



*Savings Banks
Employees
Retirement
Association*

*Participant
Investment
Guide*

THE SAVINGS BANKS EMPLOYEES RETIREMENT ASSOCIATION

TABLE OF CONTENTS

Introduction..... 3

General Information to Consider 4

A Brief Overview of SBERA’s Accounts 7

Life Path Accounts..... 9

Money Market Account 10

Index 500 Account 11

Small Cap Growth Account..... 12

Small Cap Value Account..... 13

Large Cap Value Account..... 14

Large Cap Growth Account 15

All Asset Account 16

Bond Account 17

International Equity Account..... 19

Equity Account 21

SBERA Account 23

Plan Administrator’s Summary..... 26

Glossary of Investment Terms 27

THE SAVINGS BANKS EMPLOYEES RETIREMENT ASSOCIATION

INVESTMENT GUIDE

INTRODUCTION

After you decide how much you can afford to contribute to your own retirement, the most important decision you must make is how to construct your investment portfolio. Your SBERA Plan offers a variety of investment accounts, each having different degrees of risk and potential return.

This Investment Guide is intended to acquaint you with the characteristics and performance histories of the various investment accounts. Based on your own analysis of your own investment horizon, risk tolerance and long-term financial goals, it is your responsibility to construct an investment allocation plan.

If you have any questions on the information presented in this Investment Guide, please contact your Plan Representative.

THE SAVINGS BANKS EMPLOYEES RETIREMENT ASSOCIATION

GENERAL INFORMATION

WHY MAKE CONTRIBUTIONS TO SBERA?

Most individuals do not know the income level they will need after retirement to maintain the standard of living they enjoy while working. Numerous studies have shown that, for most retirees, post-retirement income equal to 70% to 80% of a person's final annual income is needed to maintain a person's pre-retirement lifestyle.

An excellent way to save for retirement is to make contributions to your SBERA 401(k). Such contributions may be invested in any or all of SBERA's various investment accounts in such proportions as you may determine. The investment accounts are professionally managed, and monitored closely by SBERA's Investment Committee and the Board of Trustees.

WHEN MAY I CHANGE MY INVESTMENT ALLOCATION?

Investment selections may be changed on any day by calling SBERA's toll-free touch-tone Voice Access System (1-888-723-7201) or going to www.sbera.com and logging into your account. (Special rules apply if an employer Certificate of Deposit or stock fund is offered in your employer's SBERA plan. See your Plan Representative for details.) Current contributions and/or past balances may be allocated to the investment accounts of your choice in the whole percentages determined by you.

HOW OFTEN WILL I RECEIVE INFORMATION ON MY ACCOUNT?

You can also obtain current information about your account any time from the Voice Response System (1-888-723-7201) or from www.sbera.com. Each calendar quarter, you will also receive a quarterly statement for your account which will give a complete reconciliation of your funds including beginning balance, contributions for the quarter, investment results, investment changes and ending balance. In addition, the investment performance results for all SBERA investment accounts will be shown along with the performance of various market indexes.

HOW ARE CONTRIBUTIONS MADE TO SBERA?

Participants' contributions to SBERA can be made only through payroll deductions authorized by the Participant. Employee contributions can be made only in whole percentages, 1%, 2%, etc.

THE SAVINGS BANKS EMPLOYEES RETIREMENT ASSOCIATION

WHAT IS THE ADVANTAGE OF DOLLAR COST AVERAGING?

Dollar Cost Averaging is a disciplined approach to investing whereby you invest a constant dollar amount from your pay each pay period. This method of systematic investing helps you remove the emotion from investment decisions because you invest at regular intervals without trying to guess when the market is at a high or low. It is also a disciplined approach to investing assures you that money will be added to your account on a regular basis.

With Dollar Cost Averaging you invest the same amount of money buys proportionately more shares as the price of those shares fall and fewer when the price rises. For example, a constant \$100 will purchase 10 shares when they are selling for \$10 per share; but if the price rises to \$20, the same \$100 buys 5 shares.

PROXY VOTING BY INVESTMENT MANAGERS

In accordance with SBERA's 401 (k) Investment Policy Statement, all stock proxies shall be voted by investment managers in a manner which will enhance the interests of Plan participants and beneficiaries. Their voting decisions shall be based on what is in the economic interest of Plan participants and beneficiaries over the time period the stock is expected to be held.

SELECTING THE OPTIONS THAT ARE BEST FOR YOU

The investment options are described in this Investment Guide with additional information including the most recent fact sheets at www.sbera.com. It is your decision as a participant to determine your allocation between the various accounts.

Even though you may have the same exact contribution amount as another participant, your specific investment selections and allocations over time will result in different ending account balances. How you choose to allocate your contributions can dictate your ultimate account balance as much as the amount of your contributions. The table below provides an illustration of the performance of different asset allocations over a historical 20 year period. Past performance is no guarantee of future investment results.

Performance Return Example

	Avg. Annual Return	Value ¹
Standard & Poor 500 Index ²	8.19%	\$101,129
Three Month Treasury Bills ³	2.36%	\$51,564
Inflation ⁴	2.29%	\$51,166

1. Assumes contributions are fixed at \$2,000 per year at the beginning of year, present value is 0, with 20 years of compounding.
2. Average annual return for S&P500 for a 20 year period from 1996-2015.
3. Average annual yield for a 20 year period from 1996 – 2015.
4. As measured by the seasonally adjusted CPI for a 20 year period from 1996 – 2015.

THE SAVINGS BANKS EMPLOYEES RETIREMENT ASSOCIATION

RISK TOLERANCE

Before deciding where you should invest your contributions, you must assess your tolerance for Risk. Very simply, Risk Tolerance is the willingness to accept volatility and possible short-term negative returns in the hope of achieving superior long-term returns. Risk tolerance is an individual assessment, which can be made only by you. In addition to your own criteria to determine your risk tolerance you may also want to consider:

- ◆ How close you are to retirement or the need to withdraw funds, the less risk you may be willing to accept.
- ◆ Whether or not you find negative returns intolerable and to what extent you are willing to accept a drop in our accounts value.
- ◆ That returns are generally proportionate to risk.

You should weigh carefully the Investment Goals, Objectives, Results and Risks of SBERA's Investment Options when constructing your portfolio. Once you have selected a portfolio, you should resist the temptation to "market time." Few people have successfully "market timed" over long periods. Most persons attempting to do so are often basing their selection on the prior year's investment returns. Time, not timing, is the critical element in a long-term investment strategy.

The "Smarter Money" Financial Planning Software can assist you in constructing your investment allocation based on the above and other considerations. It is available through the SBERA web site.

THE SAVINGS BANKS EMPLOYEES RETIREMENT ASSOCIATION

OVERVIEW OF SBERA'S ACCOUNTS

STOCK ACCOUNTS

Equity Account

This Account seeks to provide capital appreciation through a professionally managed, diversified portfolio of domestic and international stocks. This account is periodically rebalanced across the various investment managers.

Index 500 Account

This Account attempts to provide investment results that parallel the performance of the Standard & Poor's 500 Composite Stock Price Index.

Small Cap Growth Account

This Account seeks long-term growth by investing primarily in common stocks of small to medium sized companies that the Investment Manager believes have potential for capital appreciation significantly greater than that of the market averages.

International Equity Account

This Account seeks to provide long-term capital appreciation by investing in foreign equity securities.

Small Cap Value Account

This Account utilizes a highly disciplined, bottom-up value approach to investing focused on small companies. The process is intended to generate excess returns primarily through stock selection.

Large Cap Value Account

This Account's investment philosophy combines detailed fundamental research, bottom-up stock selection and portfolio construction, and disciplined management of portfolio volatility to achieve strong risk-adjusted returns over full market cycles.

Large Cap Growth Account

This Account uses a highly disciplined, mathematical investment strategy designed to seek long-term returns in excess of the target benchmark, while reducing the risk of significant under performance.

Life Path Accounts

These funds are intended for participants who would rather leave their 401(k) account asset allocation decisions to a professional investment manager. Each fund utilizes a predetermined mix of specific asset classes with frequent re-balancing back to the fund's target allocation.

All Asset Account – The objective of the All Asset Account is to produce returns which are 5% above the Consumer Price Index (CPI). The strategy is designed as a “fund of funds” that allocates its assets among a group of PIMCO funds. The All Asset Account rebalances among the funds as real return values shift in the market.

The SBERA Account

The SBERA Account is designed to provide results that essentially parallel the performance of the SBERA Defined Benefit Plan Assets. Given this objective, the Account is expected to

THE SAVINGS BANKS EMPLOYEES RETIREMENT ASSOCIATION

provide investors with long-term growth of capital and income. The SBERA Account provides investors with great diversification and significantly less risk than a more concentrated portfolio. This account is periodically rebalanced across the managers to reflect the asset allocation of the defined benefit plan.

FIXED INCOME ACCOUNTS

Bond Account

This Account's objective is to provide a broad exposure to the fixed income securities. The fund invests in domestic and international fixed income securities including an exposure to emerging markets debt. The fund may invest in government securities and agencies, mortgage pass-through securities, high quality corporate securities, debt and money market instruments, below investment grade corporate bonds, foreign debt instruments and long-dated maturities.

OTHER ACCOUNTS

Money Market Account

This Account seeks to provide income consistent with the preservation of principal. This Account invests solely in U. S. Treasury or agency obligations with maturities of six months or less.

Certificate of Deposit (CDs)

Many bank employers make available certain CDs of the bank as an investment option for their 401(k) participants. For further information, please check with your Human Resources Department.

Bank Stock Fund

Some bank employers make available the bank's stock as an investment option for their 401(k) participants. For further information, please check with your Human Resource Department.

THE SAVINGS BANKS EMPLOYEES RETIREMENT ASSOCIATION

LIFEPATH ACCOUNTS BLACKROCK INSTITUTIONAL TRUST COMPANY

Investment Objective and Philosophy

The LifePath Accounts' investment objectives are to provide participants with a single investment solution where the asset allocation decisions are administered by a professional investment manager. Each fund utilizes a predetermined mix of specific asset classes with frequent re-balancing back to the fund's target allocation. The number —as in LifePath 2020 — is the approximate year when a participant plans to start withdrawing their money. One portfolio, *Retirement* — does not include a number because it is designed for people currently withdrawing their money. Each fund has a different allocation of assets depending upon the year. As the year referenced in the fund nears, the asset allocation automatically becomes more conservative.

The LifePath series includes the following:

- LifePath Retirement
- LifePath 2020
- LifePath 2025
- LifePath 2030
- LifePath 2035
- LifePath 2040
- LifePath 2045
- LifePath 2050
- LifePath 2055

Investment Managers

The LifePath Accounts are administered by BlackRock Institutional Trust Company, San Francisco, CA.

Investment Strategy and Portfolio Managers

The LifePath portfolios are designed to be complete investment solutions for individuals. Each strategy is a broadly diversified portfolio designed for both a particular risk tolerance and when the money will be needed. The portfolios are monitored each day to ensure that each portfolio at all times will have the characteristics and asset allocation determined by the model. That way each portfolio will consistently be positioned on the efficient frontier, i.e. maximizing expected return for any given level of risk. At all times, they maintain well diversified portfolios, reducing security specific risk, maintaining long-term goals and objectives. The portfolios are typically rebalanced 15-25 times a year. The typical rebalance is 2% of the total assets, with an annual turnover of approximately 40%-45%.

Risk

The LifePath series has been designed to cover the risk spectrum from low to high. The LifePath Retirement represents the lowest risk while the LifePath 2055 represents the highest risk. The risk is controlled through the portfolio holdings from lower-risk investments (bonds and money market instruments) to larger concentration in equities and a smaller allocation to bonds.

More Information

For more information please see the latest Fact Sheet on the account on www.sbera.com.

THE SAVINGS BANKS EMPLOYEES RETIREMENT ASSOCIATION

MONEY MARKET ACCOUNT

STATE STREET BANK

Investment Objective and Philosophy

The Money Market Account seeks the maximum current income that is consistent with preservation of capital and liquidity. The Account intends to maintain a consistent net cash value of \$1.00 per share. The objective of the Account is to consistently out-perform the Lipper Average Money Market Fund Index.

Investment Manager

The Money Market Account is administered by State Street Bank.

Investment Strategy and Portfolio Managers

All Money Market Account assets are invested in short-term securities issued by the U. S. Government and agencies of the U.S. Government, with maturities of six months or less. Interest is calculated at the end of the month. Interest on withdrawals is calculated to the date of withdrawal.

Risk

The Money Market Account offers the lowest risk of all the SBERA investment options. Great care is taken to ensure that the constant \$1.00 net asset value is maintained.

More Information

For more information please see the latest Fact Sheet on the account on www.sbera.com.

THE SAVINGS BANKS EMPLOYEES RETIREMENT ASSOCIATION

INDEX 500 ACCOUNT STATE STREET GLOBAL ADVISORS

Investment Objective and Philosophy

The Index 500 Account attempts to provide investment results that parallel the performance of the Standard & Poor's 500 Composite Stock Price Index. Given this objective, the Account is expected to provide investors with long-term growth of capital and income. The Index 500 Account is designed for investors who want a low-cost method of consistently paralleling the return of the S & P 500 Index. The Account provides investors with broad diversification and significantly less specific risk than a more concentrated portfolio.

Investment Manager

The Index 500 Account is administered by the State Street Global Advisors, Boston, Ma.

Investment Strategy and Portfolio Managers

The Index 500 Account is passively administered using a "Full Replication" approach. Under this method, the portfolio holds all of the 500 underlying securities in proportion to their weighting in the Index. Full replication significantly reduces the risk that the Account will perform differently from the Index.

The Account remains fully invested at all times. The Portfolio Administrator does not make judgmental calls on the direction of the S & P 500 Index and it generally closely tracks the S & P 500 Index. The quality of performance is illustrated by the strong correlation (over 99%) between the Account and the S & P 500 Index. The buy/sell decision process for the Account is based upon comprehensive decision rules. Each day, the specially designed software selects securities for purchase or sale, to accommodate cash flow and to maintain close correlation with the characteristics of the Index. To supplement this process and further assure a fully invested position and tight tracking, the Portfolio Administrator may hold up to 5% of the Account's net assets in S & P 500 futures contracts.

Risk

The Index 500 Account remains fully invested at all times as it seeks to track the performance of the S & P 500 Index. Due to the high correlation of the Index 500 Account and the S & P Index, the risk level of the 500 Account is equivalent to that of the Index. As a passively administered portfolio that replicates a well-defined index, the Account does not incur specific issue or sector risk in the same way as actively managed portfolios. For the participant, owning shares in the Account indicates a desire for equity returns equal to that of the S & P 500 Index and an acceptance of the volatility that is inherent to common stock investments.

More Information

For more information please see the latest Fact Sheet on the account on www.sbera.com.

THE SAVINGS BANKS EMPLOYEES RETIREMENT ASSOCIATION

SMALL CAP GROWTH ACCOUNT TIMES SQUARE CAPITAL MANAGEMENT

Investment Objective and Philosophy

The Small Cap Growth Account's investment objective is to outperform the Russell 2000 Growth Index in a risk-controlled manner. This is achieved using a bottom-up, research-intensive approach to identify small cap growth stocks with the greatest potential to achieve superior price appreciation over a twelve to eighteen month time horizon.

Investment Manager

The Small Cap Growth Account is administered by Times Square Capital Management, Inc., New York City, NY.

Investment Strategy and Portfolio Managers

Times Square constructs a 100-120 stock portfolio by looking for companies with market capitalizations between \$50 million and \$1.5 billion at time of purchase that have demonstrated the ability to grow earnings and sales at least 15% per year. Times Square focuses primarily on the fundamental aspects of the business model, looking for companies that meet the criteria their team has successfully utilized for over fifteen years. Times Square's definition of a superior growth business includes one with exceptional management with clear goals, distinct sustainable competitive advantage and strong sustainable top line and bottom line growth. Dividend and interest income is not a consideration in the selection of portfolio investments.

Risk

The Small Cap Growth Account offers the risk, return characteristics and potential of domestic equities and active portfolio management. Risk management is implemented through portfolio construction, with 100-120 stocks in a diversified portfolio; maximum 5% per issue and maximum twice the benchmark weight for major industries.

More Information

For more information please see the latest Fact Sheet on the account on www.sbera.com.

THE SAVINGS BANKS EMPLOYEES RETIREMENT ASSOCIATION

SMALL CAP VALUE ACCOUNT BOSTON COMPANY ASSET MANAGEMENT

Investment Objective and Philosophy

The Small Cap Value Account's investment objective is to outperform the Russell 2000 Value Index over a long-term investment horizon. This is achieved using a bottom-up, research-intensive approach to identify small cap stocks to achieve superior performance.

Investment Manager

The Small Cap Value Account is administered by The Boston Company Asset Management, LLC, Boston, Ma.

Investment Strategy and Portfolio Manager

The Boston Company Asset Management's disciplined, team-oriented approach aims to generate consistent above-average risk-adjusted performance relative to its peers and market benchmark. Specifically, the US Small Capitalization Value Equity strategy seeks to outperform the Russell 2000 Value Index over a long-term investment horizon. Research is at the heart of its investment philosophy, which emphasizes fundamental analysis and bottom-up stock selection. The Small Cap Value team applies an independent, fundamental research-driven process that leverages each member's wide range of skills and years of experience.

Its investment process focuses on valuation, fundamentals, and catalyst identification as a cornerstone to successful value investing, while maintain the integrity of its specific investment mandates. The team emphasizes free cash flow, balance sheets and long-term market potential when evaluating possible investments.

Risk

The Small Cap Value Account offers participants exposure to small cap equities and the risk, return characteristics and potential of domestic equities and active portfolio management.

More Information

For more information please see the latest Fact Sheet on the account on www.sbera.com.

THE SAVINGS BANKS EMPLOYEES RETIREMENT ASSOCIATION

LARGE CAP VALUE ACCOUNT INSTITUTIONAL CAPITAL CORPORATION (ICAP)

Investment Objective and Philosophy

The Large Cap Value Account's investment objective is to seek a superior total return with only a moderate degree of risk. The Account seeks to achieve its investment objective by investing primarily in U.S. dollar-denominated equity securities of companies with market capitalizations of at least \$2 Billion. The Account seeks to achieve a total return greater than the S & P 500 over a full market cycle and indices comprised of value-oriented stocks over shorter periods.

Investment Manager

The Large Cap Value Account is administered by ICAP, Chicago, IL.

Investment Strategy and Portfolio Manager

ICAP uses a team approach with a value-oriented investment style. ICAP employs a rigorous evaluation process that starts with a universe of approximately 450 stocks. This universe includes the largest companies in the S & P 500 and about 50 American Depositary Receipts (ADRs) of large multi-national companies. ICAP looks beyond traditional measures of value to find companies where a catalyst for positive change is about to occur. ICAP focuses on companies where this catalyst has the potential to produce significant stock appreciation relative to the market over a twelve-to-eighteen month time period. All buy and sell decisions are made collectively by the investment team. The Account may invest in cash equivalents but such instruments will generally not exceed 5% of its total assets. The Account intends to be virtually fully invested in equity securities at all times and typically holds between 40 and 45 securities.

Risk

The Large Cap Value Account will invest primarily in equity securities. Equity securities generally increase or decrease in value based on earnings of a company and on general industry and market conditions. Equity securities markets may be volatile and are affected by economic growth and market conditions, interest rate levels, and political events. Therefore, especially in the short term, the Account's value will fluctuate and may, at redemption be worth more or less than your initial purchase price – accordingly, you could lose money on this investment.

More Information

For more information please see the latest Fact Sheet on the account on www.sbera.com.

THE SAVINGS BANKS EMPLOYEES RETIREMENT ASSOCIATION

LARGE CAP GROWTH ACCOUNT INTECH INVESTMENT MANAGEMENT, LLC (INTECH)

Investment Objective and Philosophy

The Large Cap Growth Account's investment objective is to add value using natural stock price volatility through a mathematically based risk controlled process and to provide equity investors a highly disciplined, mathematical investment strategy designed to seek long-term returns in excess of the target benchmark, while reducing the risk of significant under performance. The Large Cap Growth Account uses the S & P Citigroup Growth Index as a benchmark.

Investment Manager

The Large Cap Growth Account is administered by INTECH, West Palm Beach, Florida.

Investment Strategy and Portfolio Management

INTECH's active strategies are based on a rigorous mathematical theory that seeks to demonstrate that by combining securities with high relative volatility, but low covariance, a portfolio could be constructed that would outperform a benchmark index over the long term. The key element is in the engineering of that process into a specific portfolio construction methodology. The innovative element of the approach is derived from the fact that no estimates are necessary of the future rates of return for the stocks in the portfolio. In practice, such estimates are based on analysts' forecasts and are susceptible to error. INTECH's process is based on mathematically proven market dynamics and does not depend on proprietary fundamental forecasts.

INTECH's process is different than either traditional fundamental or quantitative strategies and the hallmark of the process is the risk managed nature of the strategy. For the Large Cap Growth Strategy, the process begins with the universe of securities in the S & P 500 Growth Index or the Russell 1000 Growth Index. From that universe, the mathematical process is applied with specific risk parameters for the Large Gap Growth Mandate. Target proportions are established as a result of a routine designed to build a portfolio that will outperform a passive benchmark over the long term. Those target proportions are established using a mathematical formula to determine the ideal weightings of each stock in the portfolio. Once the proportions are determined and the portfolio is constructed, it is then re-balanced to those target proportions every six business days and partially re-optimized weekly.

Risk

INTECH strategies attempt to provide consistent upside potential combined with downside protection. Risk management is at the heart of INTECH's investment process as they do not "pick or predict" the direction of stocks, but use natural stock price volatility to attempt to generate excess returns. The Account invests in equity securities that may lose value.

More Information

For more information please see the latest Fact Sheet on the account on www.sbera.com.

THE SAVINGS BANKS EMPLOYEES RETIREMENT ASSOCIATION

ALL ASSET ACCOUNT PIMCO

Investment Objective and Philosophy

The objective of the All Asset Account is to produce returns which are 500 basis points above the Consumer Price Index (CPI) which measures inflation experienced by consumers in their day-to-day living expenses. The All Asset Account seeks to achieve its investment objective by investing under normal circumstances substantially all of its assets in other PIMCO Funds.

Investment Managers

The All Asset Account is administered by PIMCO, Newport Beach, Ca.

Investment Strategy and Portfolio Administration

The All Asset Account employs an active, multi-market strategy that fundamentally seeks to provide necessary long-term real inflation-adjusted returns, along with significant asset class diversification. The strategy is designed as a fund of funds that allocates among a full range of PIMCO strategies and targets real returns in excess of the Consumer Price Index. The All Asset Account measures itself against two benchmarks. One is the Barclays Capital Global Real: U.S. TIPS 1-10 year index. (TIPS refers to Treasury Inflation Protected Securities.) The second is a benchmark created by adding 500 points to the CPI. The strategy is a core asset offering to replace conventional assets. The All Asset Account rebalances among funds, as real return value shifts in the market. In pursuit of its inflation-plus targeted return, the fund investments are actively managed. A key feature is the broad selection of asset classes available to achieve the account's return objective. The sub-advisor relies on a number of essential building blocks to make its allocation decisions.

Risk

As this account can allocate its assets across various other funds as determined by the investment manager, it is possible that this fund may lose value.

More Information

For more information please see the latest Fact Sheet on the account on www.sbera.com.

THE SAVINGS BANKS EMPLOYEES RETIREMENT ASSOCIATION

BOND ACCOUNT SBERA INVESTMENT COMMITTEE

Investment Objective and Philosophy

The Bond Account's objective is to keep pace with U.S. Investment grade bond market returns. The Fund will be invested in U.S. Government securities and agencies, mortgage pass-through securities, high quality corporate securities, debt and money market instruments. A prudent amount may be invested in below investment grade corporate bonds, foreign debt instruments and long-dated maturities. The Fund is designed for investors seeking exposure to fixed income.

Investment Manager

The Bond Account has three underlying investment managers:

<u>Investment Manager</u>	<u>Allocation</u>
BlackRock Institutional Trust Company, San Francisco, CA	29.21%
PIMCO, Newport Beach, CA	35.55%
Wellington Investment Management, Boston, MA	25.24%
Mondrian Investment Partners, Philadelphia, PA	10.00%

The investment managers used for the Account are selected by SBERA's Board of Trustees and may change from time to time. The allocation for each manager is also determined by the Board. The account currently has a passive asset allocation strategy across the investment managers. The percentage allocations are as indicated in the table above.

Investment Strategy and Portfolio Managers

The BlackRock U.S. Debt Index's investment strategy is designed to deliver high quality and efficient index-based portfolio management and to match the performance of the Barclays Capital Aggregate Bond Index, the most widely recognized benchmark for U.S. debt. The Index measures the performance of the total universe of U.S. Government and other investment-grade fixed income debt, such as corporate and international dollar-denominated bonds, mortgage-backed and asset backed securities. The fund employs a stratified sampling approach to manage the bonds that make up the Index. The sampling strategy matches the systemic risk and return factors of the Index by mirroring important benchmark characteristics such as maturity, coupon and duration. This disciplined investment approach provides for a level of diversification, close benchmark tracking and lower transaction costs. The Fund holds approximately 3,200 of the approximately 6,900 bonds in the Index and includes medium-to-high-quality bonds with maturities of at least one year including government, corporate, mortgage-backed and asset-backed securities. The Fund is broadly diversified across sectors, quality, coupon and time to maturity. The Fund's duration is significantly lower than a long-term fund. As a result, the Fund is likely to experience lower price volatility because its duration is significantly less than a less diversified, long-term bond fund. In periods of rising interest rates, the Fund would be expected to lose less of its value than a long duration fund. However, in periods of declining interest rates, the expected return would be lower.

THE SAVINGS BANKS EMPLOYEES RETIREMENT ASSOCIATION

The PIMCO Total Return Fund is a diversified portfolio of high quality bonds that is actively managed to maximize return in a risk-controlled framework. The Fund's philosophy is founded on the principle of diversification. The Fund's investment process utilizes both "top-down" and "bottom-up" strategies. Top-down strategies focus on duration, yield curve positioning, volatility, and sector rotation. Bottom-up strategies drive our security selection process and facilitate the identification and analysis of undervalued securities. The objective is to combine perspectives from both the portfolio and security levels to consistently add value over time within acceptable levels of portfolio risk. The Fund takes a diversified approach to adding value in its effort to provide consistent performance by employing multiple concurrent strategies and taking modest risk in each, thereby reducing the risk of poor performance arising from a single source.

The Wellington Management Core Bond Plus' Portfolio investment objective is to achieve a long-term total rate of return well in excess of the Barclays Global Aggregate Bond Index. The portfolio is managed using: diligent fundamental research will enable the management team to profit from having a view different from the view reflected in market prices; the best results are achieved when the team has multiple active "bets" in the Portfolio, all of which can help add to returns, but no one of which will dominate the others, and; An emphasis on risk control throughout the investment process is an essential step. The Core Bond Plus Portfolio invests primarily in bonds of companies based in the United States. Among asset classes, bonds are more risky than cash/money market funds, but less risky than stocks (equity). Among various fixed income approaches, the Core Bond Plus Portfolio is more risky than US government bond funds but less risky than balanced funds, which include both stocks and bonds. The performance of bonds is typically less volatile than those of stocks, however investment in the Portfolio could lose money over short-or even long-term periods.

The Mondrian Emerging Markets Debt Fund is designed to provide investors with access to emerging markets local currency debt. The fund utilizes a value-oriented, defensive philosophy, which focuses on fixed income markets that offer high income in real (inflation adjusted) terms. Mondrian's fixed income philosophy seeks to efficiently utilize risk levels consistent with client objectives while generating relative outperformance over full market cycles. The fund considers the relative value of country bond markets as well as foreign currency valuations for a US domiciled, US dollar-based investor when selecting bonds for the Fund. Because of special risks associated with foreign currencies, the Fund may defensively hedge currency exposures.

Risk

The Fund is designed for investors seeking a high level of income. Comprised entirely of fixed-income securities, the Fund is exposed to a number of risks including interest rate, income, credit and prepayment risk. The Fund has a moderate exposure to changes in interest rates, particularly increases in interest rates. The performance of bonds is typically less volatile than those of stocks, however investment in the Portfolio could lose money over short-or even long-term periods. You should expect the Portfolio's share price and total return to fluctuate similar to the fluctuation of the overall bond market.

More Information

For more information please see the latest Fact Sheet on the account on www.sbera.com.

THE SAVINGS BANKS EMPLOYEES RETIREMENT ASSOCIATION

INTERNATIONAL EQUITY ACCOUNT

SBERA INVESTMENT COMMITTEE

Investment Objective and Philosophy

The International Equity Account's investment objective is to provide participants long-term capital appreciation by investing in international equities in both the developed and emerging markets. The Account is composed of funds managed by three managers each with a different mandate.

Investment Manager

The International Equity Account has three underlying investment managers:

Investment Manager	Allocation
State Street Global Advisors, Boston, MA	28.3%
Mercator Asset Management, L. P., Boca Raton, FL	36.5%
Dimensional Fund Advisors, Austin, TX	35.2%

The investment managers used for the Account are selected by SBERA's Board of Trustees and may change from time to time. The allocation for each manager is also determined by the Board. The account currently has a passive asset allocation strategy across the investment managers. The percentage allocations are as indicated in the table above.

Investment Strategy and Portfolio Managers

State Street Global Advisors - Daily EAFE Index NL Series Fund is a passive index product designed to closely track the MSCI EAFE Index at a low cost. The MSCI EAFE Index consists of almost 1,000 stocks in twenty-one countries outside of North and South America, and represents approximately 85% of the total market capitalization in those countries. The Daily MSCI EAFE Index Strategy Account invests in three country/regional funds, which together make up the MSCI EAFE Index. Those funds include Europe, Japan, and Pacific Basin ex-Japan. This approach allows investors to gain daily exposure to EAFE as a whole, or any combination of the three component parts. The Daily MSCI EAFE Index Strategy Account employs an index replication approach in an attempt to match the returns of the Index. Replication results in low turnover, accurate tracking, and low costs. The Daily MSCI EAFE Index Strategy Account uses a hierarchy of trading processes when appropriate including internal crossing, external crossing, futures, and agency trades to attempt to capitalize on every opportunity to reduce the Account's transaction costs. In order to facilitate daily liquidity, the Account may hold up to 20% of its value in international equity index futures.

Mercator Asset Management seeks long-term capital appreciation by investing primarily in equity securities traded principally on markets outside the United States. The fund invests in securities of foreign corporations that are traded on foreign exchanges or over-the-counter. The fund's basic approach to portfolio management is one of individual equity selection that seeks to identify undervalued stocks. The fund does not initially make industry or country allocations. As a result, country exposure may be concentrated at times, although prudent portfolio

THE SAVINGS BANKS EMPLOYEES RETIREMENT ASSOCIATION

diversification practices are followed, designed to ensure that no sector becomes unduly overweight.

Dimensional Fund Advisors' Emerging Markets Value Portfolio investment objective is to achieve long-term capital appreciation. The investment manager believes that equity investing should involve a long-term view and a systematic focus on sources of expected returns, not on stock picking or market timing. In constructing an investment portfolio, the Advisor identifies a broadly diversified universe of eligible securities with precisely-defined risk and return characteristics. It then places priority on efficiently managing portfolio turnover and keeping trading costs low. The Advisor does not intend to purchase or sell securities for the investment portfolio based on prospects for the economy, the securities markets or the individual issuers whose shares are eligible for purchase. The Emerging Markets Value Portfolio purchases emerging market equity securities that are deemed by the Advisor to be value stocks at the time of purchase and associated with emerging markets, including frontier markets (emerging market countries in an earlier stage of development). Securities are considered value stocks primarily because they have a high book value in relation to their market value. As a non-fundamental policy, under normal circumstances, the Emerging Markets Value Fund will invest at least 80% of its net assets in emerging markets investments and may purchase emerging market equity securities across all market capitalizations. The Emerging Markets Value Fund may gain exposure to companies associated with Approved Markets by purchasing equity securities in the form of depositary receipts, which may be listed or traded outside the issuer's domicile country. The Emerging Markets Value Fund may use derivatives, such as futures contracts and options on futures contracts for Approved Market or other equity market securities and indices, including those of the United States, to gain market exposure.

Risk

The International Equity Account offers the risk and return characteristics of international equities including those related to emerging market countries. The Account mixes both active and passive investing decisions. As designed the account provides a lower cost way of gaining exposure to international equities. The participant is still exposed to the commensurate risk in owning such securities. The composition of the underlying managers in this account results in the profile of the account being different from the profile of broad international indexes. The make-up of the account may the account to perform quite differently at times relative to the broad market.

More Information

For more information please see the latest Fact Sheet on the account on www.sbera.com.

THE SAVINGS BANKS EMPLOYEES RETIREMENT ASSOCIATION

EQUITY ACCOUNT SBERA INVESTMENT COMMITTEE

Investment Objective and Philosophy

The Equity Account seeks long-term growth of capital and income by investing in common stocks of domestic and foreign companies. The Account is composed of funds managed by eight investment advisors; each with a different investment mandate. The International Equity Account has three Managers (see below).

Investment Managers

The Equity Account has eight investment managers. Their shares of the total Account are as follows:

<u>Investment Manager</u>
The Boston Company, Boston, MA
Times Square Small Cap Growth, New York, NY
Institutional Capital Corporation, Chicago, IL
INTECH, West Palm Beach, FL
State Street Global Advisors, Boston, MA (S&P 500 Flagship)
International Account
Dimensional Fund Advisors, Austin, TX
Mercator Asset Management, L. P., Boca Raton, FL
State Street Global Advisors, Boston, MA (International)

The investment managers used for the Equity Account are selected by SBERA's Board of Trustees and may change from time to time. The allocation for each manager is also determined by the Board and may change from time to time. The Equity Account is rebalanced at least quarterly.

Investment Strategy and Portfolio Managers

The Boston Company's Small Cap Value Investment Process is a highly disciplined, three-stage process which is intended to result in about 120-150 securities with attractive valuations within the Russell 2000 sectors that exhibit earnings growth with low turnover.

Times Square Small Cap Growth seeks long-term growth by investing in common stocks of small to medium sized companies that they believe have potential for capital appreciation significantly greater than that of the market averages.

Institutional Capital Corporation (ICAP) seeks to achieve a total return greater than the S & P 500 over a full market cycle by investing primarily in U.S. dollar-denominated equity securities of companies with market capitalizations of at least \$2 Billion. ICAP uses a team approach with

THE SAVINGS BANKS EMPLOYEES RETIREMENT ASSOCIATION

a value-oriented investment style. All buy and sell decisions are made collectively by the investment team that looks for significant appreciation through identifiable catalysts that drive the team's decisions.

State Street Global Advisors' S&P 500 Index Account attempts to provide investment results that parallel the performance of the Standard & Poor's 500 Composite Stock Price Index.

INTECH has managed Large Cap Growth assets since 1993 and believes that they can add value using natural stock price volatility through a mathematically based risk controlled process.

Mercator Asset Management, State Street Global Advisors and Dimensional Fund Advisors are the international managers who also comprise the International account. These managers seek to obtain long-term growth through a diversified portfolio of marketable equity securities of foreign companies. The performance objective is to out-perform the Morgan Stanley Capital International EAFE Index over a market cycle.

Risk

The Equity Account offers the risk and return characteristics of domestic and international equities and predominately active portfolio management. (There are two index accounts included in the Equity Account: State Street's S&P 500 and State Street's International Daily MSCI EAFE Index.) The composition of the underlying managers in this account results in the profile of the account being different from the profile of broad market indexes such as the S & P 500 Index, the Russell 2000 Index or the EAFE Index. The make-up of the account will cause the account to perform quite differently at times relative to the broad market.

More Information

For more information please see the latest Fact Sheet on the account on www.sbera.com.

THE SAVINGS BANKS EMPLOYEES RETIREMENT ASSOCIATION

SBERA ACCOUNT SBERA INVESTMENT COMMITTEE

Investment Objective and Philosophy

The SBERA Account is designed to provide results that parallel the performance of the SBERA Defined Benefit Plan Assets. Given this objective, the Account is expected to provide investors with long-term growth of capital and income. The SBERA Account provides investors with great diversification and significantly less risk than a more concentrated portfolio. The account also provides access to a broader range of investments than those available directly to the participant

This is not a Balanced Account or a Life Cycle Account such as the Life Path Accounts.

Investment Manager

The SBERA Account contains all the investment managers utilized by the SBERA Defined Benefit Plan. The investment managers are as follows:

Investment Manager
Equity Account
The Boston Company, Boston, MA
Times Square Small Cap Growth, New York, NY
Institutional Capital Corporation, Chicago, IL
INTECH, West Palm Beach, FL
State Street Global Advisors, Boston, MA
International Account
Dimensional Fund Advisors, Austin, TX
Mercator Asset Management, L. P., Boca Raton, FL
State Street Global Advisors, Boston, MA
Bond Account
BlackRock Institutional Trust Company, San Francisco, CA
PIMCO, Newport Beach, CA
Wellington Investment Management, Boston, MA
All Asset Account
GMO Asset Management, Boston, MA
Mellon Asset Management, Boston, MA
Mondrian Investment Partners, Philadelphia, PA
Entrust Capital, New York NY
Crestline Investors, Fort Worth, TX

The investment managers used for the SBERA Account are selected by SBERA's Board of Trustees and may change from time to time. The allocation for each manager is also determined by the Board and may change from time to time. The Equity Account is rebalanced at least quarterly.

THE SAVINGS BANKS EMPLOYEES RETIREMENT ASSOCIATION

Investment Strategy and Portfolio Managers

The SBERA Account is passively administered using a “Full Replication” approach holding the investments of the SBERA Defined Benefit Assets in the same proportion as are held in the Defined Benefit Assets. On a periodic basis, the asset allocation of the underlying managers in the SBERA Account is rebalances to mirror the asset allocation of the Defined Benefit Plan.

The investment managers for the Bond Account, Equity Account, International Account and All Asset Accounts are described in the other sections.

The GMO Benchmark Free Strategy seeks to generate relatively strong real returns over a market cycle by allocating to undervalued and often unpopular asset classes and sectors of the global market, free from the constraints of traditional benchmarks. This means the strategy will often hold either unconventional asset classes, or hold conventional asset classes in unconventional proportions. The Strategy is managed by GMO's asset allocation group and relies on the firm's successful asset allocation approach. Unlike many traditional benchmarked strategies, where the management is constrained by tracking error considerations, the Benchmark-Free Allocation Strategy, as the name implies, is largely unconstrained. The team is free to more fully implement the insights driven by the GMO asset class forecasts - accessing the conventional building blocks of portfolios, but freer to hold them in unconventional proportions. The key insight driving the Strategy is GMO's deep understanding of mean reversion: sentiment drives markets and asset sectors far from fair value; economic rationality ensures they return. The Benchmark-Free Allocation Strategy invests in GMO strategies (underlying stock, bond, etc., strategies) or may hold securities directly. Depending on current valuation assessments of global markets, the Strategy may own different proportions of these underlying strategies. The Strategy rebalances opportunistically when the investment outlook has changed, when cash flows occur, or when there has been a significant change in market valuation levels.

The investment objective of GMO's Multi-Strategy portfolio is capital appreciation with a target performance of Citigroup 3 Month T-Bill Index plus 8% and a Standard Deviation of 5%. It is expected that this will be achieved through a combination of investments in other hedge strategies managed by GMO. The Strategy expects to have a low correlation over a full-market cycle to traditional market indices and can invest in various other GMO hedge strategies. By allocating the assets among a varied group of strategies, Multi-Strategy seeks to achieve its investment target with lower volatility than any single underlying strategy. Due to the off-setting nature of the underlying strategies, this low-correlated approach is expected to moderate near-term volatility swings. The underlying strategies hold both long and short positions in various asset classes and may also employ leverage. The investments of the underlying strategies will likely include, but will not be limited to, common stocks, depository receipts (ADRs), bonds (including sovereign debt of emerging countries), commodities, currencies, forwards, futures and options and swap agreements.

The Mellon Global Extended Alpha Fund seeks to return 3% above the MSCI World Index by targeting 130% long and 30% short exposure to the global equity markets through the use of equity derivatives and offers a standard overall market risk (or beta) of one. A portfolio of between 350-400 stocks will be diversified across a wide range of countries, sectors and currencies, using Mellon Capital's valuation-based quantitative approach, which ranks stocks from the most to the least attractive. Underpinning this innovative approach to stock selection is

THE SAVINGS BANKS EMPLOYEES RETIREMENT ASSOCIATION

a robust risk management framework, which is a fully integrated part of the overall portfolio construction process.

EnTrust Capital Diversified Fund QP Ltd is a fund-of-funds that invests in various underlying hedge fund managers. The primary focus of EnTrust's fund-of-funds approach is finding the best managers within a range of non-correlated investment strategies that they regard as likely to provide favorable investment opportunities in most economic environments. Their multi-manager, multi-strategy approach is intended to achieve high risk-adjusted rates of return within a volatility range of 5-7%. The underlying Diversified investment approach is to achieve consistent, risk-adjusted returns in changing market environments with a diversified portfolio of managers. The majority of the firm's fundof-funds resources is devoted to extensive bottom-up research of managers and their organizations. Consideration is also given to the managers' strategies and any macro conditions which may impeded their investment opportunities. In selecting managers for the portfolio, EnTrust does not follow a rigid asset allocation policy but instead, seeks diversification through a combination of managers trading a range of strategies, including but not limited to long/short equity, distressed securities, arbitrage, special situations and activism. The Diversified fund is designed not only to utilize expert managers but also to deploy and redeploy investment capital within a range of investment strategies which Diversified regards as likely to provide favorable opportunities in changing economic environments. W

Crestline ERISA Fund, Ltd. is a multi-manager fund that seeks to achieve superior risk-adjusted capital appreciation over the long-term through investments in a diversified portfolio of absolute return strategies. The general partner and its affiliates seek to achieve the Fund's targeted returns, with low volatility, by combining astute manager selection, rigorous risk management and a dynamic investment process. Crestline Investors is an institutional manager of a family of diversified hedge fund of funds. The Funds objective is to achieve targeted risk-adjusted total returns over the long term by investing in absolute return strategies with consistent, low volatility returns with low beta to traditional markets.

Risk

The SBERA Account remains fully invested in the same proportion as the Defined Benefit Plan Assets. For the participant, owning shares in the Account indicates a desire for investment returns equal to that of the SBERA Defined Benefit Plan Assets with the acceptance of the volatility that is inherent in equity and fixed income investments. The Account is priced daily, some of the investments within the account are priced monthly as indicated above. The prices are updated during the month when the new price is received from the investment manager.

More Information

For more information please see the latest Fact Sheet on the account on www.sbera.com.

THE SAVINGS BANKS EMPLOYEES RETIREMENT ASSOCIATION

Plan Administrator's Summary

This Investment Guide has been developed by SBERA to be a helpful tool for SBERA 401(K) Plan Participants to use in establishing their long-term investment program. Hopefully, you will find it to be an informative and straightforward addition to the Smarter Money Financial Planning Software available through the SBERA website and your employer's Human Resources Department.

If you have any questions concerning this Investment Guide or the operation of your SBERA Plan(s), please contact your Plan Representative.

GLOSSARY OF INVESTMENT TERMS

Asset Allocation

The process of deciding how your investment dollars will be apportioned among various classes of financial assets, such as stocks, bonds, and short-term reserves.

Average Coupon

The weighted average coupon of all issues, excluding cash equivalents.

Average Duration

The weighted average duration of the issues in the portfolio including cash equivalents.

Average Price

The weighted average price of the issues in the portfolio excluding cash equivalents.

Average Maturity

The weighted average maturity of issues in the portfolio including cash equivalents.

Average Quality

The weighted average quality of all issues excluding cash equivalents.

Beta

This represents the portfolio's sensitivity to the fluctuation of the overall market and indicates whether historically it has been more volatile (A beta greater than 1.0) or less volatile (a beta less than 1.0) than the S & P 500 Index (A beta equal to 1.0)

Current Yield

The weighted average current yield of the portfolio including cash equivalents.

Five-Year Return on Equity (ROE)

The five year geometric average of the percent return on common equity shareholders' interest.

Market Capitalization

Number of shares outstanding times the price per share.

Maturity

The length of time that a debt security (such as a bond) is outstanding.

Number of Issues

Number of individual securities held in the portfolio regardless of the number of issuers.

Price Earning (P-E) Ratio

The per share price divided by trailing twelve-month earnings per share.

Price to Book

The per share price divided by the reported book value per share.

Yield

Indicated annual dividend divided by the per share price.

THE SAVINGS BANKS EMPLOYEES RETIREMENT ASSOCIATION

**Produced and Distributed
By**

***SAVINGS BANKS EMPLOYEES
RETIREMENT ASSOCIATION***

**12 GILL STREET, SUITE 2600
P.O. BOX 2069
WOBURN, MA 01888-0169**

**PHONE: 781-938-6559
FAX: 781-935-5059**

**THOMAS FORESE, JR.
PRESIDENT AND PLAN ADMINISTRATOR**

**Copyright
SBERA
All Rights Reserved**