

Investing Fundamentals

Learn how to evaluate your investments

Three Basic Asset Classes

Stocks

- Ownership in a company
- Fluctuates in value daily
- Highest risk of loss

Bonds

- Represents a loan to a government or corporation
- Legal obligation, provides regular interest payments

Short-term

- Cash or other instruments with short-term maturities such as CDs and Money Markets

Sub-Asset Classes

Stocks

Size

- Large-cap
- Mid-cap
- Small-cap

Type

- Growth
- Value

Location

- Domestic
- International

Bonds

Issuer

- Government
- Corporate

Duration

- Long
- Intermediate
- Short

Interest

- Fixed
- Variable

Short-term

Issuer

- Government
- Corporate
- Bank
- Insurance Co.

Instrument

- Cash
- Notes
- Certificates



Asset Allocation

- The process of diversifying your portfolio over different types of investments such as stocks, bonds and short-term securities
- Goal is to maximize return and minimize risk for each investor
- Allocation mix determined by your:
 - Investment objectives
 - Risk tolerance, and
 - Time horizon
- Rebalance periodically to maintain mix
- Reconsider mix if you have a change in goals, risk tolerance or time horizon



Fund Selection

- A fund is like owning a piece of the shopping cart instead of the individual grocery items
- Professionally managed based on objective
- Provides some level of diversification
- Typically, lower cost than building diversified portfolio from individual securities
- Many investors use funds instead of owning individual asset classes
- Funds in a 401(k) may have lower fees than in an IRA

Benefits website: www.CatBenefitsCenter.com
Benefits Center: 877-228-4010 Mon-Fri, 8AM – 6PM CT

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