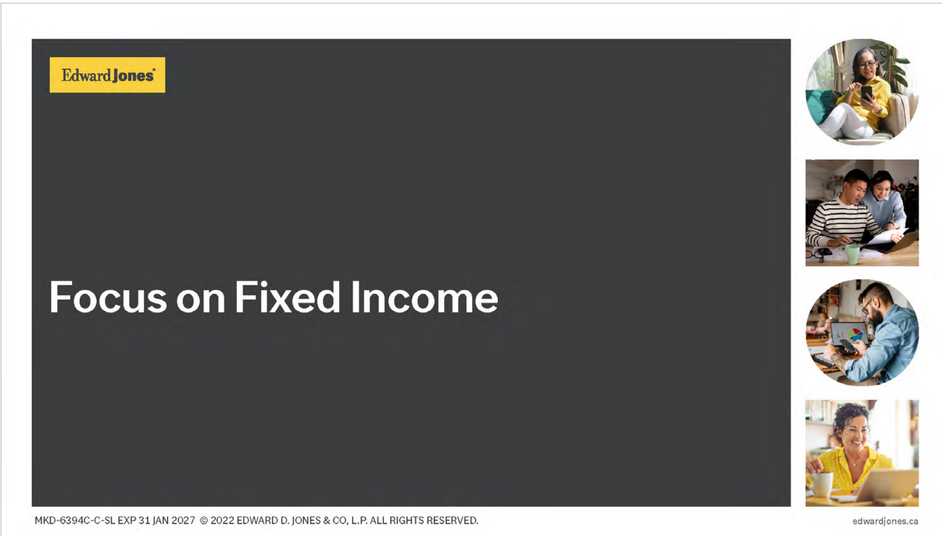
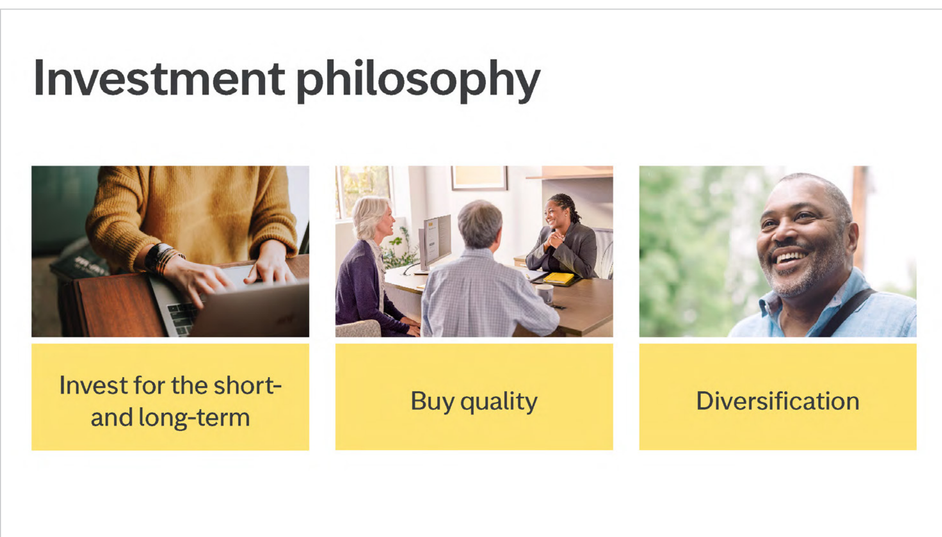
Focus on Fixed Income

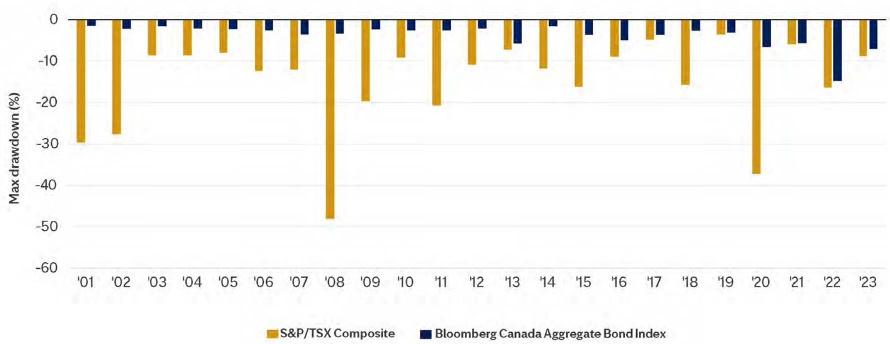




Diversification
Diversification does not ensure a profit or protect against loss in a declining market.

Investment pyramid
We recommend using the following investment categories and asset classes as a guide when selecting investments to build a portfolio.
Equity investments
Aggressive:
Emerging-market stocks
Growth:
Small- and mid-cap stocks (Canadian, U.S. and developed overseas)
Growth & income:
Large-cap stocks (Canadian, U.S. and developed overseas)
Fixed-income investments
Income:
Canadian investment-grade bonds & GICs, international bonds & international high-yield bonds
Cash:
Cash & money market
Diversification does not guarantee a profit or protect against loss in declining markets. Canadian high-yield bonds, which align with the Income investment category, commodities, alternative investments, and stocks trading less than $4, which align with the Aggressive investment category, are not displayed because they are not recommended.

Bonds have historically experienced smaller drawdowns than stocks



Loan vs. own: Two ways to invest

Loan	Own
Bonds	Stocks
Guaranteed investment certificates	Real estate

Earning money with bonds

- Lend your money to a company
- Receive original investment at a set maturity date
- During the life of the bond, you receive interest payments

Before investing in bonds, you should understand the risks involved, including credit risk and market risk. Bond investments are also subject to interest rate risk such that when interest rates rise, the prices of bonds can decrease, and the investor can lose principal value if the investment is sold prior to maturity.

Diversify by maturity date: Bond laddering

Stability

Helps create a steadier, more dependable income stream by selecting bonds with varying interest payment dates

Flexibility

Staggered maturity dates help you reduce the impact of interest rate fluctuations

Diversification

Invest in bonds with a variety of maturity dates, interest rates and issuers

You must evaluate whether a bond or GIC ladder and the securities held within it are consistent with your investment objectives, risk tolerance and financial circumstances. Including callable bonds may increase the interest rate risk of a bond ladder. Bonds may be called prior to maturity, which could result in lower yields with new investments.

Edward Jones recommended bond ladder

- Short-term
  (up to 5 years): 25%-35%
- Intermediate-term
  (6 to 15 years): 40%–50%
- Long-term
  (16 years or more): 20%-30%)

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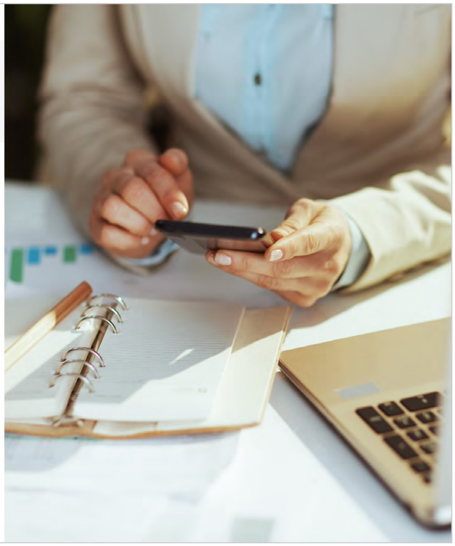


Diversify by issuer

	Recommended range
Government	40% - 60%
Financial	15% - 30%
Industrial	10% - 25%
Utility	5% - 15%

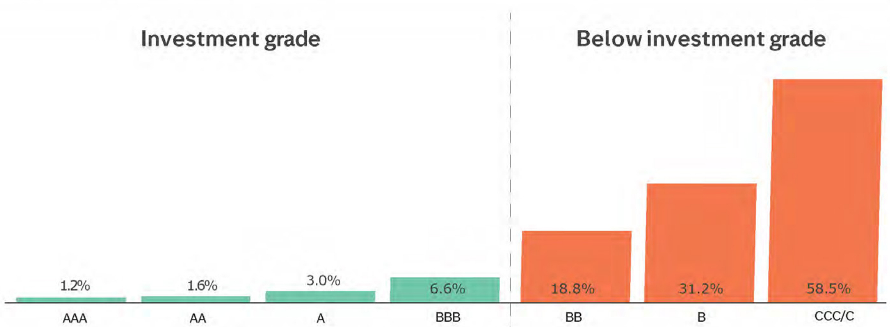
Diversification does not guarantee a profit or protect against loss in declining markets.

Diversify by credit quality: Bond ratings

		S&P	DBRS	Moody's
High quality	Investment grade	AAA	AAA	Aaa
		AA	AA	Aa
		A	A	A
		BBB	BBB	Baa
Lower quality	High-yield or junk bonds	BB	BB	Ba
		B	B	B
		CCC	CCC	Caa
		CC	CC	Ca
		C	C	C

Table is shown for illustrative purposes only. Bond laddering does not protect against market risk, credit or interest rate risk and does not protect against loss.

Average cumulative corporate bond
Default rates 1981–2022



Source: Standard & Poor's, Edward Jones. Past performance does not guarantee future results. Diversification does not guarantee a profit or protect against loss. Cumulative average default rates are calculated by taking the weighted average of annual default rates in each rating category and accumulating the results across all the years covered by the study. In this way, they take into account any change in an issuer's credit rating over time.

Interest payments

- If a bond pays a coupon of 5% and its face value is $10,000, then it will pay **$500 in interest each year**
- If interest is paid semi-annually, you will receive **$250 twice a year**

Excludes commissions, fees and other specific market factors.

How interest rates affect face value

- A bond that trades at a premium is selling for more than par
- A $1,000 bond selling at $1,050 means it's selling for 105% of face value – **1.05 x $1,000 = $1,050**

Excludes commissions, fees and other specific market factors.

How interest rates impact face value continued: Bond prices selling at a discount

- A bond that trades at a discount is selling for less than par
- A $1,000 bond selling at $950 means it's selling for 95% of face value – **0.95 x $1,000 = $950**

Excludes commissions, fees and other specific market factors.

Call feature

- An issuer will often call a bond if it is paying a higher coupon than the current market interest rate

Zero coupon bonds defined

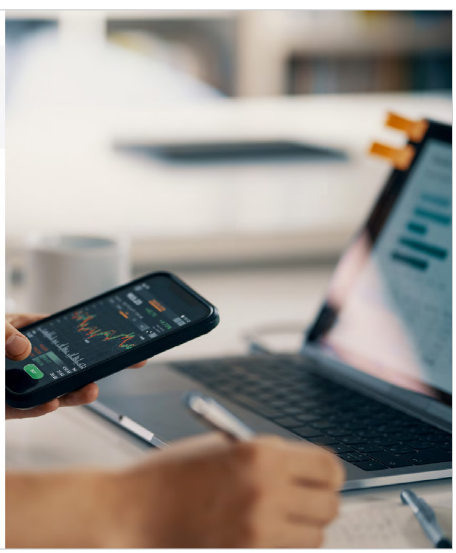
- Do not have "coupon" or regular interest payments attached to the bond; don't pay a regular income stream
- Trade at a discount to face value of the bond
- Difference between purchase price of bond and face value of bond is the return

Excludes commissions, fees and other specific market factors.

Zero coupon bonds example

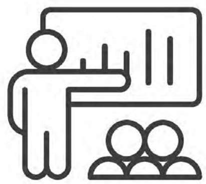
- A seven-year bond with a face value of $10,000 that is trading at $6,650.57 represents a 6% interest rate
- Difference between purchase price and value of the bond is treated as interest income

Excludes commissions, fees and other specific market factors.



Alternatives to individual bonds

Mutual funds are a pool of investments (for example, bonds) that are usually professionally managed



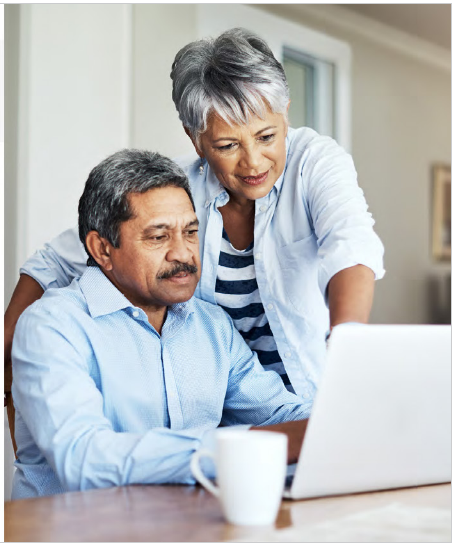
Exchange-traded funds (ETFs) are a pool of investments that typically track an index

Active or passive management?

	Passive	Active
Benefits	• Likely to perform close to index • Generally lower fees • Typically more tax-efficient	• Opportunity to outperform index • Potential for limiting the downside • Buy/sell decisions based on research
Trade-offs	• Unlikely to outperform index • Participate in all of index downside • Buy/sell decisions based on index, not research	• Potential to underperform index • Generally higher fees • Typically less tax-efficient

Taxation

- Applicable for non-registered investments
- Taxed in the year the interest is earned not necessarily received
- Interest on bonds and Guaranteed Investment Certificates (GICs) are fully taxable at your marginal tax rate
- 50% of capital gains are taxed at your marginal tax rate if your total capital gains are below $250,000 for year. Capital gains inclusion rate increases to 66.67% for total capital gains above $250,000 for the year.



Taxation: Interest income

- Bond with $10,000 face value and a 6% coupon would earn $600 per year
- Based on 38% marginal tax rate, you would pay $228 in tax, leaving you with an after-tax return of $372

Excludes commissions, fees and other specific market factors.

Taxation: Capital gains

- Bond with $10,000 face value sold for $10,500 would earn $500 capital gain. This would result in a taxable capital gain of between $250 and $333 depending on your total capital gains for year.
- Based on 38% marginal tax rate, you would owe between $95 in tax and $127 for year depending on your total capital gains for year. Leaving you with an after-tax return of between $373 and $405.

Numbers rounded to the nearest whole dollar.

Excludes commissions, fees and other specific market factors.

Interest income vs. capital gains

	Pre-tax	After tax (Based on 38% marginal tax rate)
Interest income	$1,000	$620
Capital gains	$1,000	$747 - $810

Numbers rounded to the nearest whole dollar.

Recap

- The Edward Jones investment philosophy
- Diversification
- Interest payments
- Effect of interest rates on bond prices
- Features and types of bonds
- Alternatives to individual bonds
- Taxation

What makes us unique: Doing money differently™

1. We prioritize what's most important to you and help you define your short- and long-term goals before providing advice.
2. We build deep trusted relationships and work with you to develop strategies that support your goals related to health, family, purpose, and finance.
3. We provide comprehensive planning and advice to help balance and achieve your goals.
4. We partner with you through life's curveballs, cannonballs and windfalls and we'll work together to adjust your plans as needed.

Your financial journey

Working together, we'll use the Edward Jones process to establish, confirm, and regularly revisit your financial strategy.

A team approach

Key members of your team

1. **Your Edward Jones branch team**
   - Financial Advisor
   - Branch Office Administrator
2. **Your Edward Jones home office team**
   - Advice and Guidance Strategists and Analysts
   - Client Consultation Group
   - And more
3. **Your legal and tax professionals**
   - Accountant
   - Lawyer

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Any questions?

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Call my office
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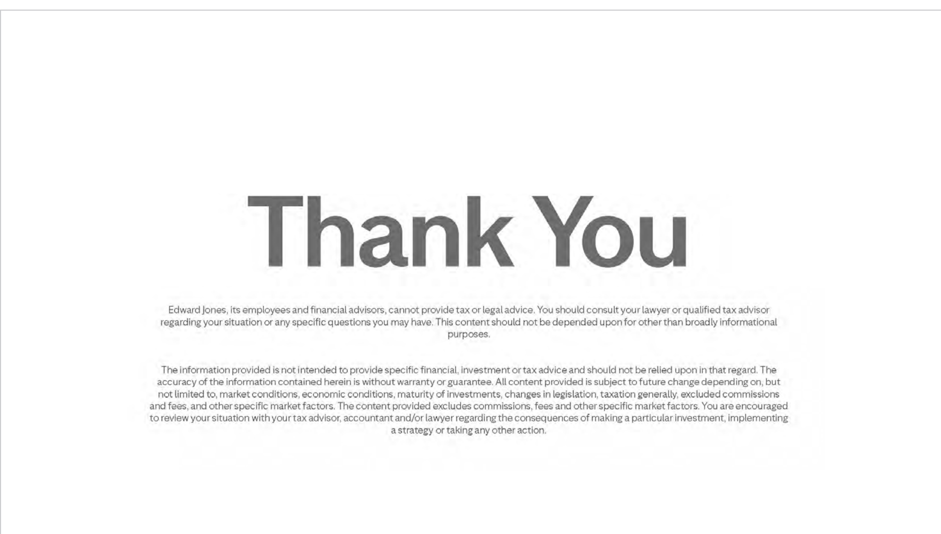
Complete the My Priorities Quiz and bring it to your next appointment
How did I do? Complete the seminar evaluation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