

Diversification

- Helps you capture what global markets offer
- Reduces risks that have no expected return
- May prevent you from missing opportunity
- Smooths out some of the bumps
- Helps take the guesswork out of investing

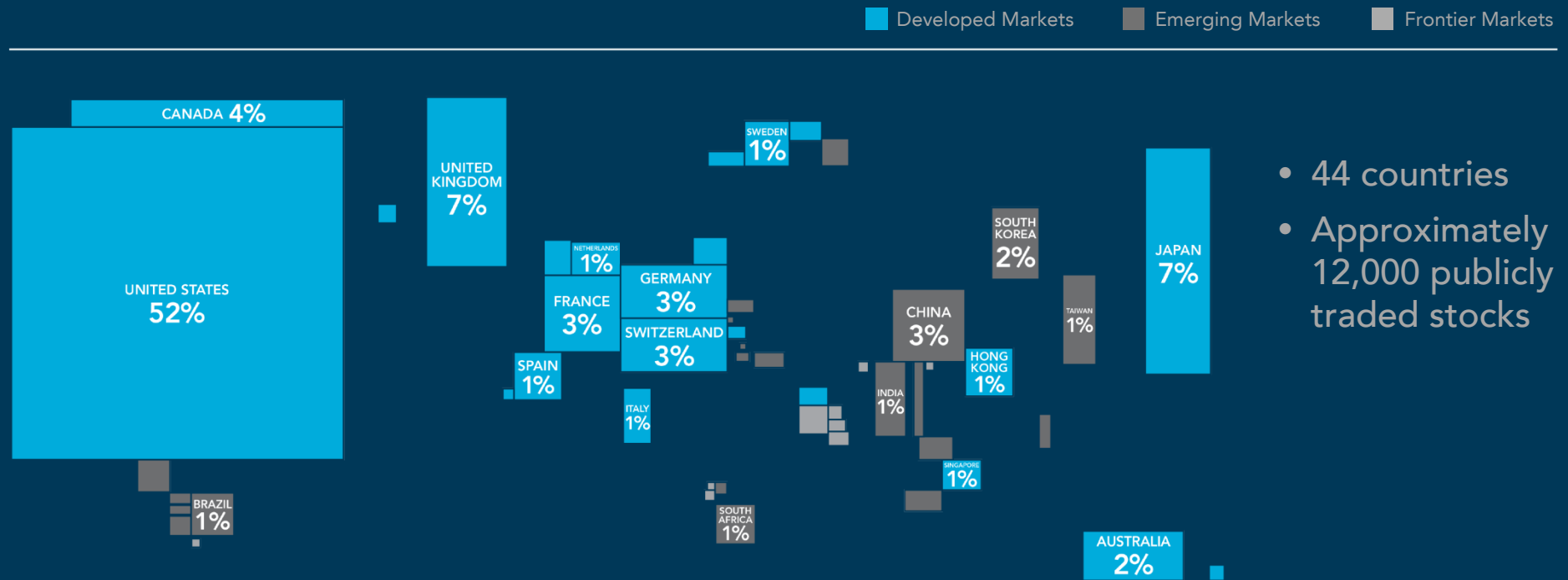
“Diversification is your buddy.”

—Merton Miller

Nobel laureate

Helps You Capture What Global Markets Offer

Percent of world market capitalization as of December 31, 2014



The global equity market is large and represents a world of investment opportunity.

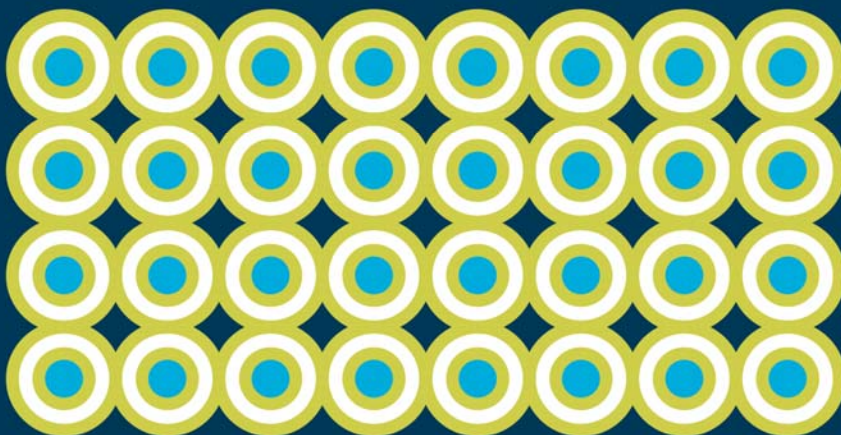
In US dollars.

Diversification does not eliminate the risk of market loss. Market cap data is free-float adjusted from Bloomberg securities data. Many nations not displayed. Total may not equal 100% due to rounding. For educational purposes; should not be used as investment advice. China market capitalization excludes A-shares, which are generally only available to mainland China investors.

Reduces Risks That Have No Expected Return



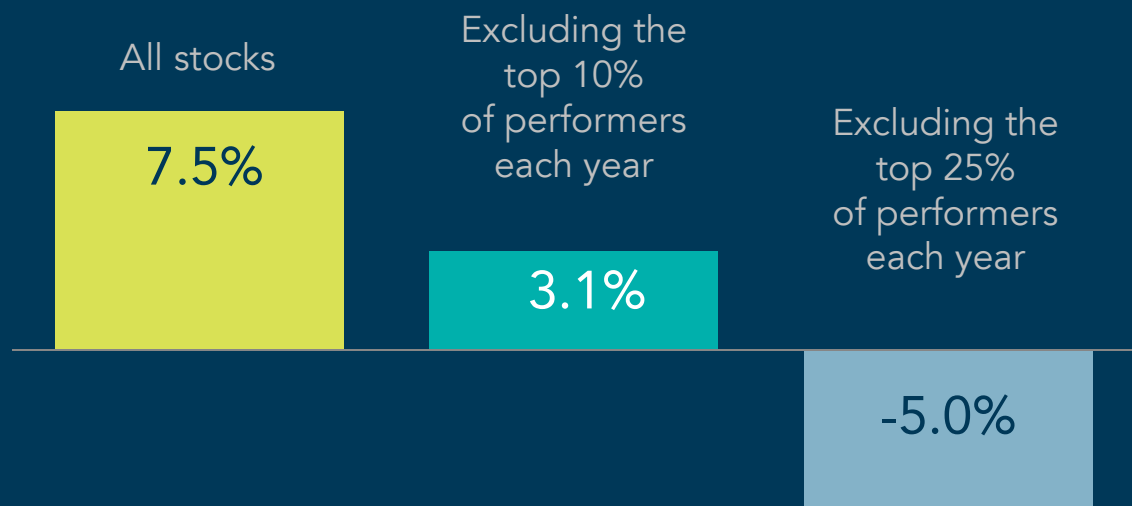
Concentrating in one stock exposes you to unnecessary risks.



Diversification reduces the impact of any one company's performance on your wealth.

May Prevent You from Missing Opportunity

Compound average annual returns: 1994–2015

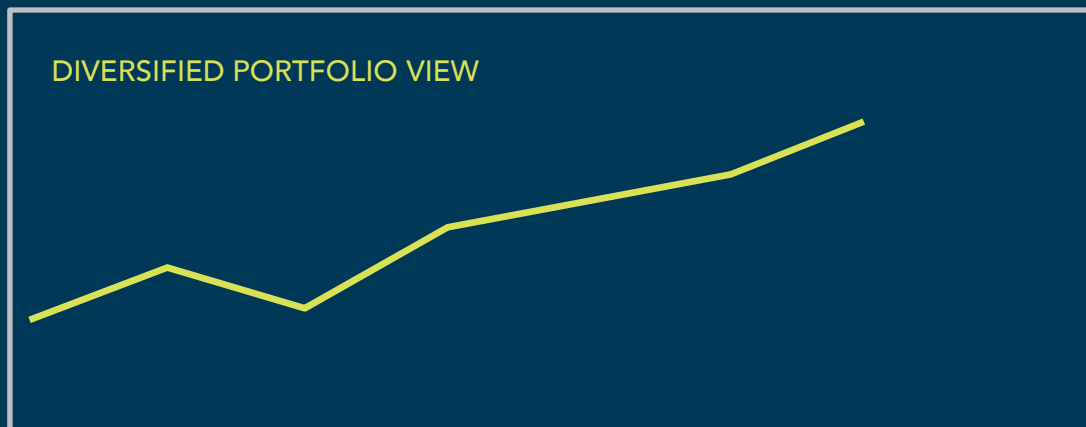
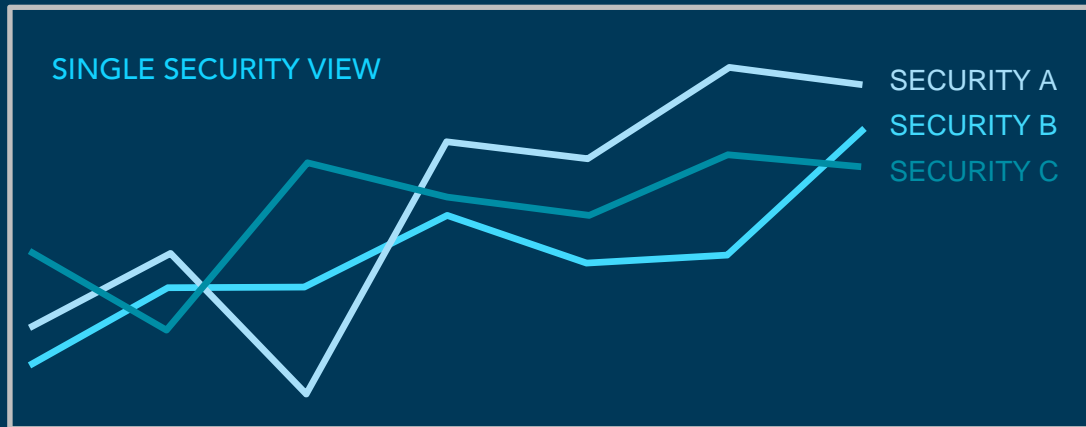


Attempting to identify a group of future winners is a guessing game.

Diversification improves the odds of holding the best performers.

Source: Bloomberg, London Share Price Database, and Centre for Research in Finance. Compound average annual returns are in US dollars. The returns are from the following developed and emerging markets: Australia, Austria, Belgium, Brazil, Canada, Chile, China, Colombia, Czech Republic, Denmark, Egypt, Finland, France, Germany, Greece, Hong Kong, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Republic of Korea, Malaysia, Mexico, Netherlands, New Zealand, Norway, Peru, Philippines, Poland, Portugal, Russia, Singapore, South Africa, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, UK, and the US. Diversification does not eliminate the risk of market loss. Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio. **Past performance is no guarantee of future results.** Investing involves risks, including fluctuating values and potential loss of principal.

Smooths Out Some of the Bumps



A well-diversified portfolio can provide the opportunity for a more stable outcome than a single security.

Helps Take the Guesswork out of Investing

Annual returns (%): 2001–2015

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Higher Return ↑	12.3	7.6	62.6	33.2	34.5	36.0	39.8	8.8	79.0	28.1	9.4	18.6	38.8	32.0	5.8
	8.4	5.1	56.3	29.9	25.5	32.6	8.2	6.6	51.4	26.9	3.4	17.9	32.4	13.7	4.5
	7.3	3.6	47.3	26.0	13.8	19.8	6.3	4.7	28.5	24.9	2.3	17.1	26.0	4.9	1.4
	6.4	3.4	36.2	18.3	4.9	18.4	5.9	-33.8	27.2	19.2	2.1	16.3	1.2	1.9	1.0
	2.5	-6.0	28.7	10.9	4.6	15.8	5.5	-37.0	26.5	15.1	0.6	16.0	0.6	1.2	0.9
	-2.4	-7.1	2.0	2.7	3.1	4.3	3.6	-39.2	2.3	3.7	-4.2	2.1	0.3	0.2	0.2
	-10.2	-20.5	1.9	1.3	2.4	4.1	-1.6	-47.8	0.8	2.0	-15.5	0.9	-0.1	-1.8	-4.4
Lower Return ↓	-11.9	-22.1	1.5	0.8	1.3	3.8	-17.6	-53.2	0.2	0.8	-18.2	0.2	-2.3	-5.0	-14.6

- S&P 500 Index
- Russell 2000 Index
- Dow Jones US Select REIT Index
- Dimensional International Small Cap index
- MSCI Emerging Markets Index (gross div.)
- BofA Merrill Lynch One-Year US Treasury Notes Index
- Barclays Treasury Bond Index 1-5 Years
- Citigroup World Government Bond Index 1-5 Years (hedged to USD)

You never know which markets will outperform from year to year.

By holding a globally diversified portfolio, investors are positioned to capture returns wherever they occur.

In US dollars.

Diversification does not eliminate the risk of market loss. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results. Source: S&P data provided by Standard & Poor's Index Services Group. Russell data copyright © Russell Investment Group 1997–2015, all rights reserved. Dow Jones data provided by Dow Jones Indexes. Dimensional Index data compiled by Dimensional. MSCI data © 2015, all rights reserved. The BofA Merrill Lynch Indices are used with permission; copyright 2016 Merrill Lynch, Pierce, Fenner & Smith Incorporated; all rights reserved. Merrill Lynch, Pierce, Fenner & Smith Incorporated is a wholly owned subsidiary of Bank of America Corporation. Barclays Capital data is provided by Barclays Bank PLC. Citigroup bond indices © 2016 by Citigroup.

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