

Targeted Returns - Prime Investment Plans

| Risk-based Plans | | Conservative | | Moderate | | Adventurous | |
|--------------------------------|--------|--------------|-----------------|----------|-----------------|-------------|-----------------|
| Asset Class | Return | Weight | Weighted Return | Weight | Weighted Return | Weight | Weighted Return |
| Developed World Equity | 6,86% | 27% | 1,85% | 54% | 3,70% | 81% | 5,56% |
| Emerging Markets Equity | 7,31% | 3% | 0,22% | 6% | 0,44% | 9% | 0,66% |
| Global Aggregate Bonds | 3,57% | 45% | 1,61% | 32% | 1,14% | 8% | 0,29% |
| Short Duration Corporate Bonds | 3,01% | 10% | 0,30% | | | | |
| US High Yield Bonds | 5,75% | 15% | 0,86% | 8% | 0,46% | 2% | 0,11% |
| Target Index Return | | 100% | 4,84% | 100% | 5,75% | 100% | 6,62% |
| Target Alpha | | | 0,57% | | 0,53% | | 0,48% |
| Target Return | | | 5,41% | | 6,28% | | 7,10% |
| Target Return Range | | | 4.50% - 5.50% | | 5.50% - 6.50% | | 6.50% - 7.50% |

| Income-based Plan | | | |
|------------------------------|--------|--------|------------------------|
| Strategy | Yield | Weight | Income Weighted Return |
| Global Equity Premium Income | 6,00% | 50% | 3,00% |
| US Equity Premium Income | 11,00% | 6% | 0,66% |
| Nasdaq Equity Premium Income | 15,00% | 4% | 0,60% |
| European Aggregate Bonds | 3,00% | 12% | 0,36% |
| USD High Yield | 7,00% | 20% | 1,40% |
| EUR High Yield | 6,00% | 8% | 0,48% |
| Target Income | | 100% | 6,50% |
| Target Income Range | | | 6.00% - 9.00% |

Understanding the Targeted Returns

The target returns for Risk-based Plans are calculated the following way:

- We take the target returns for the asset classes from our Long-Term Capital Markets Assumptions research.
 - Our MAS team prefers to show one single Developed World Equity block given the large position in Global REI.
- We multiply these returns with the weights for the respective asset classes within the BUX Investment Plans.
- The result is a weighted target return per BUX Investment Plan on an index level.
- We then add our target alpha to get to the total target return per BUX Investment Plan.
- These calculations result in a number with two decimal places which implies a level of precision we wouldn't subscribe to, hence we provide the outcome in ranges.

The target income for Income-based Plans is calculated the following way:

- We take the historical yields for the strategies, starting in 2012.
- We multiply these yields with the weights for the respective strategies within the Income Plan.
- The result is a weighted target income for the Income Plan.
- These calculations result in a number with two decimal places which implies a level of precision we wouldn't subscribe to, hence we provide the outcome in ranges.
- The range is a bit higher than the calculated Target Income to reflect the fact that yields have normalized now relative to the past 13 years when interest rates were very low.