



Seeking to Add Income to Your Portfolio

Many investors focus on building long-term wealth through capital appreciation as their top objective. However, adding an income component to your portfolio may unlock a wealth of additional benefits, including stability, flexibility and the potential to enhance your overall financial well-being.

The Rationale for Income Investing

Of course, it's the goal of every investor to see that their portfolio grows. Your investments can grow one of two ways: growth of capital, where the securities increase in value over time, and through income, where your investments pay you regularly, and you can either take that money out or reinvest it into additional securities.

Investments that can generate income may offer several tangible advantages:

Supplemental Income: Whether supplementing retirement income, generating additional spending power or simply seeking financial security, a steady stream of income can significantly improve your financial flexibility.

Mitigating Volatility: While market fluctuations are inevitable, income-producing assets like bonds, dividend-paying stocks or ETFs that generate income, can provide a buffer against downturns, offering a degree of stability to your portfolio.

Compounding Power: Reinvesting your income back into your portfolio harnesses the power of compounding, potentially accelerating long-term wealth creation.

Enhanced Independence: Knowing you have a predictable income stream fosters a sense of financial freedom, allowing you to focus on other aspects of life with greater confidence.

Exploring the Investment Landscape

Investors seeking income have a diverse array of options at their disposal:

Dividend-Paying Stocks: Companies with a history of distributing a portion of their profits to shareholders offer the potential for regular income alongside capital appreciation. Careful research and selection are crucial to identify companies with stable and sustainable dividend policies.

Investment-Grade Bonds: Fixed-income instruments issued by governments or corporations, offering predictable interest payments and varying degrees of risk depending on the issuer's creditworthiness and maturity date.

Real Estate Investment Trusts (REITs): These vehicles allow you to invest in income-producing real estate like apartments or shopping centers without directly owning them, providing diversification and potential tax advantages.



Preferred Stocks or Convertible Securities: These “hybrid” securities combine the features of stocks and bonds, offering higher, fixed dividend payments but with varying degrees of risk depending on the issuing company. Convertible securities offer the additional benefit of “converting” to equity at some date in the future; this option tends to increase its price volatility relative to preferred stocks.

Income-Oriented Funds and ETFs: A simple way to add portfolio income is through mutual funds or ETFs that have an income focus. ETFs have become increasingly popular because of their transparency, constant pricing and tax advantages. ETFs with an income focus can invest in bonds, income-producing stocks or other strategies that deliver income.

Understand Risks and Potential Rewards

Remember that while investing for income may offer lower volatility, risks remain. While certain investments offer predictable income streams, others might fluctuate, so diversification across different asset classes can help manage risk.

Adding income to your portfolio presents a strategic approach to building wealth. By carefully selecting income-generating assets, you can build stability, generate regular cash flow and potentially reduce volatility in your portfolio. Talk with a financial advisor to tailor an income-oriented strategy that aligns with your needs and objectives.

To determine if this Fund is an appropriate investment for you, carefully consider the Fund’s investment objectives, risk factors, and charges and expenses before investing. This and other information can be found in the Fund’s prospectus, which may be obtained by calling 800.944.0755. Please read the prospectus carefully before investing.

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