

# NORTHERN CALIFORNIA ELECTRICAL WORKERS PENSION TRUST

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To: All Plan Participants  
SFEW Retirement Savings Plan



Re: Investment Choices and Default Fund Information

Whether you will have adequate savings at retirement will depend in significant part on how much you choose to save and how you invest your savings. This memo explains how your account is invested if you have not specified an investment. The Plan is intended to be a plan described in §404(c) of the Employee Retirement Income Security Act of 1974, which means that the Plan's fiduciaries (generally, the Board of Trustees) may be relieved of liability for any losses you incur that are the direct and necessary result of your investment instructions. You have the right under the Plan to self-direct the investment of your account. If you need more information about how to direct the investment of your account, contact Fidelity Investments at 866-848-6466.

1. **Investment Choices.** Investment choices offered under the Plan, along with historical performance and fee information, can be found in the Fidelity Investment Participant Disclosure Notice that was recently distributed to all Plan Participants. A link to the notice is available on the EISB.org website under the Plan News section. Please note that a fund's past performance is not necessarily an indication of how the fund will perform in the future. You may also make changes to your investment elections for future contributions and/or exchange all or a portion of your existing balance into other options available under the Plan through NetBenefits or by phone. We encourage you to review your current investment choices and update as appropriate.

2. **Expenses Charged to Your Account.** Several types of fees are incurred to maintain the Plan, including recordkeeping and IRS compliance fees, fees for fund administration, audit and attorney fees, fund management fees, investment counseling fees for advising the Trustees, and fees to review qualified domestic relations orders when a participant's account must be allocated after a divorce. The cumulative effect of fees and expenses can substantially reduce the growth of your account. The amount of fees charged to your account each quarter is listed on your account statement. With several exceptions, all fees paid by the Plan are allocated to participant accounts on the basis of participant account balances. The exceptions are:

- ◆ Fees incurred to manage the mutual fund investments are charged by the fund itself and result in a reduced fund net asset value (or "NAV"). These fees are noted in the link provided above.
- ◆ The Trustee-Directed Portfolio (the default fund) is not a mutual fund, but charges investment management fees on a similar basis. That fee is noted in the link also provided above.
- ◆ The Plan reserves the right to charge your account with any extraordinary fees paid by the Plan that relate principally to your account, such as unusual attorney fees incurred for a QDRO review.
- ◆ Your account may be charged a short-term trading fee if you transfer assets into, then out of, an investment fund within a short period of time. Those funds that impose a short-term trading fee are identified in the link provided above. None of the funds impose any type of sales load or charge, redemption fee or similar fee.

3. **Pass-Through Voting.** The Plan allows you to exercise voting, tender and similar shareholder rights for the mutual funds you hold in your account. Materials will be sent to your home address in sufficient time for you to exercise your shareholder rights. Pass-through voting is not provided under the default fund.

4. **Trustee-Directed Fund is the Default Fund.** If you have not exercised control over your account by directing its investment, your account will be (or currently is) invested in the Trustee-Directed Fund (the "TDF"), which is the Plan's default fund. The TDF has target allocations of equity (30%), fixed income (65%) and commodities (5%). The equity portion consists of stocks which appear to be temporarily undervalued by the stock market but have a favorable outlook for long-term growth. The fixed income

portion consists primarily of investment-grade debt securities, including government obligations, mortgage and asset-backed securities, and corporate bonds. Below-investment grade securities may also be held. The commodity portion gains broad exposure to commodity sectors through the use of exchange-traded futures. Dodge & Cox manages the equity and fixed income portion of the TDF, and Credit Suisse manages the commodities portion of the fund. Because of the TDF's significant investment in fixed assets, it is classified as a moderately conservative fund. The TDF pays its investment manager an annual fee of .32% of fund assets.

5. ***TDF Appropriate for Average Participant.*** The Trustees have determined that the TDF is appropriate for the average Plan participant. Because your investment objectives may not be consistent with that of the average Plan participant, you may want to consider self-directing your account to one or more of the other fund options. Upon request, the Fund Office can provide you a financial statement for the TDF, a statement of the value of a unit in the fund, and a list of assets comprising the TDF's portfolio along with the value of those assets. For information about the historical performance of this fund, please refer to the Fidelity Investment Participant Disclosure Notice.

6. ***You Can Transfer Out of the TDF at Any Time.*** At any time, you may redirect the investment of your account (including for your future contributions) to a fund other than the TDF by logging on to *netbenefits.com* (registration is easy if you are not yet registered) or by phoning Fidelity Investments at 866-848-6466. We encourage you to review your investment mix and deferral percentage and update as appropriate.

7. ***To Learn More About Plan Investments.*** To learn more about all of the Plan's investment funds (including the TDF), contact Fidelity Investments at 866-848-6466, or click the following links on the internet:

- General information: *netbenefits.com*.
- Fund information (other than the default fund) relating to strategies, risk, list of assets, turnover, fees, performance and its prospectus: *www.fidelity.com* (insert ticker symbol into Quote box). You may also call 866-84-UNION to speak to a Service Representative.
- Glossary of terms: *https://scs.fidelity.com/webxpress/help/topics/help\_glossary.shtml*.
- A general discussion about plan fees and expenses:  
*http://www.dol.gov/ebsa/publications/understandingretirementfees.html*.