Understanding the stock market and investing

Creating the right mix of investments for you

What's an asset?

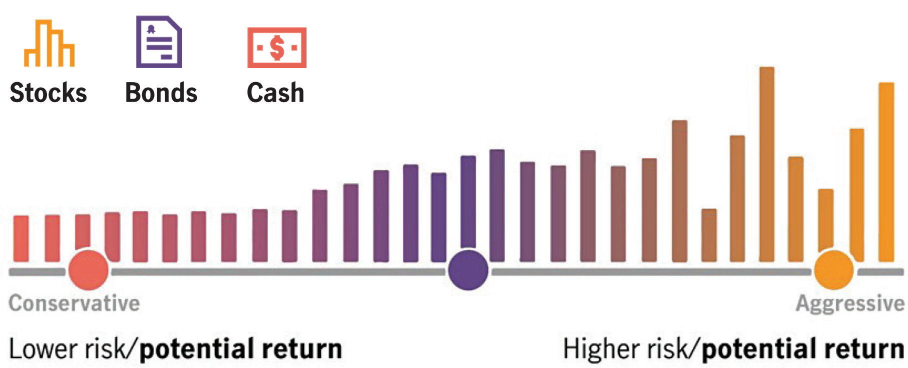
An asset is anything that has value—today or in the future—including your car, house, jewelry, investments, and even your cash.

What's an asset class?

A group of assets with similar characteristics is called an asset class. Three common asset classes are:

- **Stock's** also called equities
- **Bond's** also called fixed income
- **Cash** or cash equivalents

Each asset class comes with some amount of risk and offers a possible return on your investment. And not all assets within an asset class are identical. For example, stock in a new technology start-up company may be different from stock in a 100-year-old bank.



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Watch the second episode of *Understanding the stock market and investing* series.

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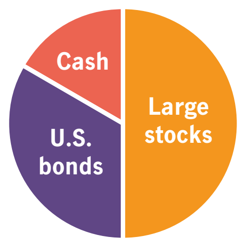
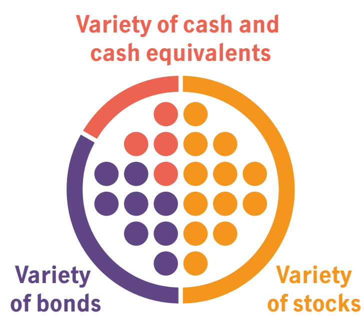
What's asset allocation and diversification?

Asset allocation describes how you spread your money across different asset classes. Diversification goes a step further, detailing how you spread your money among different assets within the same asset class. Together, these strategies can help you manage how much risk you take on when investing and help you avoid putting all your eggs in one basket.

Neither asset allocation nor diversification guarantees a profit or protects against a loss.

There is no guarantee that any investment strategy will achieve its objectives.

Asset allocation and diversification in action

Asset allocation		Diversification
100% stocks		**Not diversified** One type of investment in one asset class
15% cash, 35% bonds, and 50% stocks		**A little better** Multiple asset classes but only one investment within each
15% cash, 35% bonds, and 50% stocks		**That's more like it** Multiple asset classes and multiple investments within each

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What's risk tolerance and risk capacity?

Your risk tolerance represents how much risk you're willing to take in your investments. It's personal to you and may change throughout your life. For example, if a large investment loss may cause you to lose sleep at night—you may have a low risk tolerance.

Your risk capacity factors in your financial situation and represents how much risk you're able to accept. For example, if a large loss won't prevent you from reaching your financial goals, your risk capacity may be high.

Together, your risk tolerance and risk capacity make up your risk profile, which helps guide your investment decisions.

For complete information about a particular investment option, please read the fund prospectus. You should carefully consider the objectives, risks, charges, and expenses before investing. The prospectus contains this and other important information about the investment option and investment company. Please read the prospectus carefully before you invest or send money. Prospectus may only be available in English.

Neither asset allocation nor diversification guarantees a profit or protects against a loss. An asset allocation investment option may not be appropriate for all participants, particularly those interested in directing their own investments.

There is no guarantee that any investment strategy will achieve its objectives.

Past performance does not guarantee future results.

It is your responsibility to select and monitor your investment options to meet your retirement objectives. You should review your investment strategy at least annually. You may also want to consult your own independent investment or tax advisor or legal counsel.

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