

HORIZON™ Reallocation Process Document for 401k CONTROL

IMPORTANT DISCLAIMER: Compass Investors is not an Investment Advisor or Financial Planner and therefore cannot answer questions about any subscriber's situation or offer guidance or advice. We cannot answer questions about fund choices or how you should invest in them. We encourage you to consider the information contained in each 401k CONTROL™ Action Report as one tool to help you shape your investments, whether doing it on your own or in connection with a certified Investment Advisor or Financial Planner.

Table of Contents

[Service Overview](#)

[Introductory Videos](#)

[Definitions](#)

[Action Report Overview](#)

[Rebalance Process Overview](#)

EMPLOYER PLAN STEPS	BROKERAGE/IRA ACCOUNT STEPS
<ul style="list-style-type: none"> • Step 1: Review the Current Action Report • Step 2: Open the Reallocation Worksheet • Step 2A: Categorize your Employer Plan Choices • Step 3: Enter Action Report Information into the Reallocation Worksheet • Step 4: Determine Fund Percentage Allocations—Employer Plan • Step 5: Rebalance Account—Employer Plan 	<ul style="list-style-type: none"> • Step 1: Review the Current Action Report • Step 2: Open the Reallocation Worksheet • Step 3: Enter Action Report Information into the Reallocation Worksheet • Step 4A: Determine Fund Candidates and Percentages—Brokerage/IRA • Step 4B: Entering Your Current Balances—Brokerage/IRA • Step 5: Rebalance Account— Brokerage/IRA

[Appendix A: Finding a Fund's Category](#)

[Appendix B: Finding a Fund's Historical Performance](#)

[Appendix C: Employer Plan \(Thrift Savings Plan \(TSP\)\) Example](#)

[Appendix D: Fund Selection Considerations](#)

[Appendix E: Online Fund Research Links](#)

[Appendix F: Frequently Asked Questions](#)

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It is important for you to set aside some uninterrupted time to read this document all the way through. As with anything new, the process may appear to be difficult and time consuming upon first glance. However, subscriber experience confirms that caring for your investments is something you should soon be able to do in a few minutes a month after a bit of practice. Anything worthwhile takes time, discipline and desire to be successful.

Service Overview

Logic, common sense and history dictate that long-term investing results will be better when your investments are moving with and not against the normal market trends. Not only can this improve your performance when things are going well, but more importantly, it may help you mitigate devastating losses during sustained down markets.

To help you do this, every 5 weeks Compass Investors sends its subscribers a **401k CONTROL™ Action Report**. [Click here](#) to see the schedule. The market analytic data contained within each Action Report can be used to determine what, if any, changes you want to make to focus your account's investments on current market leaders. You can use the information in the Action Report to rebalance ANY self-directed investment account such as Employer retirement plans, brokerage accounts and IRA.

This process of adjusting your investment account from where it is currently invested to where you want it to be is called account **rebalancing** or **reallocating**.

If you are rebalancing an EMPLOYER RETIREMENT PLAN, you will use your employer's benefits website to gather information about your investment choices and to make changes to how your money is invested. Your company's plan consists of a menu of fund choices from which to choose and you will rebalance your account using these choices.

If you are rebalancing a SELF-DIRECTED ACCOUNT (IRA, brokerage), you will use your broker's website or call your broker directly to gather information about your investment choices and to make changes to how your money is invested. For brokerage and self-directed IRA accounts, you typically can choose from amongst thousands of investment options. You will use your broker's website and their support resources to research fund choices and make account changes.

Introductory Videos

You may find these videos helpful when using 401k CONTROL™ service to supplement the materials in the Reallocation Process Document.

1. Review Action Report and Update the Reallocation Worksheet. [Click to view on YouTube](#). [Click to view on Facebook](#).
2. Create Allocation Plan (for brokerage account subscribers). [Click to view on YouTube](#). [Click to view on Facebook](#).
3. Researching Funds (for brokerage account subscribers). [Click to view on YouTube](#). [Click to view on Facebook](#).
4. Rebalance Account (for brokerage account subscribers). [Click to view on YouTube](#). [Click to view on Facebook](#).
5. Update Reallocation Worksheet with Employer Funds. [Click to view on YouTube](#). [Click to view on Facebook](#).

Definitions

The following terms will be used throughout this document and you should become familiar with their meaning.

Allocation Profile (aka, Risk Profile)

An **allocation profile**, or **risk profile** is a reflection of an individual's willingness and ability to take risks. Investors can be classified into *aggressive*, *moderate* and *conservative* risk profiles based on two factors: (1) ability to take risk (risk capacity), and (2) willingness to assume risk (risk aversion).

Asset Class

An **asset class** is a grouping of investments that exhibit similar characteristics and are subject to the same laws and regulations. The five primary asset classes are *U.S. (a.k.a., Domestic) and international equities* (stocks), *fixed income* (bonds), *cash or money market* instruments, and *commodities*.

Category

Investment **categories**, popularized by Morningstar, are a grouping of investments that make up the broader asset class. For example, the "equities" asset class can be further differentiated by the characteristics of the companies (e.g., Large Growth, Medium Value, Small Blend). [Click here](#) for a list and discussion of categories.

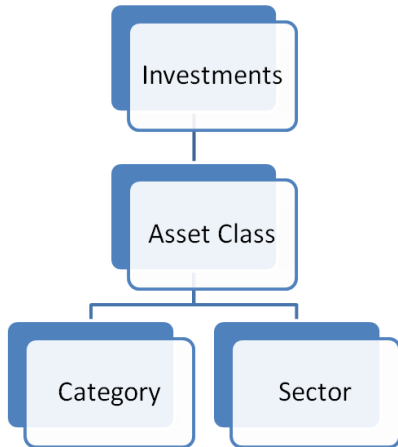
Sector

Sectors represent a grouping of companies with similar business activities. The stock market is divided into 10-11 sectors (e.g., Energy, Financial, Technology). [Click here](#) for a list and definition of sectors.

Action Report Overview

Before investing, ensure that your tax, budgetary, liquidity, overall financial needs, and proper diversification have been discussed and considered with proper professional financial and tax guidance.

The **401k CONTROL™ Action Report** includes information you can use to decide if or how to reallocate your account.



Each Action Report...

- ...Ranks the performance of the major **asset classes**, from strongest to weakest. [Click here](#) for more information.
- ...Identifies the best-performing (i.e., “favored”) **category** for each asset class.
- ...Ranks the top five market **sectors**.

History suggests that long-term performance improvement can come when you invest the majority of your money in the highest-ranked category for each asset class.

Sample Action Report

A sample Action Report is shown below. The information in each Action Report is arranged into four sections as follows:

- (A) **Asset Class (Score)**. The relative ranking of the five major asset classes with its assigned *Score* of between 0 to 100. 100-points is assigned to the highest performing asset class.
- (B) **Favored Category**. The highest performing category within each corresponding asset class.
- (C) **Adaptive Asset Allocation Portfolios**. Based on your chosen investment risk profile, how you may consider spreading out your total investment across each asset class.
- (D) **Top 5 Domestic Equity Sectors**. Highest performing market sectors within the Domestic (i.e., US) Equities asset class.

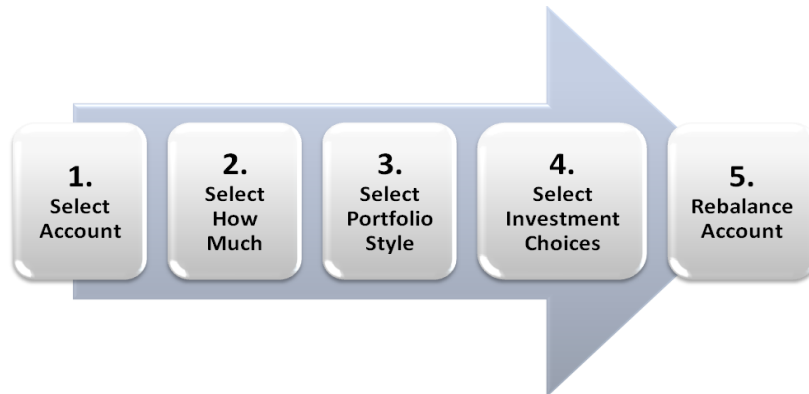
Asset Class (Score)	Favored Category	Adaptive Asset Allocation Portfolios		
		Aggressive	Moderate	Conservative
Domestic Equities (100)	Small-Cap Growth	80%	75%	40%
International (74)	Europe Dev Funds	10%	5%	10%
Fixed Income Bonds (38)	US High Yield	10%	20%	40%
Cash Money Market (30)	NA	0%	0%	0%
Commodities (84)	Energy	0%	0%	10%

Top 5 Domestic Equity Sectors	
Sector	(Score)
Consumer Cyclical	(61)
Financials	(57)
Technology	(56)
Industrial	(46)
Real Estate	(46)

Rebalance Process Overview

The following is provided for education purposes only.
 The final investment choices and evaluation criterion you use are ultimately your decision.

The following is an overview of the process you will follow whenever a new 401k CONTROL™ Action Report is published, so as to keep your money focused into the highest-performing areas of the market using the investment choices available and best suited to your situation.

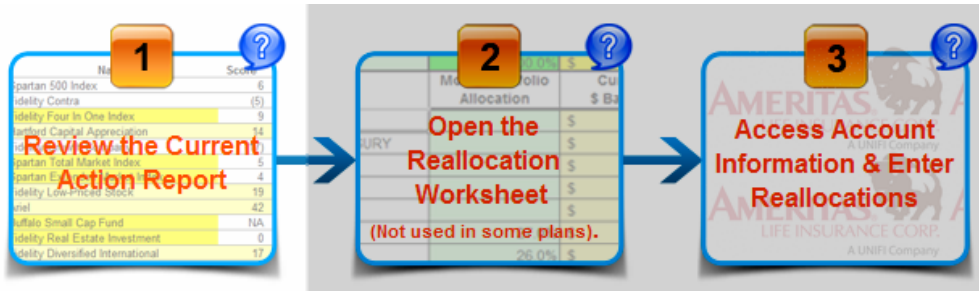


1. **Select Account.** Decide which account(s) you want to rebalance (i.e., employer retirement plan, IRA, brokerage)
2. **Select How Much.** Decide how much of each account you want to invest using the information in the Action Report.
3. **Select Portfolio Style.** Choose the Adaptive Asset Allocation Portfolio (labeled “C” in the diagram below) investment style that you wish to follow (e.g., Aggressive, Moderate, or Conservative). *NOTE: If you need help deciding which of these portfolios is best for you, please contact a licensed financial advisor.*
4. **Select Investment Choices.** Determine how you will rebalance you account’s in the available investment choice(s) in each **Asset Class** (labeled “A” in the diagram below). You may use the **Favored Category** (labeled “B” in the diagram below) and the **Top 5 Domestic Equity Sectors** (labeled “D” in the diagram below) options to refine your investment selections. Please refer to [Appendix D: Fund Selection Considerations](#) for more information about fund selection.
5. **Rebalance Account.** Go to your employer benefits or brokerage firm website to make changes to your account. If you are unsure of how to do this, please consult with your employer benefits team, or brokerage firm for further instructions.

		Adaptive Asset Allocation Portfolios		
		Aggressive	Moderate	Conservative
A	Asset Class (Score)	B		
		Favored Category		
	Domestic Equities (100)	80%	75%	40%
	International (74)	10%	5%	10%
	Fixed Income Bonds (38)	10%	20%	40%
	Cash Money Market (30)	0%	0%	0%
	Commodities (84)	0%	0%	10%
C				
Top 5 Domestic Equity Sectors				
	Sector (Score)	D		
	Consumer Cyclical (61)			
	Financials (57)			
	Technology (56)			
	Industrial (46)			
	Real Estate (46)			

Step 1: Review the Current Action Report

➔ Every five weeks, you will get an email informing you that the latest Action Report has been posted to the 401k CONTROL™ subscriber website. To open the Action Report from the 401k CONTROL™ Subscriber Home Page, click the **Review the Current Action Report** button (# 1).



Step 2: Open the Reallocation Worksheet

The Reallocation Worksheet is an Excel spreadsheet that you can use to record your investment choices, allocation percentages and generate the transactions needed during the account reallocation process. You will use different features of the Reallocation Worksheet depending on what type of account (Employer, Brokerage) you are working with.

NOTE: You must have Microsoft Excel installed on your device to use certain features of the Reallocation Worksheet.

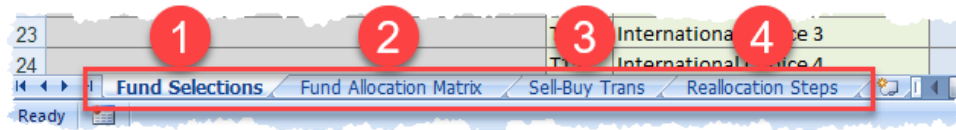
➔ To open the Reallocation Worksheet from the 401k CONTROL™ Subscriber Home Page, click the **Open the Reallocation Worksheet** button (# 2).

This will download the current **Reallocation Worksheet**. The Reallocation Worksheet is an Excel spreadsheet file named “Worksheet_401KC.xls”.



Reallocation Worksheet Tabs

The Reallocation Worksheet is arranged into **four tabs** as follows:



(1) **Fund Selections.**

- a. For employer plans: You will list each fund choice along with its ticker symbol (if known), and category. You will enter the desired percentage amount of your total portfolio that what you want to invest in each one.
- b. For brokerage/IRA accounts: You will enter information about funds in which you may want to invest. You will enter the desired percentage amount of your total portfolio that what you want to invest in each one.

(2) **Fund Allocation Matrix** (For brokerage/IRA accounts). Here you will record your current balance information (dollar and share values) for each position in your account.

(3) **Sell-Buy Trans** (For brokerage/IRA accounts). This is where Sell and Buy trade transactions will appear that you will use to enter orders into your Brokerage/IRA account website if an exchange or rebalance option is not offered for your account.

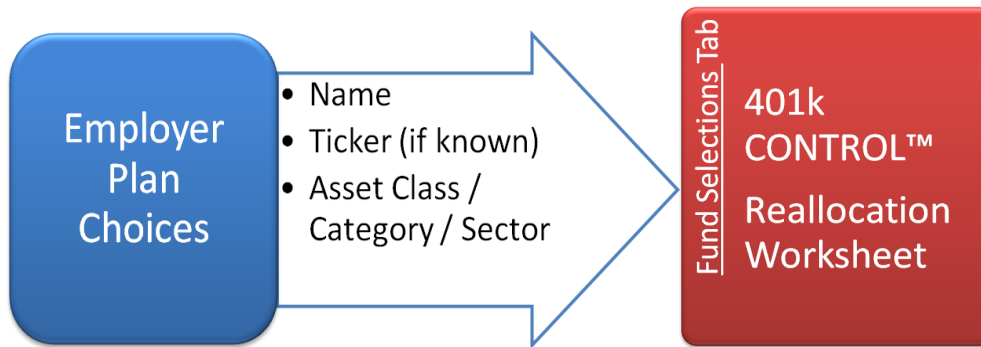
(4) **Reallocation Steps.** Not applicable.

NOTE: Please also see [Video 1 Review Action Report and Update the Reallocation Worksheet](#) for an example of the above steps.

Step 2A: Categorize your Employer Plan Choices

NOTE: This step only needs to be done once and then updated anytime there are fund changes in your employer plan.

→ Select the “**Fund Selections**” tab of the Reallocation Worksheet. Here you will enter certain information about your employer plan fund choices. *Refer to the example starting on the next page.*



The Reallocation Worksheet supports up to 35 fund choices. If you have more than 35 fund choices in your employer plan, the following suggestions can help you decide on a subset of funds:

- Exclude any funds that are in a Blended, Asset Allocation, Multi-Asset, Target Date or Other asset class.
- Include funds that have the most performance history available. See [Appendix B: Finding a Fund's Historical Performance](#).
- When you have multiple funds in the same asset class and category, consider including only funds that have the best performance and lowest expense. For example, you may have five Large Cap Blend funds that all perform about the same. Paring your choices down to one or two Large Cap Blend funds will work fine for purposes of regular rebalancing.

Employer Plan Example 1

We will use the following example screen shot of an employer plan’s fund choices in the steps that follow. Of course, your funds will be different but the process is the same.

Short Bonds/Stable/MMkt	
Vanguard Treasury Money Market Inv	
Goldman Sachs Stable Value Instl Class 1	
Interm./Long-Term Bonds	
Prudential Core Plus Bond I2	
PIMCO Real Return Instl	
Aggressive Bonds	
Mainstay MacKay High Yield Corp Bond R6	
Large-Cap Stocks	
BlackRock Equity Dividend K	
Fidelity 500 Index	
TIAA-CREF Social Choice Eq Instl	
Wilmington Trust MFS Growth Equity CIT Class S	
Small/Mid-Cap Stocks	
T. Rowe Price Mid-Cap Value I	
Vanguard Mid Cap Index I	
Eagle Mid Cap Growth CIT Founders Class	
MFS New Discovery Value R6	
Vanguard Small Cap Index I	
Artisan Small Cap Institutional	
DFA Global Real Estate Securities I	
	International Stocks
	American Funds Capital World G/I R6
	American Funds EuroPacific Gr R6
	Vanguard International Value Inv
	Invesco Developing Markets R6
	Multi-Asset/Other
	Vanguard Institutional Target Retirement Income
	JHancock Alternative Asset Allc R6
	Vanguard Institutional Target Retirement 2015
	Vanguard Institutional Target Retirement 2020
	Vanguard Institutional Target Retirement 2025
	Vanguard Institutional Target Retirement 2030
	Vanguard Institutional Target Retirement 2035
	Vanguard Institutional Target Retirement 2040
	Vanguard Institutional Target Retirement 2045
	Vanguard Institutional Target Retirement 2050
	Vanguard Institutional Target Retirement 2055
	Vanguard Institutional Target Retirement 2060
	Vanguard Institutional Target Retirement 2065

→ Determine the asset class, ticker symbol, category or sector for each fund choice.

Most employer plans provide this information on their benefits website under a section typically called “Investment Choices.” You can also find this information on financial websites such as [Yahoo Finance](#), [Morningstar](#) or [Google Finance](#). Please refer to [Appendix A: Finding a Fund’s Category](#).

If you are unable to find this information directly, please contact your employer benefits department.

NOTE: Funds categorized as Specialty, Multi-Asset, Blended, Balanced, Target Date or “Other” are NOT included in the Action Report and can be excluded from entry in the Fund Selections tab. Of course, you can always invest in any of those funds at your discretion.

- A. Copy each fund’s name into column E on the **Fund Selections** tab of the Reallocation Worksheet within the fund’s corresponding **Asset Class** section (i.e., Domestic Equities, Sector Funds, International, Fixed Income Bonds, Cash Money Market, or Commodities).
- B. Enter the **Category** for each fund in column F.
- C. OPTIONAL: Enter the fund’s ticker symbol in column D, replacing the “Tn” default value with the actual ticker symbol. **IMPORTANT:** While the actual ticker symbol is options, for the Reallocation Worksheet to function properly there must be a unique value in the Ticker column for each fund—and it cannot be left blank.

→ Save a copy of the Reallocation Worksheet to be used every time an Action Report is issued.

	A	B	C	D	E	F	G	
1					<---- Should both equal 100% ---->			
2	Asset Class (Score)	Favored Category	Tot %	Ticker	Fund Name	Category, etc.	%	
3	Domestic Equities (100)							
4				T1	BlackRock Equity Dividend K	Large Value		
5				T2	Fidelity 500 Index	Large Blend		
6				T3	TAA-CREF Social Choice Eq Instl	Large Blend		
7	Suggestion: If the percentage allocated to the asset class is > 35%, assign a majority % to a fund choice in the Favored Category. Allocate the remainder across 2-3 funds.			T4	Wilmington Trust MFS Growth Equity CIT Class S	Large Growth		
8				T5	T. Rowe Price Mid-Cap Value I	Mid-Cap Value		
9				T6	Vanguard Mid Cap Index I	Mid-Cap Blend		
10				T7	Eagle Mid Cap Growth CIT Founders Class	Mid-Cap Growth		
11				T8	MFS New Discovery Value R6	Small Growth		
12				T9	Vanguard Small Cap Index I	Small Blend		
13				T10	Artisan Small Cap Institutional	Mid-Cap Blend		
14		SECTOR FUNDS						
15					T11	DFA Global Real Estate Securities I	Real Estate	
16		Suggestion: Allocate no more than 5% into any one Sector fund						
17								
18								
19								
20	International (74)							
21	Suggestion: If the percentage allocated to the asset class > 35%, assign a majority % to a fund choice in the Favored Category. Allocate the remainder across 2-3 funds.			T16	American Funds Capital World GI R6	World Large-Stock Blend		
22				T17	American Funds EuroPacific Gr R6	Foreign Large Growth		
23				T18	Vanguard International Value Inv	Foreign Large Value		
24				T19	Invesco Developing Markets R6	Diversified Emerging Mkts		
25								
26	Fixed Income Bonds (49)							
27	Suggestion: If the percentage allocated to the asset class > 35%, assign a majority % to a fund choice in the Favored Category. Allocate the remainder across 2-3 funds.			T21	Prudential Core Plus Bond I2	Core Bond		
28				T22	PIMCO Real Return Instl	Inflation-Protected Bond		
29				T23	Mainstay MacKay High Yield Corp Bond R6	Intermediate Core-Plus Bond		
30								
31								
32	Cash Money Market (38)							
33				T26	Goldman Sachs Stable Value Instl Class 1			
34	Commodities (99)	Energy						
35	Suggestion: Allocate no more than 5% into any one Commodity fund.			T27				
36				T28				
37								

Employer Plan Example 2

NOTE: For another example of how to complete the **Fund Selections** tab of the Reallocation Worksheet refer to [Appendix C: Employer Plan \(Thrift Savings Plan \(TSP\)\) Example](#).

Employer Plan Example 3

- Please refer to this video showing how the Reallocation Worksheet is filled in with another example Employer plan. [Click to view on YouTube](#). [Click to view on Facebook](#).

Step 3: Enter Action Report Information into the Reallocation Worksheet

➔ Copy the corresponding percentages for each **Asset Class** (“A” in the diagram below) for your selected Adaptive Asset Allocation Portfolio (“C” in the diagram below) into column C of the **“Fund Selections”** tab of the Reallocation Worksheet. Make sure they total 100% (cell C1). *NOTE: In the 401(k) CONTROL™ Action Report example shown below, we follow the **Moderate** Adaptive Asset Allocation Portfolio. You would of course use the Adaptive Asset Allocation Portfolio that best suits you.*

➔ Enter the **Favored Category** (“B” in the diagram below) for each Asset Class into column B.

➔ Copy the **Top 5 Domestic Equity Sectors** (“D” in the diagram below) into the SECTOR FUNDS section.

Asset Class (Score)	Favored Category	Adaptive Asset Allocation Percentages		
		Aggressive	Moderate	Conservative
Domestic Equities (100)	Small-Cap Growth	80%	75%	40%
International (74)	Europe Dev Funds	10%	5%	10%
Fixed Income Bonds (38)	US High Yield	10%	20%	40%
Cash Money Market (30)	NA	0%	0%	0%
Commodities (84)	Energy	0%	0%	10%

Top 5 Domestic Equity Sectors
Sector (Score)
Consumer Cyclical (61)
Financials (57)
Technology (56)
Industrial (46)
Real Estate (46)

Asset Class (Score)	Favored Category	Allocation %	Tick
100%			
Domestic Equities (100)	Small-Cap Growth	75%	
			T1
			T2
			T3
			T4
			T5
			T6
			T7
			T8
			T9
			T10
SECTOR FUNDS			
	Consumer Cyclical		T11
	Financials		
	Technology		
	Industrial		
	Real Estate		
International (74)	Europe Dev Funds	5%	
			T16
			T17
			T18
			T19
Fixed Income Bonds (49)	US High Yield	20%	
			T21
			T22
			T23
Cash Money Market (38)			
			T26
Commodities (99)	Energy		
			T27
			T28

Step 4: Determine Fund Percentage Allocations—Employer Plan

➔ Decide which fund choices to invest in and enter a percentage amount for each. When done, be sure that the Asset Class total matches the Action Report asset class total and the total percentage for all funds equals 100%. *NOTE: You will see the “Percent remaining to allocate” percentage amount needed to reach 100% displayed in **cell H1** and shaded red if the total assigned is less than 100%.*

Refer to the corresponding completed Reallocation Worksheet on the next page.

One possible application of this Action Report to the fund choices in the employer portfolio follows.

For the 75% being allocated to the **Domestic Equities** Asset Class

- We have one choice in the Domestic Equity Favored Category (i.e., Mid-Cap Growth). We will put 38% (i.e., a majority of the 75% total) into the Eagle Mid Cap Growth CIT Founders Class fund (labeled “4 (a) (i)” in the Reallocation Worksheet on the next page).
- We have one fund choice that is in the Top 5 Domestic Equity Sectors (i.e., Real Estate). We will put 5% (the suggested maximum percentage) into the DFA Global Real Estate Securities I fund (labeled “4 (a) (ii)” in the Reallocation Worksheet on the next page).
- The remaining 32 % (75% — 38% — 5%) we will divide equally across the two top performing Domestic Equities choices. *NOTE: You can determine the performance for each fund using the employer’s benefit site.* For this example, assume that the Fidelity 500 Index and Artisan Small Cap Institutional funds are the next two best performing Domestic Equities funds (labeled “4 (a) (iii)” in the Reallocation Worksheet on the next page).

For the 5% being allocated to the **International** Asset Class:

We do not have any choices in the International Favored Category (i.e., Europe Developing). So, we will put the 5% into the best performing International Fund.

For this example, assume that the American Funds Capital World G/I R6 fund was the best performing fund (labeled “4 (b)” in the Reallocation Worksheet on the next page).

For the 20% being allocated to the **Fixed Income Bonds** Asset Class:

We have one fund in the Fixed Income Bonds Favored Category (i.e., US High-Yield).

We will put the 20% into the Mainstay MacKay High Yield Corp Bond R6 (labeled “4 (c)” in the Reallocation Worksheet on the next page).

Asset Class (Score)	Favored Category	Tot %	Ticker	Fund Name	Category, etc.	%	
Domestic Equities (100)		75%					75.0%
Suggestion: If the percentage allocated to the asset class is > 35%, assign a majority % to a fund choice in the Favored Category. Allocate the remainder across 2-3 funds.			T1	BlackRock Equity Dividend K	Large Value		
			T2	Fidelity 500 Index	Large Blend	16.0%	
			T3	TAA-CREF Social Choice Eq Instl	Large Blend		
			T4	Wilmington Trust MFS Growth Equity CIT Class S	Large Growth	16.0%	
			T5	T. Rowe Price Mid-Cap Value I	Mid-Cap Value		
			T6	Vanguard Mid Cap Index I	Mid-Cap Blend		
			T7	Eagle Mid Cap Growth CIT Founders Class	Mid-Cap Growth	38.0%	
			T8	MFS New Discovery Value R6	Small Growth		
			T9	Vanguard Small Cap Index I	Small Blend		
			T10	Artisan Small Cap Institutional	Mid-Cap Blend		
SECTOR FUNDS							
Suggestion: Allocate more than 5% into one Sector fund			T11	DFA Global Real Estate Securities I	Real Estate	5.0%	
International (74)		5%					5.0%
Suggestion: If the percentage allocated to the asset class > 35%, assign a majority % to a fund choice in the Favored Category. Allocate the remainder across 2-3 funds.			T16	American Funds Capital World GI R6	World Large-Stock Blend	5.0%	
			T17	American Funds EuroPacific Gr R6	Foreign Large Growth		
			T18	Vanguard International Value Inv	Foreign Large Value		
			T19	Invesco Developing Markets R6	Diversified Emerging Mkts		
Fixed Income Bonds (49)		20%					20.0%
Suggestion: If the percentage allocated to the asset class > 35%, assign a majority % to a fund choice in the Favored Category. Allocate the remainder across 2-3 funds.			T21	Prudential Core Plus Bond I2	Core Bond		
			T22	PIMCO Real Return Instl	Inflation-Protected Bond		
			T23	Mainstay MacKay High Yield Corp Bond R6	Intermediate Core-Plus Bond	20.0%	
Cash Money Market (38)							
			T26	Goldman Sachs Stable Value Instl Class 1			
Commodities (99)							
Suggestion: Allocate no more than 5% into any one Commodity fund.			T27				
			T28				

Legend

For the example shown above:

- 1) Action Report Percentages from the **Moderate** Adaptive Asset Allocation Portfolio
- 2) The **Favored Category** for each Asset Class
- 3) **Top 5 Domestic Equity Sectors**
- 4) The percentage invested for each selected fund
- 5) Asset class totals
- 6) Total of all investment choices

Step 5: Rebalance Account—Employer Plan

PLEASE NOTE: Compass Investors cannot provide guidance or support for your employer’s rebalance process.

→ Use your employer benefits website to rebalance your account according to the percentages you entered in the blue shaded columns of the Reallocation Worksheet. Most employer benefits websites allow you to enter a desired fund percentage directly for each fund, often called an “Exchange” feature.

If your employer’s benefit website does NOT offer an “Exchange” feature OR if you are unsure of how to do it yourself, please contact your employer’s benefits support team who can walk you through working with the resources available to you to help you research funds and rebalance your account.

Self-Directed Accounts Process (IRA, Brokerage)

*The following is provided for education purposes only.
The final investment choices and evaluation criterion you use are ultimately your decision.*

You should have completed the following previous steps before proceeding.

- Step 1: Review the Current Action Report.
- Step 2: Open the Reallocation Worksheet.
- Step 3: Enter Action Report Information into the Reallocation Worksheet.

NOTE: Please also see [Video 1 Review Action Report and Update the Reallocation Worksheet](#) for an example of the above 3 steps.

Step 4A: Determine Fund Candidates and Percentages—Brokerage/IRA

NOTE: We suggest using one of our brokerage-specific HORIZON™ services—where Compass Investors selects the fund choices and the exact percentage amounts each Action Report period—if you are managing a self-directed brokerage account such as an IRA.

When doing this on your own, remember that there is no right or wrong answer when it comes to fund selection. Your goal should be to identify and invest in high-quality funds with good, consistent performance and low expenses relative to their peers.

You can use your brokerage firm’s website (or other online tools) to research possible investment options and then use the information in the 401k CONTROL™ Action Report to complete the Reallocation Worksheet and generate your trades.

Determine your investing approach.

NOTE: Please see [Video 2 Create Allocation Plan \(For brokerage account subscribers\)](#) for an example of the steps below.

➔ The first thing you need to do is come up with an investing approach for how you want to apply the information in the Action Report to identify potential investment choices.

- Refer to the [Appendix D: Fund Selection Considerations](#).

➔ Using the following sample Action Report, we will demonstrate one possible investing approach that applies some of the guidelines listed in Appendix D.

HORIZON for 401k Control™ November-2021

Asset Class (Score)	Favored Category	Adaptive Asset Allocation Portfolios		
		Aggressive	Moderate	Conservative
Domestic Equities (100)	Small-Cap Growth	80%	75%	40%
International (66)	Europe Emerging Funds	10%	5%	10%
Fixed Income Bonds (40)	US Preferreds & Convert	10%	20%	40%
Cash Money Market (32)	NA	0%	0%	0%
Commodities (83)	Energy	0%	0%	10%

Top 5 Domestic Equity Sectors

Sector (Score)
Consumer Cyclical (63)
Technology (59)
Financials (57)
Energy (49)
Real Estate (46)

We are going to find the following candidate funds:

- Domestic Equity (75%)
 - a) 50% (i.e., 37.5%) in 2 funds in the Favored category
 - b) 5% in each of the top 2 sectors
 - c) Remaining (i.e., 27.5%) in 2 more funds
- International (5%)
 - a) 100% into 1 fund in the Favored category
- Fixed Income Bonds
 - a) 50% (i.e., 10%) in 1 fund in the Favored category
 - b) Remaining 10% in a high-performing fixed income bond fund

→ By way of example, we will use the Merrill ETF screening tool to identify funds in which we want to invest.

- Please refer to [Appendix E: Online Fund Research Links](#).
- Please see [Video 3 Researching Funds \(For brokerage account subscribers\)](#) for an example of the process.

→ As we find the funds, put the fund ticker symbol, name and category information into the corresponding asset class section of the Reallocation Worksheet. Add the desired percentage amount for each fund.

→ Decide which fund choices to invest in and enter a percentage amount for each. When done, be sure that the Asset Class total matches the Action Report asset class total and the total percentage for all funds equals 100%. *NOTE: You will see the "Percent remaining to allocate" percentage amount needed to reach 100% displayed in cell H1 and shaded red if the total assigned is less than 100%.*

Refer to the corresponding completed Reallocation Worksheet on the next page.

One possible application of this Action Report to the fund choices follows.

For the 75% being allocated to the **Domestic Equities** Asset Class

- We have one choice in the Domestic Equity Favored Category (i.e., Mid-Cap Growth). We will put 38% (i.e., a majority of the 75% total) into the XXX fund (labeled "4 (a) (i)" in the Reallocation Worksheet on the next page).
- We have one fund choice that is in the Top 5 Domestic Equity Sectors (i.e., Real Estate) We will put 5% (the suggested maximum percentage) into the XXX fund (labeled "4 (a) (ii)" in the Reallocation Worksheet on the next page).
- The remaining 32 % (75% — 38% — 5%) we will divide equally across the two top performing Domestic Equities choices. *NOTE: You can determine the performance for each fund using the employer's benefit site.* For this example, assume that the XXXX and XXXX funds are the next two best performing Domestic Equities funds (labeled "4 (a) (iii)" in the Reallocation Worksheet on the next page).

For the 5% being allocated to the **International** Asset Class:

We do not have any choices in the International Favored Category (i.e., Europe Developing). So, we will put the 5% into the best performing XXXXX Fund.

For this example, assume that the XXXX fund was the best performing fund (labeled "4 (b)" in the Reallocation Worksheet on the next page).

For the 20% being allocated to the **Fixed Income Bonds** Asset Class:

We have one fund in the Fixed Income Bonds Favored Category (i.e., US High-Yield).

We will put the 20% into the XXXX (labeled "4 (c)" in the Reallocation Worksheet on the next page).

Step 4B: Entering Your Current Balances—Brokerage/IRA

Please see [Video 4 Rebalance Account \(For brokerage account subscribers\)](#) for an example of the below steps.

→ Go to the “Fund Allocation Matrix” tab of the Reallocation Worksheet.

→ Enter your current balances (dollars and shares) for each fund in your account into the yellow shaded cells as shown in the example below.

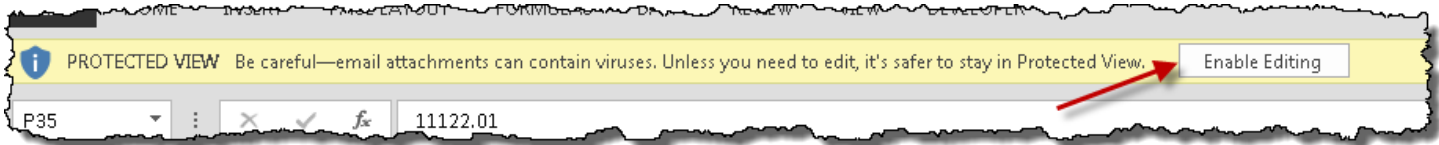
For this example, we will assume that we have (a) \$10,000 invested in the Target Date 2020 and (b) \$15,000 spread across four other funds as shown. NOTE: Because the Target Date fund does not fall into any of the major Asset Classes, and therefore was not an entry in the “Fund Selections” tab of the Reallocation Worksheet completed in the prior step, enter that fund name into the blue shaded area. **IMPORTANT: You can enter the ticker symbol, if known, or leave the default for any fund you enter in the blue shaded area. Just be sure that it is not left blank AND is unique.**

Fidelity ETF Series A Reallocation Worksheet - 1/2022				
	Reset Bypass	100.0%	\$ 25,000.00	N/A
Fund/ETF/Stock Name	Bypass? (Y/N)*	Model Portfolio Allocation	Current \$ Balance	Current Share Balance
BlackRock Equity Dividend K			\$ -	-
Fidelity 500 Index	N	16%	\$ 5,480.25	123.334
TAA-CREF Social Choice Eq Instl	N		\$ 2,400.50	16.890
Wilmington Trust MFS Growth Equity CIT Class S		16%	\$ -	-
T. Rowe Price Mid-Cap Value I			\$ -	-
Vanguard Mid Cap Index I	N		\$ 4,582.15	65.433
Eagle Mid Cap Growth CIT Founders Class		38%	\$ -	-
MFS New Discovery Value R6			\$ -	-
Vanguard Small Cap Index I			\$ -	-
Artisan Small Cap Institutional			\$ -	-
DFA Global Real Estate Securities I		5%	\$ -	-
			\$ -	-
			\$ -	-
			\$ -	-
			\$ -	-
American Funds Capital World G/I R6	N	5%	\$ 2,537.10	33.456
American Funds EuroPacific Gr R6			\$ -	-
Vanguard International Value Inv			\$ -	-
Invesco Developing Markets R6			\$ -	-
			\$ -	-
Prudential Core Plus Bond I2			\$ -	-
PIMCO Real Return Instl			\$ -	-
Mainstay MacKay High Yield Corp Bond R6		20%	\$ -	-
			\$ -	-
			\$ -	-
Goldman Sachs Stable Value Instl Class 1			\$ -	-
			\$ -	-
			\$ -	-
Target Date Fund 2020	N		\$ 10,000.00	450.332
			\$ -	-
			\$ -	-

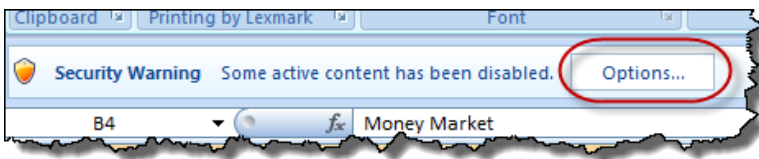
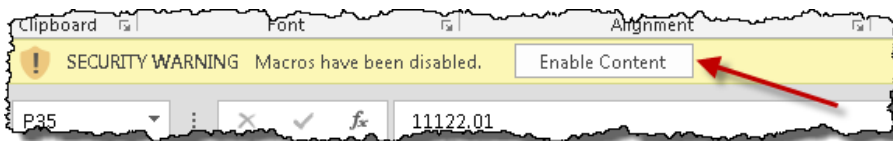
Step 5: Rebalance Account— Brokerage/IRA

➔ Enable macros for the Reallocation Worksheet. These must be enabled to have the Reallocation Worksheet calculate the transactions needed to rebalance your account.

➔ If you receive a **PROTECTED VIEW** warning (i.e., a message similar to the one shown below) when opening the **Reallocation Worksheet**, click the **Enable Editing** button.



➔ If you receive a **SECURITY WARNING** (i.e., a message similar to the one shown below) when opening the **Reallocation Worksheet**, click the **Enable Content** button if showing, or click the **Options...** button and then select the **Enable This Content** radio button in the pop-up window that follows.



IMPORTANT: If you do NOT receive a SECURITY WARNING and are unsure whether or not macros have been enabled, please follow the steps at the top of the next page to manually enable macros for your version of Excel.

<u>EXCEL 2010+ (WINDOWS)</u>	<u>EXCEL 2007 (WINDOWS)</u>	<u>EXCEL 2011 (MAC)</u>
<ol style="list-style-type: none"> 1. Click the File tab 2. Click Options 3. Click Trust Center, and then click Trust Center Settings 4. Trust Center Settings button 5. In the Trust Center, click Macro Settings 6. Select the Disable all macros with notification radio button 7. Click OK. 	<ol style="list-style-type: none"> 1. Click the Microsoft Office button 2. Click the Excel Options button 3. Click Trust Center, and then click Trust Center Settings 4. In the Trust Center, click Macro Settings 5. Select the Disable all macros with notification radio button 6. Click OK. 	<ol style="list-style-type: none"> 1. On the Excel menu, click Preferences 2. Under Sharing and Privacy, click Security, 3. Select the Warn before opening a file that contains macros check box.

➔ After you have entered your current balance information and enabled macros, go to the **Sell-Buy Trans** tab of the Reallocation Worksheet. An example is shown below.

	A	B	C	D	E
1	Sell Ticker	Fund/ETF Name	Move this \$ AMOUNT	Move this # SHARES	% of Shares
2	TBD1	Target Date Fund 2020	\$10,000.00	450.332	100.0%
3	T6	Vanguard Mid Cap Index I	\$4,582.15	65.433	100.0%
4	T3	TAA-CREF Social Choice Eq Instl	\$2,400.50	16.890	100.0%
5	T2	Fidelity 500 Index	\$1,480.25	33.313	27.0%
6	T16	American Funds Capital World Gl R6	\$1,287.10	16.972	50.7%
7					
8	Buy Ticker	Fund/ETF Name	Move this \$ AMOUNT		
9	T7	Eagle Mid Cap Growth CIT Founders Class	\$9,500.00		
10	T23	Mainstay MacKay High Yield Corp Bond R6	\$5,000.00		
11	T4	Wilmington Trust MFS Growth Equity CIT Class S	\$4,000.00		
12	T11	DFA Global Real Estate Securities I	\$1,250.00		
13					
14					
25					
26					
27					

Navigation tabs: Fund Selections | Fund Allocation Matrix | **Sell-Buy Trans** | Reallocation Steps

➔ Use your broker’s website to enter the Sell transactions (from the section labeled “1” in the diagram above) and then enter the Buy transactions (from the section labeled “2” in the diagram above).

PLEASE NOTE: Compass Investors cannot provide guidance or support for the rebalance process.

If you are unsure of how to do it yourself, please contact your brokerage account support team who can walk you through working with the resources available to you to help you research funds and rebalance your account.

Important notes about entering transactions

IMPORTANT BEST PRACTICES

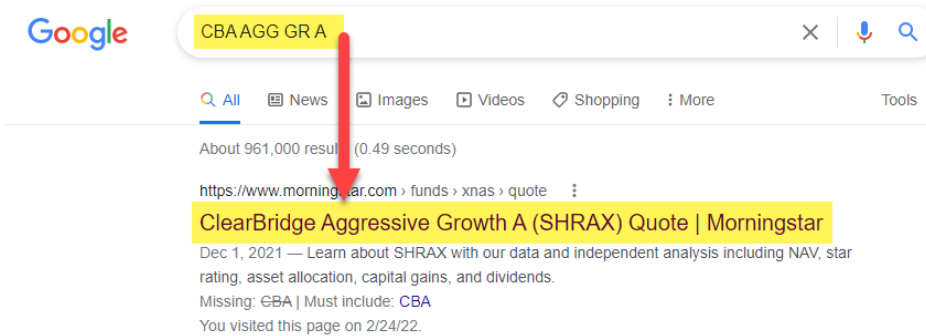
Please contact your brokerage support team for assistance first if you are uncertain of anything BEFORE placing any trades.

1. It is best to enter your Sell and Buy transactions during the market day, typically weekdays, 9:30 am EST to 4:00 pm EST.
2. Do all SELL transactions followed as closely as possible to all BUY transactions.
3. We suggest that all transactions be entered as “market” orders so that they will be completed immediately.
4. Ignore any SELL transactions involving a cash or money market position.
5. Buy and sell transactions involve **whole shares only** (unless you are selling ALL of a position).
6. Make sure that you are not buying more than your accounts total amount available to trade.

Appendix A: Finding a Fund’s Category

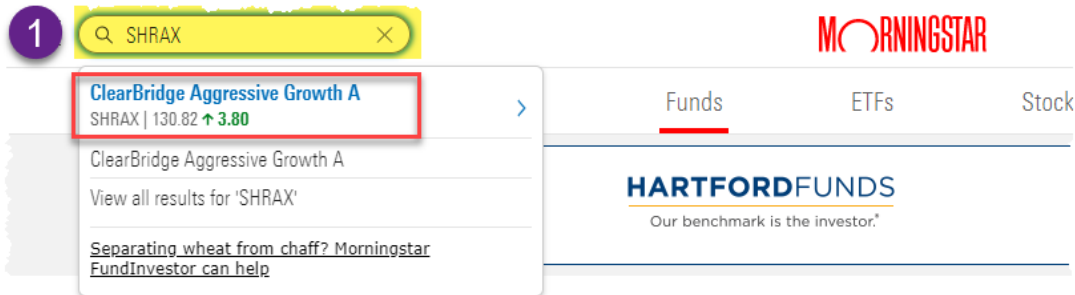
You will need to know a fund’s ticker symbol to look it up on a financial website. If the ticker symbol is not provided, you will need to look the fund up on a web search such as Google. Note that fund names are often abbreviated when shown on a list of fund choices, especially in an employer plan. For example, the “ClearBridge Aggressive Growth Fund” is listed as “CBA AGG GR A” in a Fidelity Employer plan.

To find the fund name and ticker, enter the abbreviated fund name into a Google search.



Once you know the fund name and ticker symbol, you can use a site such as www.morningstar.com to find the category.

1. Enter the fund name / ticker into the Morningstar search box. Confirm that the correct fund name appears below the search box.
2. Click on the **Quote** tab.
3. Search for the **Category** section. This is often the name used to define “asset class”. In this example, the fund is in the “**Large Blend**” category



ClearBridge Aggressive Growth A SHRAX★ + Morningstar Analyst Rating

Analyst rating as of Dec 1, 2021

- 2 [Quote](#) [Fund Analysis](#) [Performance](#) [Sustainability](#) [Risk](#) [Price](#) [Portfolio](#) [People](#) [Parent](#)

NAV / 1-Day Return 130.82 / ↑ 2.99%	Total Assets 5.6 Bil	Adj. Expense Ratio ⓘ 1.110%	Expense Ratio 1.110%	Fee Level Above Average
--	--------------------------------	---------------------------------------	--------------------------------	-----------------------------------

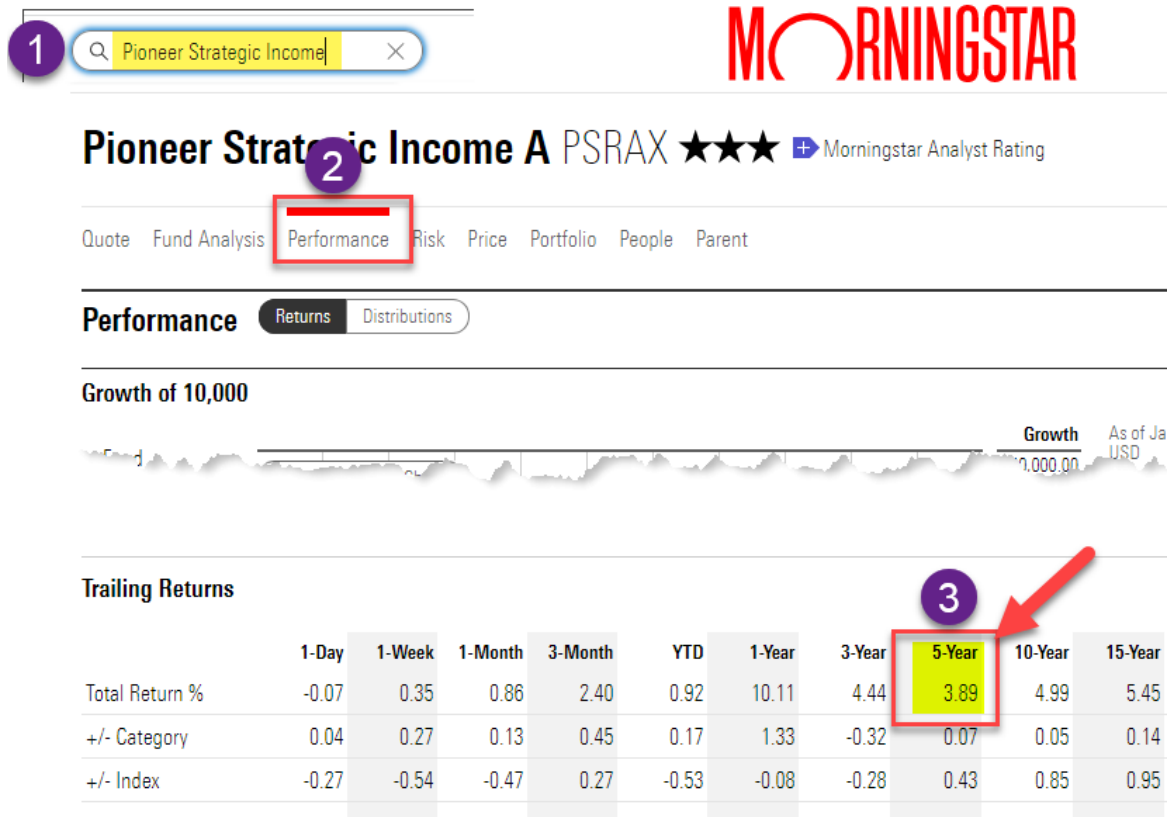
- 3 **Category**
Large Blend
- | | | | |
|--|---|-----------------------|---------------------------|
| Investment Style
🗪 Large Blend | Min. Initial Investment
1,000 | Status
Open | TTM Yield
0.00% |
|--|---|-----------------------|---------------------------|

USD | NAV as of Feb 24, 2022 | 1-Day Return as of Feb 24, 2022, 4:46 PM GMT-06:00

Appendix B: Finding a Fund’s Historical Performance

In this example, we will use the www.morningstar.com website to find the average annual performance information for the *Pioneer Strategic Income* fund.

1. Enter the fund name / ticker into the search box. If you do not know the ticker symbol and cannot find the fund by name, please try using a Google search of the fund name to see if you can identify the ticker.
2. Click on the **Performance** tab.
3. Scroll down and look for the **Trailing Returns** section. The **5-Year** column is highlighted. You can see that the 5-year total return percentage for the fund is **3.89%**. NOTE: You can choose to use any of the other performance timeframes shown (i.e., 1-Month, 3-month, etc.) when evaluating a fund’s performance.



1

MORNINGSTAR

Pioneer Strategic Income A PSRAX ★★★ Morningstar Analyst Rating

Quote Fund Analysis **Performance** Risk Price Portfolio People Parent

Performance Returns Distributions

Growth of 10,000

Trailing Returns

	1-Day	1-Week	1-Month	3-Month	YTD	1-Year	3-Year	5-Year	10-Year	15-Year
Total Return %	-0.07	0.35	0.86	2.40	0.92	10.11	4.44	3.89	4.99	5.45
+/- Category	0.04	0.27	0.13	0.45	0.17	1.33	-0.32	0.07	0.05	0.14
+/- Index	-0.27	-0.54	-0.47	0.27	-0.53	-0.08	-0.28	0.43	0.85	0.95

Appendix C: Employer Plan (Thrift Savings Plan (TSP)) Example

The following is provided for education purposes only.
 The final investment choices and evaluation criterion are ultimately your decision.

The TSP only has five fund choices as shown in the diagram below to the left. All choices except one (i.e., *Small Capitalization Stock Index (S) Fund*) are broad-market Asset Class funds. There are no Sector fund choices available in the TSP.

The first step would be to enter these choices into their corresponding section of the Reallocation Worksheet as shown below. **IMPORTANT: You can enter the ticker symbol, if known, or leave the default as shown. Just make sure that it is not left blank AND is unique.**

	A	B	C	D	E	F
1					<==== Should both equal 100% =====>	
2	Asset Class (Score)	Favored Category	Tot %	Ticker	Fund Name	Category, etc.
3	Domestic Equities					
4				T1	The Common Stock Index Investment (C) Fund	
5				T2	The Small Capitalization Stock Index (S) Fund	Small Cap Blend
6						
22				T18		
23	International					
24					International Stock Index Investment (I) Fund	
25	Suggestion: If the percentage allocated to the			T20		
				T21		
30				T25		
31	Fixed Income Bonds					
32					The Fixed Income Index Investment (F) Fund	
33	Suggestion: If the percentage allocated to the			T27		
34						
37				T31		
38	Cash Money Market					
39					The Government Securities Investment (G) Fund	
40				T33		
41	Commodities					

- A The Government Securities Investment (G) Fund
- B The Fixed Income Index Investment (F) Fund
- C The Common Stock Index Investment (C) Fund
- D The Small Capitalization Stock Index (S) Fund
- E International Stock Index Investment (I) Fund

In the example **Action Report** below, the subscriber decides to follow a “Moderate” portfolio with their TSP.

HORIZON for 401k Control™
November-2021

Asset Class (Score)	Favored Category	Adaptive Asset Allocation Portfolios		
		Aggressive	Moderate	Conservative
Domestic Equities (100)	Small-Cap Growth	80%	75%	40%
International (66)	Europe Emerging Funds	10%	5%	10%
Fixed Income Bonds (40)	US Preferreds & Convert	10%	20%	40%
Cash Money Market (32)	NA	0%	0%	0%
Commodities (83)	Energy	0%	0%	10%

Top 5 Domestic Equity Sectors

Sector (Score)
Consumer Cyclical (63)
Technology (59)
Financials (57)
Energy (49)
Real Estate (46)

Not Available

Example ONLY

- 1) Enter the target percentages for each Asset Class from the Moderate column into the corresponding column C on the Reallocation Worksheet.
- 2) For example, the subscriber may consider:
 - Since there is a fund choice available in the Favored Category (Small-Cap Growth), put the *majority* of the 75% assigned to Domestic Equities (e.g., 38%) into that fund. Put the remaining 37% into the *Common Stock Index Investment (C) Fund*. The actual amount to split is up to the subscriber.
 - 5% goes into the *International Stock Index Investment (I) Fund*.
 - 20% goes into *The Fixed Income Index Investment (F) Fund*.

	A	B	C	D	E	F	G	H
1			100%		<==== Should both equal 100% =====>			100.0%
2	Asset Class (Score)	Favored Category	Tot %	Ticker	Fund Name	Category, etc.		%
3	Domestic Equities		75%					75.0%
4				T1	The Common Stock Index Investment (C) Fund			38.0%
5				T2	The Small Capitalization Stock Index (S) Fund	Small Cap Blend		37.0%
6				T3				
7				T4				
8								
21	one Sector fund			T17				
22				T18				
23	International		5%					5.0%
24				T19	International Stock Index Investment (I) Fund			5.0%
25				T20				
26	Suggestion: If the percentage allocated to			T21				
30				T25				
31	Fixed Income Bonds		20%					20.0%
32				T26	The Fixed Income Index Investment (F) Fund			20.0%
33	Suggestion: If the percentage allocated to the			T27				

Appendix D: Fund Selection Considerations

*The following is provided for education purposes only.
The final investment choices and evaluation criterion are ultimately your decision.*

When deciding **what funds** to invest in and **how much to invest** in a fund, you may consider one or more of the following criteria.

1. Assign a *majority* (e.g., 50%) of the total amount being allocated to each **Asset Class** to a fund choice from the **Favored Category**.
 - a. If your employer plan does NOT HAVE A FUND CHOICE in the Favored Category, then use a fund from the broader Asset Class **with the highest 5-year total return**. See [Appendix B: Finding a Fund's Historical Performance](#).
 - b. If you have MORE THAN ONE CHOICE in the Favored Category, focus your investments into the fund or funds **with the highest performance**.

You may consider investing proportionately into several of the top performing funds, putting the most in the best performer, the next most in the second, etc.
2. When deciding **which funds to invest in** within any one **Asset Class**, consider funds with
 - a. The best performance. See [Appendix B: Finding a Fund's Historical Performance](#).
 - b. A high rating from Morningstar (4- or 5-stars) or Lipper (4- or 5-star ratings for total return, consistent return, preservation, tax efficiency or fund expense).
 - c. The lowest expense ratio.
3. Allocate **no more than 30%** to any one fund that is not in the Favored Category.
4. Allocate **no more than 5%** into any one Sector fund.

Example 1: 60% of the total portfolio is going into the Domestic Equity asset class, "Small Cap Value" is the Favored Category, and you HAVE a Small Cap Value fund choice. Then put 30% of your total portfolio into the Small Cap Value fund choice and the remaining 30% spread across two or three additional Domestic Equity funds choices.

Example 2: 60% of the total portfolio is going into the Domestic Equity asset class, "Small Cap Value" is the Favored Category, and you DO NOT HAVE a Small Cap fund choice. Then spread the 60% spread across three or four additional Domestic Equity funds choices, including a Small Cap *Blend* or Small Cap *Growth* fund, if available.

Appendix E: Online Fund Research Links

The following links (current as of 1/2022) are for several online fund screeners and research tools.

Generic ETF Screener

- ETFs: <https://etfdb.com/screener/>

E*TRADE

- ETFs: <https://us.etrade.com/what-we-offer/investment-choices/etfs>
- Mutual Funds: <https://us.etrade.com/what-we-offer/investment-choices/mutual-funds>

Fidelity

- ETFs: <https://screener.fidelity.com/ftgw/etf/evaluator/gotoBL/research#/home>
- Mutual Funds: <https://fundresearch.fidelity.com/fund-screener/>

Merrill (Must be signed on)

- ETFs: <https://olui2.fs.ml.com/MDETFsProductCenterUI/ETFsOverview.aspx>
- Mutual Funds: <https://olui2.fs.ml.com/MDMFProductCenterUI/MFOOverview.aspx>

TD Ameritrade

- ETFs: <https://www.tdameritrade.com/investment-products/etfs.html>
- Mutual Funds: <https://www.tdameritrade.com/investment-products/mutual-funds.html>

Schwab

- ETFs: <https://www.schwab.com/research/etfs/tools/screener>
- Mutual Funds: <https://www.schwab.com/research/mutual-funds/tools/select-lists/onesource>

Vanguard

- All investment products: <https://investor.vanguard.com/investment-products>

Appendix F: Frequently Asked Questions

1. Why is the service named 401k CONTROL™?

The service was initially created to help 401(k) participants who could not take advantage of our fund-specific HORIZON™ employer plan newsletters, make better-informed investment decisions with their accounts. As the service grew in popularity, subscribers began to expand their use of the information to include other, non-employer investment accounts.

2. Can I use the service with any account?

You can use the broad market information provided in each Action Report to manage ANY self-directed account, 401(k), 403(b), traditional and Roth IRAs or brokerage accounts.

3. Will my investment account make money every year?

Investing involves risk of loss and no investing approach can guarantee against loss or assure gain. Taking an active role in managing your money and using market data (such as what is provided in each Action Report) to guide your investments can, over time, result in larger growth during sustained up market periods and less loss during sustained down market periods.

4. Once I determine how much of my account I want to invest, what is my next step?

Before doing anything, make sure you completely understand any impact of taxes when selling in a taxable account.

When you reallocate your account, you will be selling funds that you determine from our Action Report are no longer in the best position given market conditions. Most accounts will allow you to sell one investment and then use those pending proceeds to buy a new investment in the same day. Others will require that 1-3 days pass (what is called “settlement”) between when you sell one thing and you can use the proceeds to buy another. Consult with your employer benefits or brokerage account for more details on your available options.

5. How do I determine which asset class, category or sector one my employer’s choices belong to?

Please refer to [Appendix A: Finding a Fund’s Category](#).

6. How do I find possible investment choices in my brokerage account?

Most brokerage accounts offer a Search feature where you can find available investment choices categorized by Asset Class or Category. Please see [Appendix E: Online Fund Research Links](#) for a list of some of the available search tools. Typically, these searches will return valuable information about each choice (e.g., price, performance, fees, expenses, minimum purchase amounts) that you should consider before deciding if the investment is right for you. **Before investing, ensure that your tax, budgetary, liquidity, overall financial needs, and proper diversification have been discussed and considered with proper professional financial and tax guidance.**

7. How do I change my investments?

You will use your employer benefits or brokerage firm website to make changes to your account. If you are unsure of how to do this, please consult with your employer benefits team, or brokerage firm for further instructions.

Alternatively, once you have determined the changes you want to make to your account, you can often call your employer benefits team or brokerage firm’s support line and ask them to make the changes for you or guide you through the process.

8. What if I do not have an investment choice available in the listed Asset Class, Favored Category or Sector?

If your employer plan does NOT HAVE A FUND CHOICE in the Favored Category or Sector, then use a fund from the broader Asset Class **with the highest 5-year total return**. See [Appendix B: Finding a Fund's Historical Performance](#).

- a. You may use any performance timeframe to make your decision.
- b. You may consider investing proportionately into several of the top performing funds, putting the most in the best performer, the next most in the second, etc.

NOTE: Very few employer plans will offer Sector investment choices.

9. How much should I put into any investment choice?

How, how much, and where you invest are ultimately your responsibility. Please see [Appendix D: Fund Selection Considerations](#) for more information.

Before investing, ensure that your tax, budgetary, liquidity, overall financial needs, and proper diversification have been discussed and considered with proper professional financial and tax guidance.

10. What if I have more than one choice in the listed Asset Class, Favored Category or Sector?

If you have MORE THAN ONE CHOICE in any one Asset Class, Favored Category, or Sector focus your investments into the fund or funds **with the highest 5-year total return**. See [Appendix B: Finding a Fund's Historical Performance](#).

- a. You may use any performance timeframe to make your decision.
- b. You may consider investing proportionately into several of the top performing funds, putting the most in the best performer, the next most in the second, etc.

11. I am not currently contributing to my employer plan. Can I still use the service?

Absolutely! It is essential that in addition to adding money to your account through your budgeted savings/contributions, that you take care of the money you already have. The data in each Action Report is intended to be a roadmap to help you grow and protect your existing accounts—regardless of any new money coming in.

12. What are Target Date Funds?

Target Date Funds (also called Life Cycle, Balanced) are funds that are automatically allocated across many asset classes—typically stocks, bonds and cash—according to how far the date of the fund is from today's date. The farther away the date is, the larger the percentage of the fund that will be invested in stocks. The amount invested in stocks is typically automatically decreased each year until the target year is reached.