Monthly Performance
December 2017

HANSEATIC
MANAGEMENT SERVICES

	Dec	Nov	Oct	Rolling 3 Months	Year to Date	Rolling 1 Year	Rolling 3 Year	Rolling 5 Year	Rolling 7 Year	Rolling 10 Year	Inception
DOMESTIC STRATEGIES											
LARGE CAP EQUITY*											**Jan-02**
Gross	-1.02%	2.48%	6.14%	7.66%	32.72%	32.72%	13.19%	17.11%	14.22%	8.56%	9.50%
Net	-1.05%	2.45%	6.12%	7.58%	32.27%	32.27%	12.79%	16.71%	13.83%	8.19%	9.11%
Russell 1000 Growth	0.78%	3.04%	3.87%	7.86%	30.21%	30.21%	13.79%	17.33%	14.81%	10.00%	7.77%
ALL CAP GROWTH EQUITY*											**Sep-10**
Gross	-0.16%	2.28%	4.81%	7.03%	31.69%	31.69%	11.83%	16.75%	14.57%		17.41%
Net	-0.20%	2.24%	4.77%	6.90%	31.20%	31.20%	11.54%	16.35%	14.28%		17.13%
Russell 3000 Growth	0.73%	3.03%	3.69%	7.61%	29.59%	29.59%	13.51%	17.16%	14.62%		17.37%
ALL CAP GROWTH CONCENTRATED EQUITY*											**Jul-16**
Gross	0.02%	1.52%	5.15%	6.77%	30.61%	30.61%					29.29%
Net	-0.03%	1.47%	5.10%	6.61%	29.99%	29.99%					28.77%
Russell 3000 Growth	0.73%	3.03%	3.69%	7.61%	29.59%	29.59%					23.71%
MID CAP EQUITY*											**Jul-14**
Gross	-0.80%	1.92%	5.18%	6.34%	26.74%	26.74%	11.00%				8.06%
Net	-0.85%	1.84%	5.10%	6.12%	25.69%	25.69%	10.10%				7.18%
Russell Midcap Growth	0.54%	3.34%	2.80%	6.81%	25.27%	25.27%	10.30%				10.31%
SMID EQUITY*											**Jul-15**
Gross	0.11%	1.26%	1.72%	3.11%	24.57%	24.57%					8.23%
Net	0.11%	1.22%	1.68%	3.03%	24.05%	24.05%					7.66%
Russell 2500 Growth	0.27%	3.30%	2.68%	6.35%	24.46%	24.46%					9.72%
SMALL CAP EQUITY*											**Jul-15**
Gross	1.18%	1.04%	1.75%	4.02%	26.81%	26.81%					6.26%
Net	1.18%	1.03%	1.74%	4.00%	26.74%	26.74%					6.19%
Russell 2000 Growth	0.12%	2.87%	1.55%	4.59%	22.17%	22.17%					8.75%

*Please refer to page 3 of this presentation for performance disclosures. Past performance is not indicative of future results. *estimate*

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HANSEATIC MANAGEMENT SERVICES

	Dec	Nov	Oct	Rolling 3 Months	Year to Date	Rolling 1 Year	Rolling 3 Year	Rolling 5 Year	Rolling 7 Year	Rolling 10 Year	Inception
INTERNATIONAL STRATEGIES											
DEVELOPED MARKETS EQUITY*											**Apr-17**
Gross	2.35%	-0.28%	3.31%	5.44%							20.29%
Net	2.35%	-0.28%	3.31%	5.44%							20.27%
MSCI EAFE	1.52%	0.88%	1.46%	3.90%							14.38%
INTERNATIONAL EQUITY*											**Apr-17**
Gross	3.50%	0.56%	3.33%	7.55%							21.70%
Net	3.49%	0.56%	3.33%	7.54%							21.65%
MSCI ACWI ex USA	2.10%	0.67%	1.81%	4.65%							15.72%
LATIN AMERICA EQUITY*											**Jan-14**
Gross	5.99%	-2.10%	1.76%	5.59%	28.66%	28.66%	17.33%				10.44%
Net	5.93%	-2.15%	1.70%	5.41%	27.85%	27.85%	16.64%				9.84%
Russell Latin America	4.22%	-2.95%	-3.72%	-2.61%	24.48%	24.48%	3.96%				-0.47%
MODERATELY CONSERVATIVE STRATEGY											
GROWTH & INCOME EQUITY*											**Sep-10**
Gross	1.50%	3.17%	3.40%	8.28%	21.26%	21.26%	9.22%	13.10%	11.75%		12.55%
Net	1.44%	3.10%	3.33%	8.07%	20.49%	20.49%	8.56%	12.47%	11.30%		12.12%
S&P 500 Total Return	1.11%	3.07%	2.33%	6.64%	21.83%	21.83%	11.41%	15.79%	13.76%		16.03%
TAX EFFICIENT STRATEGY											
ALL CAP TAX EFFICIENT EQUITY*											**Nov-17**
Gross	0.03%	1.54%									1.57%
Net	-0.06%	1.45%									1.39%
SPDR S&P 500 ETF Trust	0.70%	3.06%									3.78%

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The Large Cap Equity composite includes all fully discretionary accounts invested in the Large Cap strategy. The strategy seeks long-term growth of capital. The strategy typically invests in large capitalization stocks that have optimal risk/return profiles according to their Q Score. The proprietary Hanseatic Q Score is a dynamic quantitative analytic for identifying strong market performers. On April 25, 2017 the composite name was changed to Large Cap Equity. Prior to April 25, 2017 the composite was known as the Large Cap Institutional Equity. The benchmarks for the composite are the Russell 1000® Growth Index and the S&P 500® Total Return Index.

The All Cap Growth Equity composite includes all fully discretionary accounts invested in the All Cap Growth strategy. The strategy seeks long-term growth of capital. The strategy typically invests in small, mid and large capitalization stocks that have optimal risk/return profiles according to their Q Score. The proprietary Hanseatic Q Score is a dynamic quantitative analytic for identifying strong market performers. The strategy may comprise companies of any size, from large, well-established firms to small, emerging growth franchises. The benchmark for the composite is the Russell 3000® Growth Index. On October 1, 2014 the benchmark was changed to the Russell 3000 Growth benchmark for a more suitable comparison.

The All Cap Growth Concentrated Equity composite includes all fully discretionary accounts invested in the All Cap Growth Concentrated strategy. The strategy seeks long-term growth of capital. The strategy typically invests in small, mid and large capitalization stocks that have optimal risk/return profiles according to their Q Score. The proprietary Hanseatic Q Score is a dynamic quantitative analytic for identifying strong market performers. The strategy is concentrated, non-diversified, and may comprise companies of any size, from large, well-established firms to small, emerging growth franchises. The benchmark for the composite is the Russell 3000 Growth Index.

The Mid Cap Equity composite includes all fully discretionary accounts invested in the Mid Cap strategy. The strategy seeks long-term growth of capital. The strategy typically invests in medium capitalization stocks, between $2 and $10 billion, which have optimal risk/return profiles according to their Q Score. The proprietary Hanseatic Q Score is a dynamic quantitative analytic for identifying strong market performers. The benchmark for the composite is the Russell Midcap® Growth Index. On April 1, 2015 the benchmark was changed to the Russell Midcap® Growth Index to provide a more suitable comparison. The S&P 400® Total Return was shown in presentations prior to April 1, 2015.

The SMID Cap Equity composite includes all fully discretionary accounts invested in the SMID Cap strategy. The strategy seeks long-term growth of capital. The strategy typically invests in small and medium capitalization stocks which have optimal risk/return profiles according to their Q Score. The proprietary Hanseatic Q Score is a dynamic quantitative analytic for identifying strong market performers. The benchmark for the composite is the Russell 2500™ Growth Index.

The Small Cap Equity composite includes all fully discretionary accounts invested in the Small Cap strategy. The strategy seeks long-term growth of capital. The strategy typically invests in small capitalization stocks which have optimal risk/return profiles according to their Q Score. The proprietary Hanseatic Q Score is a dynamic quantitative analytic for identifying strong market performers. The benchmark for the composite is the Russell 2000® Growth Index. The benchmark for the composite is the Russell 2000® Growth Index.

The Developed Markets Equity composite includes all fully discretionary accounts invested in the Developed Markets strategy. The strategy seeks long-term growth of capital. The strategy typically invests in large, mid and small capitalization stocks that have optimal risk/return profiles according to their Q Score. The proprietary Hanseatic Q Score is a dynamic quantitative analytic for identifying strong market performers. The strategy may comprise companies of any size, from large, well-established firms to small, emerging growth franchises. The investable universe includes stocks selected from a broad range of companies in Europe, Australia, Asia, and the Far East from the MSCI EAFE, an index primarily composed of large- and mid-capitalization developed market equities, excluding the U.S. and Canada. The benchmark for the composite is the MSCI EAFE Index.

The International Equity composite includes all fully discretionary accounts invested in the International strategy. The strategy seeks long-term growth of capital. The strategy typically invests in large, mid and small capitalization stocks that have optimal risk/return profiles according to their Q Score. The proprietary Hanseatic Q Score is a dynamic quantitative analytic for identifying strong market performers. The strategy may comprise companies of any size, from large, well-established firms to small, emerging growth franchises. The investable universe includes stocks selected from a broad range of international developed and emerging market companies from the MSCI ACWI ex U.S., an index primarily composed of large- and mid-capitalization non-U.S. equities. The benchmark for the composite is the MSCI ACWI ex U.S. Index.

The Latin America Equity composite includes all fully discretionary accounts invested in the Latin America strategy. The strategy seeks long-term growth of capital. The strategy typically invests in small, mid and large capitalization stocks that have optimal risk/return profiles according to their Q Score. The proprietary Hanseatic Q Score is a dynamic quantitative analytic for identifying strong market performers. The strategy may comprise companies of any size, from large, well-established firms to small, emerging growth franchises. The benchmark for the composite is the Russell Latin America Index.

The Growth & Income Equity composite includes all fully discretionary accounts invested in the Growth & Income strategy. The strategy seeks income and capital appreciation via a portfolio of companies that have the ability and willingness to pay dividends. The strategy typically invests in small, mid and large capitalization stocks that have optimal risk/return profiles according to their Q Score. The proprietary Hanseatic Q Score is a dynamic quantitative analytic for identifying strong market performers. The strategy may comprise companies of any size, from large, well-established firms to small, emerging growth franchises. The benchmark for the composite is the S&P 500® Total Return Index.

The All Cap Tax Efficient Equity composite includes all fully discretionary accounts invested in the All Cap Tax Efficient strategy. The strategy seeks long-term growth of capital by using equities in a tax efficient manner: long-term holding period (greater than 18 months) and lower turnover target (approximately 40% or lower). The strategy typically invests in mid and large capitalization stocks that have optimal risk/return profiles according to their Q Score. The proprietary Hanseatic Q Score is a dynamic quantitative analytic for identifying strong market performers. The strategy may comprise companies of any size, from large, well-established firms to smaller, emerging growth franchises. The benchmark for the composite is the SPDR® S&P 500 ETF (SPY).

Performance results are based on estimates. For gross and net performance results, see performance table. Commentary section is based on gross performance results only for better comparison to benchmark data. Although the information contained in the commentary sections have been obtained from sources we believe to be reliable, the accuracy and completeness of such information and the opinions expressed herein cannot be guaranteed. Past performance is not necessarily indicative of future results. Different types of investments involve varying degrees of risk.

MARKET COMMENTARY

FOURTH QUARTER 2017

2017 was a banner year for U.S. equities. The S&P 500 was up 19% with a total return of 21.8%. The Nasdaq composite climbed 28% and the Dow Jones Industrials rose 25%. More impressive than the magnitude of the returns in 2017 was the low volatility quality of the trend. While the market has had consecutive 12-month winning streaks before, this is the first time the S&P 500 was positive each month of the calendar year. 2017 was also notable for having an intra-year decline of 3%, the smallest since 1980 and tied with 1995 for the lowest ever. The resiliency of the market was remarkable considering the geopolitical uncertainty, polarized political discourse, and unprecedented natural disasters.

The stock market responded positively to a strong fundamental backdrop in the form of strong corporate earnings, benign inflation, and for the first time in a decade, synchronous global economic growth. Growth stocks continue to outperform value, led by a 37% gain in the S&P Information Technology Sector. Even more impressive in our view, was the 32% return from the Guggenheim S&P Equal Weight Technology ETF which removes the distortion caused by large weightings allocated to AAPL, GOOG etc. Tech stocks aside, market performance was broadly based with Industrials, Materials, Financials, and Healthcare all delivering returns above 20%.

International markets were also exceptionally strong in 2017. The S&P Global Broad Market Index which includes most stocks from 48 countries climbed 22% in 2017. In the years following the global financial crisis, the U.S. recovered relatively quickly, but uneven global growth and political uncertainty created headwinds for international equity markets. However, since early 2016, global growth has begun to accelerate fairly consistently with the aid of an accommodative central bank policies and recently implemented economic reforms. Also, non-U.S. economies are generally in earlier-stage recoveries and their equity markets have attractive valuation profiles relative to the U.S.

Emerging equities posted a strong recovery after peaking in 2011, and experiencing several difficult and volatile years. Recently the macroeconomic climate has improved, and emerging market companies have posted strong earnings growth, especially Asian and Technology stocks. Attractive valuations and improving fundamentals also appear sustainable from the standpoint of our long term models of emerging markets.

It is generally accepted that the current bull market began in March 2009 and will soon enter its ninth year and become the second longest bull market post World War II. We believe this is a misconception. The conventional definition of a bear market is when the stock market falls 20% below its peak over the course of at least two months. We believe that there have been two bear markets since 2009, the first from May to October 2011, and the second from May 2015 to February 2016. Consider the decline magnitudes for the S&P 500 and the equal-weight indices for the S&P 500, Russell 1000, and Russell 2000 for these periods.

	May 2011-October 2011	May 2015-February 2016
S&P 500	-19.4%	-15%
S&P 500 Equal Weight	-23%	-22%
Russell 1000 Equal Weight	-24%	-21%
Russell 2000 Equal Weight	-30%	-38%

Looking at the broader market gauges provides better insight into market behavior than a single index, even if it is the relatively broad and widely held index of America's largest companies. In contrast, an equal weight index treats each component of the index exactly the same, providing a much better gauge of stock behavior than a cap-weighted index such as the S&P 500.

Looking at the table above, we believe both periods fit the practical definition of a bear market. The path and structure of the market matters. A linear nine-year advance from the 2009 bottom has considerably different implications for the market's risk-reward equation than the same trough to peak rise that has been interrupted by the two bear markets. Where do we think a bull market began following the 2015-2016 bear market? July 2016, when the equal weight indices made new highs following a two year sideways consolidation that was also a bear market from a time standpoint.

Looking forward we are relatively sanguine about the prospects for stock market returns in 2018. Our long term models for all the market indices are in positive, low volatility uptrends that historically have tended to persist. Overall, global investment fundamentals are strong. The U.S. economy has plenty of upside potential given the past eight years of sub-par growth and risk aversion. Non-US economies, as previously mentioned, also offer attractive relative and absolute valuation profiles. Corporate earnings are growing at a healthy rate and overall business optimism continues to trend upward. Tax reform and regulatory moderation are also positive for equities. Of course many things could go wrong (e.g. North Korea, Middle East, Trade, Washington). The Fed is expected to raise rates several times in 2018. There will likely be more uncertainty and volatility as the market adapts to the Fed's normalization process. Any surprises that could trigger a surge in inflation would be disruptive.

HANSEATIC QUARTERLY COMPOSITE PERFORMANCE AND ATTRIBUTION

LARGE CAP EQUITY

The Large Cap Equity composite return was 7.66%, the Russell 1000 Growth benchmark return was 7.86%. The composite's fourth quarter underperformance was derived from relative underperformance in six of eleven sectors. Healthcare, Financials, Industrials, and Materials were the most notable sectors contributing 1.10%, 0.79%, 0.50%, and 0.10% respectively to the relative performance. Consumer Discretionary, Staples, Tech, Real Estate, Telecom detracted 1.17%, 0.73%, 0.53%, 0.13%, and 0.07% respectively from the relative lag. The portfolio is overweight Financials, Industrials, Healthcare, and Materials and underweight Staples, Consumer Discretionary, and Tech.

ALL CAP GROWTH EQUITY

The All Cap Growth Equity composite return was 7.03%, the Russell 3000 Growth benchmark return was 7.61%. The composite's fourth quarter underperformance was derived from relative underperformance in five of eleven sectors. Financials, Energy, Materials, Industrials, and Healthcare contributed 0.56%, 0.56%, 0.51%, 0.43%, and 0.32% to the relative performance. Staples, Consumer Discretionary, Tech, Telecom, and Real Estate detracted 0.96%, 0.96%, 0.74%, 0.16%, and 0.13% respectively from relative performance. The portfolio is overweight Financials, Industrials, Materials, and Energy and underweight Staples, Tech, and Healthcare.

ALL CAP GROWTH CONCENTRATED EQUITY

The All Cap Growth Concentrated Equity composite return was 6.77%, the Russell 3000 Growth benchmark return was 7.61%. The composite's fourth quarter underperformance was derived from weak performance by 3 stocks: Advanced Energy Industries, Inc. (AEIS, Tech), ONEOK, Inc. (OKE, Energy), and Liberty Broadband Corporation (LBRDA, Media) detracting 0.80%, 0.46%, and 0.39% from the gain for the quarter. Notable contributors were Copart, Inc. (CPRT, Industrials), Best Buy Co., Inc. (BBY, Consumer Discretionary), Exelixis, Inc. (EXEL, Biotech) contributing a combined 3.22%. Performance was more disparate over the balance of stocks in the portfolio ranging from up 0.79% to down 0.08%, with 17 winning stocks and 5 losing stocks during the quarter. The portfolio is overweight Industrials, Consumer Discretionary, and Tech and underweight Staples and Energy.

MID CAP EQUITY

The Mid Cap Equity composite return was 6.34%, the Russell Midcap Growth benchmark return was 6.81%. The composite's fourth quarter underperformance was derived from relative underperformance in seven of eleven sectors. Healthcare, Industrials, Materials, and Utilities were the most notable contributing 0.53%, 0.12%, 0.06%, and 0.03% sequentially to relative performance. Relative underperformance in Consumer Discretionary, Consumer Staples, Real Estate, Tech, Financials, Energy, and Telecom ranged from 0.67% to 0.02%. The portfolio is overweight Materials, Financials, Industrials, and Tech and is underweight Consumer Discretionary, Healthcare, and Real Estate.

SMID EQUITY

The SMID Cap Equity composite return was 3.11%, the Russell 2500 Growth benchmark return was 6.35%. The composite's fourth quarter underperformance was derived from relative underperformance in six of eleven sectors. Energy, Telecom, Utilities, Consumer Discretionary, and Materials were the most notable contributing 0.64%, 0.11%, 0.05%, 0.02%, and 0.02% respectively to relative performance. Healthcare, Tech, Staples, Industrials, Real Estate, and Financials detracted 1.48%, 1.00%, 0.70%, 0.42%, 0.35%, and 0.13% sequentially from relative performance. The portfolio is overweight Industrials, Consumer Discretionary, and Materials and is underweight Tech and Real Estate.

SMALL CAP EQUITY

The Small Cap Equity composite return was 4.02%, the Russell 2000 Growth benchmark return was 4.59%. The Small Cap Equity composite's fourth quarter underperformance was derived from relative underperformance in five of eleven sectors. Energy, Technology, Materials, Industrials, Telecom and Consumer Discretionary were all notable contributing 0.69%, 0.38%, 0.30%, 0.12%, 0.10%, and 0.10% respectively to relative performance. Healthcare, Staples, Financials, Real Estate, and Utilities detracted 1.41%, 0.59%, 0.11%, 0.08%, and 0.06% sequentially from relative performance. The portfolio is overweight Energy and Materials and underweight Healthcare and Real Estate.

DEVELOPED MARKETS

The Develop Markets Equity composite return was 5.44%, the MSCI EAFE Index return was 3.90%. The composite's fourth quarter outperformance was derived from positive performance in six of eleven sectors. Industrials, Materials, Energy, and Consumer Discretionary were the most notable sectors contributing 2.08%, 1.94%, 0.94%, and 0.79% respectively to performance. Staples and Tech contributed a combined 0.20% to performance. Healthcare, Telecom, and Financials detracted a combined 0.51% from performance. Utilities and Real Estate had no exposure. At the sector level, the portfolio is overweight Materials, Industrials, Consumer Discretionary, and Energy and underweight Healthcare, Staples, Real Estate, and Utilities. The portfolio is overweight Germany 5.58%, Netherlands 5.50%, South Africa 4.02%, Japan 3.44%, China 3.36%, and Australia 3.30%; and underweight U.K. 8.80%, Switzerland 4.73%, and Hong Kong 3.57%.

INTERNATIONAL

The International Equity composite return was 7.55%, the MSCI ACWI ex USA Index return was 4.65%. The composite's fourth quarter outperformance was derived from positive performance in seven of eleven sectors. Consumer Discretionary, Materials, Financials, Energy, Industrials, and Tech were the most notable sectors contributing 2.11%, 1.88%, 1.44%, 0.96%, 0.94%, and 0.62% sequentially to performance. Telecom contributed 0.05% to performance. Utilities, Real Estate and Staples had no exposure. Healthcare detracted 0.44% from performance. At the sector level, the portfolio is overweight Materials, Financials, and Consumer Discretionary and underweight Staples, Healthcare, Real Estate. At the market level, the portfolio is overweight EM 10.42% and underweight DM 7.83%. At the country level, the portfolio is overweight Brazil 6.18%, China 5.75%, and South Africa 3.91%; and underweight Korea 3.75% and U.K. 2.80%.

LATIN AMERICA EQUITY

The Latin America Equity composite return was 5.59%, the Russell Latin America Index return was -2.61%. The composite's fourth quarter outperformance was derived from positive performance in nine of eleven sectors. Staples detracted 0.24% and Healthcare had no exposure. Most notable were Real Estate, Utilities, and Energy contributing 1.47%, 1.05%, and 1.05% to performance. Telecom, Materials, Tech, Financials, Consumer Discretionary, and Industrials contributed a combined 2.27%. The portfolio is overweight Industrials, Real Estate, and Energy and is underweight Financials, and Staples.

GROWTH & INCOME EQUITY

The Growth & Income Equity composite return was 8.28%, the S&P 500 Total Return Index return was 6.64%. The composite's fourth quarter outperformance was derived from relative outperformance in seven of eleven sectors. Notable were Industrials, Materials, and Energy contributing 1.03%, 0.62%, and 0.54% respectively to relative performance. Financials, Consumer Discretionary, Utilities, and Healthcare contributed a combined 0.32% to relative performance. Tech, Real Estate, Staples, and Telecom detracted a combined 0.88% from relative performance. The portfolio is overweight Materials, Industrials, and Consumer Discretionary and is underweight Healthcare and Staples and Telecom.

ALL CAP TAX EFFICIENT EQUITY MODEL PORTFOLIO*

The All Cap Tax Efficient model portfolio return was 6.12%, the SPDR S&P 500 ETF Trust benchmark return was 6.22%. The model's fourth quarter underperformance was derived from relative underperformance in five of eleven sectors. Notable were Industrials, Consumer Discretionary, Healthcare and Real Estate contributing 1.29%, 1.05%, 0.54%, and 0.42% respectively to relative performance. Utilities and Materials contributed a combined 0.05% to relative performance. Tech, Financials, Staples, Energy, and Telecom detracted 2.00%, 0.59%, 0.49%, 0.33%, and 0.05% sequentially from relative performance. The portfolio is overweight Tech, Consumer Discretionary, and Industrials and is underweight Financials, Energy, and Staples.

** Model Portfolio Performance Reporting has inherent limitations. Any results discussed herein are model results only and do not represent the results of actual trading of investor assets. The performance shown or discussed does not reflect the impact that material economic and market factors had or might have had on decision making if actual investor money had been managed. While model performance may have performed better than comparative benchmarks for some or all of the periods shown, the performance during any other period may not have, and there is no assurance that model performance will perform better than comparative benchmarks in the future. Actual investor accounts managed by an advisor may be based on the model portfolio discussed, but the actual composition and performance of the account may differ from those of the model portfolio due to differences in the timing and prices of trades, and the identity and weightings of securities holdings. The model performance does not consider taxes, brokerage charges, or custodial fees, nor does it reflect the deduction of any advisory fees charged when actual investor accounts are managed in accordance with the model. The imposition of these fees and charges would cause actual performance to be lower than the performance shown. For example, if the model returned 10 percent on a $100,000 investment for a 12-month period (or $10,000) and an annual asset-based fee of 1.5 percent were imposed at the end of the period (or $1,650), the net return would be 8.35 percent (or $8,350) for the year. Over 3 years, an annual 1.5 percent fee taken at year end with an assumed 10 percent return per year would result in a cumulative gross return of 33.1 percent, a total fee of $5,375 and a cumulative net return of 27.2 percent (or $27,200). Fees deducted on a frequency other than annual would result in a different cumulative net return in the preceding example. Performance reporting is based on the model's tracking portfolio, which does not constitute a composite for purposes of GIPS reporting.*