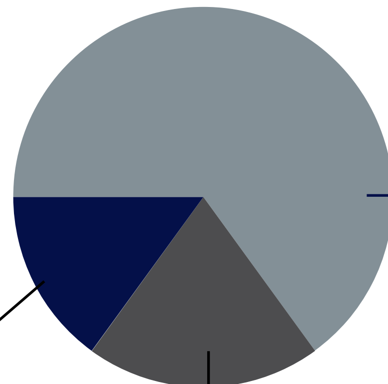
What is Asset Allocation?

Asset Allocation: An investment strategy that attempts to balance risk vs. reward by adjusting the percentage of each asset class in an investment portfolio according to the investor's risk tolerance, goals, and investment time frame.

At JWM Financial, we use asset allocation strategies to construct your investment portfolio. This allows us to manage your risk more effectively in an effort to produce superior risk-adjusted investment returns to help you grow your assets for retirement, or produce a stable income stream during retirement.



Equity

A stock or other security representing an ownership interest. Typical criteria used when classifying equity:

Region: The area of the world the stock's company is registered in (e.g. Canada, US, China).

Capitalization: The size of the company that issued the equity; large, mid, or small 'cap.' Typically, the smaller the company, the higher the risk and potential return.

Growth vs. Value: The investment approach of the fund's management. Growth funds typically invest in momentum-based companies and sectors like technology & health care. Value funds focus more on share pricing metrics, avoiding shares they see as overpriced.

Sector-Specific: Choosing a fund that invests solely in one sector, such as precious metals, technology, or financial companies. Sector funds can be higher risk.

Fixed Income

Most fixed income comes in the form of various bonds. This investment is used primarily to generate income and reduce overall portfolio risk/volatility. Typical bond categories include:

- Government Bonds
- Corporate Bonds
- High Yield Bonds
- Real Return Bonds

Cash

Cash (typically short term fixed income investments) is used to provide liquidity; either for income withdrawal or for future investment.