

DIVIDING UP THE MONEY | A model portfolio of Bedel Financial Consulting

U.S. STOCKS 45%

American Funds Amcap (AMCPX) 15%

Vanguard Windsor II (VWNFX) 15

John Hancock Disciplined Value Mid Cap (JVMAX) 5

Prudential Jennison Mid Cap Growth (PEEAX) 5

William Blair Small Cap Growth (WBSNX) 5

American Funds Amcap and Vanguard Windsor II: Over the last two years, the allocation to these large-stock funds was increased by 1.5 percentage points each. "We liked the valuations of domestic large companies, compared with domestic small companies," which have run up a lot in recent years, says Ryan Collier, a senior portfolio manager at Bedel Financial Consulting. The Amcap fund provides exposure to fast-growing "growth" stocks, while the Vanguard fund typically owns seemingly cheap "value" stocks.

John Hancock Disciplined Value

Mid Cap and Prudential Jennison Mid Cap Growth: These two funds, which invest in medium-size U.S. companies, "tend to have the ability to outperform [peers] in declining markets," says Mr. Collier. Both were added in the past two years.

William Blair Small Cap Growth: The overall allocation to small stocks was reduced last year, by removing a small-value fund. This position could also be trimmed quickly if the economy slows, says Mr. Collier.

ALTERNATIVES 5%

MainStay Marketfield (MFADX) 5%

bonds, commodities and other investments, and bet against them. "They want to provide really solid positive return in all environments," says Mr. Collier.

MainStay Marketfield: This fund has been included in client portfolios since 2011, and the allocation to it has increased since 2011. It can invest in stocks,

FOREIGN STOCKS 20%

Artisan International (ARTIX) 5%

Harbor International (HIINX) 5

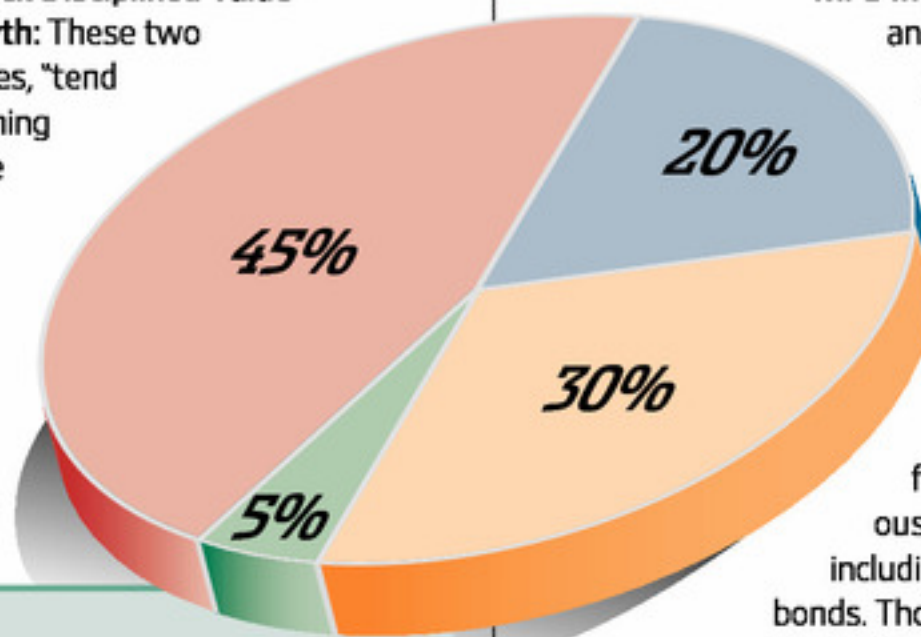
Matthews Asia Dividend (MAPIX) 5

MFS International New Discovery (MIDAX) 5

Artisan International and Harbor International: Bedel advisers have used these funds for more than a decade. Mr. Collier likes that depending on market conditions, managers at both funds "have the ability to dial up their exposure to emerging markets or dial it down."

Matthews Asia Dividend: This fund, which invests in both developed and developing Asian countries, was added 2½ years ago as a way to get emerging-markets exposure. The fund invests in dividend-paying companies, which Mr. Collier believes helps lower its volatility.

MFS International New Discovery: This fund invests in small and medium-size foreign stocks—mostly in developed countries, but also in some emerging markets like Brazil. That gives Bedel clients additional indirect exposure to developing-country stocks.



BONDS 30%

Pioneer Strategic Income: This fund invests in various types of bonds, including low-quality bonds. Though such "junk" bonds are riskier, their higher yields means "you're getting compensated at least OK," says Mr. Collier.

Loomis Sayles Global Bond: This is the portfolio's core bondholding. More than half of it is in high-quality bonds. The advisers also like that it invests in some foreign bonds, and thus provides foreign-currency exposure.

JPMorgan Tax Aware Real Return: This fund invests in tax-exempt municipal bonds, and provides inflation protection by owning inflation-linked derivatives. "We have some long-term concerns about inflation," says Mr. Collier.

Scout Unconstrained Bond and Goldman Sachs Strategic Income: Bedel advisers sold a short-term bond fund to buy these two funds, which pay slightly higher yields, thanks to the various types of bonds they can buy. Using two funds "gives us a smoother exposure," says Mr. Collier.

Pioneer Strategic Income (PSRAX) 8%

Loomis Sayles Global Bond (LSGLX) 8

JPMorgan Tax Aware Real Return (TXRAX) 6

Scout Unconstrained Bond (SUBYX) 4

Goldman Sachs Strategic Income (GSZAX) 4