

Quarterly Model Portfolio Review and Market Summary for ShareBuilder 401k Plan Sponsors

First Quarter 2016

Contributors:

ShareBuilder 401k Model Portfolio Performance and Review provided by Capital One Advisors. Market and Economic Overview is provided by Capital One Asset Management.

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We are committed to helping you and your employees build toward retirement readiness. Each quarter, the Capital One Advisors Investment Committee reviews the model portfolios offered in ShareBuilder 401k plans and determines if adjustments are needed. This is part of our fiduciary responsibility we take on for your company's 401(k) plan.

The Investment Committee uses the outputs from an analysis that works to optimize the asset allocation for each model portfolio such that it meets the stated model portfolio's objective. Objectives of the portfolios range from a focus on capital preservation to a focus on aggressive growth. The portfolio analysis looks at several factors, including historical returns, historical volatility and underlying investment correlation. As the past is no guarantee of the future, the Investment Committee also considers economic indicators, market signals and sound investing principles to determine if adjustments to any of the five model portfolios are warranted.

Employees have the option to invest in a model portfolio or select freely from the 21 fund options currently offered in your ShareBuilder 401k plan.

This report provides:

Page 2-4: Model Portfolio Recaps and Investment Committee Decisions

Page 5-6: Summary of the past Quarter's Market Performance

Any changes to the ShareBuilder 401k model portfolios will occur automatically for your employees invested in one. Their upcoming contributions will move to the new allocations going forward if applicable. For those employees that use auto-rebalancing, pre-existing balances prior to a change will rebalance to the new allocation at the next scheduled auto-rebalance date. This is typically at the end of each calendar quarter.

We hope you find this report helpful in providing more insights on the investment options in your plan and how the market and economic factors may impact them.

Best Regards,

The Capital One Advisors Investment Committee

ShareBuilder 401k Model Portfolios Recap

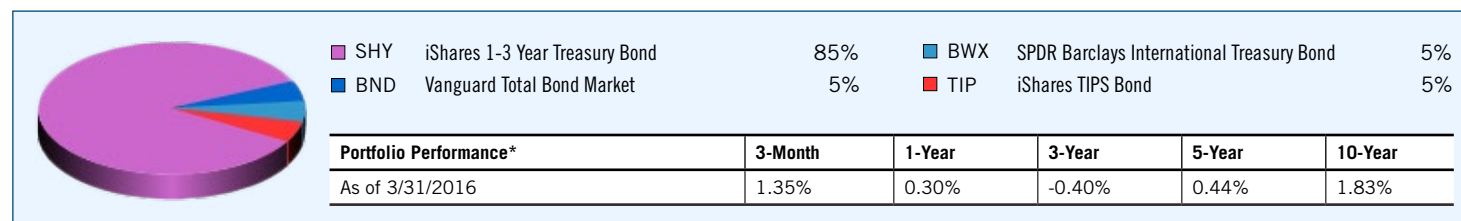
In your ShareBuilder 401k, employees can select investments from the [fund roster](#) or choose one of our five model portfolios. The Capital One Advisors Investment Committee oversees the make-up and asset allocation of the model portfolios. The model portfolios range from Stable (capital preservation) to Aggressive (focused on growth).

The following provides an overview of how the model portfolio's performed with some insights on some of the driving factors. The Investment Committee takes a long-term view when evaluating performance and opportunities, so short-term results need to be taken in that context.

As of the past quarter, the model portfolios performed as follows:

Stable Portfolio:

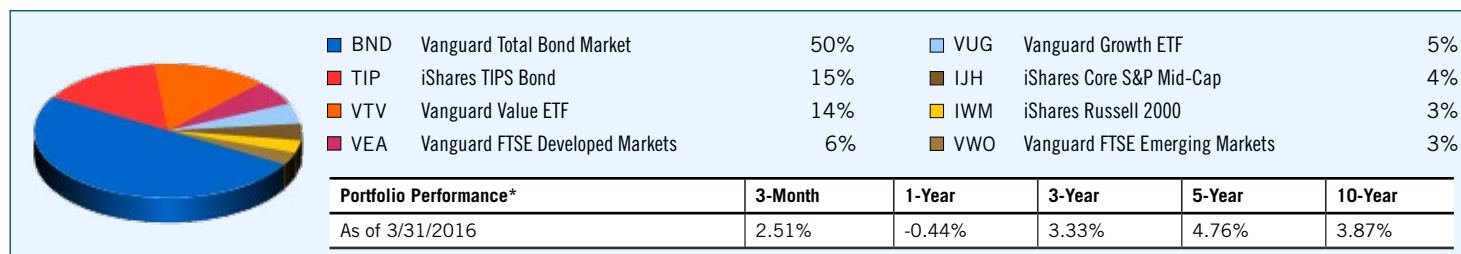
[View important disclosures about the Stable Portfolio](#)



The Stable portfolio has a 100% allocation to fixed income securities. In periods of declining interest rates, similar to the first quarter of 2016, bond prices tend to go up. Increasing bond prices tend to result in positive returns for fixed income securities. The Stable portfolio tends to behave in the same manner. In the first quarter of 2016 all of the fixed income ETFs in the Stable portfolio experienced positive returns, this helps explain the portfolio's return of 1.35% for the quarter.

Conservative Portfolio:

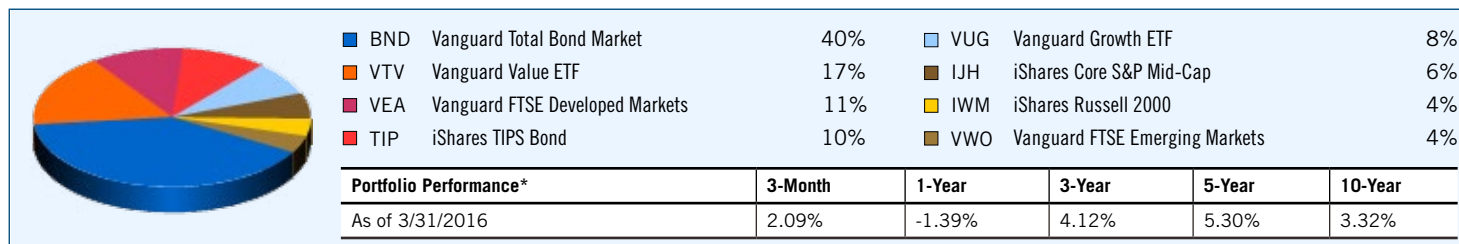
[View important disclosures about the Conservative Portfolio](#)



The Conservative portfolio has a 65% allocation to fixed income and a 35% allocation to equity. In periods of declining interest rates, similar to the first quarter of 2016, bond prices tend to go up. Increasing bond prices tend to result in positive returns for fixed income securities. The fixed income allocation of the Conservative portfolio tends to behave in the same manner. In the first quarter of 2016 both of the fixed income securities in the Conservative portfolio experienced positive returns. The portfolio's 35% allocation to equity is divided amongst six asset categories (Large-Cap Value, Foreign Large Blend, Large-Cap Growth, Mid-Cap Blend, Small-Cap Blend and Diversified Emerging); the equity securities in the Conservative portfolio experienced returns similar to the broad based indices mentioned in the quarterly market recap. The portfolio's allocation to Large-Cap Value, Large-Cap Growth, Mid-Cap Blend and Diversified Emerging helped contribute positive returns for the quarter; whereas its allocations to Foreign Large Blend and Small-Cap Blend were drags on return for the quarter.

Balanced Portfolio:

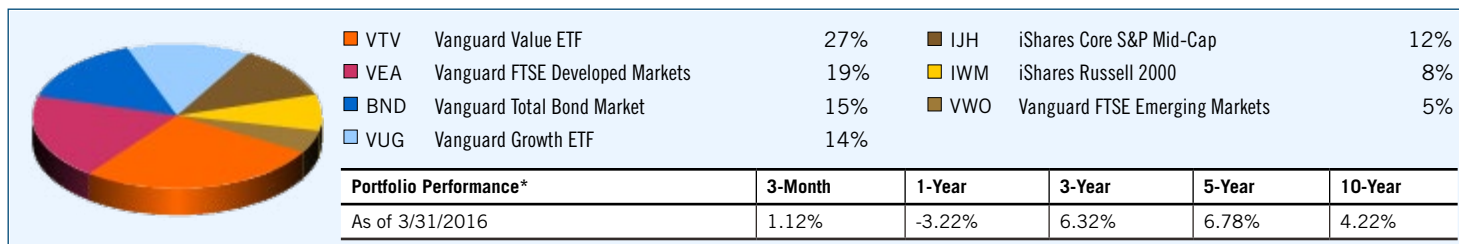
[View important disclosures about the Balanced Portfolio](#)



The Balanced portfolio has a 50% allocation to fixed income and a 50% allocation to equity. In periods of declining interest rates, similar to the first quarter of 2016, bond prices tend to go up. Increasing bond prices tend to result in positive returns for fixed income securities. The fixed income allocation of the Balanced portfolio tends to behave in the same manner. In the first quarter of 2016 both of the fixed income securities in the Balanced portfolio experienced positive returns. The portfolio's 50% allocation to equity is divided amongst six asset categories (Large-Cap Value, Foreign Large Blend, Large-Cap Growth, Mid-Cap Blend, Small-Cap Blend and Diversified Emerging); the equity securities in the Balanced portfolio experienced returns similar to the broad based indices mentioned in the quarterly market recap. The portfolio's allocation to Large-Cap Value, Large-Cap Growth, Mid-Cap Blend and Diversified Emerging helped contribute positive returns for the quarter. However, the portfolio's allocations to Foreign Large Blend and Small-Cap Blend were drags on return for the quarter. Specifically, it was the Balanced portfolio's increased allocation to Foreign Large Blend and Small-Cap Blend in relation to the Conservative portfolio which accounts for the return differential between the two portfolios.

Moderate Portfolio:

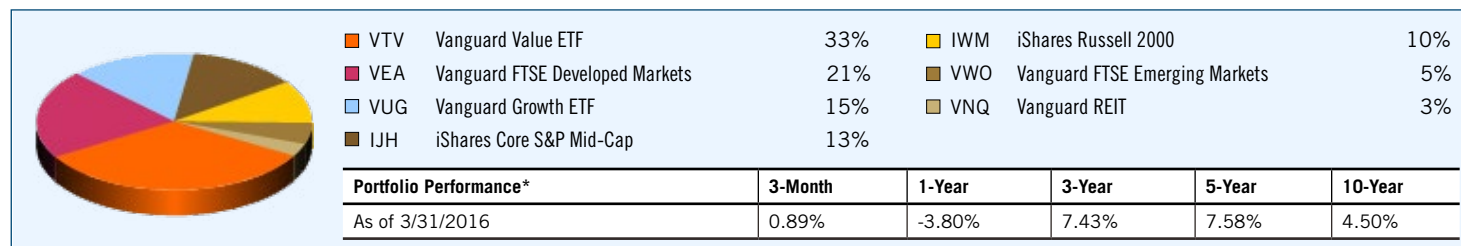
[View important disclosures about the Moderate Portfolio](#)



The Moderate portfolio has a 15% allocation to fixed income and an 85% allocation to equity. In periods of declining interest rates, similar to the first quarter of 2016, bond prices tend to go up. Increasing bond prices tend to result in positive returns for fixed income securities. The fixed income allocation of the Moderate portfolio tends to behave in the same manner. In the first quarter of 2016 both of the fixed income security in the Moderate portfolio experienced a positive return. The portfolio's 85% allocation to equity is divided amongst six asset categories (Large-Cap Value, Foreign Large Blend, Large-Cap Growth, Mid-Cap Blend, Small-Cap Blend and Diversified Emerging); the equity securities in the Moderate portfolio experienced returns similar to the broad based indices mentioned in the quarterly market recap. The portfolio's allocation to Large-Cap Value, Large-Cap Growth, Mid-Cap Blend and Diversified Emerging helped contribute positive returns for the quarter. However, the portfolio's allocations to Foreign Large Blend and Small-Cap Blend were drags on return for the quarter. Specifically, it was the Moderate portfolio's increased allocation to Foreign Large Blend and Small-Cap Blend in relation to the Balanced portfolio which accounts for the return differential between the two portfolios.

Aggressive Portfolio:

[View important disclosures about the Aggressive Portfolio](#)



The Aggressive portfolio has a 100% allocation to equity. The portfolio's equity allocation is divided amongst seven asset categories (Large-Cap Value, Foreign Large Blend, Large-Cap Growth, Mid-Cap Blend, Small-Cap Blend, Diversified Emerging and REITs); the equity securities in the Aggressive portfolio experienced returns similar to the broad based indices mentioned in the quarterly market recap. The portfolio's allocation to Large-Cap Value, Large-Cap Growth, Mid-Cap Blend, Diversified Emerging and REITs helped contribute positive returns for the quarter. However, the portfolio's allocations to Foreign Large Blend and Small-Cap Blend were drags on return for the quarter. Specifically, it was the Aggressive portfolio's increased allocation to Foreign Large Blend and Small-Cap Blend and its zero allocation to fixed income in relation to the Moderate portfolio which accounts for the return differential between the two portfolios.

The Investment Committee's Allocation Decision

The Capital One Advisors Investment Committee held its model portfolio review meeting on May 6, 2016. After reviewing the results of the previous quarter, the ASI efficient frontier model suggested allocations, and discussing the outlook for the coming months, the Committee determined that the model portfolios are appropriately allocated. As mentioned above, the Investment Committee focuses on long term performance and opportunities in line with each model portfolio's objective.

*These are based on past performance, and are not forecasts of future results. Returns reflect the asset management expense of 0.75% and the model portfolio expense ratio. Your asset management expense may be less as Capital One Advisors, LLC offers lower asset management expenses for plans with larger total account assets, typically beginning at \$500,000. If your company uses an additional advisor or registered representative to support your plan, your asset management could be up to 0.50% higher but is capped at 1.25%.

Total returns are historical and include change in share value and reinvestment of dividends and capital gains. Any holdings, asset allocation or other composition data shown are as of the date indicated, are subject to change at any time and may not be representative of the past model portfolio's investments. Your actual model portfolio will vary based on date of purchases, if you use auto-rebalancing and other variables.

Past performance is not an indication of future results. The value of your investment will fluctuate over time and it is possible to lose part or all of the amount invested.

Capital One Asset Management's Quarterly Summary

Market and Economic Overview

US stocks finished the first quarter of the year near the flat line, however, the path to that finish was a volatile one. At one point during the quarter, the Standard and Poor's 500 was down more than 10%, its worst start to a year in its history. Broad commodity markets likewise began the year in the red, but like equities, reversed course and posted small positive returns. The bond market, as represented by the Barclays Aggregate Index, posted strong quarterly returns of about 3.0%.

For roughly the first half of the quarter, risk assets reacted negatively to rising risks of recession in the US. Investors also did not believe the Federal Reserve (the "Fed") would raise interest rates four times in 2016, as the Fed had stated at its December 2015 meeting. However, economic data in the US continued to show modest improvement. For example, the labor market continued to add jobs at a healthy clip of about 200,000 jobs per month; the housing market showed improvement in prices and levels of activity; regional manufacturing indexes appeared to show industrial activity was bottoming; and core inflation was consistently above the Fed's 2.0% target. In addition, the Fed struck a dovish tone at its March meeting, acknowledging that it would likely raise interest rates only twice in 2016, a pleasant surprise that supported risk assets.

Furthermore, the European Central Bank (the "ECB") revealed a surprisingly strong package of measures meant to spur economic growth in the Eurozone. Among the most unanticipated steps was the announcement that the ECB would expand its quantitative easing program to include corporate bonds, in addition to increasing the size of the program from €60 billion per month to €80 billion per month. The central bank also lowered its deposit rate further into negative territory, down to -0.4%. Combined with the policy steps announced by the Bank of Japan in February, the three major global central banks were fully supporting global risk assets, in an effort to stimulate economic growth and stoke inflationary pressures. Risks emanating from China also subsided.

The yield on the 10-Year Treasury fell sharply during the quarter, at one point touching a low of 1.66%, after having started the year at 2.27%, and settled at 1.77% at quarter's end. The strength in the bond market was the result of the flight-to-safety trade, as the relative safety of Treasuries was in demand. Investment Grade Credit also performed well during the quarter, as spreads narrowed and default risk ebbed. High yield bonds also posted positive quarterly returns, benefiting from the narrowing of spreads and improving credit picture from Energy and Materials companies, though like equities, the broad index that tracks the sector was down over 5.0% at its worst during the quarter.

Broad commodity markets gained for the quarter. Led by energy commodities, the Bloomberg Commodity Index rose by 0.3%. West Texas Intermediate crude jumped nearly 11%, copper rose by over 4%, while wheat, corn and soybeans all increased by more than 4%. Gold, which tends to benefit in times of turmoil, jumped by more than 16% during the quarter.

Unless otherwise noted, performance and return data sourced from Bloomberg, LP as of March 31, 2016

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Interest from certain municipal bonds may be subject to state and/or local taxes and in some circumstances, the alternative minimum tax. Unlike U.S. Treasuries, municipal bonds are subject to credit risk. Quality varies widely depending on the specific issuer.

Yields are subject to change with economic conditions. Yield is only one factor that should be considered when making an investment decision.

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