



WHO WANTS TO BE A MILLIONAIRE?

MATSON MONEY
INVESTOR EDUCATION SERIES

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This booklet is based on the views of Matson Money, Inc. Other persons may analyze investments and the approach to investing from a different perspective than that reflected in this booklet. Nothing included herein is intended to infer that the approach to investing espoused in this booklet will assure any particular results.

All investing involves risks and costs. Your adviser can provide you with more information about the risks and costs associated with specific programs. Your adviser is not affiliated with Matson Money, Inc. No investment strategy (including asset allocation and diversification strategies) can ensure peace of mind, guarantee profit, protect against loss, or make you a millionaire.

Index performance returns do not reflect any management fees, transaction costs or expenses. In addition, each index is unmanaged and not available for direct investment; therefore its performance does not reflect the expenses associated with the management of an actual portfolio. Actual results of accounts under Matson Money’s management may have been materially different. Performance results and comparative indices assume reinvestment of dividends and income.

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WHO WANTS TO BE A MILLIONAIRE?

What would you do with \$1,000,000?



MILLIONAIRE FACTS

- There are 3.1 million millionaires in the United States.
- More than one third of millionaires own their own businesses.
- Over a third have a professional practice or work in the corporate world.
- Only 5% of millionaires inherited their wealth.
- 1 in 100 Americans are millionaires.

Who Wants To Retire?

What kind of lifestyle do you want when you retire?

Source: <http://finance.yahoo.com/blogs/just-explain-it/winning-lottery-beat-odds-200242995.html>

Annual World Wealth Report, Merrill Lynch and Capgemini, 2010

"US Has Record Numbers of Millionaires" by Robert Frank

"10 things Millionaires Won't Tell You" by Daren Fonda and Lisa Scherzer

American Express/Harrison Group Survey, 2009

How much money will you need to retire comfortably?

When do you want to retire?

What have you done so far to prepare for your retirement?

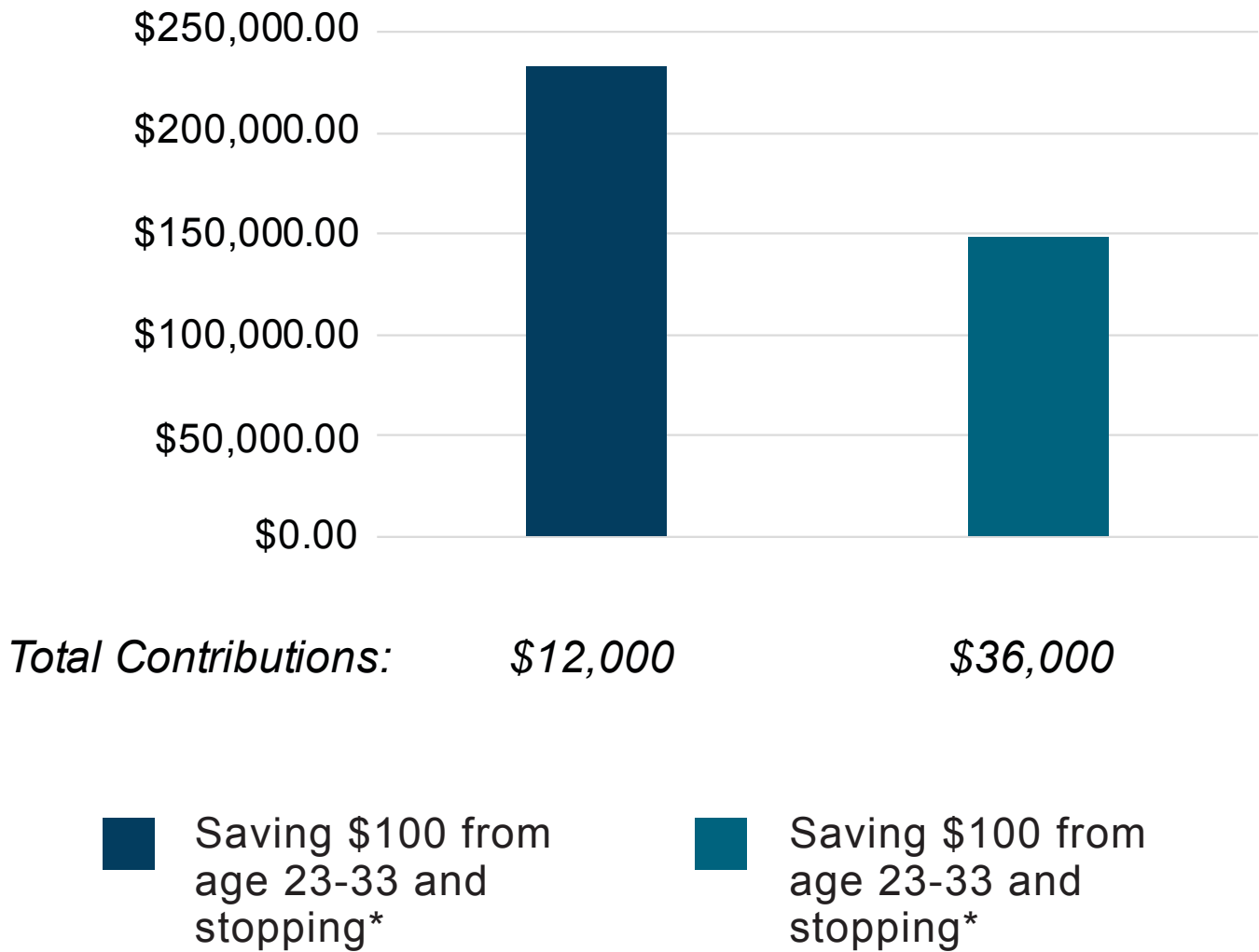
SO... ABOUT RETIREMENT

The average American spends 20 years in retirement.

Experts estimate that you will need 70% of your pre-retirement income to maintain your standard of living.

Only 42% of Americans have calculated how much they need to save for retirement.

“I’LL CATCH UP LATER”



You might, but it gets much more difficult.

*Assumes 8% annual rate of return. This rate is for illustrative purposes only and is not indicative of the performance for any particular investment. Actual rates and principal value will fluctuate. This does not assume taxes or possible penalties that would be applicable to the tax-deferred investment upon withdrawal. Investments with higher return potential typically include a higher degree of risk to principal. Investors should consider their personal risk tolerance before choosing investments.

THE MAGIC OF COMPOUNDING

The good news:
You can do it...and it doesn't
have to hurt that much.

Monthly Savings Until Age 65	Your Age	Your Total Investment	At 4% Rate of Return	At 7% Rate of Return	At 9% Rate of Return	At 12% Rate of Return
\$100	25	48,000	118,590	264,012	471,643	1,188,242
	30	42,000	91,678	181,156	296,385	649,527
	40	30,000	51,584	81,480	112,953	189,764
	50	18,000	24,691	31,881	38,124	50,458
\$150	25	72,000	177,294	393,722	702,198	1,764,716
	30	63,000	137,060	270,158	441,268	964,644
	40	45,000	77,119	121,511	168,168	281,827
	50	27,000	36,914	47,544	56,761	74,937
\$200	25	96,000	237,180	528,025	943,286	2,376,484
	30	84,000	183,355	362,312	592,770	1,299,054
	40	60,000	103,169	162,959	225,906	379,527
	50	36,000	49,382	63,762	76,249	100,915

\$200

Age: 30

\$84,000

\$592,770

This chart is for illustrative purposes only and is not indicative of the performance for any particular investment. Actual rates and principal value will fluctuate. This does not assume taxes or possible penalties that would be applicable to the tax-deferred investment upon withdrawal. Investments with higher return potential typically include a higher degree of risk to principal. Investors should consider their personal risk tolerance before choosing investments.

IF YOU MAKE \$30,000

10% Contribution by you = \$3,000

In 30 years you could have:

5% = \$199,316.54

7% = \$283,832.36

10% = \$493,482.07

IF YOU MAKE \$60,000

10% Contribution by you = \$6,000

In 30 years you could have:

5% = \$398,633.09

7% = \$566,764.72

10% = \$986,964.14

This chart is for illustrative purposes only and is not indicative of the performance for any particular investment. Actual rates and principal value will fluctuate. This does not assume taxes or possible penalties that would be applicable to the tax-deferred investment upon withdrawal. Investments with higher return potential typically include a higher degree of risk to principal. Investors should consider their personal risk tolerance before choosing investments.

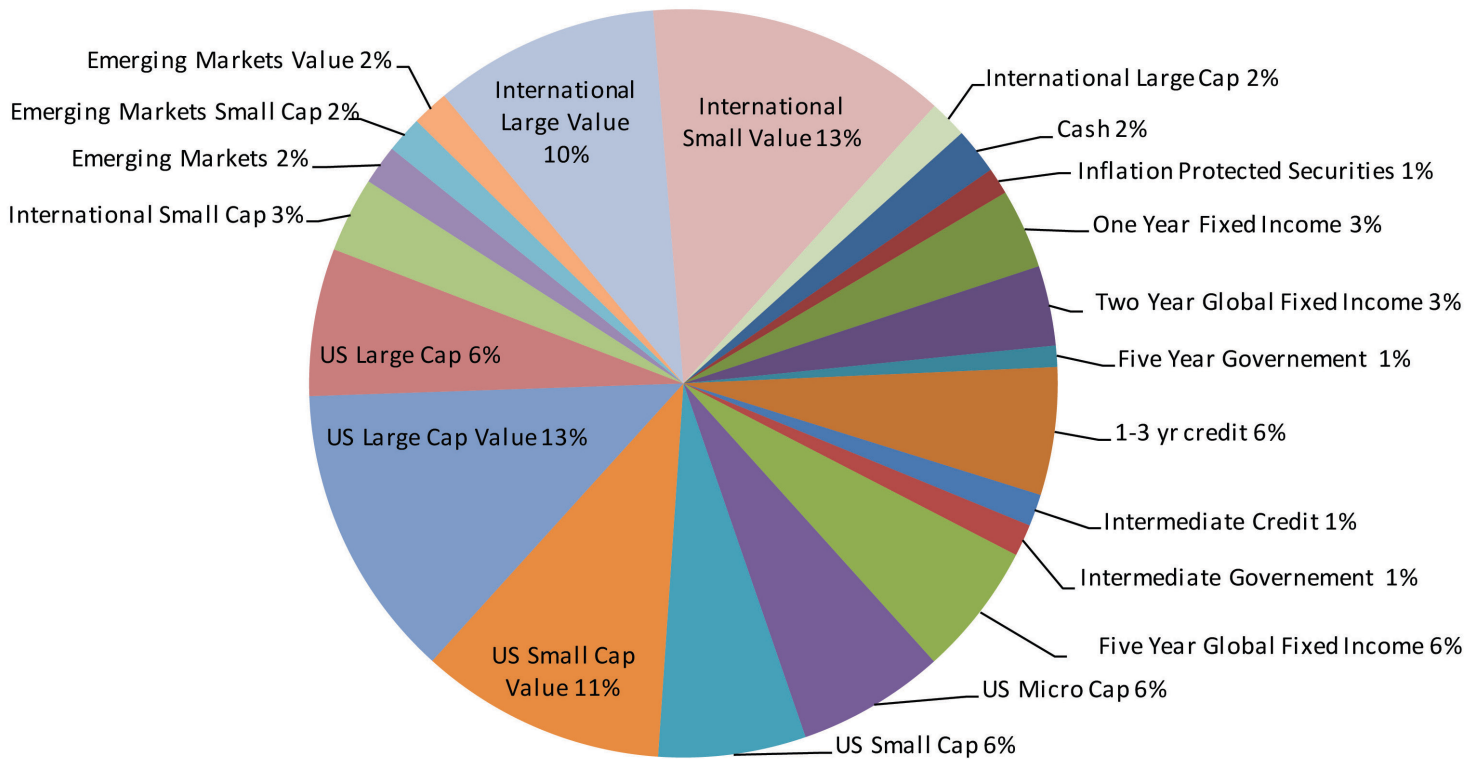
THE THREE RULES OF INVESTING:

1. Own Equities
2. Diversify Globally
3. Rebalance Regularly

You probably aren't going to "save" your way to \$1,000,000...
you are going to have to save and invest your way there.

What Diversification and Efficiency Could Look Like:

Matson Money® Long-Term Growth 75% Eq / 25% Fi



*As of 12/31/2016

16,914 Unique Holdings

21 Distinct Asset Categories*

45 Total Countries

This chart illustrates the diversification of Matson's Long-Term Growth Portfolio, a 75-25% diversified asset allocation portfolio actually offered and managed by Matson Money, Inc. Each asset class is represented either by segments of a family of mutual funds managed and sponsored by Matson Money or by an unaffiliated money market sweep account. Each Matson Money mutual fund invests in shares of other mutual funds for the purpose of optimizing portfolio diversification. The unique holdings identified above are a result of investing in several different mutual funds. Your assets will be invested in accordance with your investment policy statement and no representation is made that your portfolio will match the asset allocation illustrated here. No investment strategy (including asset allocation and diversification) can ensure investing peace of mind, guarantee profit or protect against loss.

71 WAYS TO BECOME A MILLIONAIRE

It's never too soon to start.

Invest early. Invest often.

Account Value for Growth at Age 65

Monthly Cont.

\$1,500	\$26,351,027	\$14,856,633	\$8,346,039	\$4,658,343	\$2,569,578	\$1,386,471.03	\$716,342	\$336,771	\$121,776
\$1,400	\$24,594,292	\$13,866,190	\$7,789,636	\$4,347,787	\$2,398,273	\$1,294,040	\$668,586	\$314,319	\$113,658
\$1,300	\$22,837,556	\$12,875,748	\$7,233,234	\$4,037,231	\$2,226,968	\$1,201,608	\$620,830	\$291,868	\$105,539
\$1,200	\$21,080,821	\$11,885,306	\$6,676,831	\$3,726,675	\$2,055,663	\$1,109,177	\$573,073	\$269,417	\$97,421
\$1,100	\$19,324,086	\$10,894,864	\$6,120,429	\$3,416,118	\$1,884,357	\$1,016,745	\$525,317	\$246,965	\$89,302
\$1,000	\$17,567,351	\$9,904,422	\$5,564,026	\$3,105,562	\$1,713,052	\$924,314	\$477,561	\$224,514	\$81,184
\$900	\$15,810,616	\$8,913,980	\$5,007,623	\$2,795,006	\$1,541,747	\$831,883	\$429,805	\$202,062	\$73,066
\$800	\$14,053,881	\$7,923,537	\$4,451,221	\$2,484,450	\$1,370,442	\$739,451	\$382,049	\$179,611	\$64,947
\$700	\$12,297,146	\$6,933,095	\$3,894,818	\$2,173,893	\$1,199,136	\$647,020	\$334,293	\$157,160	\$56,829
\$600	\$10,540,411	\$5,942,653	\$3,338,416	\$1,863,337	\$1,027,831	\$554,588	\$286,537	\$134,708	\$48,710
\$500	\$8,783,676	\$4,952,211	\$2,782,013	\$1,552,781	\$856,526	\$462,157	\$238,781	\$112,257	\$40,592
\$400	\$7,026,940	\$3,961,769	\$2,225,610	\$1,242,225	\$685,221	\$369,726	\$191,024	\$89,806	\$32,474
\$300	\$5,270,205	\$2,971,327	\$1,669,208	\$931,669	\$513,916	\$277,294	\$143,268	\$67,354	\$24,355
\$200	\$3,513,470	\$1,980,884	\$1,112,805	\$621,112	\$342,610	\$184,863	\$95,512	\$44,903	\$16,237
\$100	\$1,756,735	\$990,442	\$556,403	\$310,556	\$171,305	\$92,431	\$47,756	\$22,451	\$8,118

56% of all Workers have less than \$25,000 in investments.¹

Age 20 25 30 35 40 45 50 55 60

Past performance is no guarantee of future results. These returns assumes a 12.04% annual return, and does not reflect any portfolio managed by Matson Money Inc. This chart illustrates back-tested historical returns of various indices representing each asset class of the hypothetical portfolio. It includes reinvestment of dividends and capital gains. The endnotes contain more information on the inherent limitations of back-tested performance and the representative indices used to generate the hypothetical portfolio. No representation is made that your investments will achieve results similar to those shown.

THE 20 MUST-ANSWER QUESTIONS FOR YOUR JOURNEY TOWARD INVESTING PEACE OF MIND®

1. Have you discovered your True Purpose for Money,™ that which is more important than money itself?
☐ YES ☐ NO
2. Are you invested in the Market?
☐ YES ☐ NO
3. Do you know how markets work?
☐ YES ☐ NO
4. Have you defined your Investment Philosophy?
☐ YES ☐ NO
5. Have you identified your personal risk tolerance?
☐ YES ☐ NO
6. Do you know how to measure diversification in your portfolio?
☐ YES ☐ NO
7. Do you consistently and predictably achieve market returns?
☐ YES ☐ NO
8. Have you measured the total amount of commissions and costs in your portfolio?
☐ YES ☐ NO
9. Do you know where you fall on the Markowitz Efficient Frontier?
☐ YES ☐ NO
10. When it comes to building your investment portfolio, do you know exactly what you are doing and why?
☐ YES ☐ NO

11. Are you working with a financial coach versus a financial planner?

☐ **YES** ☐ **NO**

12. Do you have a customized lifelong game plan to guide all of your investing and spending decisions?

☐ **YES** ☐ **NO**

13. Do you have an Investment Policy Statement?

☐ **YES** ☐ **NO**

14. Have you devised a clear-cut method for measuring the success or failure of your portfolio?

☐ **YES** ☐ **NO**

15. Do you fully understand the implications and applications of diversification in your portfolio?

☐ **YES** ☐ **NO**

16. Do you have a system to measure portfolio volatility?

☐ **YES** ☐ **NO**

17. Are you aware of the costs associated with purchasing commission-based products?

☐ **YES** ☐ **NO**

18. Do you know the three warning signs that you may be speculating with your money versus prudently investing it?

☐ **YES** ☐ **NO**

19. Can you identify the cultural messages and personal mind-sets about money that destroy your investing peace of mind?

☐ **YES** ☐ **NO**

20. Are you ready to shift your personal experience of money and investing from a scarcity mode to an abundance mode - where you can live your life rather than obsess about your assets?

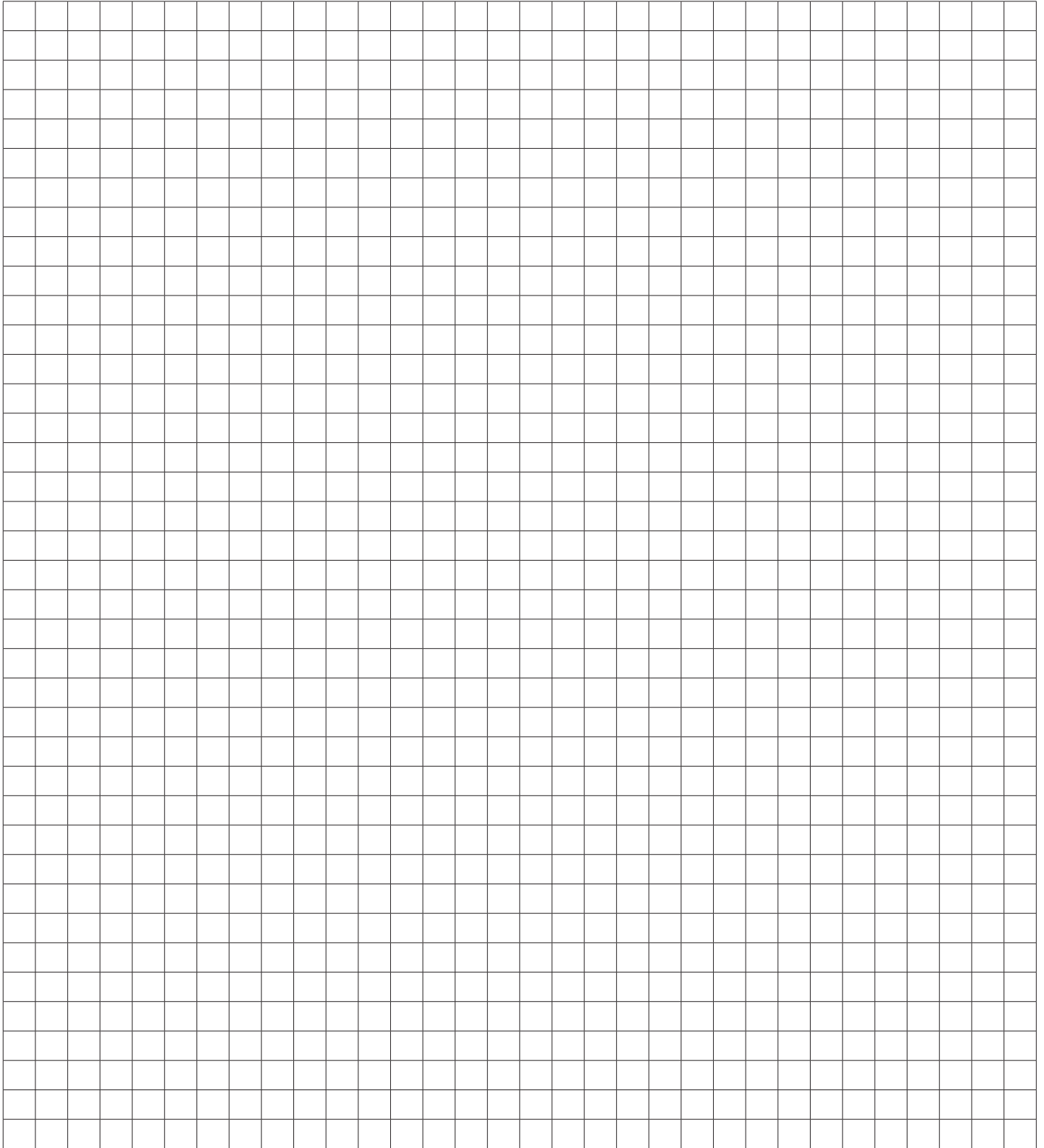
☐ **YES** ☐ **NO**

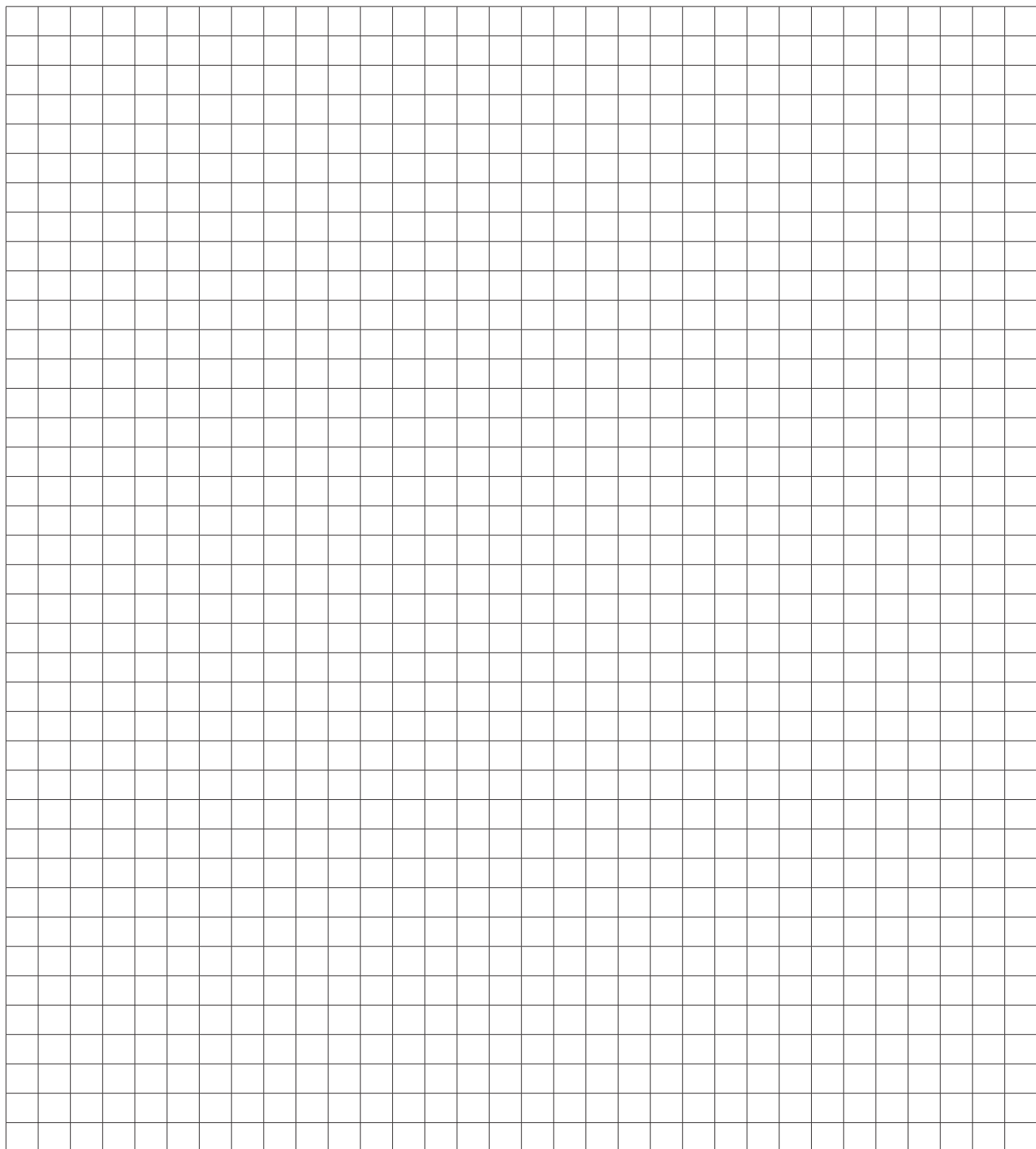
When you have achieved the ability to answer "yes" to all of these questions, you will be on your way to a high level of investing peace of mind.

All investing involves risks and costs. No investment strategy (including asset allocation and diversification strategies) can ensure peace of mind, guarantee profit, or protect against loss.

NOTES

This image shows a full page of blank graph paper. The grid consists of small, equal-sized squares formed by thin gray lines. There are 20 columns and 20 rows of squares, creating a total area of 400 small squares. The grid is perfectly aligned and covers the entire page without any margins or additional markings.





ENDNOTES

1. This Presentation includes historical back-tested performance information from various global stock markets and registered open-end investment companies or “mutual funds”. Slide 61 illustrates a well-diversified assets derived from various market indices. The Portfolio was designed recently with the benefit of hindsight after the performance of the markets during the relevant time period was already known. Back-tested results assume that asset allocations would not change over time or in response to market conditions, which might have occurred in the case of actual account management. This Presentation also includes historical mutual fund data and hypothetical back-tested fund portfolios. Back-tested performance has inherent limitations and does not reflect the performance of actual accounts managed by Matson Money. Matson Money began managing clients’ funds in 1991. Because back-tested performance does not represent actual trading in client accounts, it may not reflect material economic and market factors, as well as the impact of cash flows, liquidity constraints, investment guidelines or restrictions and fees and expenses that would apply to actual trading. Back-tested results assume that asset allocations would not change over time or in response to market conditions, which might have occurred in the case of actual account management. The Hypothetical Portfolio is for pedagogical purposes only and intended to educate investors on the potential benefits of long-term investing in well-diversified portfolios. No inference is made that clients would have had the same performance results if Matson Money managed their assets for any part of this period. Hypothetical Portfolio returns generally exceed the results of client portfolios managed by Matson Money due to several factors, including the fact that actual portfolio allocations differed from the allocations represented by the market indices used to create the hypothetical portfolio over the time periods shown, new research was applied at different times to the relevant indices, and index performance does not reflect the deduction of any fees and expenses. Both the back-tested Hypothetical Portfolio and Matson Money’s own asset allocation formulas may change as additional economic research becomes available. The annual return information of the hypothetical portfolio assumes the reinvestment of dividends and capital gains. Mutual fund return data reflects the deduction of all fund fees and expenses. Advisory fees charged to Matson Money clients, whether directly or indirectly through a mutual fund, are described in Part 2 of Matson Money’s Form ADV and are discussed more fully in endnote 4, below. Past performance is no guarantee of future results.

A. Historical stock market information is derived from returns software created by Dimensional Fund Advisors LP (DFA) as updated through Dec. 2016. DFA is a registered investment adviser that, among other things, specializes in and sells statistical market research and mutual fund management. DFA obtains some of its market data from the Center for Research & Security Pricing (CRSP), part of the University of Chicago’s Booth School of Business (Chicago Booth).

B. Mutual fund performance information is from 2 sources: the CRSP Survivor-Bias-Free US Mutual Fund Database and Dalbar, Inc.’s 2017 Quantitative Analysis of Investor Behavior (QAIB) study.

The CRSP Survivor-Bias-Free US Mutual Fund Database is the only complete database of both active and inactive mutual funds and serves as a foundation for research and benchmarking mutual funds. Developed by Mark M. Carhart of Goldman Sachs Asset Management for his 1995 Chicago Booth dissertation entitled, “Survivor Bias and Persistence in Mutual Fund Performance,” to provide survivor-bias-free data not previously available, the database has been maintained by CRSP since its creation. For more database information, see http://www.crsp.com/products/mutual_funds.htm.

Dalbar, Inc. (Dalbar) is a leading independent expert for evaluating, auditing and rating business practices, customer performance, product quality and service. QAIB uses data from the Investment Company Institute, Standard & Poor’s (S&P) and Barclays Capital Index Products to compare mutual fund investor returns to relevant benchmarks. Using monthly data on mutual fund sales, redemptions and exchanges, Dalbar created a measure of investor behavior it calls the “average investor”. The “average investor” analysis is used to calculate “average investor return” for various periods, which is then compared to relevant index returns. Mutual fund investor returns were prepared by Dalbar using data supplied by the Investment Company Institute which takes into account all fund fees and expenses. See 2017 Dalbar Study, n. 4 at p. 29.

2. Asset Class Components

U.S. Large Company Stocks – represented by the S&P 500 Index

U.S. Small Company Stocks – represented by CRSP 9-10 Index

International Large Company Stocks – represented by MSCI EAFE Index

International Small Company Stock – represented by DFA index described in endnote 3.D., below

U.S. Small Company Value Stocks – represented by Fama/French US Small Value Research index

U.S. Large Company Value Stocks – represented by Fama/French US Large Value Research index

5 Year Government Portfolio – represented by Morningstar Five-Year US Treasury Notes Index

One Year Fixed Income – represented by Bank of America Merrill Lynch 1-Year US Treasury Notes Index

3. RELEVANT INDICES – Segments of market performance information are represented by the following market indices:

A. S&P 500 – an unmanaged, market-weighted stock index based on the market capitalizations (cap) of 500 leading companies publicly traded in the U.S. stock market, as determined by S&P Dow Jones. It is one of the most commonly followed equity indices. Roger G. Ibbotson and Rex A. Sinquefeld performed groundbreaking work on this data in *Stocks, Bonds, Bills, and Inflation: The Past and the Future*, Dow Jones, 1989. Ibbotson Associates, Chicago.

B. CRSP Stock File Capitalization Decile Indexes – CRSP calculates indices for five groups of U.S. stock markets (NYSE, AMEX and NASDAQ separately, NYSE/AMEX combined and NYSE/AMEX/NASDAQ combined) in which all securities other than ADRs are ranked by their market cap and then divided into 10 deciles with an equal number of securities in each decile. Starting with the NYSE, CRSP first sorts all stocks on the NYSE by market cap and breaks the universe into ten equal groups, called “deciles,” by number of names. Decile 1 represents the largest stocks on the NYSE and decile 10 represents the smallest NYSE stocks. CRSP then includes all equivalently sized AMEX and NASDAQ stocks into the NYSE size decile in which they fit by market cap. This Presentation uses market data from the following CRSP indices:

1. CRSP 1-10 Index: Representing the entire market cap of the NYSE and other exchange equivalents.
2. CRSP 1-5 Index: The largest half of NYSE stocks by name and all equivalents from other exchanges, covering Large Cap through Mid Cap stocks.
3. CRSP 6-10 Index: The smallest half of NYSE stocks by name and all equivalents from other exchanges, sometimes referred to as “small-cap” stocks. Similar in size to the Russell 2000 Index.
4. CRSP 9-10 Index: The smallest fifth of NYSE stocks by name and all equivalents from other exchanges, sometimes referred to as “micro-cap” stocks.

C. Morgan Stanley Capital International (MSCI) Europe, Australasia, Far East (EAFE) Index – The MSCI EAFE is an unmanaged, free float-adjusted market cap index designed to measure the equity market performance of developed markets, excluding the US & Canada. As of 12/31/12, it consists of the following 22 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom.

D. DFA International Small Company Stock Index – created as follows for various time periods:

- January 1994 - Present: Simulated by DFA from Bloomberg securities data. Returns computed from the average of four staggered, market cap-weighted annually rebalanced portfolios of small company securities. Small companies defined as the bottom 10% of the market ranked by market cap. REITs are excluded. Maximum index weight of any one company is capped at 5%. Countries included are Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Switzerland, Sweden, United Kingdom.
- July 1981 - December 1993: Simulated by Dimensional from Style Research securities data. Includes securities of MSCI EAFE countries in the bottom 10% of market capitalization, excluding the bottom 1%. All securities are market capitalization weighted. Each country is capped at 50%. Rebalanced semiannually.
- January 1970-June 1981: 50% Hoare Govett Small Companies Index (hgsmall.ind), 50% Nomura Small Companies Index (nomura.ind).

E. Fama/French US Large Value research data and Fama/French US Small Value research data – developed by Eugene Fama and Kenneth R. French, the U.S. Large Value strategy relies, in part, on the CRSP 1-5 Index and the U.S. Small Value strategy relies, in part, on the CRSP 6-10 Index, both of which are described above.

F. Barclays U.S. Government/Credit Index (formerly a Lehman Brothers Index) – the nonsecuritized portion of the Barclays U.S. Aggregate Index, including Treasuries, government-related issues and corporates to reflect the performance and characteristics of the underlying market. The Barclays U.S. Aggregate Bond Index reflects the broadest measure of the taxable U.S. bond market, including most Treasury, agency, corporate, mortgage-backed, asset-backed, and international dollar-denominated issues, all with maturities of 1 year or more and covers the USD-denominated, investment-grade (rated Baa3 or above by Moody's), fixed-rate, and taxable areas of the bond market.

G. Morningstar Five-Year US Treasury Notes Index (formerly Ibbotson Intermediate Five Year Treasury Notes data derived from Stocks, Bonds, Bills and Inflation, referenced above).

H. Bank of America Merrill Lynch 1-Year US Treasury Notes Index – an unmanaged index comprised of a single outstanding two-year Treasury Note purchased at the beginning of the month and held for a full month. The Note selected at each month-end rebalancing is one that matures closest to, but not beyond, one year from the rebalancing date.

I. T-Bill Data – developed by Roger G. Ibbotson and Rex A. Sinquefeld in Stocks, Bonds, Bills, and Inflation, referenced above.

J. Consumer Price Index (CPI) – the CPI is produced and published monthly by the U.S. Bureau of Labor Statistics to reflect changes in the prices paid by urban consumers for a representative basket of goods and services and is commonly used as a measure of domestic inflation.

4. Fee and Expense Information

A. Market Indices – Investors cannot invest in a market index directly, the performance of an index does not represent any actual transactions and its performance does not reflect the deduction of any fees or expenses associated with actual investing. Market performance information is included in this Presentation solely to demonstrate the potential benefits historically associated with long-term investing in a portfolio of well-diversified asset classes and does not represent or suggest results Matson Money would or may have achieved when managing client portfolios.

B. Mutual Funds – The performance history of a mutual fund includes all embedded fees, costs and expenses of the fund, such as the manager's advisory fee, brokerage commissions associated with the acquisition of portfolio securities and fund operating costs like legal and accounting fees. These fees are reflected in each fund's expense ratio and are deducted from the value of each fund share. However, commissions associated with the sale of fund shares are not included. Fund investors who also engage an investment adviser to manage their assets generally also pay a separate advisory fee to this manager.

C. Matson Clients - In the case of the Matson Money mutual fund advisory program, clients generally do not pay any additional fee to Matson Money beyond the embedded fund advisory fee. Instead, clients generally pay a separate advisory fee to an unaffiliated adviser that serves as a co-adviser to the clients in conjunction with Matson Money's mutual fund asset allocation program. Mutual funds created and managed by Matson Money are designed as "funds-of-funds" and invest in, among other things, mutual funds managed by DFA which include DFA's management fee. In addition, clients enter into an agreement with a custodian that works with the Matson Money mutual fund platform and separately pay the custodian's fee. With respect to any hypothetical portfolio, Matson clients should deduct from any performance numbers illustrated a maximum amount of .51% representing all embedded fund fees and expenses since maximum co-adviser fees are below the 2% fee already deducted from the hypothetical portfolios.

PAST PERFORMANCE IS NO GUARANTEE OF FUTURE PERFORMANCE.

All investing involves risk and costs. Your adviser can provide you with more information about the risks and costs associated with specific programs. No investment strategy (including asset allocation and diversification strategies) can ensure peace of mind, guarantee profit, or protect against loss.

75% Equity/25% Fixed Income Globally Diversified Strategy Allocations:

ASSET CLASSES	GROWTH
FIXED INCOME	
Cash Equivalents	2.00%
Short Term Fixed	11.50%
Intermediate Term Bonds	11.50%
Long Term Bonds	0.0%
Sub Total Fixed Income	25.00%
U.S. EQUITY	
Large Stocks	6.37%
Large Value Stocks	12.75%
Small Stocks	12.75%
Small Value Stocks	10.63%
Sub Total U.S. Equity	42.50%
INTERNATIONAL EQUITY	
Large Stocks	11.38%
Small Stocks	21.12%
Sub Total Int'l Equity	32.50%
GRAND TOTAL	100%



MATSON  MONEY®

Save The Investor. Save The World.

INVESTOR EDUCATION SERIES

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