

## **BancorpSouth Model Portfolios – A Comprehensive Risk Solution**

The BancorpSouth Model Portfolios are lifestyle or target-risk portfolios, offering instant diversification to multiple asset classes in a single portfolio, with the added benefit of professional asset allocation and experienced security selection.

### **Diversification Made Easier**

BancorpSouth's seven Model Portfolios have an asset allocation mix among stocks, bonds, and short-term instruments that range from a more conservative and lower equity allocation mix to a more aggressive and higher equity allocation mix.

As an investor you should first understand your personal risk tolerances, time horizons, and investing goals. Then simply pick the Model Portfolio with the total stock percentage number that most closely matches your target asset mix and BancorpSouth's investment staff will do the rest.

### **Benefits of BancorpSouth Model Portfolios**

**Diversification** – In a single portfolio you will have exposure to multiple asset classes, including domestic and international stocks across varying styles and market cap ranges, investment-grade and high-yield fixed-income, and short-term instruments, such as money markets.

**Confidence** – With BancorpSouth Model Portfolios you can be assured that your asset allocation mix will be consistent with your selected target mix.

**Ease** – Invest in and monitor one portfolio instead of several.

### **How BancorpSouth Model Portfolios Work**

The BancorpSouth Model Portfolios use a lead/sub-portfolio management structure that incorporates two levels of money management:

#### **Lead Management – Focus on Asset Allocation**

BancorpSouth's Investment Committee maintains the overall asset allocation targets and makes controlled shifts in allocation to the various sub-portfolios, including domestic and international stocks, investment-grade fixed income, and short-term securities, to capitalize on market dynamics. As market conditions change, we can make modest adjustments in the asset allocation weightings, but we never strays far from the neutral asset allocation mix. This allows us to take advantage of market opportunities without materially changing the intended risk/return profile. The portfolio is re-balanced periodically.

#### **Sub-Portfolio Management – Focus on security selection**

The sub-portfolios consist of mutual funds investing in domestic and international stocks, investment-grade fixed income, and short-term securities. They are managed by experienced portfolio managers, research analysts, and sector specialists. BancorpSouth monitors the fund managers on an ongoing basis. Managers may be replaced periodically.

## **INVESTMENTS**

To assist the Alabama Family Trust (AFT) and the Donors and/or beneficiaries who establish an account through AFT, BancorpSouth, as custodian for AFT, has made available the use of the Model Portfolios to utilize when investing funds within each AFT account in accordance with investment objective chosen by the Donor / Beneficiary / Trustee of the respective AFT account. All Portfolios are comprised of mutual funds managed by a qualified portfolio manager. Within each fund, expenses are incurred for the management of the fund and are charged within the fund prior to any dividend, interest, or capital gains being paid out to each investor. The Model Portfolios available to be utilized by AFT are listed below. All trusts will have the balances under \$2000 invested into the Money Market Fund option.

### **High Growth with Income Model**

**Expense Ratio 0.70%**

Maintaining a neutral mix over time of **80%** of assets in stocks and **20%** of assets in bonds and short-term and money market instruments, though BancorpSouth may overweight or underweight in each asset class. Allocating the portfolio's assets among stocks, bonds, and short-term and money market instruments.

### **Aggressive Balanced Model**

**Expense Ratio 0.59%**

Maintaining a neutral mix over time of **60%** of assets in stocks and **40%** of assets in bonds and short-term and money market instruments, though BancorpSouth may overweight or underweight in each asset class. Allocating the portfolio's assets among stocks, bonds, and short-term and money market instruments.

### **Balanced Model**

**Expense Ratio 0.54%**

Maintaining a neutral mix over time of **50%** of assets in stocks and **50%** of assets in bonds and short-term and money market instruments, though BancorpSouth may overweight or underweight in each asset class. Allocating the portfolio's assets among stocks, bonds, and short-term and money market instruments.

### **Conservative Balanced Model**

**Expense Ratio 0.49%**

Maintaining a neutral mix over time of **40%** of assets in stocks and **60%** of assets in bonds and short-term and money market instruments, though BancorpSouth may overweight or underweight in each asset class. Allocating the portfolio's assets among stocks, bonds, and short-term and money market instruments.

### **High Income with Growth Model**

**Expense Ratio 0.38%**

Maintaining a neutral mix over time of **20%** of assets in stocks and **80%** of assets in bonds and short-term and money market instruments, though BancorpSouth may overweight or underweight in each asset class. Allocating the portfolio's assets among stocks, bonds, and short-term and money market instruments.

### **Income Model**

**Expense Ratio 0.27%**

Maintaining a neutral mix over time of **100%** of assets in bonds and short-term and money market instruments, though BancorpSouth may overweight or underweight in each asset class. Allocating the portfolio's assets among stocks, bonds, and short-term and money market instruments.

### **Money Market Fund**

**Expense Ratio 0.18%**

100% of the assets are invested in the Goldman Sachs Financial Square Government Money Fund

### **Tax- Free Money Market Fund**

**Expense Ratio 0.22%**

100% of the assets are invested in the Federated Tax- Free Obligations Money Market Fund

You may call or email Dean Niesen, Vice President and Trust Officer with BancorpSouth with any questions regarding the Model Portfolios. 205-558-7721 or dean.niesen@bxs.com.

## **Asset Allocation Model Historical Returns Disclaimer**

Asset Allocation Models are comprised of non-proprietary mutual funds. All performance results are presented net of mutual fund fees, but do not include a charge for the Bank's fee. Past performance does not guarantee or indicate future results.

Model composition and investment performance data assume daily rebalancing of each model according to the stated composition of the model. Rebalancing typically occurs semi-annually, but may occur more frequently. The composition of each fund may be changed from time to time by adjusting the percentage allocated to a particular mutual fund, or by adding or removing a fund. Therefore, the actual returns experienced by an account invested in an Asset Allocation Model may have been higher or lower.

Investment performance is based on information received from Morningstar, and is prepared with the use of Zephyr StyleADVISOR. It assumes reinvestment of all interest and dividends, and takes into consideration all changes in composition of the models for the period reported. The information received from both sources is believed to be accurate and complete. However, no warranty is given as to the accuracy or completeness of the information. Because the timing of purchases into and sales out of a model within the month by an investor may also affect that investor's return, the returns shown are only intended to be generally representative of those experienced for the time periods indicated.

Some mutual funds charge early redemption fees for accounts that trade too frequently. These fees vary from fund to fund as to the amount of the fee and the definition of frequent trading. Early redemption fees are paid directly to the mutual fund that assesses the fee, and will reduce the return to an investor against whom such a fee is imposed.

None of the mutual funds comprising the models pay fees of any type to BancorpSouth in connection with assets invested in these Asset Allocation Models.

This information does not constitute investment advice, is not intended to be investment advice, and should not be taken as such.

Mutual funds are not deposit products, they are not guaranteed by the Bank, they are not FDIC insured, and they may lose value.