Strategic asset allocation provides a strong foundation

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What does it take to reach your financial goals? For one, using a disciplined approach to investing can help you stay focused as markets swing.

Our strategic asset allocation guidance can help you establish a well-diversified mix of asset classes according to your risk and return objectives. This in turn can create a strong foundation for your portfolio.

What is strategic asset allocation?

This is the mix of asset classes designed according to your investment objectives: Your comfort with risk, time horizon and financial goals.

Determining your strategic asset allocation can help you:

- Create a starting point from which to build your portfolio
- Stay appropriately diversified
- Align your portfolio with your risk and return objectives

Benefits of our strategic asset allocation guidance

Our strategic asset allocation guidance represents our recommendation for your portfolio, taking into account our long-term global outlook. Our guidance is:

- Maintained by a team of experts with advanced portfolio management experience
- Continually evaluated through a robust review and approval process
- Based on Edward Jones' realistic, forward-looking capital market assumptions
- Based on real-world considerations

Focusing on your goals

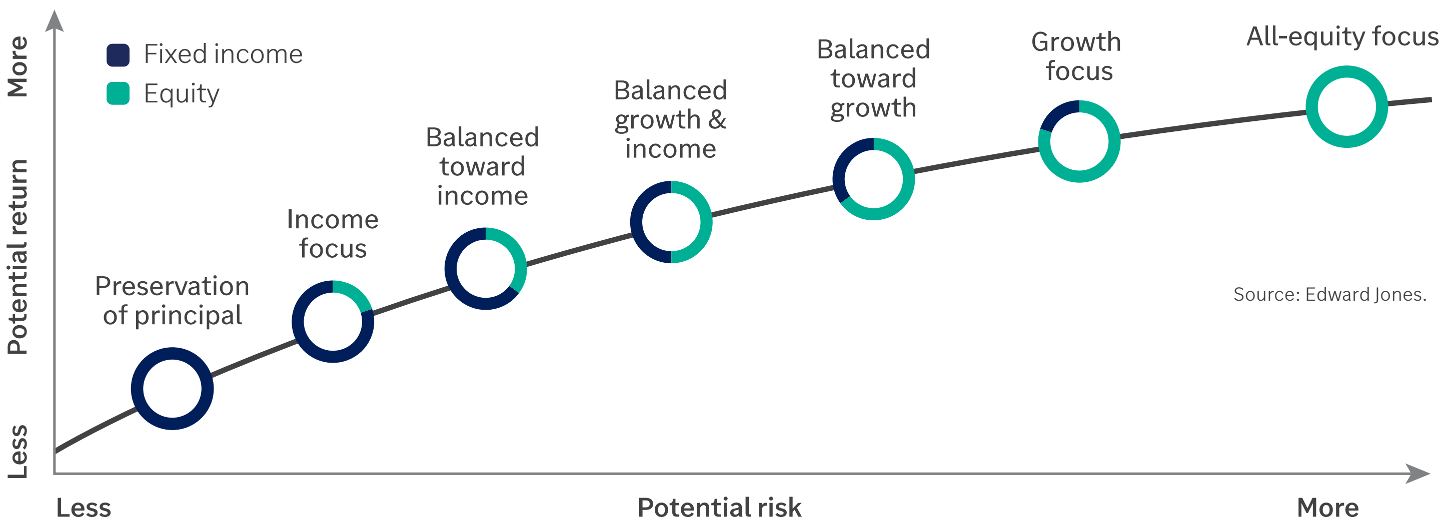
You may be tempted to focus on investments that have recently been the best performers, but your comfort with risk, time horizon and financial goals should drive your portfolio's design.

To stick with your strategy, it helps to find the right balance between the amount of risk you're willing to accept and the risk necessary to achieve your goal, particularly if there is a discrepancy between the two.

Edward Jones' Asset Allocation Team and Investment Policy Committee develop and maintain a range of portfolio objectives. These portfolio objectives represent allocations between equity and fixed-income asset classes that influence the risk and return profile of your portfolio.

The portfolio objectives incorporate Edward Jones' strategic asset allocation guidance, which provides you with a starting point to build a well-diversified portfolio aligned with your investment objectives. Your financial advisor can work with you to determine the portfolio objective that makes sense for you.

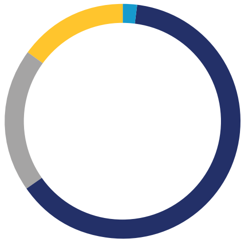
What's the appropriate balance for you?



Strategic asset allocation guidance

Equity diversification

Fixed-income diversification



	Income focus	Balanced toward income	Balanced growth & income	Balanced toward growth	Growth focus	All-equity focus
Canadian large-cap stocks	5%	9%	12%	15%	18%	23%
U.S. large-cap stocks	7%	13%	18%	24%	30%	36%
Developed overseas large-cap stocks	3%	5%	7%	8%	10%	13%
Canadian small- and mid-cap stocks	1%	2%	4%	5%	6%	7%
U.S. small- and mid-cap stocks	2%	2%	3%	5%	6%	8%
Developed overseas small- and mid-cap stocks	1%	2%	3%	4%	5%	6%
Emerging-market stocks	1%	2%	3%	4%	5%	6%
Canadian investment-grade bonds	51%	41%	31%	22%	11%	0%
International bonds	16%	13%	10%	7%	4%	0%
International high-yield bonds	12%	10%	8%	5%	3%	0%
Cash	1%	1%	1%	1%	1%	1%

Diversification helps reduce volatility

In general, investments with higher return potential also carry higher levels of risk or volatility. Although diversification can't eliminate risk, guarantee a profit or protect against loss in declining markets, it can help reduce the amount your portfolio may fluctuate as well as your portfolio's sensitivity to the specific risk of any one investment.

Consider the following:

- **Markets behave differently.** The prices of different asset classes tend to react differently to market and economic events. For example, some are more sensitive to certain macroeconomic conditions, such as periods of strong economic growth. Furthermore, stocks and bonds often move in opposite directions, demonstrating negative correlation. When one is down, the other is likely up. Allocating to different asset classes can help smooth your portfolio's volatility over time.
- **Market leadership rotates.** Asset classes perform differently at various times, as shown in the table on page 5. The leading asset class one year can be the worst performer the next.

  A well-diversified portfolio won't outperform the top asset class in any one year, but it also won't underperform the lowest — and that is by design. Diversification can help ensure you benefit from the leaders as they rotate, placing you in a better position to achieve your goals.

Rather than focusing on specific investments within your portfolio, we believe it's more important to consider your portfolio's overall asset allocation and investment diversification. We recommend asset classes across Canadian and international markets, including stocks of various sizes and bonds of varying credit quality. We also recommend diversifying your investments within each asset class, such as by style, sector and bond maturity.

Why diversify? Because leaders rotate

Best performance ↑ / Worst performance ↓

2018	2019	2020	2021	2022	2023	2024	2025
4.6%	26.1%	17.8%	27.6%	1.8%	22.9%	36.3%	42.5%
4.2%	24.9%	16.3%	25.1%	-4.2%	15.1%	24.2%	31.7%
1.4%	22.9%	16.2%	17.2%	-5.8%	14.3%	22.1%	27.3%
1.3%	21.3%	9.4%	14.9%	-6.4%	12%	21.6%	25.5%
1.1%	18.1%	8.4%	11.3%	-8.2%	11.8%	19.1%	25.1%
-1.9%	15.9%	7%	10.3%	-8.6%	11%	17.2%	17%
-3.8%	14.9%	6%	7.8%	-11.3%	10.5%	13.2%	12.4%
-6%	12.5%	5.9%	0.2%	-11.5%	9.1%	12.8%	6.8%
-6.9%	7.4%	5.6%	0.1%	-12.2%	6.9%	11.8%	6.7%
-8.9%	6.9%	5.3%	-1.4%	-12.4%	6.5%	4.9%	3.1%
-9.5%	6.9%	5.1%	-2.6%	-14.3%	6.3%	4%	2.8%
-12.9%	1.6%	0.9%	-3.4%	-15.1%	4.7%	2.4%	2.4%

- U.S. large-cap stocks represented by the S&P 500
- U.S. small- and mid-cap stocks represented by the Russell 2500
- Canadian large-cap stocks represented by the S&P/TSX Composite
- Canadian investment-grade bonds represented by the Bloomberg Canada Aggregate Bond Index
- International high-yield bonds represented by the Bloomberg Global High-Yield Index
- Int'l bonds represented by the Bloomberg Global Aggregate Hedged Index
- Emerging-market stocks represented by the MSCI EM Index
- Canadian small- and mid-cap stocks represented by the TSX Completion Index
- Developed overseas small- and mid-cap stocks represented by the MSCI EAFE SMID Index
- Developed overseas large-cap stocks represented by the MSCI EAFE Index
- Cash represented by the FTSE Canada 91 Day Tbill Index
- 50% stocks / 50% bonds represented by 50% S&P/TSX Composite TR and 50% Bloomberg Canada Aggregate TR

Source: Morningstar Direct, 12/31/2025. Sector performance based on the returns of the S&P/TSX Composite Sector Indices, which are weighted by market capitalization and are subsets of the S&P/TSX Composite. For example, the return of the Health Care sector is based on the return of the S&P/TSX Composite Health Care Index. An index is unmanaged and is not available for direct investment. Past performance does not guarantee future results. Performance does not include payment of any expenses, fees or sales charges, which would lower the performance results. This information is approved for use with the public. It is intended for informational purposes only. It is believed to be reliable, but its accuracy and completeness are not guaranteed. Returns include dividend reinvestment. Dividends may be increased, decreased or eliminated at any point without notice.

Edward Jones' guidance is continually evaluated

Our Asset Allocation Team monitors the economic and market environments alongside a broader set of teams comprising nearly 100 investment professionals. These teams systematically create and update our portfolio guidance as needed.

The Asset Allocation Team also performs deep research and the following steps regularly, with oversight from Edward Jones' Investment Policy Committee, to maintain our strategic asset allocation guidance and help you achieve your investment objectives.

1. Recommended asset classes

Asset classes are groups of investments that share similar characteristics. We identify and evaluate asset classes across the global market, recommending those we believe are most likely to benefit a well-diversified portfolio.

In this process, we also analyze the availability and accessibility of quality investment options within each asset class. This helps ensure you're able to incorporate diversified asset class allocations into an investment portfolio at reasonable costs.

2. Market indexes

We select an appropriate broad market index, such as the TSX, to represent the composition, diversification and key performance drivers for each asset class. This provides a data set for our teams to analyze.

Market indexes can also guide your portfolio's diversification within each asset class, such as your allocations to various sectors, styles, bond maturities and investments.

3. Capital market assumptions

We define realistic expectations for the risk and return of each asset class, as well as how asset classes may interact with one another (called correlation estimates).

First, we analyze each asset class's composition, risk/return characteristics and historical trends. We then produce forward-looking, 30-year capital market assumptions for each asset class, based on this analysis and our long-term global outlook.

4. Strategic asset allocation

We incorporate our capital market assumptions and real-world considerations into a mathematical optimization process to calculate our recommended target weightings for each asset class for which we expect to deliver the highest long-term return for a given level of risk.

We provide a different combination of asset classes for various levels of risk, resulting in a range of portfolio objectives to help you select a starting point to build a well-diversified portfolio aligned with your comfort with risk and financial goals.

With these teams working to maintain our portfolio guidance for you, you can feel confident in the decisions you make with your financial advisor to help achieve your goals.

Three key steps to evaluating your portfolio

1. Confirm your strategic asset allocation. Our portfolio objectives are designed with the optimal mix of asset classes for a given level of risk, which is our long-term strategic asset allocation guidance. As you discuss your goals and risk tolerance with your financial advisor, decide which portfolio objective could help you design a portfolio to deliver on your risk and return objectives.

2. Review your portfolio's asset allocation and investment diversification. You can use the strategic asset allocation you've selected to build a portfolio with the appropriate mix of asset classes and investments. But as time passes, your portfolio may drift from your strategic target weightings. This increases the risk that your portfolio performs differently from the performance expectations built into the plan you've created for your financial goal. This is known as active risk.

Active risk isn't necessarily bad. It may help you enhance your return potential, manage taxes and/or further personalize your portfolio. But if you find your portfolio is misaligned, consider whether the additional risks are intentional, or whether rebalancing could help bring you back into alignment with your goals.

3. Incorporate our opportunistic asset allocation guidance into your portfolio. Our opportunistic asset allocation is based on a more near-term time frame — specifically, a one- to three-year global market outlook. Talk with your financial advisor about how these timely adjustments could help enhance your return potential or reduce risks in the current market environment. This guidance can also help you manage active risk, keeping you focused on your financial goals.

Meet the professionals supporting you and your financial advisor

Asset Allocation Team

The Asset Allocation Team develops realistic long-term capital market assumptions, long-term strategic asset allocation guidance, and timely opportunistic asset allocation guidance.

Analysts on our Asset Allocation Team must hold the Chartered Financial Analyst (CFA®) designation, which provides a strong foundation of advanced investment analysis and portfolio management.

Investment Policy Committee

The Investment Policy Committee defines and upholds the firm's investment philosophy, which is grounded in quality, diversification and a long-term focus.

The committee comprises senior leaders and strategists who continually evaluate the investment environment to assess Edward Jones' market outlook, identify risks and opportunities, and review financial strategies and guidelines.

This content is provided for educational purposes only and should not be interpreted as specific investment advice. Investors should make investment decisions based on their unique investment objectives and financial situation.

