

## HORIZON™ Reallocation Process Document for 401k CONTROL

### Process Overview

#### For Employer Plans (You are given your fund choices in advance)

To apply the information from the 401k CONTROL™ Action Report to your account, you must identify the **asset class** for each of your fund choices. You can do this from your plan sponsor’s web site (see Appendix C: Employer Benefit Site Example) or using a site such as Morningstar, Yahoo Finance or Google Finance. See Appendix B: Finding a Fund’s Asset Class for an example using Morningstar.

**Step 1.** Choose the **Tactical Asset Allocation Portfolio** (labeled “3” in the diagram below) that you wish to follow (e.g., Aggressive, Moderate, or Conservative). NOTE: If you need help deciding which of these is best for you, please contact a licensed financial advisor.

Asset Class (Score)	Favored Sub-Asset Class	Tactical Asset Allocation Portfolios		
		Aggressive	Moderate	Conservative
Domestic Equities (321)	Large Cap Growth Funds	80%	75%	40%
International (212)	Emerging Market Funds	10%	5%	20%
Fixed Income Bonds (183)	US Bond Funds	10%	<b>3</b>	40%
Cash Money Market (127)	NA	0%		0%
Commodities (170)	NA	0%	0%	0%

Top 5 Domestic Equity Sectors	
Sector (Score)	
Technology (232)	
Industrial (170)	<b>4</b>
Financials (150)	
Communication Services (141)	
Consumer Cyclical (139)	

**Step 2.** Assign the percentage from your chosen Tactical Asset Allocation Portfolio to the corresponding available fund(s) in your account from each Asset Class. Use the Favored Sub-Asset Class as a guide to further refine your selections.

- If your employer plan does NOT HAVE A FUND CHOICE in the Favored Sub-Asset Class, then use the fund in the broader Asset Class **with the highest 5 year total return**. See Appendix C: Finding a Fund’s 5-Year Return
- If you have MORE THAN ONE CHOICE in the Favored Sub-Asset Class, then select the fund **with the highest 5 year total return**. See Appendix C: Finding a Fund’s 5-Year Return

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### Example

Please refer to the diagram below for this example.

We will assume that the user has chosen to use the **Moderate** Tactical Asset Allocation Portfolio (labeled “1” in the diagram below). As per the Action Report (labeled “2”), they will allocate 75% of their account to a Large Cap Growth fund choice, 5% to an Europe Emerging fund choice and 20% to a US Corporate Bond choice.

Assuming the user does NOT have a fund available in the Europe Emerging asset class, they will choose the International fund choice that has the highest 5-year average investment return. See Appendix C: Finding a Fund’s 5-Year Return.

Optionally, if the user has fund choices available in any of the Top 5 Domestic Equity Sectors (labeled “3”) they can elect to put a portion of your investments—**no more than 10%**—of the 75% assigned to the Domestic Equities Asset Class into one or more of the sector fund choices, with the focus on the top scoring sector.

2		1		
		Tactical Asset Allocation Portfolios		
Asset Class (Score)	Favored Sub-Asset Class	Aggressive	Moderate	Conservative
Domestic Equities (329)	Large Cap Growth	80%	75%	40%
International (223)	Europe Emerging	10%	5%	20%
Fixed Income Bonds (175)	US Corporate Bond	10%	20%	40%
Cash Money Market (119)	NA	0%	0%	0%
Commodities (166)	NA	0%	0%	0%

3	
Top 5 Domestic Equity Sectors	
Sector (Score)	
Technology (234)	
Industrial (169)	
Financials (154)	
Communication Services (140)	
Consumer Cyclical (136)	

### Support and Additional Information

For more information about applying the 401k CONTROL™ Action Report to your personal investments, please contact:

**Mark A. Berube**, ChFC, CLU  
**E-mail:** [mark@compassinvestors.com](mailto:mark@compassinvestors.com)  
**Telephone:** 603-498-1919

## Appendix A: Employer Benefit Site Example

Most employer benefits sites allow you to see the asset class for each fund choice.

Refer to the example to the right from Fidelity.

- A. Items are arranged by **primary** asset class (e.g., Stock Investments, Bond Investments).
- B. Within a primary asset class funds are typically grouped into **secondary** asset classes (e.g., Large Cap, Mid-Cap, etc.)

To find out more information about a fund, click on the fund name.

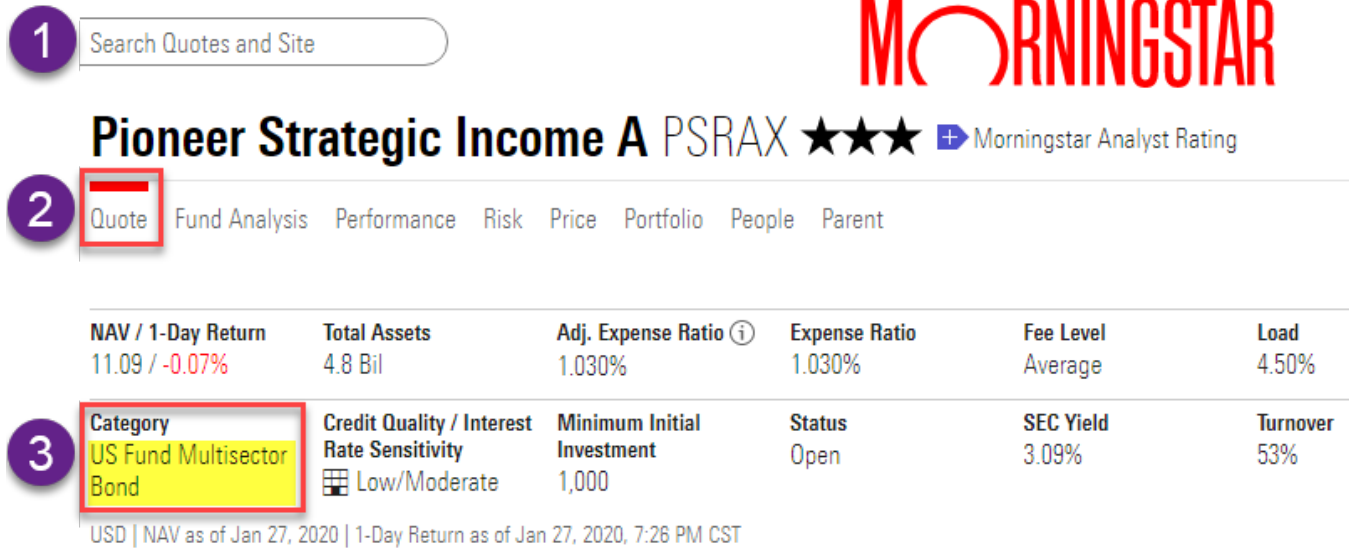
Investments	Current %	Desired %
<b>Stock Investments</b>		
<b>Large Cap</b>		
CBA AGG GR A	0.00%	<input type="text" value="0.0"/> %
FID CONTRAFUND	0.00%	<input type="text" value="0.0"/> %
FID DIVIDEND GR	0.00%	<input type="text" value="0.0"/> %
PUTN SUSTAIN FTR A	0.00%	<input type="text" value="0.0"/> %
VANG EQUITY INC ADM	0.00%	<input type="text" value="0.0"/> %
<b>Mid-Cap</b>		
J H ENTERPRISE T	0.00%	<input type="text" value="0.0"/> %
VANG MIDCAP IDX ADM	0.00%	<input type="text" value="0.0"/> %
<b>Small Cap</b>		
DFA US TARGET VAL I		
VANG STR SMCP EQ INV		
VRS SMALL CAP GRTH A		
<b>International</b>		
DFA EMERGING MKTS I	0.00%	<input type="text" value="0.0"/> %
FKLN MUTUAL INTL A	0.00%	<input type="text" value="0.0"/> %
I O GLOBAL A	0.00%	<input type="text" value="0.0"/> %
<b>Specialty</b>		
FID LEADM 2065	0.00%	<input type="text" value="0.0"/> %
FID FREEDOM INCOME	0.00%	<input type="text" value="0.0"/> %
<b>Bond Investments</b>		
<b>Income</b>		
AC SD INFL PR BD R5	0.00%	<input type="text" value="0.0"/> %
I O INTL BOND A	0.00%	<input type="text" value="0.0"/> %
NB HIGH INC BOND R6	0.00%	<input type="text" value="0.0"/> %
PIONEER STRAT INC A	0.00%	<input type="text" value="0.0"/> %
VOYA INTERM BOND A	0.00%	<input type="text" value="0.0"/> %
STANDARD STABLE VAL <small>view additional information</small>	0.00%	<input type="text" value="0.0"/> %
<b>Short-Term Investments</b>		
FID GOVT MMKT	\$60 100.00%	<input type="text" value="0.0"/> %
<b>Total</b>	<b>\$60 100.00%</b>	<b>0.00 %</b>

Click on and fund name for additional details.

## Appendix B: Finding a Fund's Asset Class

Visit <https://www.morningstar.com>

1. Enter the fund name / ticker into the search box.
2. Chose the **Quote** tab.
3. Look for the **Category** section. This is often the name used to define "asset class". In this example, the fund is in the "**US Fund Multisector Bond**" category (i.e., asset class).



**1** Search Quotes and Site

**MORNINGSTAR**

**Pioneer Strategic Income A PSRAX** ★★★ Morningstar Analyst Rating

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

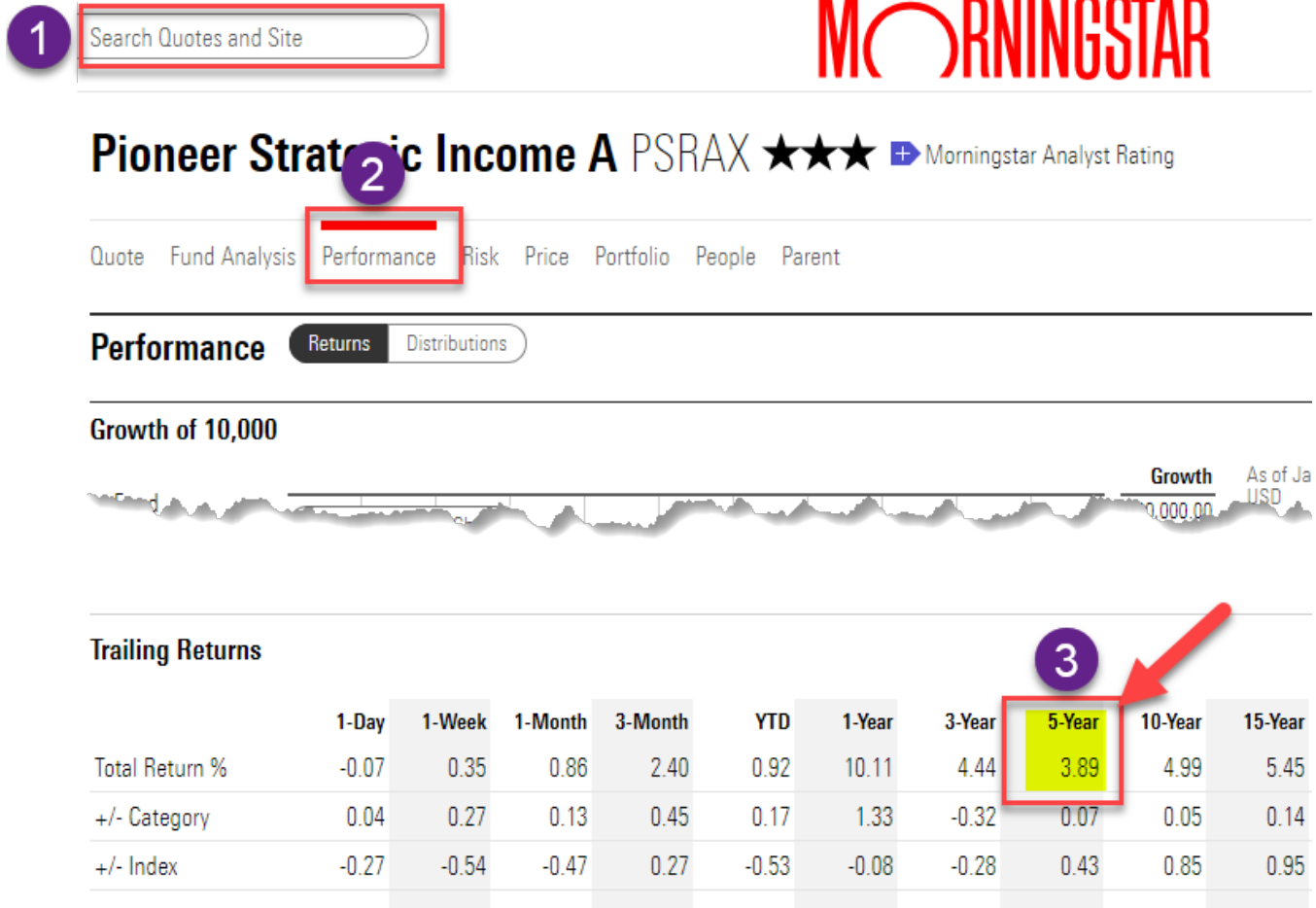
<b>NAV / 1-Day Return</b> 11.09 / -0.07%	<b>Total Assets</b> 4.8 Bil	<b>Adj. Expense Ratio</b> ⓘ 1.030%	<b>Expense Ratio</b> 1.030%	<b>Fee Level</b> Average	<b>Load</b> 4.50%
<b>3</b> <b>Category</b> US Fund Multisector Bond	<b>Credit Quality / Interest Rate Sensitivity</b> Low/Moderate	<b>Minimum Initial Investment</b> 1,000	<b>Status</b> Open	<b>SEC Yield</b> 3.09%	<b>Turnover</b> 53%

USD | NAV as of Jan 27, 2020 | 1-Day Return as of Jan 27, 2020, 7:26 PM CST

## Appendix C: Finding a Fund's 5-Year Return

Visit <https://www.morningstar.com>

1. Enter the fund name / ticker into the search box.
2. Chose the **Performance** tab
3. Look for the **Trailing Returns** section and look for the **5-Year** column. In this case the 5-year total return percentage for the fund is **3.89%**.



**1** Search Quotes and Site

**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**

Growth As of Ja USD

**Trailing Returns**

	1-Day	1-Week	1-Month	3-Month	YTD	1-Year	3-Year	<b>5-Year</b>	10-Year	15-Year
Total Return %	-0.07	0.35	0.86	2.40	0.92	10.11	4.44	<b>3.89</b>	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

**3**