

Diversification can feel disappointing

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A well-diversified portfolio is designed to help you achieve your long-term goals as well as limit your portfolio's downs (and ups). But it doesn't always feel good. You may get upset when you inevitably lose money during certain periods (though your loss is likely less than that of the S&P 500 Index). You may also be disappointed during up markets when you see how well the S&P 500 Index performed, and you didn't do as well. The good news: A diversified portfolio may produce a better outcome for you in the long-term.

A perfect market for "S&P Envy" during the last 20+ years

Years	S&P 500 Index	Diversified portfolio
2000-2002*	-40.1%	-15.7%
2003-2007	+82.9%	+87.1%
2008	-37.0%	-26.6%
2009-2019	+351.0%	+219.7%
Q1 2020†	-30.4%	-23.1%
Q2 2020-2021‡	+119.0%	+66.6%
2022	-18.1%	-15.5%
Total return	+288.6%	+301.6%
Growth of \$100,000	\$388,610	\$401,550



☹️ "I lost money"



😊 "Diversification worked"



☹️ "I lost money"



☹️ "I didn't make as much"



☹️ "I lost money"



☹️ "I didn't make as much"



☹️ "I lost money"



😊 "Diversification can work even when it feels like it's losing"

Source: Morningstar as of 12/31/22. *Performance is from 9/1/00 to 12/31/02. †Performance is from 1/1/20 to 3/23/20. ‡Performance is from 3/24/20 to 12/31/21. **Diversified Portfolio** is represented by 25% S&P 500 Index, 19% Russell Mid Cap Index, 7% MSCI EAFE Index, 5% Russell 2000 Index, 4% FTSE Emerging Stock Index, 25% Bloomberg U.S. Aggregate Bond Index, and 15% Bloomberg U.S. Corporate High Yield Index. **Past performance does not guarantee or indicate future results.** Index performance is for illustrative purposes only. You cannot invest directly in the index. Diversification does not guarantee a profit or protect against a loss in a declining market.

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Lit No. SP-ENVY-0123 230101T-0123

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