



# Build With Precision

## Pursue your risk and return goals

Keep in mind that all investments carry a certain amount of risk including the possible loss of the principal amount invested.

Past performance is no guarantee of future results. No forecasts can be guaranteed. It is not possible to invest directly in an index.

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# The Value of Advice

*Professional guidance can be a powerful tool*



## The financial professional can

- Help you define and develop long term goals and objectives
- Help you determine your overall comfort level with risk
- Allocate, diversify and rebalance your assets accordingly
- Create the best possible financial strategy for pursuing your long-term financial goals



# Two Common, Costly Mistakes

## Loss Aversion





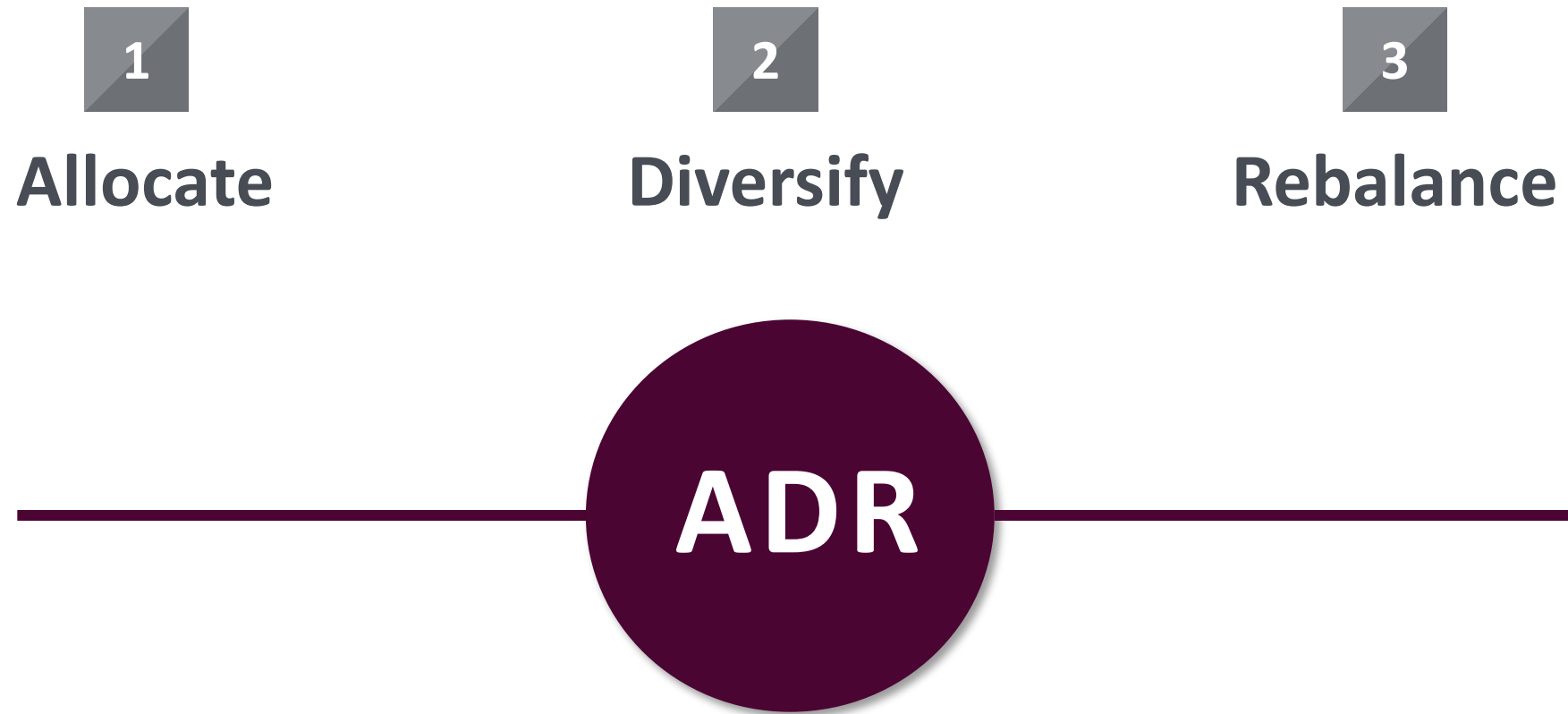
# Two Common, Costly Mistakes

## Regret Aversion





# Take a Disciplined Three-Step Approach



No investment strategy, including ADR, can guarantee a profit or protect against a loss.



# First, Allocate



**93.6%**  
of the variability of performance was  
driven by an asset allocation policy.

**Only 6.4**  
of the variability of performance was  
driven by security selection and timing  
of investment.

Source: Study by Gary P. Brinson, L. Randolph Hood and Gilbert L. Beebower, "Determinants of Portfolio Performance," Financial Analysts Journal, January/February 1995. The study analyzed data from 91 large corporate pension plans with assets of at least \$100 million over a 10-year period beginning in 1974 and concluded that asset allocation policy explained, on average, 93.6% of the variation in total plan return.

# Diversify: Putting Investments Together

Annual asset class and a sample diversified portfolio returns

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	10-YEAR AVERAGE
BEST	Large Cap Growth \$105,667 5.67%	Small/Mid Cap \$114,177 17.59%	Large Cap Growth \$147,329 30.21%	Cash \$103,027 1.86%	Large Cap Growth \$197,899 36.39%	Large Cap Growth \$274,077 38.49%	REITs \$197,539 39.88%	Commodities \$117,021 16.09%	Large Cap Growth \$353,581 42.68%	Large Cap Growth \$471,522 33.36%	Large Cap Growth \$471,522 16.78%
	REITs \$102,290 2.29%	Large Cap Value \$112,849 17.34%	International \$125,257 25.03%	Bonds \$106,880 0.01%	REITs \$150,014 28.07%	Small/Mid Cap \$184,021 19.99%	Large Cap Growth \$349,712 27.60%	Cash \$107,600 1.50%	International \$159,872 18.24%	Large Cap Value \$225,799 14.37%	Small/Mid Cap \$233,467 8.85%
	Bonds \$100,550 0.55%	Commodities \$84,208 11.77%	Small/Mid Cap \$133,371 16.81%	Global Bonds \$104,903 -1.20%	Small/Mid Cap \$153,360 27.77%	Diversified \$148,845 10.58%	Commodities \$100,799 27.11%	Large Cap Value \$177,128 -7.54%	Small/Mid Cap \$208,462 17.42%	Small/Mid Cap \$233,467 12.00%	Large Cap Value \$225,799 8.49%
	Cash \$100,028 0.03%	REITs \$111,785 9.28%	Large Cap Value \$128,270 13.66%	Large Cap Growth \$145,099 -1.51%	Large Cap Value \$148,895 26.54%	Global Bonds \$122,385 9.20%	Large Cap Value \$191,568 25.16%	Bonds \$106,991 -13.01%	Diversified \$170,372 12.81%	Diversified \$185,769 9.04%	Diversified \$185,769 6.39%
	International \$99,186 -0.81%	Diversified \$105,098 8.72%	Diversified \$118,977 13.21%	REITs \$117,136 -4.10%	International \$131,756 22.01%	International \$142,053 7.82%	Small/Mid Cap \$217,480 18.18%	Diversified \$151,021 -13.61%	REITs \$164,937 11.48%	Cash \$119,427 5.45%	REITs \$172,083 5.58%
	Small/Mid Cap \$97,099 -2.90%	Large Cap Growth \$113,145 7.08%	REITs \$122,144 9.27%	Diversified \$111,864 -5.98%	Diversified \$134,606 20.33%	Bonds \$124,919 7.51%	Diversified \$174,823 17.45%	International \$135,212 -14.45%	Large Cap Value \$197,431 11.46%	Commodities \$113,560 5.38%	International \$165,984 5.20%
	Global Bonds \$96,846 -3.15%	Bonds \$103,212 2.65%	Global Bonds \$106,177 7.39%	Large Cap Value \$117,665 -8.27%	Bonds \$116,196 8.72%	Large Cap Value \$153,058 2.80%	International \$158,053 11.26%	Global Bonds \$97,675 -16.25%	Global Bonds \$103,257 5.72%	REITs \$172,083 4.33%	Cash \$119,427 1.79%
	Diversified \$96,672 -3.33%	Global Bonds \$98,866 2.09%	Bonds \$106,868 3.54%	Small/Mid Cap \$120,031 -10.00%	Commodities \$81,858 7.69%	Cash \$105,960 0.58%	Cash \$106,008 0.05%	Small/Mid Cap \$177,531 -18.37%	Bonds \$112,906 5.53%	International \$165,984 3.82%	Bonds \$114,318 1.35%
	Large Cap Value \$96,173 -3.83%	International \$100,178 1.00%	Commodities \$85,643 1.70%	Commodities \$76,012 -11.25%	Global Bonds \$112,078 6.84%	Commodities \$79,301 -3.12%	Bonds \$122,992 -1.54%	REITs \$147,948 -25.10%	Cash \$113,258 5.26%	Bonds \$114,318 1.25%	Commodities \$113,560 1.28%
WORST	Commodities \$75,343 -24.66%	Cash \$100,299 0.27%	Cash \$101,143 0.84%	International \$107,984 -13.79%	Cash \$105,348 2.25%	REITs \$141,223 -5.86%	Global Bonds \$116,624 -4.71%	Large Cap Growth \$247,817 -29.14%	Commodities \$107,761 -7.91%	Global Bonds \$101,513 -1.69%	Global Bonds \$101,513 0.15%

Source: FactSet SPAR. Returns are in USD, and net for international (MSCI EAFE) equities and gross for all other asset classes. About the chart: The historical performance of each index cited is provided to illustrate market trends; it does not represent the performance of a particular investment product. Index performance does not reflect the deduction of any investment-related fees and expenses. It is not possible to invest directly in an index.

The Diversified Portfolio: Equal allocations among the market segments are represented by the various market indices defined herein (excludes cash). Note that the portfolio's assets were rebalanced at the end of every quarter to maintain equal allocations throughout the period. Diversification does not guarantee a profit or protect against a loss.

## Chart Key

-  Cash<sup>1</sup>
-  Bonds<sup>2</sup>
-  Global bonds<sup>3</sup>
-  Diversified portfolio
-  Large-cap value stocks<sup>4</sup>
-  Commodities<sup>5</sup>
-  Large-cap growth stocks<sup>6</sup>
-  International stocks<sup>7</sup>
-  Small-/Midcap stocks<sup>8</sup>
-  REITs<sup>9</sup>

<sup>1</sup>The **FTSE 3-Month Treasury Bill Index** is derived from secondary market US Treasury bill rates published by the US Federal Reserve.

<sup>2</sup>The **Bloomberg U.S. Aggregate Bond Index** measures the US bond market.

<sup>3</sup>The **Bloomberg Global Aggregate Index (Unhedged)** provides a broad-based measure of the global investment-grade fixed income markets.

<sup>4</sup>The **Russell 1000<sup>®</sup> Value Index** measures large-cap US value stocks.

<sup>5</sup>The **Bloomberg Commodity Index** is composed of futures contracts on physical commodities.

<sup>6</sup>The **Russell 1000<sup>®</sup> Growth Index** measures large-cap US growth stocks.

<sup>7</sup>The **MSCI EAFE Index** measures the non-US stock market.

<sup>8</sup>The **Russell 2500<sup>™</sup> Index** measures small- and midcap US stocks.

<sup>9</sup>The **FTSE NAREIT All REITs Total Return Index** tracks the performance of commercial real estate across the US economy.

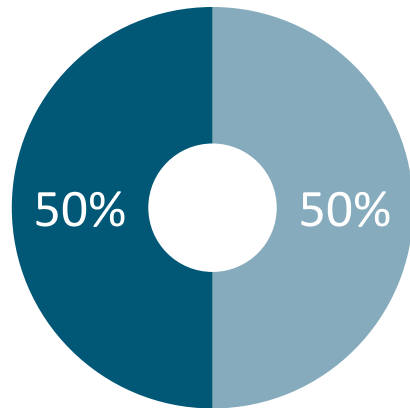




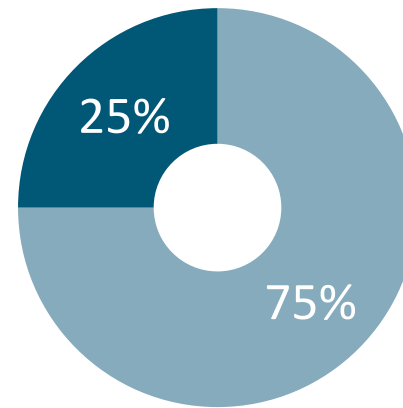
# Rebalance to Maintain Your Portfolio's Desired Allocation

## Stocks outperformed bonds<sup>1</sup>

1/1/15–12/31/24 market activity



Original allocation  
balanced on 12/31/15



Unbalanced on  
12/31/24

**Too risky:** Without rebalancing, this hypothetical portfolio could lose more than the original portfolio if stocks fall.

<sup>1</sup> Time period above, reflecting a strong stock market, is based on the performance of the S&P 500 Index, which measures the broad US stock market. Index performance does not reflect the deduction of any investment-related fees and expenses. It is not possible to invest directly in an index.

**Past performance is no guarantee of future results.**



# Key Points



## 1 MARKET PERFORMANCE

The relative market performance of asset classes shifts over time, which may alter your portfolio's mix of investments

## 2 STOCKS OUTPERFORM

If stocks outperform bonds, your allocation to stocks grows, potentially increasing risk

## 3 REBALANCE

Consistent rebalancing can help keep you at an appropriate level of risk based on your individual risk profile

# Sample Investor Questionnaire:

## Determine Your Risk/Return Profile

### Time horizon

Your current income situation and future income needs

What is your current age?

- Less than 45 ..... 5
- 45 to 55 ..... 4
- 56 to 65 ..... 3
- 66 to 75 ..... 2
- Older than 75 ..... 1

When do you expect to start drawing income?

- Not for at least 20 years ..... 5
- In 10 to 20 years ..... 4
- In 5 to 10 years ..... 3
- Not now, but within 5 years ..... 2
- Immediately ..... 1

### Long-term goals and expectations

Your views on how an investment should perform over the long term

What is your goal for this investment?

- To grow aggressively ..... 5
- To grow significantly ..... 4
- To grow moderately ..... 3
- To grow with caution ..... 2
- To avoid losing money ..... 1

Assuming normal market conditions, what would you expect from this investment over time?

- To generally keep pace with the stock market ..... 5
- To slightly trail the stock market but make a good profit ..... 4
- To trail the stock market but make a moderate profit ..... 3
- To have some stability but make modest profits ..... 2
- To have a high degree of stability but make small profits ..... 1

Suppose the stock market performs unusually poorly over the next decade. What would you expect from this investment?

- To lose money ..... 5
- To make very little or nothing ..... 4
- To eke out a little gain ..... 3
- To make a modest gain ..... 2
- To be little affected by what happens in the stock market ..... 1

### Short-term risk attitudes

Your attitude toward short-term volatility

Which of these statements would best describe your attitudes about the next three years' performance of this investment?

- I don't mind if I lose money ..... 5
- I can tolerate a loss ..... 4
- I can tolerate a small loss ..... 3
- I'd have a hard time tolerating any losses ..... 2
- I need to see at least a little return ..... 1

Which of these statements would best describe your attitudes about the next three months' performance of this investment?

- Who cares? One calendar quarter means nothing ..... 5
- I wouldn't worry about losses in that time frame ..... 4
- If I suffered a loss of greater than 10%, I'd get concerned ..... 3
- I can only tolerate small short-term losses ..... 2
- I'd have a hard time stomaching any losses ..... 1

POINT TOTAL  

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