

Asset Allocation Style Box

There are many types of stocks and stock mutual funds that tend to perform differently at various times in the market. Often stocks will be categorized by company size and price/earnings ratio. We have provided below an often used “style box” visual aid to help determine the diversification of a portfolio. The horizontal titles define the investment style. The vertical titles define the company size.

	Value	Blend	Growth
Large Cap	Large-Cap Value	Large-Cap Blend	Large-Cap Growth
Mid-Cap	Mid-Cap Value	Mid-Cap Blend	Mid-Cap Growth
Small-Cap	Small-Cap Value	Small-Cap Blend	Small-Cap Growth

Definitions

Value – Value stocks refer to stocks with lower price earnings ratios. They may be undervalued stocks or stocks that pay relatively high dividends.

Growth – Growth stocks refer to stocks with higher price earnings ratios. These stocks may offer growth opportunity but may have higher risks.

Blend – This typically refers to mutual funds that buy both growth and value stocks.

Large Cap – Stocks with market capitalization (value of all the outstanding stock) greater than \$7 billion.

Mid Cap – Stocks with market capitalization between \$1 and 7 Billion.

Small Cap – Stocks with market capitalization less than \$1 billion.

There is no guarantee that any particular asset or mix of funds will meet your investment objectives or provide a specified level of income. Diversification does not guarantee a profit or protection against a loss in a declining market. Prices of mid-and small-cap stocks often fluctuate more than those of large-company stocks. Dividends are subject to change and are not guaranteed.

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