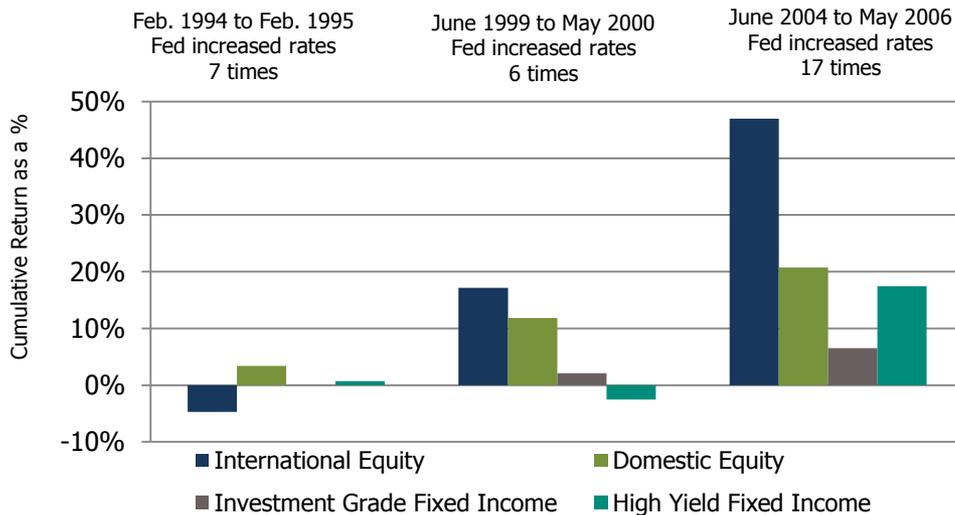


What happens if interest rates rise?

With the potential for increasing interest rates, it is important to understand how this type of environment may impact your portfolio. Different asset classes have historically reacted to a rise in interest rates in different ways and magnitudes.

A security's risk and asset class can impact how it will perform in a rising interest rate environment.



Source: Morningstar Direct. International Equity is represented by the MSCI EAFE NR USD index. Domestic Equity is represented by the Russell 3000 TR USD index. Investment Grade Fixed Income is represented by the Barclays US Agg Bond TR USD index. High Yield Fixed Income is represented by the Credit Suisse HY USD index.

Bond maturity can have a big impact on how bond prices will react to an increase in Federal interest rates. The below illustrates an example using U.S. Treasury Bonds of different maturities.

Maturity		Potential Decrease in a Bond Price During an Approx. 1% Rate Increase
Short	1-3 YR	- 1.85%
	3-5 YR	- 3.76%
Intermediate	5-7 YR	- 5.58%
	7-10 YR	- 7.59%
Long	10-20 YR	- 10.37%
	20+ YR	- 18.23%

Source: Barclays. As of October 31, 2017. Indices used are: U.S. Treasuries: 1-3 Year, U.S. Treasuries: 3-5 Year, U.S. Treasuries: 5-7 Year, U.S. Treasuries: 7-10 Year, U.S. Treasuries: 10-20 Year, U.S. Treasuries: 20+ Year. The potential decrease in a bond price during an approximate 1% rate increase is calculated by multiplying the option adjusted duration as of October 31, 2017 for each index by a 100bps hypothetical rate increase.

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