performance for the holding is sourced from similar alternative/proxy holding that has the required data. For example, as of July 2015:

- If the target allocation recommends you hold a percentage of the portfolio in the ETF SPY (SPDR S&P 500 ETF): the ETF SPY has 15 years' worth of data and the data is publically available therefore we will use the performance data from SPY in the target allocation portfolio's back-tested performance.
- However, if the target allocation recommends you hold VTV (Vanguard Value ETF): the ETF VTV does not have a full 15 years of performance data as it has only been in existence since 01/26/2004. In order to retrieve a full 15 years' worth of historic data for the holding we will use performance data from a close alternative/proxy fund to fill in any of the "missing" data. In the case of VTV we may make use of the performance data for the mutual fund VIVIX (Vanguard Value Index Fund Institutional Shares mutual) to fill in any missing data on the primary ETF VTV.

Volatility

You should not only focus on the dollar value of the performance of each allocation, but also on the paths they took. Ask yourself if you are OK with the ups and downs of each asset allocation over the past 15 years. If you are not comfortable with the volatility in the target allocation, edit your profile and lower your risk to see how this might reduce the volatility. It is also important to always remember that past performance does not guarantee future results.

Bottom line

By using real fund data where possible as opposed to theoretical data from a constructed index, all the returns of the funds are fully inclusive of annual fund and management fees and any tracking error present in the underlying funds. We believe this has the benefit of showing you realistic historic returns for the allocations.

Performance and other important disclosures

Past performance does not guarantee future results. The past performance generated in the chart represents hypothetical performance results back-tested for the prior 15 years. The chart does not represent the results of actual trading. Back-tested hypothetical performance differs from actual performance because it is achieved with the benefit of hindsight. Accordingly, back-tested results may not reflect the impact of material economic and market factors on the decision-making process if investment decisions were being made during the back-tested time period. My Retirement Ally does not make any representation that the recommended portfolio based on the target allocation will achieve returns similar to those presented in the chart. While the target allocation has potential for gain, there is also the possibility that investors may lose capital. Actual client portfolio compositions and performance will vary based on each client's individual financial situation, investment objectives and other relevant factors.

The target allocation, its corresponding asset class allocations and the holdings recommended by My Retirement Ally are subject to change at any time and without notice.

Your current allocation reflects an assignment of your underlying holdings to various asset classes based on our classification methodology and judgment. Accordingly, please review the assignment of holdings to the various asset classes to ensure accuracy as there is always a chance that one or any number of your underlying holdings may be misclassified.

Comparison of your allocation and the target allocation to the S&P 500 Index is for illustrative purposes only as the volatility of the S&P 500 Index may be materially different from the volatility of your allocation and the target allocation due to the varying degrees of diversification. For example, the S&P 500 Index tracks the U.S. stock market of 500 large companies. Your allocation and the target allocation may include the past performance of holding and asset classes tracking small and mid-size companies, bonds, as well as international stocks and commodities. Historical performance results for the index do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance results of the index.