



City of Marietta Motion Signature

205 Lawrence Street
Post Office Box 609
Marietta, Georgia 30061

20051283

Motion to approve the request of the Pension Board and amend the Supplemental Pension Plan Investment Policy to combine the two growth fund options into one and terminate the ABN AMRO growth fund option

Date: 11/30/2005

William B. Dunaway, Mayor

Shelia R. Hill, City Clerk

Investment

Policy

Statement

**City of Marietta
Supplemental Pension Plan**

Table of Contents

General Information	3
I. Background	3
II. Purpose and Objectives	4
III. Plan Background.....	4
IV. Definition and Function	5
V. Policies and Restrictions.....	5
VI. Asset Classes and Fund Selection.....	7
VI.A. Stable Value Objectives.....	9
VI.B. Fixed Income.....	9
VI. C. Balanced/Hybrid.....	10
VI. D. Large Cap Equity.....	11
VI. E. Mid Cap Equity	11
VI. F. Small Cap Equity	12
VI. G. International Equity	12
VII. Evaluation and Review.....	13
VIII. Policy Implementation	14
IX. Participant Investment Education	14
Appendix A - Definitions.....	16

General Information

Plan Sponsor

City of Marietta
205 Lawrence Street
Marietta, GA 30060

Plan Administrator

City of Marietta
205 Lawrence Street
Marietta, GA 30060

Authorized Decision Makers

Pension Board of the City of
Marietta

Key Contacts

Director of Personnel

Director of Finance
Chairperson – Pension Board of the City of
Marietta

Plan Trustee

ABN AMRO Trust Services Company
161 North Clarke Street 10th Floor
Chicago, IL 60601

I. Background

Throughout this document, references have been made to various types of investments or securities. The following explanations are provided to facilitate a further understanding of some of the investments and their risks involved:

- Certificates of Deposit (CDs) are insured by the Federal Deposit Insurance Corporation (FDIC) and offer a fixed rate of return.
- An investment in a money market fund or stable value fund is not insured or guaranteed by the FDIC or any government agency, state or federal. Although this type of fund seeks to preserve the value of an investment, it is possible to lose money by investing in this type of fund.
- U.S. Government Bonds are backed by the U.S. Government in regards to timely payment of principal and interest, and if held to maturity, offer a fixed rate of return.
- Bonds, U.S. Government or Corporate bonds, if not held to maturity are subject to varying interest rates. Rising interest rates lowers the value of bonds and could lead to a loss of value. Lowering of interest rates raises the value of bonds and could lead to a gain of value.
- There are many levels of credit risk associated with rated bonds. Lower rated bonds could be associated with a higher level of risk of default by the issuer.
- Mutual funds are subject to market risk, which causes their value to fluctuate.

- Stocks and corporate bonds are not insured by any federal insurance or other agency. Stock and bond mutual funds are also not insured by any federal insurance or other agency.
- Stock and stock mutual funds tend to be more volatile than bonds or bond funds.
- Investment in mid to small capitalization stocks may be subject to higher levels of market risk than larger capitalization stocks or more established securities.
- International investments involve additional risks such as currency fluctuation, political or economic instability and difference in accounting standards.
- Indices are unmanaged and investors cannot invest directly in an index. Indices are used as a comparative benchmark and can be a useful measurement of an investment's performance when the characteristics of the index are comparable to the security or fund being analyzed.

II. Purpose and Objectives

This Investment Policy has been adopted by the Plan Administrator to provide guidelines for the investment oversight of the funds held in trust for the exclusive benefit of participants in and beneficiaries ("participants") of the City of Marietta Supplemental Pension Plan ("the Plan"), a participant directed defined contribution plan, and to communicate investment information to Plan participants.

The specific purposes of this Investment Policy include the following:

- Articulate the Plan Sponsor's objectives for structuring a retirement investment program suitable to the long-term needs and risk tolerances of Plan participants.
- Formulate policies for selecting appropriate investment managers, commingled, collective, or mutual funds or other suitable investments within the framework of that structure.
- Establish objectives for prudently monitoring and evaluating the performance of such investment program.
- Provide a foundation for participant investment education programs

The Plan's overall investment program and individual investment funds provided to the participants will seek to achieve the following primary objectives.

- Provide participants with the opportunity to supplement their retirement income
- Provide investment options that meet the needs of the majority of our workforce
- Select investment options that offer competitive returns based on risk level

III. Plan Background

The City of Marietta Supplemental Pension Plan was created in 1981 to provide a retirement benefit in addition to the existing defined benefit pension plan. The City opted out of the Social Security System and channeled the amount of FICA withholding

to this Plan. The City contributes 6.13% of an eligible employee's compensation and forwards to the plan's custodian.

Plan provisions and operations are managed by the Pension Board of the City of Marietta who acts on behalf of the City as Plan Administrator. This Board comprises representatives from the various departments and provides direction, guidance and policy to the Plan's operations.

From 1981 to June 2000, the Plan's investments were primarily intermediate term fixed income bonds managed in a separate account by an outside investment manager. Recordkeeping was performed in-house and valuations were quarterly. In July 2000, participant investment direction was implemented, as wider range of investments were offered including stock mutual funds, the assets were valued daily and trustee responsibilities shifted from the Pension Board to an outside Trustee.

The City engages an outside trustee, custodian and service provider to physically house the assets, take investment direction from participants and perform the day-to-day recordkeeping activities.

IV. Definition and Function

The Plan Administrator is charged with the responsibility for the prudent selection and ongoing monitoring of the investment options made available to the Plan. To assist the Plan Administrator in this function, the services of a Financial Advisor may be engaged.

Policy guidelines will be established initially and revised from time to time by the Plan Administrator as necessary. Specific investment objectives stated herein, shall be reviewed periodically when appropriate, new investment objectives shall be adopted by the Plan Administrator. All modifications of policy guidelines shall be in writing and signed by the Plan Administrator.

The Plan will provide the participant with a reasonable opportunity to materially affect the potential return on amounts in their individual account which they are permitted to exercise control and the degree of risk to which such amounts are subject. The Plan will offer a minimum of three investment alternatives, which offer the following attributes:

- Each of which is diversified;
- Each of which has materially different risk and return characteristics;
- Which, when aggregated, enable the participant to choose a risk and return level they feel is appropriate, and;
- Each of which, when combined with investments in the other alternatives, seeks to minimize through diversification, the overall risk of a participant's portfolio.

V. Policies and Restrictions

This Policy serves as a framework to help the Plan Administrator assess the long-term performance of the investment options offered in the Plan. The investment managers/ companies have broad responsibility to shift the commitment of assets among asset

classes, industry sectors and individual securities in accordance with their prospectus or fund operating guidelines. Accordingly, this Policy allows the investment managers/investment companies discretion consistent with stated objectives in their prospectus or operating guidelines in regards to asset allocation and diversification of the assets for the purposes of seeking to increase investment returns or reduce risk exposure.

Assets of the Plan shall be invested in a manner consistent with fiduciary standards namely:

All transactions undertaken on behalf of the Plan must be for the exclusive benefit and interest of plan participants and their beneficiaries, to provide maximum benefits in a prudent manner, and to minimize costs.

The diversity to which a prudent investor would adhere must be present.

The activity must be undertaken in accordance with the Plan Document and Trust Agreement.

It is expected that the portfolio manager will ensure adequate marketability of investments under his/her supervision.

Specific standalone investments (mutual funds, common or commingled trust funds or as individual investments), listed below will be excluded from consideration:

Global/World Stock or Global/World Bond Funds – Global or World Funds (be they stock or bond oriented) invest in non-U.S. securities and U.S. securities. Purely international funds, where a preponderance of the assets are invested in non-U.S. securities are not included in this discussion and may be suitable for a retirement plan. A typical Global/World asset allocation is 30-50% in Large Cap U.S. Stocks/U.S. Bonds and the remainder in International Developed or Emerging Countries' securities as the fund's prospectus dictates. This class is excluded as it is already represented within the classes cited in Section VI. Global funds typically do not add diversification to a portfolio.

High-Yield Bond Funds – High Yield Bonds are those debt securities that have high yields, low credit ratings and are below investment grade bond ratings (below BBB Grade [S&P] or Ba [Moody's]). High Yield Bonds are often purchased to provide more stock like performance, based on less than investment grade bond quality. Default risk is high. It is recognized that a bond manager may invest a portion of their portfolio in high-yield securities as a part of an overall diversified strategy and this is authorized.

Municipal Bonds – Municipal Bonds are debt securities issued by state and local governments. Their income is tax exempt and often have interest rates below taxable bonds. Any income from a tax exempt bond would lose its attractiveness in an already tax deferred environment such as a qualified plan.

Sector or Specialty Funds – Sector funds are those that invest in a focused area such as technology, health care, telecommunications or other industries. These funds lack the necessary diversification for a retirement plan and while they may have short-term attractive performance, they can also provide significant longer-term volatility and significant loss of principal when that sector falls out of favor with investors. However,

real estate funds, because of their neutral to negative correlation coefficients with bonds and stocks may be considered.

Commodities - Commodities, either as a fund or as individual contracts are contracts that are for the purchase of an actual asset (land, livestock, buildings, precious metals, etc.) Commodity investments lack the necessary diversification and have significant volatility to be offered in a qualified retirement plan.

The Plan Administrator shall also monitor the following additional criteria, which may impact investment performance over time:

- Investment Objectives
- Portfolio Management Structure
- Portfolio Management Tenure
- Asset Levels
- Investment Style Consistency
- Investment Suitability
- Eligible Investments
- Average Market Capitalization
- Fund Expenses
- Risk Measurements
- Correlation Coefficients
- Investment Flexibility

The Plan's assets shall be invested in a manner consistent with this Policy.

VI. Asset Classes and Fund Selection

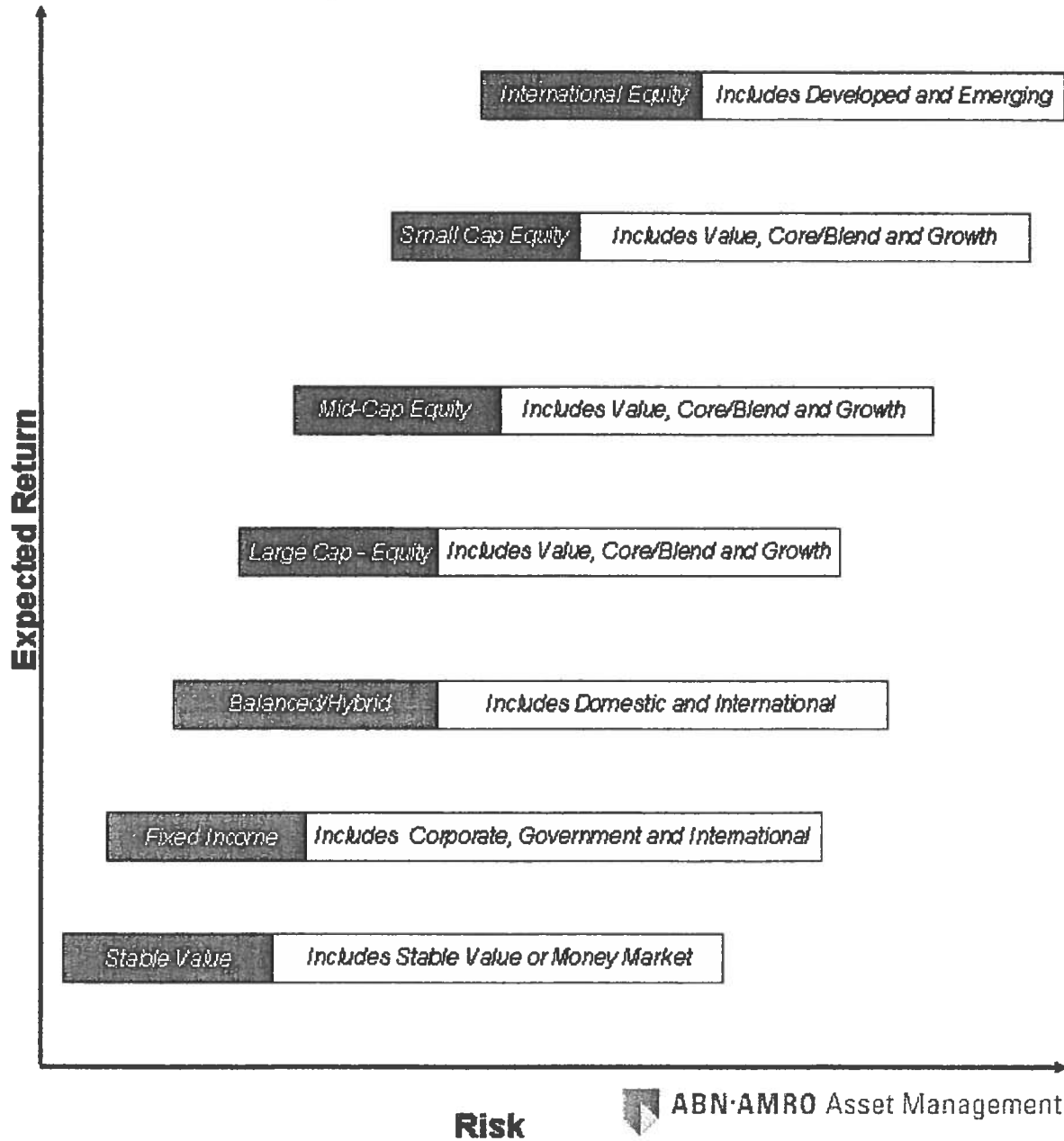
The Plan will offer a diversified mix of funds. The investments offered may provide broad diversification with coverage in the major asset classes.

Qualitative and subjective performance will be established for each asset class. Selected funds may deviate from the designated performance standards from time to time. However, prolonged deviation without an improving trend will be cause for fund replacement. The Plan's emphasis is to find managers that control risk, provide consistent returns and achieve attractive long-term performance. The chart on the next page presents the asset classes that may be offered in the Plan.

The asset class performance risk objectives cited in the latter part of this section may include but not be limited to those cited.



Supplemental Pension Plan - *Investment Class Coverage*



VI.A. Stable Value Objectives

The Fund shall seek consistent total return while maintaining security of principal. Typical investment vehicles include, money market funds, investment contracts issued by bank or insurance contracts, book value separate accounts, investment grade bonds, synthetic investment contracts or other short term high quality investments. The Plan Administrator may authorize the trustee, custodian or service provider to utilize the services of a commingled/pooled/collective trust fund as developed by a bank, independent trust or insurance company. Benchmark and peer group categories include but are not limited to:

<u>Asset Class</u>	<u>Benchmark</u>	<u>Peer Group</u>
Stable Value	120% of 90-day Treasury Bills Index	N/A
Money Market	iMoney Net First Tier Retail Index	N/A

Performance Risk Objectives

- Exceed the compound annualized return of 120% of 90-day Treasury Bills during any 1, 3, 5-year measurement period.
- Match or exceed the compound annualized return of the style appropriate benchmark with equal to or higher credit quality.

Stable Value Fund in the Plan: ABN AMRO Income Plus Fund – per Pension Board Approval – May 29, 2002.

VI.B. Fixed Income

Fixed Income category seeks to provide current income consistent with preservation of capital. Accordingly, typical investments may include instruments as corporate debt securities, obligations of the U.S. Government and its agencies, bank obligations including certificates of deposit and banker's acceptances, overnight notes, repurchase agreements, commercial paper and overnight obligations. Benchmark and peer group categories include but are not limited to:

<u>Asset Class</u>	<u>Benchmark</u>	<u>Peer Group</u>
Government Bonds – Short, Intermediate or Long	Lehman Brothers Government Credit Bond Index	Morningstar Category – Short/Intermediate/Long Government Bond
Corporate Bonds – Short, Intermediate or Long	Lehman Brothers Aggregate Bond Index	Morningstar Category – Short/Intermediate/Long Term Bond
International Bonds	Lehman Brothers Aggregate	Morningstar Category –

Bond Index

International Bond

As discussed above in Section VI, dedicated High Yield Bond funds are not included.

Performance Risk Objectives

- Maintain a risk level as measured by standard deviation of between 80% and 120% of the style appropriate benchmark in any 3 or 5-year measurement period.
- Be above median (upper 50%) of funds with a similar investment category over any 3 or 5 -year period.

Fixed Income Fund in the Plan: Dodge and Cox Income Fund per Pension Board action 02/16/05. Approved by City Council item 20050209, March 09, 2005.

VI. C. Balanced/Hybrid

This investment seeks to provide total return emphasizing managing risk through an asset allocation between common stocks and bonds. Typical investments may include domestic equity and debt securities, international equity and debt securities, real estate and money market instruments. Benchmark and peer group categories include but are not limited to:

<u>Asset Class</u>	<u>Benchmark</u>	<u>Peer Group</u>
Domestic Balanced or Hybrid	60% S&P 500/40% Lehman Brothers Aggregate Bond Index	Morningstar Category - Domestic Hybrid
International Balanced or Hybrid		Morningstar Category - International Hybrid

Performance Risk Objectives

- Maintain a risk level as measured by standard deviation of no more than between 80% and 120% % of the style appropriate benchmark in any 3 or 5-year measurement period.
- Be above median (upper 50%) of funds with a similar investment category over any 3 or 5 -year period.

Balanced/Hybrid Fund in the Plan: ABN AMRO/Montag & Caldwell Balanced Fund – per City Council resolution 99-1237 of September 8, 1999. The ABN AMRO Montag & Caldwell Balanced Fund was replaced by the Oakmark Equity and Income Fund I in June 2004. Approved by City Council action 20040388 April 14, 2004.

VI. D. Large Cap Equity

Large Cap Equity seeks to provide growth of capital with a secondary emphasis on managing market risk through the limited use of debt and money market instruments. Typical investments include common and preferred stock equities, corporate and government debt securities, convertible bonds and money market instruments. Benchmark and peer group categories include but are not limited to:

<u>Asset Class</u>	<u>Benchmark</u>	<u>Peer Group</u>
Large Capitalization Growth	U.S. S&P 500 Index	Morningstar Category – Large Growth
Large Capitalization Blend (or core)	U.S. S&P 500 Index	Morningstar Category – Large Blend
Large Capitalization Value	U.S. S&P 500 Index	Morningstar Category – Large Value

Performance Risk Objectives

- Maintain a risk level as measured by standard deviation of between 80% and 120% of the style appropriate benchmark in any 3 or 5-year measurement period.
- Be above median (upper 50%) of funds with a similar investment category over any 3 or 5 -year period.

Large Cap Equity Fund in the Plan: ABN AMRO Growth Fund I and ABN AMRO/Montag & Caldwell Growth Fund I – per City Council resolution 99-1237 of September 8, 1999. The Oakmark I Select Fund (a large cap value fund) added per Pension Board action 02/16/05. Approved by City Council item 20050209, March 09, 2005. The ABN AMRO Growth Fund was removed and investments are to be transferred to the Montag & Caldwell Growth Fund per Pension Board action 11/16/05 and City Council item 20051283, November 30, 2005.

VI. E. Mid Cap Equity

Mid-Cap Equity securities seek to provide growth of capital. Typical investments may include domestic and international equities. Mid-Cap Equities are recognized to have inherent volatility and cannot be viewed as defensive investments in volatile markets. Mid-Cap Equity may be added after large and small cap equity investments are in the plan, depending on the market capitalizations of the other funds in the plan. Benchmark and peer group categories include but are not limited to:

<u>Asset Class</u>	<u>Benchmark</u>	<u>Peer Group</u>
Mid-Capitalization U.S. Growth	S&P 400 Mid-Cap Index	Morningstar Category – Mid Cap Growth
Mid-Capitalization U.S. Blend (or core)	S&P 400 Mid-Cap Index	Morningstar Category – Mid Cap Blend

Mid-Capitalization U.S. Value S&P 400 Mid-Cap Index Morningstar Category – Mid Cap Value

Performance Risk Objectives

- Maintain a risk level as measured or standard deviation of between 80% and 125% of the style appropriate benchmark in any 3 or 5-year measurement period.
- Be above median (upper 50%) of funds with a similar investment category over any 3 or 5 -year period.

Mid-Cap Equity Fund in the Plan: None

VI. F. Small Cap Equity

Small Cap Equity securities seek to provide growth of capital. Typical investments may include domestic and international equities. Small Cap Equities are recognized to have inherent volatility and cannot be viewed as defensive investments in volatile markets. Benchmark and peer group categories include but are not limited to:

<u>Asset Class</u>	<u>Benchmark</u>	<u>Peer Group</u>
Small Capitalization U.S. Growth	Russell 2000 Growth	Morningstar Category – Small Growth
Small Capitalization U.S. Blend (or core)	Russell 2000	Morningstar Category – Small Blend
Small Capitalization U.S. Value	Russell 2000 Value	Morningstar Category – Small Value

Performance Risk Objectives

- Maintain a risk level as measured by standard deviation of between 80% and 125% of the style appropriate benchmark in any 3 or 5-year measurement period.
- Be above median (upper 50%) of funds with a similar investment category over any 3 or 5 -year period.

Small Cap Equity Fund in the Plan: ABN AMRO/Veredus Aggressive Growth Fund – per City Council resolution 99-1237 of September 8, 1999. The Ariel Fund (a small cap value fund) added per Pension Board action 2/16/2005. Approved by City Council item 20050209, March 09, 2005.

VI. G. International Equity

International Equity investments seek to provide growth of capital. Typical investments include equity securities traded on foreign exchanges or established domestic companies conducting business primarily outside of the United States. International Equities are recognized to have inherent volatility and cannot be viewed as defensive

investments in volatile markets. Benchmark and peer group categories include but are not limited to:

<u>Asset Class</u>	<u>Benchmark</u>	<u>Peer Group</u>
International Developed Markets	MSCI EAFE Ndtr_d	Morningstar Category – Foreign Stock
International Emerging Markets	MSCI EMF ID	Diversified Emerging Markets

International World or Global funds are not included as discussed in Section V.

Performance Risk Objectives

- Maintain a risk level as measured by standard deviation of between 80% and 120% of the style appropriate benchmark in any 3 or 5-year measurement period.
- Be above median (upper 50%) of funds with a similar investment category over any 3 or 5 -year period.

International Equity Fund in the Plan: The Julius Baer International Equity Fund added per Pension Board decision 2/16/2005. Approved by City Council item 20050209, March 09, 2005.

VII. Evaluation and Review

The evaluation and review process is focused on monitoring the investment performance and attributes of the funds. Performance and investment attributes will be reviewed on a regular periodic basis and will highlight:

- Adequate investment performance based on the objectives as set forth in this Policy;
- Investment style and investment philosophy of the selected managers;
- The continuing adequacy of the items as outlined in this policy as being appropriate, reasonable and achievable.

If a specific investment fails to demonstrate adequate performance as based on the objectives of this Policy, the following actions will be taken:

Watch - The specific investment will be placed in a “Watch” category. This means that the investment will be monitored closely and the overall performance evaluated with evidence of improvement. Watch status can be maintained up to twelve (12) months after initial placement in a Watch category. Putting an investment in a Watch category allows the investment manager to rectify the

situation without prematurely or precipitously removing a fund that may possess other favorable attributes.

Replacement – If, after reviewing the investment in the Watch Period, it fails to improve based on the criteria as outlined in this Policy, a replacement fund, in the same asset class will be selected. The practice of adding an additional fund in the same asset class with “better numbers” or other subjective criteria, instead of replacing a poor performing fund will be avoided.

Other **Watch** or potential **Replacement** criteria include, but are not limited to:

Replacement of investment manager

Clear evidence that the fund has changed style or size – thereby reducing the overall diversification attributes of the overall Plan investment line-up.

Significant change in the criteria that would significantly alter the characteristic, suitability of the fund as outlined in Section V.

VIII. Policy Implementation

Implementation of this Policy involves the active participation of the Pension Board and Trustee. As cited above in Section VII, the Trustee will provide investment performance, evaluation and review on a periodic basis. Such review will be presented to the Pension Board. Any recommendations to put an investment on Watch, change the investment line-up in the Plan (add, replace, remove) will be made by the Pension Board. As necessary, the Trustee will advise the Pension Board of any logistical or operational issues involved in any investment change.

The Pension Board will authorize any investment changes and reserves the right to modify the format, approach or methodology on any investment search.

Ongoing communication, via telephone, letter or meeting will be accomplished as deemed necessary by the Plan Administrator, Key Contact or Trustee. Review of fund performance will be scheduled quarterly. On a periodic basis, the Plan Administrator will review this Investment Policy.

IX. Participant Investment Education

In developing a participant investment education program, the Plan Administrator will consider the following:

- The number of funds offered should be limited to promote participant understanding without sacrificing the objectives set forth in the Plan Investment Objective Section.
- The Plan Administrator (who may delegate the actual tasks to the trustee or service provider) should provide general information relating to the economy and capital markets as part of the investment education program.

- Participants should be encouraged to select an appropriate asset allocation (based on their risk tolerance, their time until retirement and other factors relating to their personal financial status) and avoid attempts to time the market.
- The Plan Administrator (who may delegate the actual tasks to the trustee or service provider) should educate participants on the relative risk and return of investing in different asset classes and how diversified investing can reduce the risk of investing.


* * *

This document is adopted as the Investment Policy for the City of Marietta Supplemental Pension Plan.

APPROVED
 MARIETTA CITY COUNCIL
 PER MINUTES OF:
November 30, 2005

City of Marietta

By: 
 William B. Dunaway, Mayor

Attest: 
 Shelia R. Hill, City Clerk

Date: December 12, 2005

ABN AMRO Trust Services Company acknowledges receipt of this Investment Policy.

By: _____

Its: _____

Date: _____, 200 _____

Appendix A - Definitions

When used in this Investment Policy, the following terms shall have meanings as described in this section, unless a different meaning is clearly indicated in context:

Annualized Return	The performance return adjusted to describe it over an annualized basis.
Correlation Coefficient	A statistical measure which identifies the degree two variables (investments) are associated. If two investments are perfectly positively correlated, they will move in the same direction exactly. If they are perfectly negatively correlated, they will move in the opposite direction. A correlation of zero means that the two investments move at random to each other. The scale is between -1 (perfect negative correlation) to +1 (perfect positive correlation). The goal of any investment mix is to have investments of varying correlations. Good diversification is where investments with positive, negative and zero correlations to each other are selected based on the risk tolerance of the investor.
Index: 90-Day Treasury Bills	90 day T-bills are government-backed short-term investments considered to be risk-free and as good as cash because the maturity is only for 90 days.
Index: Lehman Brothers Aggregate Bond	An unmanaged index representing over 5,000 taxable government, investment-grade corporate and mortgage-backed securities.
Index: MSCI EAFE	The Morgan Stanley Capital International (MSCI) Europe, Australia/Asia, and Far East Index (EAFE), a market weighted aggregate of 20 individual country indices/indexes that collectively represent many of the major world markets, excluding the United States and Canada.
Index: Russell 2000	An unmanaged index that contains 2,000 smallest common stocks in the Russell 3,000 index (which contain the 3,000 largest stocks in the United States based on total market

	capitalization).
Index: Standard and Poors 500	An unmanaged index of 500 widely publicly traded (typically the largest in market capitalization) industrial, financial and public utility stocks.
Index: Standard and Poors Mid-Cap 400	An unmanaged index of 400 domestic widely traded stocks that are typically below the S&P 500 index in market capitalization.
Investment Category	Used to differentiate investments by size, style and objectives. This emphasizes an objective analysis based on what the investment has done and not from a fund's or investment prospectus. Morningstar Categories will be used for Investment Categories.
Investment Company	A company that, for a fee, invests funds from investors in appropriate securities to a specific objective.
Investment Style	Identifies an investing approach that emphasizes growth – investing in companies with above average growth or, value – an approach that emphasizes companies that are undervalued or are out of favor in the investment community. A key element of diversification is to select investments that do not drift between growth and value (Style Drift).
Large Cap	Stocks issued by large companies with a market capitalization generally \$10 billion or more but can vary depending on overall market trends. Many large cap companies are established, well-known companies.
Market Capitalization	The value of a corporation's securities as determined by multiplying the number of shares outstanding times the per share market price.
Median	A statistical measure that identifies the value exactly in between the high and low of the sample (or census) taken. Median is unaffected by any average. There are an equal number of sample items above the median as there are below.
Mid Cap	Defines the value of stocks issued by mid-sized

companies. Typically mid-cap values are between \$2 billion and \$10 billion, similar to the Standard and Poors Mid-Cap 400 Index but can vary depending on overall market trends.

Morningstar Category

A method which Morningstar identifies a fund's investment goals and styles. This may depart from a fund's prospectus as Morningstar analyzes the fund's holdings and statistical attributes of those holdings. The Category identifies the fund's size (market capitalization) and investment style.

Mutual Fund

An investment vehicle representing a pooling of assets from investors and managed to a specific set of objectives. A mutual fund is regulated by the Securities and Exchange Commission (SEC) and must satisfy many rules on disclosure, liquidity, and capitalization. Mutual funds continuously offer their securities at their current Net Asset Value for sale or purchase.

Small Cap

Defines the value of stocks issued by small-sized companies. Typically, small-cap values are between \$500 million and \$2 billion, similar to the Russell 2000 Index but can vary depending on overall market trends.

Standard Deviation

A statistical measure of dispersion around an average, showing how actual returns vary from that average over a period of time. Standard deviation is used to determine how volatile an investment is – a larger standard deviation suggests more volatility and a smaller standard deviation suggests less volatility. An important measure of a security's risk.

Total Return

A measure of an investment's performance that encompasses all elements of return: dividends, capital gain distributions and changes in net asset value. Total return is the change in value of an investment over a given time period, assuming reinvestment of dividends and capital gain distributions, expressed as a percentage of the initial investment.