

## INTRODUCTION

The HRA VEBA Trust offers you the opportunity to invest your account by choosing either one of two options.

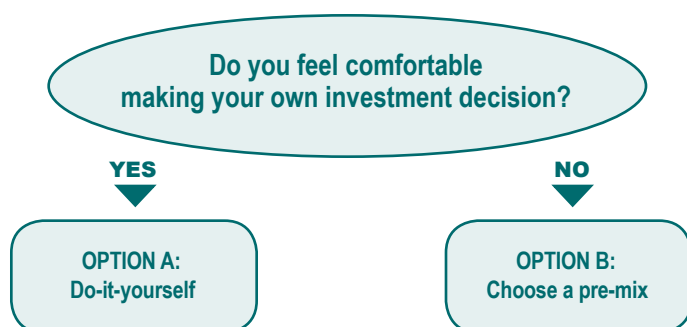
### Option A: Do-it-yourself

Build your own asset allocation portfolio using funds from among seven individual asset classes.

### Option B: Choose a pre-mix

Select one of four professionally designed pre-mixed asset allocation portfolios with a risk level based on your projected time horizon (i.e. the length of time until you expect to begin filing claims).

Which option is right for you? The illustration below should help you decide.



## IMPORTANT INVESTMENT GUIDELINES

### WHAT IS YOUR ASSET ALLOCATION STRATEGY?

Before making your investment decision, you should define your asset allocation strategy. A proper asset allocation strategy, choosing the right blend of asset classes for your financial situation, can help reduce risk and increase potential return over time.

### WHAT KIND OF INVESTOR ARE YOU?

Determining what kind of investor you are will help you define your asset allocation strategy. In other words, are you most interested in growing your account or preserving your account? If you are most interested in growing your account, you must be willing to tolerate more risk and accept potentially large fluctuations in value. Preserving your account generally involves less risk and should result in smaller fluctuations in value.

The Stable Value fund, Dwight Separate Account, is available for investors seeking preservation of principal using the most conservative investment fund with the least amount of risk. An asset allocation strategy with 100% directed to Stable Value is the most conservative investment choice.

### WHAT IS YOUR TIME HORIZON?

Your time horizon is the number of years you have to invest, or the length of time until you anticipate filing claims. Investors with longer time horizons are often willing to tolerate more risk; investors with shorter time horizons tolerate less risk.

Time is very important when determining your asset allocation strategy. Investments may increase in value over time assisted by the power of compounding, and time can help smooth the ups and downs of the financial market. Your asset allocation strategy should depend heavily on how much time you have until you will begin filing claims.

### RISK VERSUS POTENTIAL REWARD

Risk is generally thought of as the possibility of losing money on investments. If your investment's value fluctuates significantly down and up, and you make a withdrawal for a qualified medical expense during a down market investment period, you may experience loss. You also need to consider inflation risk, the chance that your investments will not earn enough to keep pace with the rising cost of living; in this case, increasing healthcare costs. Consider the following general principles about risk:

- Reducing one type of risk generally requires you take on more of another
- The higher the risk, the higher the potential for reward and vice versa
- The shorter the time frame you have for investing, the more you should reduce investment risk

### ASSET CLASS

Asset classes come in three general types: stocks; bonds; and short-term investments (stable value). Your overall investment strategy will help you determine what percentage you should allocate to each asset class.

### DIVERSIFICATION

You know the old saying, "Don't put all your eggs in one basket"? With investing, this is called diversification. It's the process of spreading your money among different asset classes. In addition, mutual funds are diversified and if you invest your money in a stock mutual fund, you will hold stock in many different companies. Even if a few companies perform poorly, their losses may offset by stocks that perform well.

### ASSET ALLOCATION

Choosing the right combination of investments for your portfolio is called asset allocation. This is an important step that can help you reach your retirement goals. When you allocate your assets, you spread your savings out among stable value, bond and stock investments, but not in random amounts. Aggressive investors with long-term goals may prefer portfolios with more stocks, while more conservative investors are likely to use more stable value and bonds. As you build your investment portfolio, consider your

## IMPORTANT INVESTMENT GUIDELINES

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personal situation. Your asset allocation decisions should be based on:

- When you will begin to file claims
- The amount of time you have to reach your goal
- Your own tolerance for risk
- Your other savings and investments

### IMPORTANCE OF REBALANCING

Over time, some of your investment fund selections may grow more quickly than others, some may even lose value, causing your portfolio to become out of alignment with your original allocation percentages.

Rebalancing periodically re-distributes your entire account balance according to your most recent allocation percentages on file with the third-party administrator. This process aids in maintaining the

level of risk you are willing to take and helps you achieve the goals and objectives of your asset allocation strategy. Rebalancing once a year (generally during the third calendar quarter) is optional under Option A: Do-it-yourself. The pre-mixed asset allocation portfolios offered under Option B: Choose a pre-mix are automatically rebalanced quarterly.

### NO GUARANTEES

Keep in mind that the use of asset allocation or diversification as part of an investment strategy does not guarantee a profit or guarantee against a loss.

Funds are not FDIC insured, are not guaranteed by a bank and may lose value. Even the most conservative investment fund option may lose value.

### WHERE TO FIND MORE INFORMATION

You can find more information on the HRA VEBA Trust website at [www.hraveba.org](http://www.hraveba.org). You can view more information and prospectuses at each fund's respective website listed below.

## OPTION A: Do-It-Yourself

Performance results can be found on the quarterly Investment Fund Overview at [www.hraveba.org](http://www.hraveba.org).

### Asset Class/Fund Name

### Fund Objective

#### Stable Value

Dwight Separate Account

[www.dwight.com](http://www.dwight.com) <sup>(1)</sup>

Seeks to provide preservation of capital with competitive interest earnings.

#### Total Return Bond

PIMCO Total Return Institutional

[www.pimcofunds.com](http://www.pimcofunds.com)

Seeks maximum total return, consistent with preservation of capital and prudent investment management.

#### Balanced

Vanguard Balanced Index Institutional

[www.vanguard.com](http://www.vanguard.com)

With 60% of its assets, seeks to track the performance of a benchmark index that measures the return of the overall U.S. stock market. With 40% of its assets, seeks to track the performance of a broad, market-weighted bond index.

#### Large Cap Equity

Vanguard Institutional Index (S&P 500)

[www.vanguard.com](http://www.vanguard.com)

Seeks to track the performance of a benchmark index that measures the investment return of large-capitalization stocks.

#### Mid Cap Equity

Touchstone Mid Cap

[www.touchstoneinvestments.com](http://www.touchstoneinvestments.com)

Seeks long-term capital growth by investing in common stocks of medium-capitalization companies.

#### Small Cap Equity

Champlain Small Company Fund

[www.cipvt.com](http://www.cipvt.com)

Seeks capital appreciation by investing in small-capitalization U.S. common stocks.

#### International Equity

Artio International Equity II <sup>(2)</sup>

[www.artioglobal.com](http://www.artioglobal.com)

Seeks long-term growth of capital by investing in a wide variety of international equity securities issued throughout the world, normally excluding the U.S.

*Not FDIC insured. No bank guarantee. May lose value.*

<sup>(1)</sup> This site does not contain Dwight Separate Account information; however, it does provide information about Dwight Asset Management Company and stable value investing.

<sup>(2)</sup> Formerly Julius Baer International Equity II. This is a name change only; the fund objective, company philosophy, and investment team remain unchanged.

# OPTION B: Choose a Pre-mix

**You can file eligible claims at any time regardless of which pre-mix you choose.**

If you want your asset allocation designed by professionals, the HRA VEBA Trust offers a series of pre-mixed portfolios to accommodate a variety of asset allocation strategies from conservative to aggressive. These portfolios are routinely monitored by investment experts using sophisticated financial analysis software and modern portfolio theory. The risk level of each pre-mixed portfolio is designed with strong consideration given to the portfolio's target time horizon (i.e. the length of time until you anticipate filing claims).

Many investment advisors recommend the use of pre-mixed portfolios. Pre-mixed portfolios are well diversified and designed to meet specific goals and objectives.

The pre-mixed asset allocation portfolios are automatically rebalanced on a quarterly basis.

Which pre-mixed asset allocation portfolio is best for you?

## Immediate Use

If you plan to begin filing claims within the next year and want to avoid potential significant fluctuations in value.

## Short-term Use

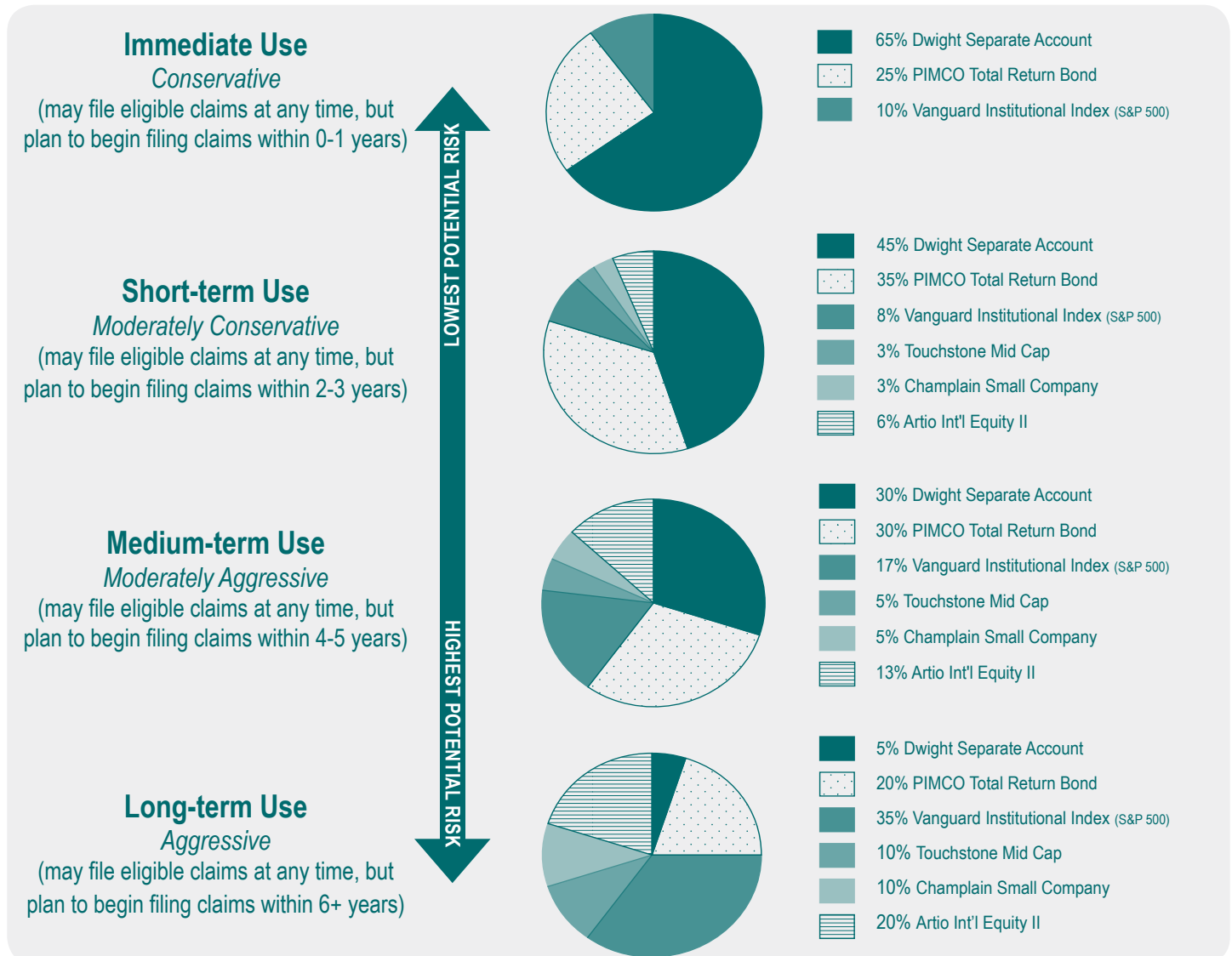
If you plan to begin filing claims within two to three years and can accept potential moderate fluctuations in value.

## Medium-term Use

If you plan to begin filing claims within four to five years and can accept potential moderate to large fluctuations in value.

## Long-term Use

If you plan to begin filing claims within six or more years and can accept potential large fluctuations in value.



Performance results can be found on the quarterly Investment Fund Overview at [www.hraveba.org](http://www.hraveba.org)

Not FDIC insured. No bank guarantee. May lose value.

# OTHER IMPORTANT INFORMATION

## CONTRIBUTIONS

Contributions received by the 25th of the month are held in a short-term investment fund (STIF) until the first business day of the following month, and then allocated per the participant's current investment fund allocation election on file with the TPA. If no investment fund allocation election is on file, funds will be allocated to the Stable Value fund.

## TRANSFERS

You may transfer among the investment funds monthly. Participants can make fund transfer requests online at [www.hraveba.org](http://www.hraveba.org) or by submitting a completed and signed Account Information/Fund Allocation Change Form to the TPA. Transfer requests received by the 25th of a given month will become effective on the first business day of the following month. If more than one transfer request is received during the month, only the most recent will be processed.

## WITHDRAWALS

If your account is allocated among multiple investment funds, withdrawals from your account will be made proportionately based on your fund allocation election on file with the TPA unless you request otherwise.

## INVESTMENT RISK

The Stable Value fund is invested among interest-bearing guaranteed investment contracts (GICs) and is the most conservative fund choice. The remaining funds are invested in securities that will fluctuate in value on a monthly basis, and withdrawals from these funds may be worth more or less than your original employer contribution. Prior to submitting your

Membership Enrollment Form or Account Information/Fund Allocation Change Form to the TPA, please carefully review your selected investment fund choice(s).

Should your investment objectives change, you should reevaluate your fund selection(s) and make appropriate changes. Remember, any investment that contains stock market investments entails the risk of loss. We must stress that investment returns, particularly over shorter time horizons, are highly dependent on trends in various investment markets. Thus, investing in stocks and bonds is suitable primarily as a longer-term strategy and should not be used by participants who will begin filing claims immediately.

## USING MULTIPLE INVESTMENT FUNDS

You may use a single fund or multiple funds when creating your do-it-yourself portfolio. You may choose only one pre-mixed portfolio. You may not choose both a do-it-yourself portfolio and a pre-mixed portfolio.

## FUND MANAGEMENT EXPENSES

Fund management expenses vary from fund to fund. Each investment fund's expense ratio can be found on the HRA VEBA Investment Fund Overview updated quarterly at [www.hraveba.org](http://www.hraveba.org), or by visiting each fund's respective website.

## INVESTMENT ADVICE

Please read this information carefully and consult with your personal financial advisor before making an investment decision. The trustees, plan consultant and third-party administrator do not give investment advice.

## INVESTMENT TERMS

### BONDS

A fixed income debt security. Bonds may be issued by corporations or governments (both federal and municipal), and pay a set amount of interest, on a predetermined schedule over a predetermined number of years, until maturity.

### DIVERSIFICATION

The investment technique of spreading risk among securities and asset classes.

### MODERN PORTFOLIO THEORY

An investment strategy that seeks to build an optimal portfolio by considering the relationship between risk and return.

### MUTUAL FUND

A collective investment program operated by an investment company which enables small investors to invest in a diversified portfolio of securities.

### PRINCIPAL

The amount of money you put into an investment. It does not include appreciation, dividends or interest.

### PROSPECTUS

Formal written document used to describe securities for sale and are used by mutual funds to describe fund objectives, risks, and other essential information.

### SECURITIES

A general term for publicly traded stocks and bonds.

### SEPARATE ACCOUNT

A custom investment portfolio designed and operated solely for a particular plan sponsor, in this case, the HRA VEBA Trust.

### STOCKS

An investment that signifies an ownership position (called equity) in a corporation and represents a claim on its proportional share in the corporation's assets and profits.

### TIME HORIZON

The length of time an investor will own a particular investment can be viewed as the length of time from the date of investment until the investment is sold or withdrawn.

### TOTAL RETURN

The amount of interest or dividends your investment earns plus any increase or decrease in principal.

### VOLATILITY

An investment's volatility refers to how much and how often its price changes. Common stocks, for which prices can change sharply, are usually more volatile than bonds.