

GROWTH AND INCOME FUNDS

Kind of fund	Investment objective	Potential risks	What the fund buys
Balanced	Income and growth	Limited risk to principal. Moderate long-term growth	Part stocks and preferred stocks (usually 60%) and part bonds (40%)
Equity income	Income and growth	Limited risk to principal. Moderate long-term growth	Blue chip stocks and utilities that pay high dividends
Growth and income	Growth plus some current income	Limited risk to principal. Moderate long-term growth	Stocks that pay high dividends and provide some growth
Income	Primarily income	Limited risk of loss to principal, but less growth in strong market	Primarily bonds, but some dividend-paying stocks

GROWTH FUNDS

Kind of fund	Investment objective	Potential risks	What the fund buys
Aggressive growth, also called capital appreciation	Long-term growth	Very volatile and speculative. Risk of above-average losses to get above-average gains	Stocks of new or undervalued companies expected to increase in value
Emerging markets	Growth	Typically more volatile than other growth funds	Stocks in companies in developing countries
Equity index	Imitate the stock market	Average gains and losses for the market the index tracks	Stocks represented in the index the fund tracks
Global equity	Global growth	Gains and losses depend on stock prices and forex fluctuation. Some risk to principal	Stocks in various markets
Growth	Above-average growth	Can be volatile. Some risk of loss to principal to get higher gains	Stocks in mid-sized or large companies whose earnings are expected to rise quickly
International equity	International growth	Potential volatile, based on price changes and currency fluctuation	Stocks in non-U.S. companies
Sector	Growth	Volatile funds, dependent on right market timing to produce results	Stocks in one particular industry, such as energy or transportation
Small company growth	Long-term growth	Volatile and speculative. Risk of above-average losses to get higher gains	Stocks in small companies traded on the exchanges or over the counter
Value funds	Growth	Often out of step with overall market	Stocks in companies whose prices are lower than they seem to be worth