



# Investment Guide

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# Introduction



## Stocks, bonds, asset allocation, diversification.... Where do I even start?

Investing can seem overwhelming, especially if you're new to your Workplace Retirement Plan, Health Savings Account, or Individual Retirement Account.

**Good News!** It's not as complicated as it may seem. By familiarizing yourself with some of the basic terminology and taking the plunge into investing, you can gain the knowledge needed to grow your wealth.

This guide is intended to provide you with the basics to get you started on your investment journey. As you explore the content, be sure to visit **BPAS University** ([u.bpas.com](https://u.bpas.com)) and check any resources provided by your employer for further insights.

## BPAS University



From budgeting tips to investment strategies, **BPAS University** offers valuable information to assist you in making sound financial decisions.

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# Understanding Mutual Funds

## A mutual fund is an investment vehicle comprised of underlying investments.

Mutual funds invest in cash equivalents, bonds and/or stocks. An individual professional fund manager, or a team of professional fund managers, will invest the money according to the mutual fund's prospectus. Be sure to read the prospectus before investing in any particular mutual fund. The mutual fund types you may see in your account are:

### Stable Value/Money Market

These cash equivalent investments provide an established rate-of- return. They typically invest in a variety of interest- bearing investments in a manner consistent with the objective of supporting their posted annualized return, i.e., T-bills, US Treasuries, bonds, etc. The interest rate will change periodically, i.e., daily, monthly, quarterly, etc. These types of investments generally provide a lower return with very little to no stock-market risk. A risk with this type of investment is that the performance usually does not keep pace with inflation.

### Bonds/Fixed Income

These investments are debt instruments in which investors lend money to a corporation or government for a pre-determined return payment of principal and interest. For instance, if a corporation needs more money to expand business, it may issue bonds to attract investors who are interested in "lending" money to the corporation for a return payment of principal, plus interest, over a specified period of time. Bonds have a variety of attributes, e.g., length of duration (short-term to long- term), interest payment, and the financial strength of the entity issuing the bond.

### Stock/Equity

These investments represent ownership in a company. The value of that ownership (stock) will go up or down on a daily basis. The value of a company's stock is driven by many factors, i.e., company's profitability, earnings potential, their industry, products/services they provide, and larger economic factors. While long-term performance for stock mutual funds tends to be favorable, stocks are the most susceptible to short-term fluctuations in value. Stock mutual funds are often classified by the size and style of the underlying companies.

### Risk Based & Target Date Funds

Risk based and target date funds may have investments in stable value, fixed income, and equity investments. Additional information about these investment types follows.



**Investment categories are color-coded** for easy identification on our Risk Tolerance Quiz and in your Participant Portal.

*For illustrative purposes only. Past performance does not guarantee future returns. Review fund information prior to investing.*



# Asset Allocation & Diversification

## Asset Allocation = Putting it all together

As you explore the different asset classes, there might be characteristics of each that appeal to you. The security of a money market investment is nice, but the growth of an equity fund is equally enticing, making the selection of one a bit complicated. When it comes to creating your investment portfolio, you don't have to choose just one. Asset allocation is the process of dividing your investments among different asset classes, such as stocks, bonds, and cash. This allows you to benefit from the attractive features of the various classes while minimizing some of the drawbacks at the same time. Your asset allocation should be based on your time horizon and your risk tolerance and varies by individuals. Even if you're the same age as a colleague, you might have different goals and regard risk differently.

## What does it mean to diversify & Why is it important?

You've probably heard the saying, **"Don't put all your eggs in one basket!"**

That's diversification in a nutshell. Diversification takes asset allocation one step further and divides, or diversifies, each asset class into segments. Consider stock investments - there are international and US companies, large companies and small companies. And they all have various benefits and risks. Quite often, one segment might be performing well while another may not. Diversifying your money across these asset types may allow you to foster growth while reducing risk in the long-term.

## How to create a diversified account.

Consider taking a **risk tolerance quiz**. You'll be prompted to indicate your financial goals and react to hypothetical market scenarios. At the end, you'll receive a sample investment allocation. You can use it as a starting point to create your investment portfolio.

If creating your own diversified account seems overwhelming, your plan may have pre-established risk-based or target date portfolios. These investments have a predetermined asset allocation and diversification strategy designed by financial professionals.



### Time Horizon

The number of years, or decades you need to invest to achieve your financial goal.

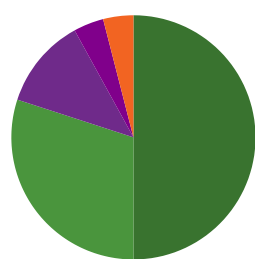


### Risk Tolerance

is your ability and willingness to lose some or all of your original investment in exchange for potentially greater returns.

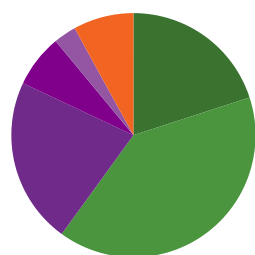


# Sample Investment Allocations:



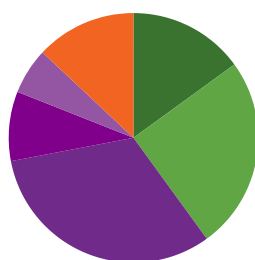
## Conservative:

- Cash/Stable Value: 50%
- Fixed Income: 30%
- Large Cap Stocks: 12%
- Mid Cap Stocks: 4%
- Small Cap Stocks: 0%
- Foreign Stocks: 4%



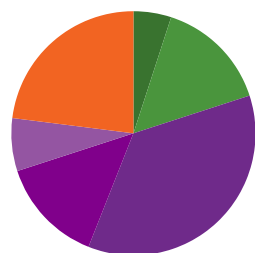
## Moderately Conservative:

- Cash/Stable Value: 20%
- Fixed Income: 40%
- Large Cap Stocks: 22%
- Mid Cap Stocks: 7%
- Small Cap Stocks: 3%
- Foreign Stocks: 8%



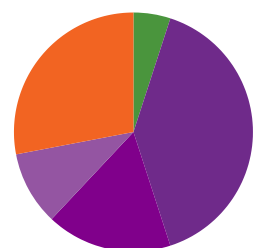
## Balanced:

- Cash/Stable Value: 15%
- Fixed Income: 25%
- Large Cap Stocks: 32%
- Mid Cap Stocks: 9%
- Small Cap Stocks: 6%
- Foreign Stocks: 13%



## Moderately Aggressive:

- Cash/Stable Value: 5%
- Fixed Income: 15%
- Large Cap Stocks: 36%
- Mid Cap Stocks: 14%
- Small Cap Stocks: 7%
- Foreign Stocks: 23%



## Aggressive:

- Cash/Stable Value: 0%
- Fixed Income: 5%
- Large Cap Stocks: 40%
- Mid Cap Stocks: 17%
- Small Cap Stocks: 10%
- Foreign Stocks: 28%



To identify which funds in your account, belong to each asset class displayed here—

Log into your account at [u.bpas.com](https://u.bpas.com)

Navigate to **My Account**.

Choose **Investments**.

Click the **"F" icon** to view the **Fact Sheet** or the **"P" icon** to access the **Prospectus**.

The **+** symbol will expand specific investment details.



**Not sure which allocation mix best fits your risk tolerance?**

Scan to take the **Risk Tolerance Quiz**



*This information is for illustrative purposes only and does not serve as investment advice. As an investor, you should allocate your assets into a portfolio that best matches your investment objectives and tolerance for risk.*

*Investors should consider the funds' objectives, risks, expenses, and read the funds' prospectus carefully before investing. This material is not intended to be used as a source of any specific investment advice and makes no implied or express recommendations concerning the manner in which any participant should invest.*

# Risk-Based & Target Date Funds

**Choosing investments can be challenging for some. If you're finding it overwhelming, take a moment to review the investments in your account.**

Frequently, an account may include Target Date Funds or Risk-Based Funds, which enables you to choose a "one and done" approach, providing a fully diversified account with minimal time and decision-making required. These investments are categorized as either risk-based or date-based and could serve as the Qualified Default Investment Alternative (QDIA) in your account.



## Risk-Based

The manager of a risk-based investment creates and maintains an allocation based upon an overall risk level. A conservative risk fund would have a higher allocation in cash, stable value, and bond investments while an aggressive risk fund would have a higher allocation in stocks, for example. You can often identify a risk-based investment in your plan by terms indicating risk, such as Conservative, Moderate, Balanced, or Aggressive. To select, choose the risk description that most closely correlates with your investment strategy and review the underlying investment structure and fund's objective.



## Target Date

The manager of a target date investment creates an initial asset allocation based upon a timeline, the target retirement date listed in the fund's name. Then, they gradually adjust the allocation as the target date approaches. For example, a target date fund of 2060 would have an aggressive allocation as the manager is assuming that the investors in the fund are planning to retire around the year 2060. In contrast, a target date fund of 2030 would be more conservative as the manager is assuming that the investors in this fund are planning to retire in the next few years.

To identify a target date investment in your plan, look for investments with dates in them, such as 2030, 2045, 2060; they typically end in a 5 or 0. To select, choose the date closest to when you plan to retire or start withdrawing from the account. If you don't have a retirement date in mind yet, add 65 to your year of birth and select the fund closest to that date. Then, review the underlying investment structure and objective.



## Set It and Forget It

With risk-based and Target Date funds, you can simply select one and call it a day. As the fund manager has created an overall asset allocation, you are fully diversified in just that one investment. You do not need to move out of a risk-based fund unless your risk level has changed. You do not need to move out of a target date fund unless you have decided to retire earlier or later than originally planned.





# Fund Information

Your account provides you with a variety of investment options when evaluating and selecting how to allocate your portfolio. It's important to review information about the options available. Documentation such as a prospectus, a fact sheet, and benchmarking information are available in the BPAS Participant Portal for your review.

## Prospectus

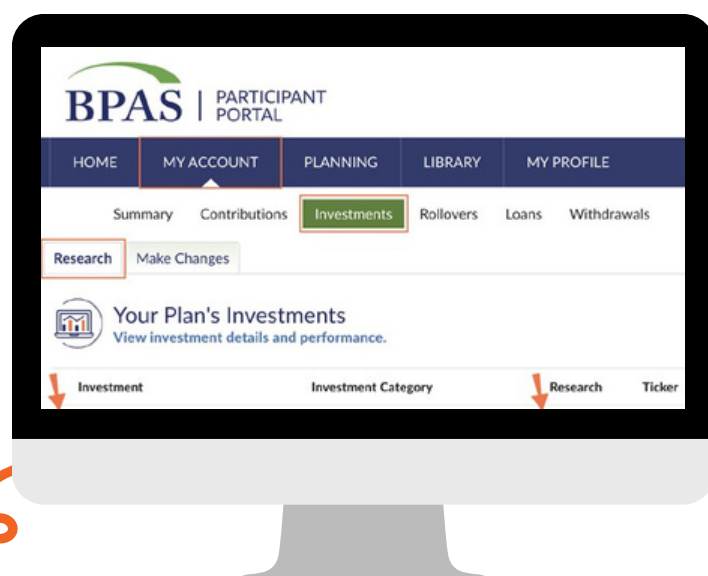
A legal document provided by the fund management company. Provides details about an investment offering to potential investors, such as:

- Investment objective
- Fund company overview
- Potential risks
- Management team
- Fees and expenses
- Legal and regulatory disclosures

## Fact Sheet

Provides key information of an investment in a concise one- or two-page format:

- Investment objective
- Asset class and category
- Ticker symbol
- Number of securities and top holdings
- Fund performance
- Fees and expenses



### To view investment performance:

Select the **Research** tab and click + **F** icon to view fund fact sheets or view fund prospectus by selecting the green **P** icon.

## Reviewing Performance & Expenses

- **Look beyond performance.** A lot can change in the short-term performance of an investment, whether it's day-by-day, monthly, or quarterly. When you're investing, be sure to review the 3, 5, and 10 year return of an investment. As asset classes can go in and out of favor over time, it's important to take a broad view of performance. Understanding that your investment will fluctuate is important, but performance should not be the only factor you consider when investing.
- **Compare to the benchmark.** Benchmark are used to compare performance of a fund to a sample investment portfolio with a similar asset class and category. For example, a large cap stock fund would be compared to a large cap benchmark while an international fund would be compared to an international benchmark. A benchmark index is for comparative purposes only and you cannot invest directly in a benchmark.
- **Factor in expenses.** Total Expense Ratio indicates fund performance. The expense ratio covers the cost of managing the fund - from the salaries of the fund managers to the research, trading, and regulatory fees that the fund may occur. The total expense ratio of a fund is automatically deducted from the fund's performance.

**Remember, past performance does not guarantee future returns. Investment returns will fluctuate.**



# Investment Considerations



**Fully Invested in a Single Target Date or Balanced Fund** — If you're all in, that's great news! Target Date and Risk funds offer a well-diversified investment option in a single account. This approach provides exposure to various sectors of the investment market. Be sure, however, to periodically review the investment to make sure that it's still appropriate for your goals.



**10% or more in an Individual Stock** particularly from your employer, carries substantial risk. In a mutual fund, poor performance by one company might go unnoticed due to other investments. However, if it's your sole investment and it underperforms, the impact will be noticeable and could affect your investment strategy for an extended period. To minimize risk, diversify your portfolio and think about implementing automatic rebalancing for the future.



**Fully Committed to a Single Investment or Investment Category** might warrant a closer look. If your BPAS account is just a part of your overall investment strategy, you might be on the right track. You and your financial advisor might decide to adjust your BPAS account to align with your other investments, making it more conservative or aggressive. It's essential to examine the allocations of your external investments to ensure your investment portfolio is not overly focused on one specific area.

## Do's

- ✓ Start investing early
- ✓ Your research
- ✓ Think long-term
- ✓ Diversify
- ✓ Regularly review your accounts

## Don'ts

- ✗ Try to time the market
- ✗ Chase trends
- ✗ Panic sell
- ✗ Ignore your risk tolerance
- ✗ Neglect diversification

**If you would like assistance reviewing or creating your investment strategy, contact your plan's financial advisor for investment guidance.  
If you don't know your advisor, please call us at 1-866-401-5272**



# Investment Transactions

Transform how your current and future contributions are allocated with ease.

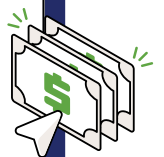
1

Go to **u.bpas.com** and log into your account.



2

Select **"My Account"** from the home page.



3

Select **Investments**



4

Click on the **Make Changes Tab** then **Select** the transaction type you would like to complete.



## What's Your Investment Goal?

Defining your goal will help you determine which transaction type to use.

Scan to view a video tutorial



**A Complete Overhaul**  
Select: **Realign My Account**



**Change One Investment**  
Select: **Transfer Investments**



**Start A New Investment**  
Select: **Future Elections**



# Investment Transactions



## A Complete Overhaul Select: **Realign My Account**

Realignment moves your entire account balance to the new investments you choose. Future contributions may be invested in the same manner.

To change how your current and/or future contributions are invested, select **Realign My Account**.

Choose *one* of the available options:

- **Current and Future:** Realigns your current investments and changes how future contributions will be invested. This option moves your entire account balance to the new investments you choose; future contributions will be invested in the same manner.
- **Current Balance Only:** Realigns your current balance to the new chosen investments. Future contributions continue to be invested based on your existing election.
- **Future Contributions Only:** Changes how future contributions to your account are invested. Your existing balance will not be changed or realigned.

**Next**, change the percentage to be invested in each individual fund by using the **+/- scroll wheel** or by typing the percentage.

- Any individual fund may be allocated from 1-100%.
- Note that the total combined amount must equal 100%.

When finished, click **Change Elections**.



Click **Confirm** on the confirmation window to complete the realignment.

Note: All transactions occur after close of the New York Stock Exchange. Transactions submitted after that time are held until the next trade date. A transaction is not complete without a confirmation number. Be sure to complete the entire process to receive your confirmation number.





# Investment Transactions



## Change One Investment Select: **Transfer Investments**

To move money from one individual fund to one or more different funds, select **Transfer Investments**.

On the left side of the fund name, click the **bubble of the fund you would like to move money out of**, then click **continue**.

Under the heading type, **choose** whether you would like to transfer a **percentage** of the fund **or** a specific **dollar amount**.

- Percentages may be set in 1% increments from 1-100%.
- Dollar amounts may be set in \$0.01 increments.

After choosing the amount, click **Continue**.

**Choose to where** you would like the investment to be transferred.

Use the **+/- scroll wheel** or type the percentage.

- Any individual fund may be allocated from 1-100%.
- Note that the total combined amount must equal 100%.

When finished, click **Change Elections**.

Click **Confirm** on the confirmation window to complete the transfer.



## Start New Investment Select: **Future Elections**

To change how **future contributions** are invested, select **Future Elections**.

Change the percentage you would like to be invested in each individual fund by using the **+/- scroll wheel** or by typing the percentage.

- Any individual fund may be allocated from 1-100%.
- Note that the total combined amount must equal 100%.

When finished, click **Change Elections**.

Click **Confirm** on the confirmation window to complete the future election change.

Your existing balance will not be changed or realigned when changing how **future contributions** to your account are invested.



**Note:** All transactions occur after close of the New York Stock Exchange. Transactions submitted after that time are held until the next trade date. A transaction is not complete without a confirmation number. Be sure to complete the entire process to receive your confirmation number.

