BPAS

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)* and check any resources provided by your employer for further insights.

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- Risk Tolerance Quiz
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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.*

Understanding Mutual Funds

Mutual funds explained:

A mutual fund is a way to invest your money alongside other people. Instead of picking individual stocks or bonds yourself, a mutual fund allows you to pool your money with other investors, and a professional fund manager or a team of professional fund managers, will invest the money for you.

Why people use mutual funds:

Diversification

- Your money is invested in many companies, so you're not relying on the performance of a single investment.

Professional management

- Investment decisions are made for you by experienced professionals.

Convenience

- A mutual fund is like a ready-made investment basket—you choose the basket that fits your goals, and professionals handle what's inside.

Affordability

- An investment in a mutual fund allows you to purchase multiple stocks at once. As part of a plan, there's not even a minimum requirement.

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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.

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.

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.

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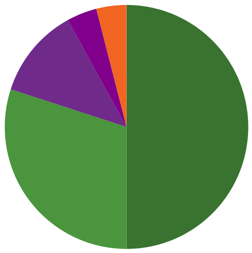
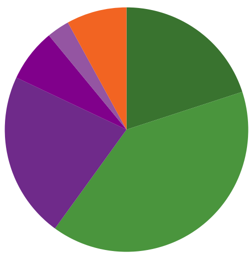
Sample Investment Allocations



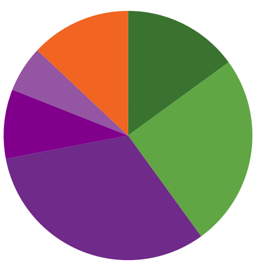
Conservative:

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



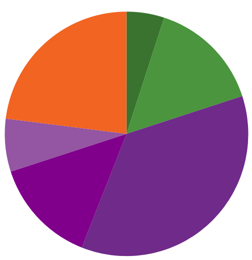
Moderately Conservative:

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



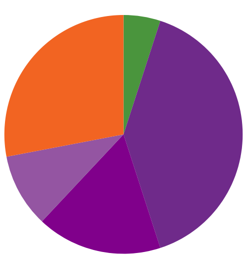
Balanced:

- 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**
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.

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Risk-Based & Target Date Funds

Choosing investments can be challenging for some. If you're finding it overwhelming, Risk-Based and Target Date Funds provide diversification in a single investment choice.

Frequently, an account may include a "fund-of-fund" investment option, 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 more investments in cash, stable value, and bond investments while an **aggressive risk fund** would have a higher allocation to 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.

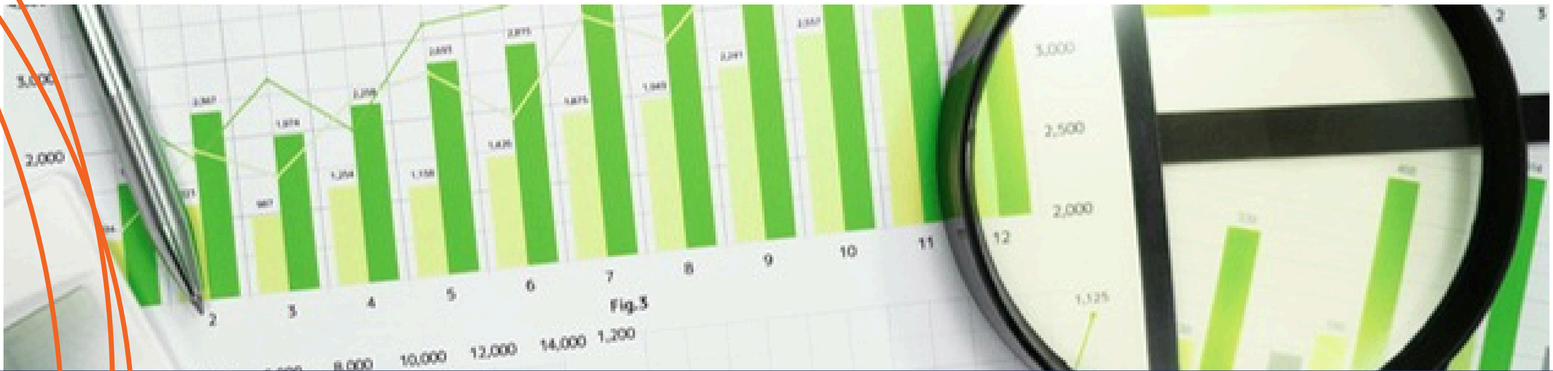
Target Date

The manager of a **target date investment** creates an initial asset allocation based upon a timeline. Then, they gradually adjust the allocation as the timeline 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 do not plan to utilize the assets until 2060 or so. 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 2035, 2050, 2070; 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

Diversification in a single investment choice. 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

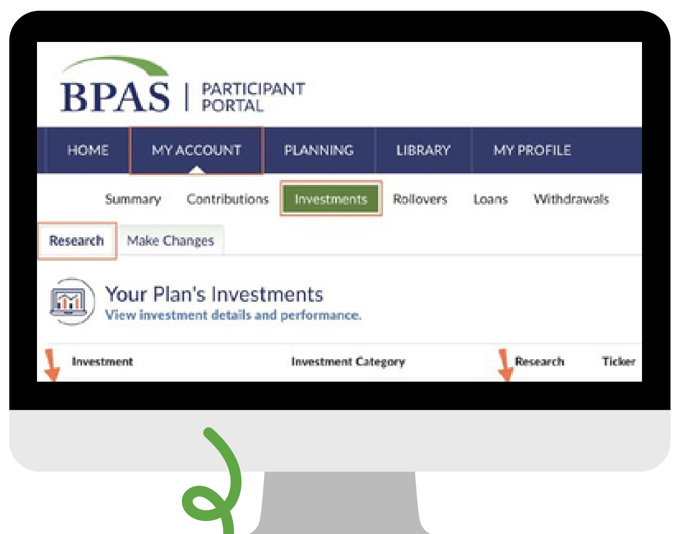
A legal document provided by the fund management company. Provides details about an investment offering to potential investors, such as:

- 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.**

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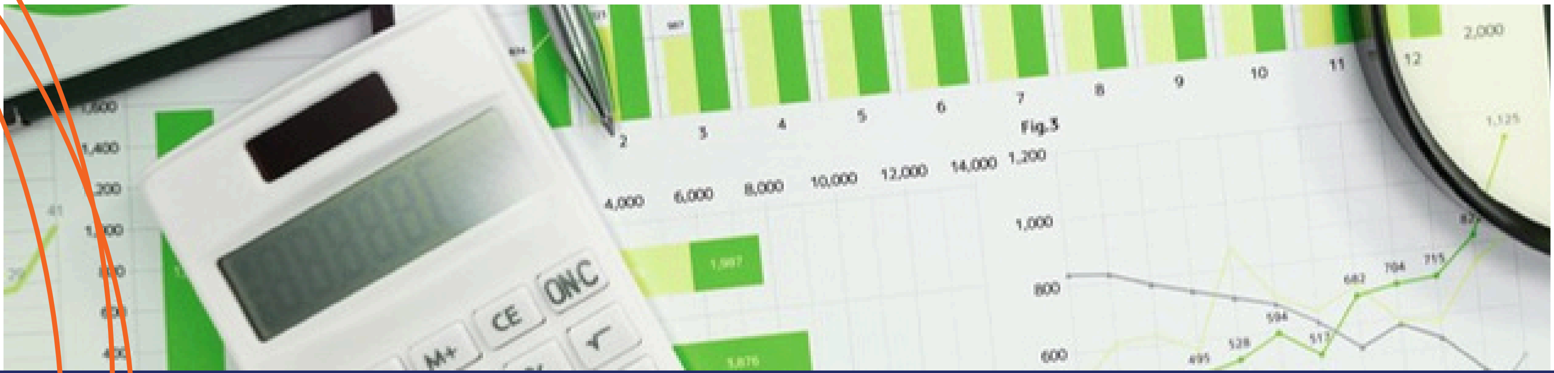

Fund Information

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.

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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 may 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
- Do 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

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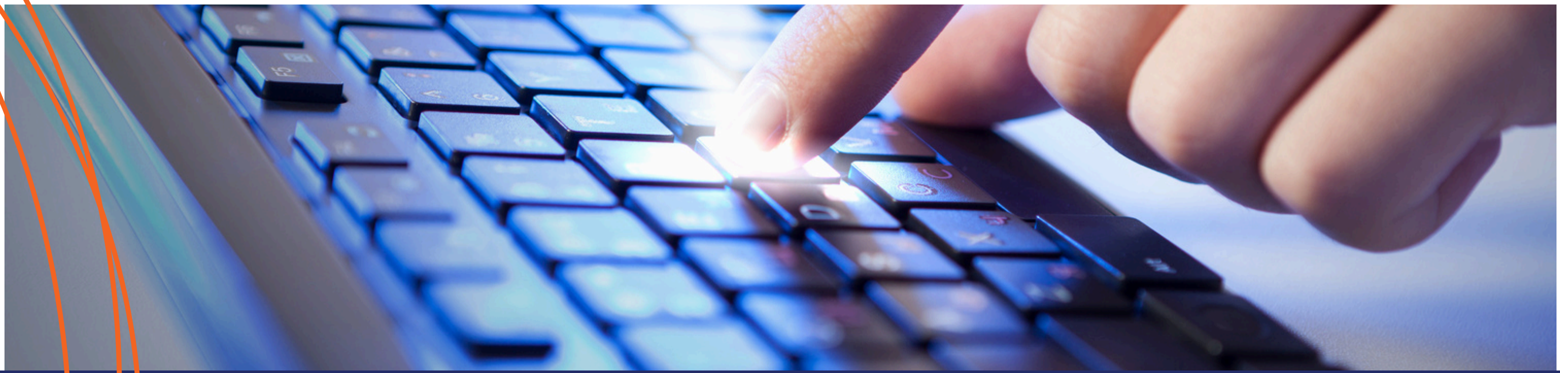
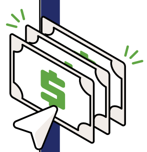


Investment Transactions

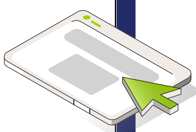
Transform how your current and future contributions are allocated with ease.

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

2 Select **“My Account”** from the home page.



3 Select **Investments**



4 Click **Make Changes** then **Select** the **transaction type.**

What’s Your Investment Goal?

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

A Complete Overhaul
Select: Realign My Account

Change One Investment
Select: Transfer Investments

Start A New Investment
Select: Future Elections

Scan to view a video tutorial

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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.

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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 $0.01increments.

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

Choose to where you would like the investment to be transferred. Use the **+/- scroll whee**l 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.

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FAQ

How much money do I need in my account before I can start investing?
Accounts at BPAS are set up as “first dollar investing,” meaning that you don’t have to have a minimal balance before you can start investing! Your plan has a default investment option that your assets will be invested in initially. If you prefer a different investment option, you are able to complete a transaction at any time.

What investment options are available?
Your account has a variety of collective investment trusts and mutual funds available for you to invest in, with various levels of risk and return. To learn about the investments available in your account, visit your online BPAS portal and select My Account, then Investments. You’ll be automatically directed to the Research tab where you can review investment type and performance and access additional documentation on the investment options.

How do I obtain information on the plan’s fund options?
The BPAS portal has a wealth of information about the investments available in your plan. From the **Research** tab under **Investments**, select:

- **Fund Links**. Each investment option is displayed so you may view Historical prices, Fund fact sheets, Prospectus, and Additional research.
- **Fund Performance**. You may view each fund’s prospectus by clicking the P next to the fund name. You may view an online chart by clicking the C next to the fund name. Anytime you see a fund name underlined in blue text, you can click on it to view performance information, expense ratios, and links to the fund fact sheet and prospectus.

What does it mean if funds have trading restrictions?
Many mutual fund companies have introduced trading restrictions to discourage short-term trading. When requesting a change to the allocation of your current account balance, the website will indicate which funds impose a trading restriction. If you have recently submitted a transfer or rebalance request that resulted in a trading restriction, the fund that is temporarily restricted from future transfers will appear in red, reflecting the number of days remaining before a subsequent trade (or opposite way transfer request) can be made. If you have a pending trading restriction in one or more funds, you may still transfer other portions of your account by using the Investment Transfer option.

When do investment changes occur?
Transactions submitted prior to the close of the New York Stock Exchange will trade in an overnight process. Transactions submitted after the close of the market or on a holiday or weekend will be held in the queue and processed on the next trading date.

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FAQ

How much does it cost to do a trade? How often can I make changes to my investments?
There is no charge to make investment transactions in your account. You can make changes to your investment options as often as you'd like. Some investments do have trading restrictions to discourage short-term trading. If you are invested in a fund that has a trade restriction, it would be noted in your online account.

How can I view my account's performance?
If you'd like to review your account's performance, log into your account at u.bpas.com. The home screen of your participant portal will display your Year-to-Date **Rate of Return**. To review your rate of return for a different time frame, navigate to **My Account**, **Summary**, then **History**. Set your own start and end dates and select Search.

If you'd like to see how an individual investment in your account has performed, consider creating a **Statement on Demand**. From **Summary**, select **Statements**. Select your date range from the pre-set options or create a Custom date range. The participant portal will generate a statement for you to view or print, showing the gain or loss of each investment over the specified time frame.

What investments should I use for my account?
Investing is a personal decision and involves a variety of factors, including your investment experience, timeline in using the assets, as well as your tolerance to risk. You may want to take a Risk Tolerance Quiz for a sample allocation, such as the one available at u.bpas.com. If investing seems time consuming or overwhelming to you, you might want to review the balanced or target date options in your account for an all-in-one investment.

For investment strategies regarding your entire portfolio, or for comprehensive financial, tax and/or estate planning situations, you should consider working with a financial advisor.

I'd like to learn more about investing, what can I do?
Visit BPAS University at u.bpas.com for educational resources about your account type and investing. Review communications sent to you by BPAS and any other financial institutions where you have assets. Attend educational sessions held by your employer or check with local resources – libraries and community centers may offer learning sessions.

For detailed help about your account and/or financial situation, please contact your personal financial advisor.

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