

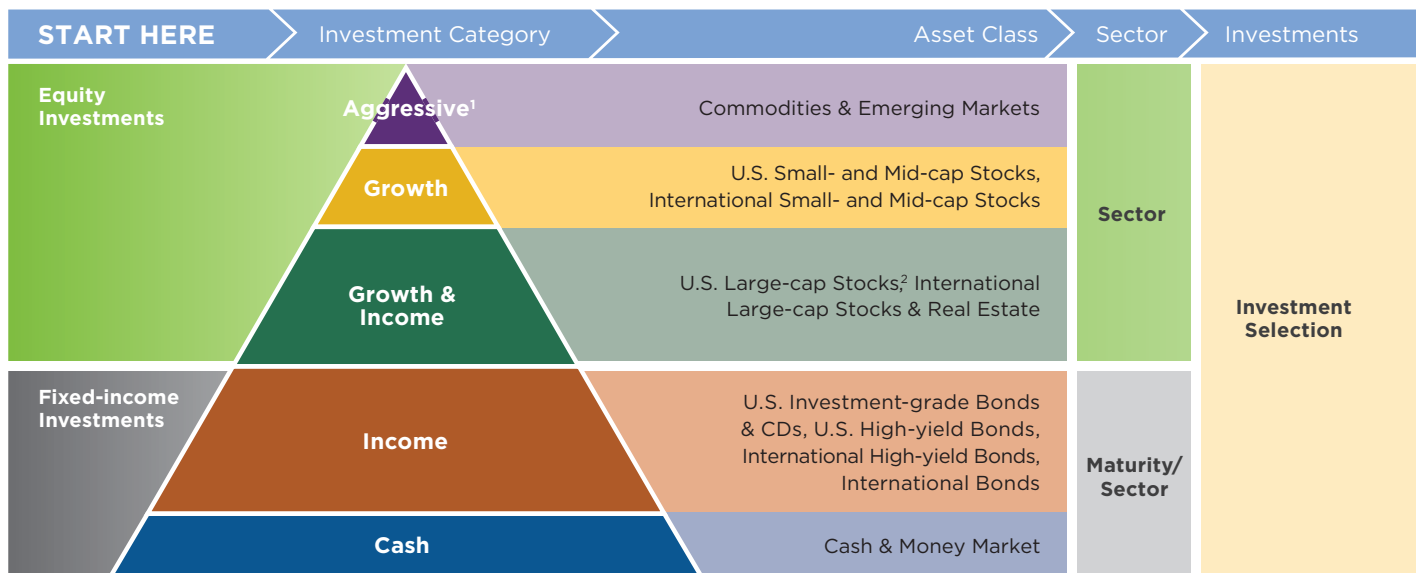
Building Your Portfolio

A Personalized Approach to Your Investment Portfolio

Investing is about more than money. You're investing for a reason – maybe it's retirement, sending kids to college, the desire to leave a legacy – or all of these things. We work to understand what's important to you, and together we can develop a personalized investment strategy to help get you where you want to be.

Portfolio Construction

After selecting a Portfolio Objective, you and your financial advisor will work together to build a diversified portfolio with quality investments. This should align with your goals, comfort level with risk, time horizon and other important factors. You can expect the process to follow the progression of the image below, beginning with the mix between equity and fixed income and moving to the right, where you select the individual investments to build your strategy.



¹ Alternative investments and stocks trading for less than \$4 per share align with the Aggressive investment category, but they are not recommended.
² Large-cap stocks that do not pay a dividend are in the Growth investment category.

Investment Category Definitions

Cash

The base level of investing is considered cash. This includes funds held in savings and money market accounts for investment purposes, but it does not include cash reserved for emergencies. Holding more cash than you need, however, can represent missed opportunities for higher-return investments and can result in decreased purchasing power due to inflation.

Income

Income investments, such as U.S. and international bonds, pay a fixed or variable amount of interest and normally offer higher rates than cash investments. Generally, if interest rates decrease, bond prices increase, and if rates increase, bond prices decrease. The longer the period before maturity, the greater an income investment's value will fluctuate as a result of interest rate movements.

Growth & Income

Investments such as U.S. and international large-cap stocks and mutual funds offer potential growth through rising earnings and could provide income through dividends.

The prices of these securities will usually vary more on a day-to-day basis than the prices of income investments. However, their dividend income typically provides greater price stability than is generally found in pure growth investments.

Growth

Although past performance is not a guarantee of future results, investments such as U.S. small- and mid-cap stocks and mutual funds have the potential to outperform income or growth-and-income investments. However, they typically offer little current dividend income and depend heavily on earnings growth for their long-term returns – and their prices can be more volatile.

Aggressive

Offering the potential for higher returns, aggressive investments also carry higher levels of risk and price volatility. For example, emerging-markets stocks are highly sensitive to a country's political and economic events. And though we don't recommend them, alternative investments also fit in this category.

Choosing a Portfolio Objective

Our primary focus is helping you achieve your financial goals. One of the most important steps in working toward your long-term goals is choosing a Portfolio Objective. This helps determine the appropriate asset allocation – or mix of investments.

Before you select a Portfolio Objective, we want to discuss:

- Your goals
- How comfortable you are with risk
- When you'll need the money you've invested

We believe that by understanding what's important to you, we can work together to review your options and help select an appropriate Portfolio Objective.

Your Goals

Before we recommend an investment strategy, we think it's important to get to know you and what you're working toward. Identifying and writing down your specific goals is the starting point. This goes beyond, "I want to retire someday."

Your financial advisor will ask questions such as, when do you want to retire? How much money will you need to maintain your current lifestyle? How much do you want to contribute to a child's or grandchild's education savings? Do you want to leave a financial legacy for your heirs? Buy a vacation home? What else is important to you?

We have a systematic approach that helps you identify and prioritize your goals. Then, together you and your financial advisor can build a strategy to help achieve them.

Your Comfort with Risk

Risk and return go hand in hand. When it comes to reaching your long-term goals, appropriate risk is beneficial and serves a valuable purpose. The more risk you're willing to take, the greater potential returns you may receive. The key is striking the right balance for you.

That's where your comfort level with risk, or your risk tolerance, comes in. This simply means how you feel, personally, about taking investment risk. Generally speaking, the more stock investments you own, the more ups and downs you'll experience – but you'll also have the potential for higher long-term returns.

We also want to understand how much risk you can take (which includes your time horizon) and how much risk you actually need to take, which are both important factors when selecting a Portfolio Objective to help you reach your goals.

By knowing your comfort level with risk, you can set realistic expectations and stick with your long-term strategy during the inevitable market declines that happen along the way.

Your Time Horizon

Another major factor to consider when selecting a Portfolio Objective is when you'll need the money. Typically, the longer you have to invest, the more you can handle short-term market swings, so you may have a larger allocation to stocks, stock mutual funds or ETFs. However, the closer you get to needing the money for your goals, the more we recommend shifting to more conservative investments, such as bonds, CDs or bond funds, which may have smaller fluctuations in price.

Each of your goals will likely have a different time horizon. If your goal is retirement, when you want to retire (and how long you plan on spending in retirement) determines your time horizon. We refer to your retirement time horizon as your life stage. If one of your goals is paying for college, however, your time horizon is based on when your children may be going to college and how many years of school you plan to pay for. Since each goal may have a different time horizon, each may have a different Portfolio Objective.

The Right Mix for You

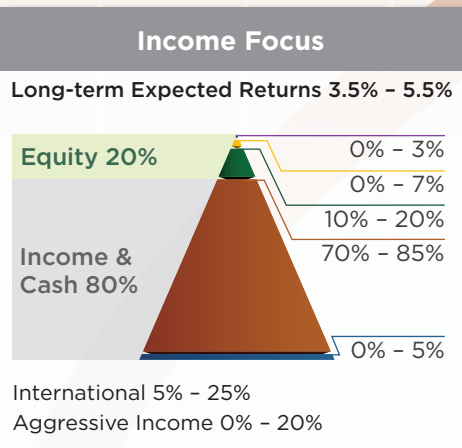
So which Portfolio Objective may be right for you? The short answer – it depends. Portfolio Objectives are designed to address the complete spectrum of an investor’s needs. It’s important for you to understand the characteristics and trade-offs associated with each one, including risks and returns.

Your time horizon and comfort with risk will help provide a starting point for selecting your Portfolio Objective. But there are other factors you should discuss with your financial advisor, such as your income needs, existing savings and your desire to leave a legacy. Any of these factors may cause you to adjust your Portfolio Objective. And remember, each of your goals may have a different Portfolio Objective. Additionally, accounts that are tied to a goal may or may not all be invested the same way – the key is that, when combined, their overall allocation aligns to the Portfolio Objective for that goal.

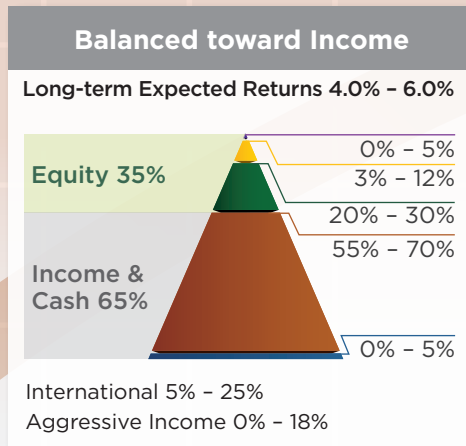
More Potential Return

Income-oriented Portfolio Objectives

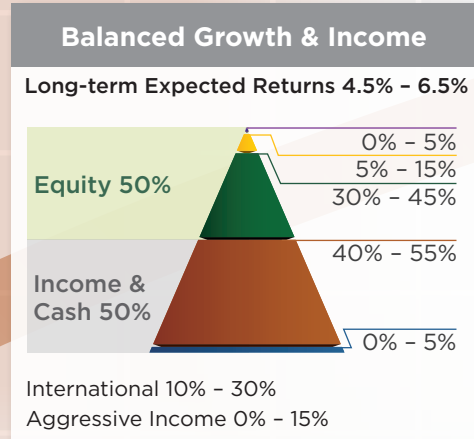
If you choose a more income-oriented Portfolio Objective, it will usually generate more income and experience less price volatility than a more growth-oriented Portfolio Objective. However, you give up some return potential and inflation protection.



This portfolio objective emphasizes current interest income with little long-term growth and rising dividend potential. Over the long term, it should have lower risk than portfolios with a more growth-oriented objective.

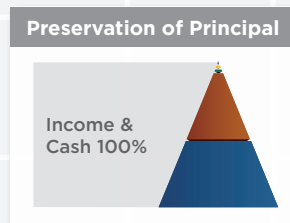


This portfolio objective emphasizes current interest income while providing modest long-term growth and rising dividend potential. Over the long term, it should have lower to moderate risk.



This portfolio objective has a balanced emphasis between current interest income and long-term growth with rising dividend potential. Over the long term, it should have moderate risk.

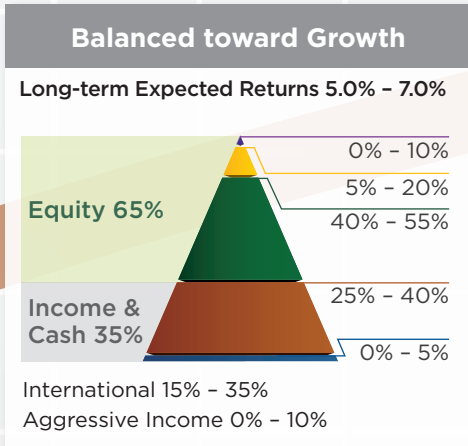
SPECIAL CIRCUMSTANCES PORTFOLIO OBJECTIVE



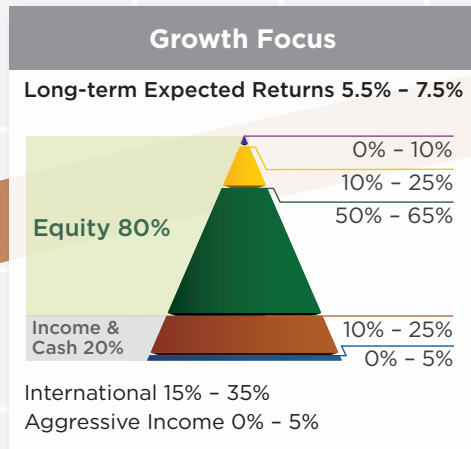
This portfolio objective is designed to preserve the original amount invested with little or no opportunity for growth. This portfolio objective is reserved for special circumstances because it contains cash and short-term income securities only and may provide some current income, which can fluctuate.

Less Potential Return

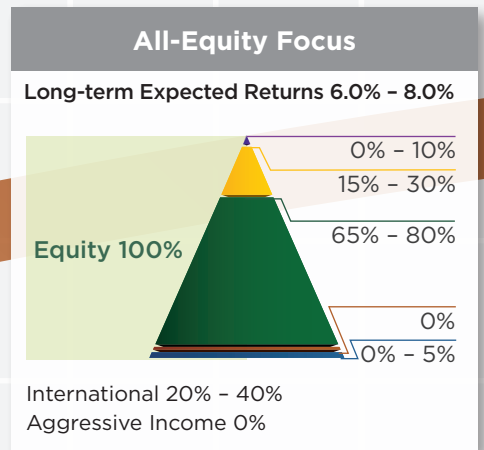
Less Potential Risk



This portfolio objective emphasizes higher long-term growth and rising dividend potential, with a secondary goal of current interest income. Over the long term, it should have moderate to higher risk.



This portfolio objective emphasizes higher long-term growth and rising dividend potential, while providing modest current interest income. Over the long term, it should have higher risk than portfolios with a more income-oriented objective.



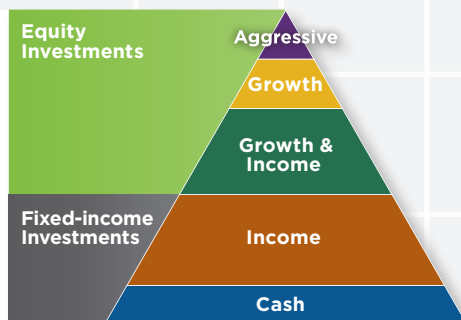
This portfolio objective offers the highest long-term growth and rising dividend potential. It focuses on long-term capital appreciation and provides very little to no current interest income. It also has the highest level of risk, as it contains only equity investments.

Growth-oriented Portfolio Objectives

The more growth-oriented Portfolio Objectives typically offer less current income but more potential for long-term growth and inflation protection. They will be more volatile in price, which means the price and value of your investments will change more often and your risk of potential decline will be higher.

Investment Categories Defined

Use this legend to determine which ranges on these two pages align with each investment category.



Expected Return: Based on our long-term annual return expectations for U.S. equity (5.5%-7.5%), international equity (7.0%-9.0%) and fixed-income investments (3.0%-4.25%). This describes the average expected return for this Portfolio Objective based on the asset allocation illustrated. This does not factor in potential fees and taxes that could reduce your actual return. There is no guarantee that you will earn this return if you hold investments in line with this Portfolio Objective.

Expected Returns source: Edward Jones calculations, February 2020.

More Potential Risk

Portfolio Objectives for Retirement

For retirement, we've identified five investing "life stages" to serve as the time horizon: three "accumulation" phases if you're saving for retirement and two "distribution" phases if you're already retired and using your investments to support your income needs.

While the guidance table below is specific to retirement, we have different guidance tables for other goals, such as paying for education, because the time horizon for these goals is likely different.

Numerous factors can cause you to adjust your Portfolio Objective from those suggested in the table, including your:

- Current and future income needs
- Amount of existing savings
- Investing time horizon
- Estate considerations

Please note that if you adjust your Portfolio Objective, it does not mean your risk tolerance has changed.

Portfolio Objective Guidance Table: Retirement Goal						
Retirement Time Horizon						
Investor Risk Tolerance	Accumulation Years (Preparing for Retirement)			Distribution Years (Living in Retirement)		
		26+ Years Until Retirement	16-25 Years Until Retirement	15 Years or Fewer Until Retirement	Expect to Spend More than 10 Years in Retirement	Age 80 or Older (and/or Expect to Spend 10 Years or Fewer in Retirement)
		Early Investing Years	Good Earnings Years	High Income and Savings Years	Early Retirement Years	Late Retirement Years
	High	Growth Focus	Growth Focus	Growth Focus	Balanced toward Growth	Balanced toward Growth
	Medium to High	Growth Focus	Growth Focus	Growth Focus	Balanced toward Growth	Balanced Growth & Income
	Medium	Growth Focus	Growth Focus	Balanced toward Growth	Balanced Growth & Income	Balanced toward Income
	Low to Medium	Growth Focus	Balanced toward Growth	Balanced toward Growth	Balanced Growth & Income	Balanced toward Income
Low	Balanced toward Growth	Balanced Growth & Income	Balanced Growth & Income	Balanced toward Income	Income Focus	

Note: Age 72 is the oldest possible retirement age for Portfolio Objective guidance purposes. Portfolio Objective recommendations within the Accumulation Years also assume that you'll spend more than 20 years in retirement.

Accumulation Stages

These are critical wealth-building years, considering many investors will spend more than 20 years in retirement. Early Investing Years generally begin when you start your career. Good Earnings Years typically occur when you have 16 to 25 years until retirement. High Income and Savings Years are usually after children are grown, but you may have up to 15 years until retirement.

Distribution Stages

You may spend as much time in retirement as you did working. We separate the distribution years into Early Retirement and Late Retirement. Think about these phases in terms of how many years you may spend in retirement. In general, Early Retirement Years are for investors who have more than 10 years to rely on their investments for income. There are many important considerations when estimating how long you'll need money from your portfolio, including age, health and your family's longevity.