

Peoples Bank Asset Allocation Models

In working with many retirement plan clients, we find there are usually two groups of participants:

The first group is comprised of those employees who are comfortable selecting their own mix of investments from a menu of individual mutual funds. The second group is comprised of those employees who would prefer a professionally managed diversified portfolio that is periodically rebalanced around a defined risk / reward objective.

Peoples Bank asset allocation models meet the needs of those who wish their portfolios to be professionally managed, realigned and rebalanced in order to help simplify the process of investing for retirement. The range of different asset allocation models spans from income to aggressive growth and provides exposure to key asset classes.

These portfolios are tailored to different participant needs based in risk tolerance, financial objective, and time horizon.

Income 80% Fixed Income / 20% Stock

Returns	1yr	3yrs	5yrs
	4.03%	7.76%	5.60%

The objective of the **Income Model** is to generate income and to minimize market value volatility. The yield and market value will change in reaction to interest rates, government policies, and worldwide economic conditions. The target allocation of the Income Model is 80% fixed income and 20% equity mutual funds. The equity portion is diversified between value and growth, large, mid, and small cap US companies plus foreign companies. Investments in the bond funds may include US Government obligations, corporate notes, asset- and mortgage-backed securities, commercial paper and other fixed income securities. The majority bond investments will have average maturities between two and seven years.

Balanced 50% Fixed Income / 50% Stock

Returns	1yr	3yrs	5yrs
	11.32%	13.68%	9.66%

The objective of the **Balanced Model** is to provide both price appreciation and current income. There is a somewhat higher level of volatility with the Balanced Model compared to the Income Model. The yield and market value will change in reaction to interest rates, government policies and worldwide economic conditions. The Balanced Model allocates its assets to 50% fixed income and 50% stocks. The asset classes are high-quality fixed income and stock funds. The fixed income portion consists of short-and intermediate-term mutual funds. The stock portion is diversified between value and growth, large, mid and small US and international companies.

Growth 35% Fixed Income / 65% Stock

Returns	1yr	3yrs	5yrs
	15.44%	17.03%	11.96%

The objective of the **Growth Model** is primarily price appreciation with current income a secondary consideration. The yield and market value of the model will change in reaction to interest rates, government policies and worldwide economic conditions. The Moderate Growth Model allocates its assets to 35% fixed income and 65% stocks. The asset classes are high-quality fixed income and stock funds. The fixed income portion consists of short-and intermediate-term mutual funds. The stock portion is diversified between value and growth, large, mid and small US and international companies. This model provides a better chance of long-term growth with higher volatility in the short and intermediate term.

Aggressive 15% Fixed Income / 85% Stock

Returns	1yr	3yrs	5yrs
	20.14%	20.85%	14.58%

The objective of the **Aggressive Model** is price appreciation over the long-term with dividend income as a limited consideration. This model will be highly volatile compared to the other models and most appropriate for long-term investors who can tolerate changes in market value. The yield and market value of the model will change in reaction to interest rates, government policies and worldwide economic conditions. The Growth Model allocates its assets to 15% fixed income and 85% stocks, utilizing mutual funds that could include both US and international securities. The equity portion of the portfolio is diversified between value and growth, large, mid and small US and international companies.

Blended portfolio returns as of 12/31/2021 using the current construction of models on a hypothetical, look back basis. Total returns for the portfolios are based on the historical returns of the component funds that make up each model and each fund's relative weighting, assuming reinvestment of all earnings and trading at net asset value (NAV). Calculated performance figures do not take into account time-weighting of contributions or deposits and do not include trustee or other fees charged within your plan.



Working Together. Building Success.

Reviewing the current investment mix of the Peoples Bank Asset Allocation Models...

ASSET CLASS / Model Objective	Income	Balanced	Growth	Aggressive
% STOCK	20%	50%	65%	85%
% FIXED INCOME	80%	50%	35%	15%
Vanguard Short Term Bond Index	28%	18%	12%	5%
Vanguard Short Term Inv Grade Bond	28%	18%	12%	5%
Vanguard Intermediate Term Investment Grade Bond	8%	5%	3%	2%
Vanguard Total Bond Market Index	16%	10%	7%	3%
Vanguard Developed Markets Index Fund	2%	5%	7%	9%
MFS International Intrinsic Value	1%	2%	3%	4%
Vanguard 500 Index	8%	20%	26%	34%
Vanguard Growth Index	2%	6%	8%	10%
Vanguard Equity Income	3%	6%	8%	10%
Vanguard Mid Cap Index	2%	5%	7%	9%
Vanguard Small Cap Index	2%	5%	7%	9%

What Mix of Funds is Right for You?

Once you have made the decision to participate in your retirement plan, you need to develop an investment strategy. This questionnaire can help you determine whether you are an income, balanced or growth-oriented investor and which investments offered by the plan may best suit your needs.

		Strongly Disagree	● Undecided	● Strongly Agree		
1	To obtain above-average returns on my investments, I am willing to accept above-average risk of investment losses.	1	2	3	4	5
2	Staying ahead of inflation is more important to me than maintaining stable principal values.	1	2	3	4	5
3	If an investment loses money over the course of a year, I can easily resist the temptation to sell it.	1	2	3	4	5
4	I do not plan on withdrawing my retirement money for major expenses before I retire.	1	2	3	4	5
5	I consider myself knowledgeable about economic issues and personal investing.	1	2	3	4	5



Income Model (score of 5 - 11)	Balanced Model (score of 12 - 16)	Growth Model (score of 17 - 21)	Aggressive Model (score of 22 - 25)
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Now total up the numbers you circled above to see where your score falls on the Investor Profile. Please note: these five statements and your total score are not meant to tell you which model is best for your situation, but rather, to help you consider your investment objectives and feelings about risk so you can determine which investor profile you are most comfortable with.

When you have determined your investor profile (income, balanced or growth), please refer to the previous page for descriptions of the various models. You can use this information as a guide in making your investment selections. Remember to periodically revisit and rebalance your account as necessary to ensure consistency with your investor profile and long-term investment goals.

The above is provided for informational purposes only. The choice of investments is entirely up to you. For more information, contact your investment advisor. Read the prospectus carefully before investing in any fund. Investments, Annuities and Insurance Products:

NOT INSURED BY THE FDIC • NOT DEPOSITS OR OTHER OBLIGATIONS OF THE BANK AND ARE NOT GUARANTEED BY THE BANK • SUBJECT TO INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF PRINCIPAL INVESTED