

Diversification can feel disappointing

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*	-40.10%	-15.70%
2003-2007	82.90%	87.10%
2008	-37.00%	-26.60%
2009-2019	351.00%	220.10%
Q1 2020†	-30.40%	-23.10%
Q2 2020-2021‡	119.00%	66.60%
Total return	374.60%	375.00%
Growth of \$100,000	\$474,550	\$474,970

▶	☹️	"I lost money"
▶	😊	"Diversification worked"
▶	☹️	"I lost money"
▶	😐	"I didn't make as much"
▶	☹️	"I lost money"
▶	😐	"I didn't make as much"
▶	😊	"Diversification can work even when it feels like it's losing"

Source: Morningstar as of 12/31/21. *Performance is from 9/30/00 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 US Aggregate Bond Index, and 15% Bloomberg US 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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