Managing Risk With Fixed Income:
The Role Bonds Play in Your Portfolio

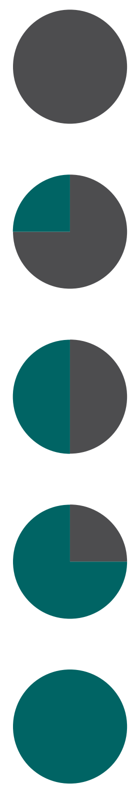
At JWM Financial, the first place we manage investment risk when building a client's portfolio is the ratio of Equity (stocks) to Fixed Income (bonds).

The higher the percentage of Equity, the higher the risk. The higher the risk, the longer the required time frame to weather the ups and downs that come with the stock markets. Higher risk is also typically associated with higher potential returns.

Our goal is to give you insight in to what we believe is the most important tool we have when it comes to managing the risk in your investment portfolio. Please know that the assessments you see are done *for illustrative purposes only.*

When stocks go up, fixed income classes like government issued bonds often go down. When stocks go down, government bonds tend to go up.

Diversification means not putting all of your eggs in one basket.



Allocations	Risk / Volatility
100% Equity	Highest
75% Equity 25% Fixed Income & Cash	
50% Equity 50% Fixed Income & Cash	
25% Equity 75% Fixed Income & Cash	
100% Cash	Lowest