# Tohono O’odham Per Capita Trust FAQs

**Who is eligible to participate in the Trust?**

Registered minors of the Tohono O’odham Nation who are enrolled by the eligibility dates for each per capita distribution are automatically eligible to receive contributions made on your behalf to the Tohono O’odham Minors’ Per Capita Trust.

**Why am I receiving this notice?**

The Investment Committee for the Per Capita Trust wanted to provide each minor with the opportunity for growth of their individual per capita account and the Trustees of the Per Capita Trust want to provide you with information regarding the investment of your Per Capita Trust account.

**What types of investments is the Trust invested in?**

The Nation’s Legislative Council has approved investments in funds that contain both stocks and bonds. The Per Capita Trust is invested in a type of mutual funds called target date funds. Each target date fund is diversified with some money invested in cash, bonds, and stocks. The target date mutual funds which you are invested in tend to be fairly conservative (they each have more cash and bonds than stocks), but offer the potential for your account to grow over time.

**Why did the Investment Committee choose mutual funds instead of individual stocks and bonds?**

Mutual fund managers can create a diversified portfolio for investors. A well-diversified portfolio of stocks and bonds can protect against individual company risk or even sector risk, but market and economic risks will still exist that can affect the price of the stocks in the portfolio. Although mutual funds are not insured or guaranteed, and can lose value, over long periods of time they have proven to provide positive growth.

**What risks are involved with investing?**

In order to have the opportunity for future growth of your account, some investment risk needs to be taken. This is often referred to the risk-reward relationship. Generally speaking the lower the risk taken, the lower the expected return. The reverse of this is also generally accepted, the higher the risk taken, the higher the expected return. Cash, bonds and stocks each carry specific risks associated with these investments:

**Is it safer to invest my account in cash?**

Cash offers very little risk as well as very little return. The main concern for investing in cash or money market funds is inflation risk, which is the risk that inflation will outpace and erode returns an purchasing power over time.

**What is diversification?**

Diversification is a risk management technique that mixes a wide variety of investments within a portfolio. The reason behind this technique is that a portfolio of different kinds of investments will, on average, yield higher returns and pose a lower risk than any individual investment found within the portfolio. Diversification strives to smooth out unsystematic risk events in a portfolio so that the positive performance of some investments will neutralize the negative performance of others.

**Why does the amount in my account keep changing?**

The balance in your account may vary from time to time depending on the performance of the stock and bond markets. In any given time period the stock or bond markets may go up or down and this will have an impact on your balance. While the returns are not guaranteed, the objective is to provide the opportunity for your account to increase in value over time.

**What are stocks?**

When you purchase a stock you buy a small piece of a company. When the value of the company increases, the value of your stock increases as well. Stocks are generally considered to be riskier than bonds or cash, but historically their value has increased more as well.

**What are bonds?**

A bond is more like a loan. When you purchase a bond, you are lending money to a company or government entity in exchange for regular interest payments, plus the return of the full loan amount (or face value) when the loan matures. Bonds usually entail less risk and less reward.

**What is inflation?**

Inflation is defined as a sustained increase in the general level of prices for goods and services. It is measured as an annual percentage increase.

**What is inflation risk?**

Inflation risk is the risk that inflation will grow faster than the amount of interest or return you earn on your account. Over time what can happen is that the purchasing power your account has today may be more than the purchasing power your account may have in the future.