



# Foundations of Investing

## Participant Workbook

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**Edward Jones**<sup>®</sup>  
MAKING SENSE OF INVESTING

# Welcome: Foundations of Investing

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## PROGRAM SYNOPSIS

Foundations of Investing is a 30-minute educational program for people who want an overview of investing, including key terms and types of investments. Foundations of Investing covers the basic features of bonds, stocks and packaged investment products, and the importance of proper asset allocation.

Please feel free to write down in this workbook any questions or thoughts you may have. It is yours to keep. Use it as your own personal reference, or as a starting point with your Edward Jones financial advisor.

## SEMINAR CONTENTS

|  |    |
|--|----|
| Key Steps to Financial Success .....                 | 3  |
| The Guiding “Why” .....                              | 3  |
| Rule 1: Develop a Strategy .....                     | 4  |
| Rule 2: Stick with Quality .....                     | 5  |
| Rule 3: Diversify .....                              | 6  |
| Bonds, Stocks and Packaged Investment Products ..... | 7  |
| Rule 4: Invest for the Long Term .....               | 9  |
| Rule 5: Focus On What You Can Control .....          | 10 |
| Summary .....  | 11 |
| Glossary .....                                       | 12 |
| Q & A/Notes .....                                    | 14 |

# Key Steps to Financial Success

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## SEMINAR OVERVIEW

Each of our seminars is designed specifically to help you become a more educated investor and to assist you in your path toward reaching your individual financial goals.

As unique as these goals may be, we believe the five Key Steps to Financial Success provide a clear and balanced path to reaching them.



◀ The answers to these five questions will help provide you with a clearer outlook for your future.

## The Guiding “Why”

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Your answer to that one question – “Why?” – is the foundation for the investment strategy that is uniquely yours.

Use these five rules to help you form a strong foundation for investing. They are:

1. Develop a Strategy
2. Stick with Quality
3. Diversify
4. Invest for the Long Term
5. Focus on What You Can Control

# Rule 1: Develop a Strategy

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**RULE 1** Your strategy should be determined by your long-term goals, investing time frame and risk tolerance.

Take a minute to think about the long-term goals you want to set for your life. Write them down here for discussion with your Edward Jones financial advisor.

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

## Rule 2: Stick with Quality

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**RULE 2** In our experience, investment success depends on buying and holding quality investments in a well-diversified portfolio and maintaining a long-term perspective.

Extend your focus on quality across all of your investments. Your financial advisor can be helpful as you weigh your options.

Use this section to jot down any questions about the quality of your investments.

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

## Rule 3: Diversify

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**RULE 3** Having several types of investments (asset allocation) as part of your portfolio can help you weather an uncertain economy.

Allocating your investments effectively is the single best step you can take to improve your investment return potential. Write your questions about asset allocation here.

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

# Bonds, Stocks and Packaged Investment Products

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**Owning a variety of investments – bonds, stocks and packaged investment products – helps build a well-diversified portfolio.**

**Bonds** – debt securities similar to IOUs. When you purchase a bond, you lend money to an issuer – companies, municipalities, states and the U.S. government – to finance a variety of projects and activities.

- The issuer agrees to pay the loan back at a specific date.
- The issuer also pays a fixed rate of interest semiannually (twice a year) until the bond matures.
- Most bonds are a \$5,000 minimum investment.
- The longer the maturity, the higher the interest rate.
- There is an inverse relationship between bond prices and interest rates.

Use this section to jot down any questions about bonds.

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Before investing in bonds, you should understand the risks involved, including credit risk and market risk. Bond investments are also subject to interest rate risk such that when interest rates rise, the prices of bonds can decrease, and the investor can lose principal value if the investment is sold prior to maturity.

# Bonds, Stocks and Packaged Investment Products

(continued)

## STOCKS

When you buy stocks, you are buying shares in a publicly traded company. Investors earn a return on their investment through:

- **Capital appreciation** – the difference between what you paid for a stock and what you receive when you sell it, if its value has appreciated
- **Dividends** – payments given to shareholders out of a company's earnings

Use this section to jot down any questions about stocks.

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An investment in stocks will fluctuate with changes in market conditions and may be worth more or less than the original investment when sold.

## PACKAGED INVESTMENT PRODUCTS

Examples of packaged investments are mutual funds, exchange-traded funds and unit investment trusts. Invest in a variety of securities including stocks, bonds or a combination of both. Facts about packaged investment products:

- Money is pooled with other investors.
- Diversifies your portfolio.
- Bonds in the fund pay interest. Stocks in the fund pay dividends.
- Each fund is professionally managed.

Use this section to jot down any questions about about packaged investment products.

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Mutual fund, exchange-traded fund and unit investment trust investing involves risk. Your principal and investment return will fluctuate in value. Your investment, when redeemed, may be worth more or less than the original cost.

# Long-term/Systematic Investing

**RULE 4** Systematic investing can bring discipline to your strategy. Despite an uncertain market, a long-term diversified portfolio may weather an economic storm better than a short-term one. You may need to rebalance or make minor adjustments, but it's unlikely you will need to rework everything in response to market changes.

Systematic investing allows investors to buy more shares when the price is \_\_\_\_\_ and fewer shares when the price is \_\_\_\_\_.

Systematic investing does not ensure a profit or protect against loss. Investors should consider their willingness to keep investing when share prices are declining.



# Rule 5: Focus on What You Can Control

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## **RULE 5**

Many people are blindsided by the fluctuations of the market. But there are several things investors can do to remain in control, such as:

- Control your saving and spending habits
- Establish an emergency fund of six months' living expenses
- Control your level of debt
- Take action if the market drops by buying when prices are low
- Invest in accounts with differing tax treatments
  - taxable
  - tax-deferred
  - tax-free
- Learn about your risk tolerance
- Control the quality, diversification and terms of your investments

Make a quick list of the issues you want to control to discuss with your financial advisor. Enter a “to be completed by” date to keep yourself on track.

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|  |  |
|  |  |
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To be completed by:

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# Summary

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Here's a recap of what we've learned. To facilitate putting your personalized investment strategy into action, make notes next to each topic and take it with you when you meet with your financial advisor.

## DEVELOP A STRATEGY

Refer to the 5-step questions:

- |                              |                             |
|------------------------------|-----------------------------|
| 1. Where am I now?           | 4. How do I get there?      |
| 2. Where would I like to be? | 5. How can I stay on track? |
| 3. Can I get there?          |                             |

## STICK WITH QUALITY

Ask questions about quality products.

## DIVERSIFICATION

Learn which mix of bonds, stocks and packaged investment products work best for you and why.

## ASSET ALLOCATION

Discuss the various levels of asset allocation.

## INVEST FOR THE LONG TERM

Define your risk tolerance and your goals for the long term.

## FOCUS ON WHAT YOU CAN CONTROL

List your "controllables."

*For a more in-depth discussion and evaluation, schedule a meeting with your neighborhood Edward Jones financial advisor.*

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# Glossary

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**Asset Allocation** – The process of putting your money into investment categories or asset classes (i.e., growth, growth and income, and income).

**Call Feature** – The issuer's ability to buy a bond back prior to the stated maturity date.

**Capital Appreciation** – The difference between what you pay for a stock and what you receive when you sell it when the price of the stock goes up in value.

**Certificates of Deposit (CDs)** – Savings instruments issued by banks and savings and loans. CDs offer a variety of maturities and interest payment options.

**Common Stock** – Shares of a public corporation. Owners are usually entitled to receive dividends and vote on important company matters. Should the company be forced to liquidate, assets are distributed to creditors, bondholders and preferred stockholders before common stockholders. Common stocks are usually purchased for their appreciation potential and possible dividend income.

**Coupon** – The payment of an interest rate expressed as a percentage of the bond's par value.

**Discount Bond** – A bond selling at a price below par value.

**Diversification** – An investment strategy that helps reduce risk by owning different investments within an asset class, as well as across asset classes and investment categories (i.e., Growth, Growth and Income, and Income).

**Dividends** – Payments from a company to its shareholders, historically based on its earnings. Dividends are usually paid quarterly in the form of cash and sometimes stock. Payments are in proportion to the number of shares an investor owns.

**Fixed-income Investments** – Investments that pay interest at specified times in fixed amounts, and are usually issued by a corporation, municipality, government or government-sponsored agency.

**Interest Rate** – The amount of interest received until the bond matures or is called by the issuer.

**Investment Grade** – Municipal or corporate bond rating designation issued by a bond rating firm (such as Standard & Poor's) indicating that the issuer is considered able to meet its debt obligation, exposing bondholders to minimal default risk. Investment-grade bonds are rated BBB (or equivalent) or above.

# Glossary

(continued)

**Issuer** – A legal entity that issues a bond to finance a debt. It can be a government entity, a municipality or a corporation.

**Maturity Date** – The date that the principal investment is paid back.

**Municipal Bond** – Fixed-income investments issued by villages, cities, counties, states, state agencies or special districts. Most municipal bond income is free from federal income tax and, in some cases, state and local income tax.

**Mutual Fund** – A professionally managed investment that pools money from many investors and invests in stocks, bonds and other securities according to stated investment objectives.

**Net Asset Value (NAV)** – The price of mutual fund shares calculated by finding the total value of all the securities in the fund, subtracting any liabilities, and then dividing that number by the number of shares outstanding.

**Par Value** – The amount of money a holder will get back once a bond matures.

**Portfolio** – A collection of holdings such as bank accounts, employer-sponsored retirement plans and individual investments.

**Preferred Stock** – A class of stock that pays dividends at a fixed, specified rate and has preference over common stocks in dividend payments and liquidation. Preferred stocks usually do not carry voting rights. If dividend payments are missed on a preferred stock, all missed dividends must be paid before any dividends can be paid on common stock.

**Premium Bond** – A bond selling at a price higher than par value.

**Rate of Return** – The ratio of money gained or lost on an investment relative to the amount of money invested.

**Rating** – The measure of the ability of the issuer to make interest payments and repay the principal at maturity. Also referred to as credit quality.

**Risk Tolerance** – An investor's comfort level with investment risk.

**Systematic Investing** – A method of investing a fixed dollar amount on a regular basis.

**Taxable-equivalent Yield** – The interest rate a taxable bond must earn to equal the yield of a tax-free bond.

## Notes



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## Branch Team

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## Work History

**Edward Jones**  
December 2018 - Present

**Wells Fargo**  
July 2007 - December 2018

## Education

**Keller Grad Sch of Management**  
Masters

Before my wife, Wendy, and I got married, we were both incredibly passionate about making sure we were on a strong financial foundation with a plan to reach our financial goals. We planned on having kids and wanted to make sure we provided a stable financial environment. So, when I was fresh out of college and entering my career in information technology, I enlisted the help of a financial advisor.

After many years in IT, adding two sons to our family and having achieved the financial foundation I desired (thanks to the help of my financial advisor), I realized I wanted to do something more meaningful. Along the way, I had the opportunity to help a family member retire with dignity. It was in those few one-on-one sessions that I realized I wanted to help people achieve their financial goals.

Investor education is important to me. I host:

- Monthly educational lunches, dinners or seminars on various topics
- Monthly coffee club discussing current events, investing and the economy in a relaxed, informal setting

I'm not only passionate about finances but also serving in our community.

- I serve as vice president of the board of directors for The Launch Pad Teen Center (a local Non-Profit)
- I volunteer my time as a youth sports coach year-round
- I was a Big Brother for 12 years until my "little" turned 18
- I'm a member of Senior Connection here in the Quad Cities

Whether you're planning for retirement, in retirement, saving for college for children or grandchildren, or just trying to protect the financial future of the ones you care for the most, we can work together to develop specific strategies to help you achieve your goals. We will work together throughout your life with your attorney, accountant and other trusted professionals, to help ensure you are always on track to reach those goals. Throughout it all, I'm dedicated to providing you with the level of service I provide my family members.

Call and schedule an appointment today!