

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.”

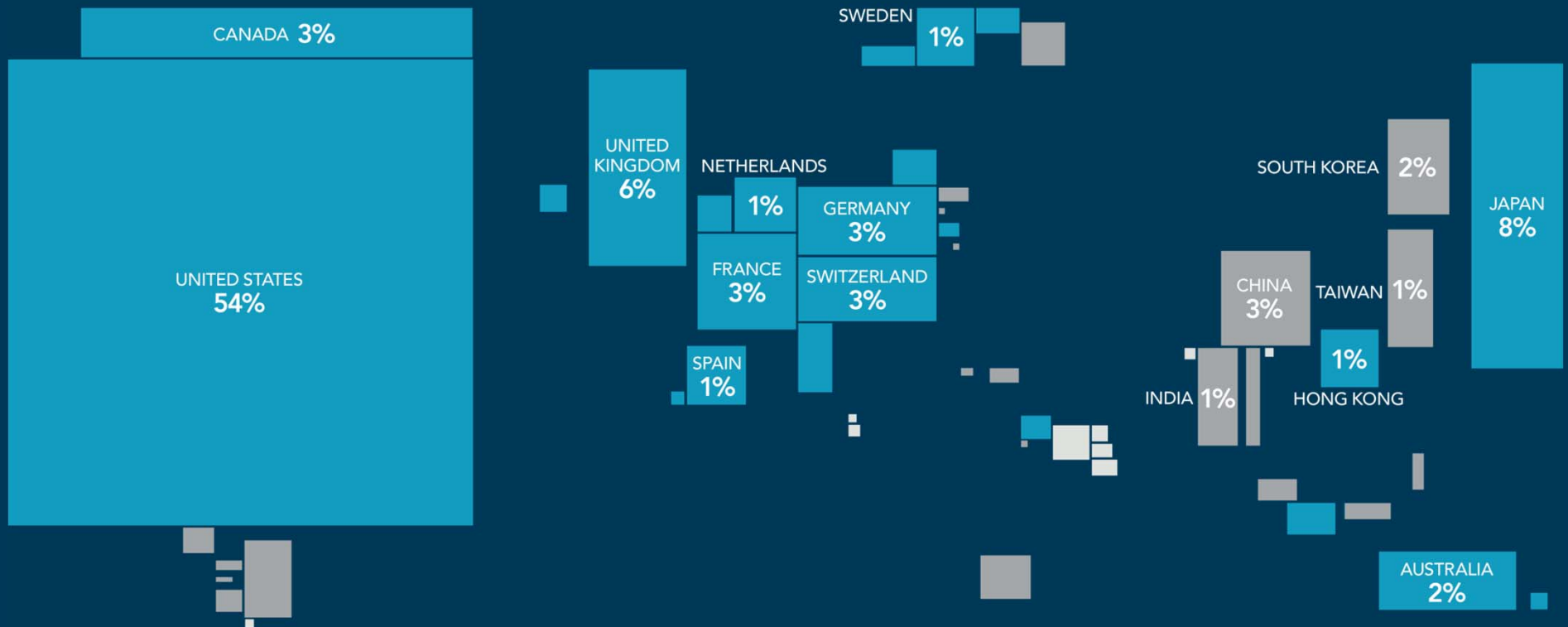
—Merton Miller

Nobel laureate

Helps You Capture What Global Markets Offer

Percent of world market capitalization as of December 31, 2016

■ DEVELOPED MARKETS ■ EMERGING MARKETS ■ FRONTIER MARKETS



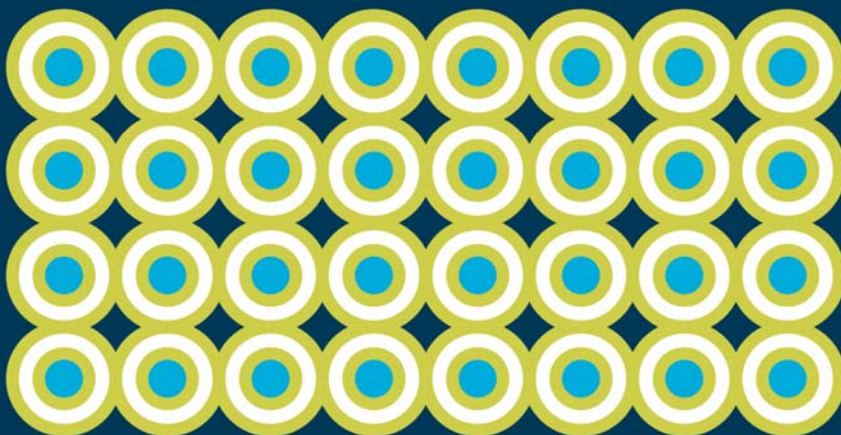
The global equity market is large and represents a world of investment opportunity.

Data provided by Bloomberg. Market cap data is free-float adjusted and meets minimum liquidity and listing requirements. Many nations not displayed. Totals 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



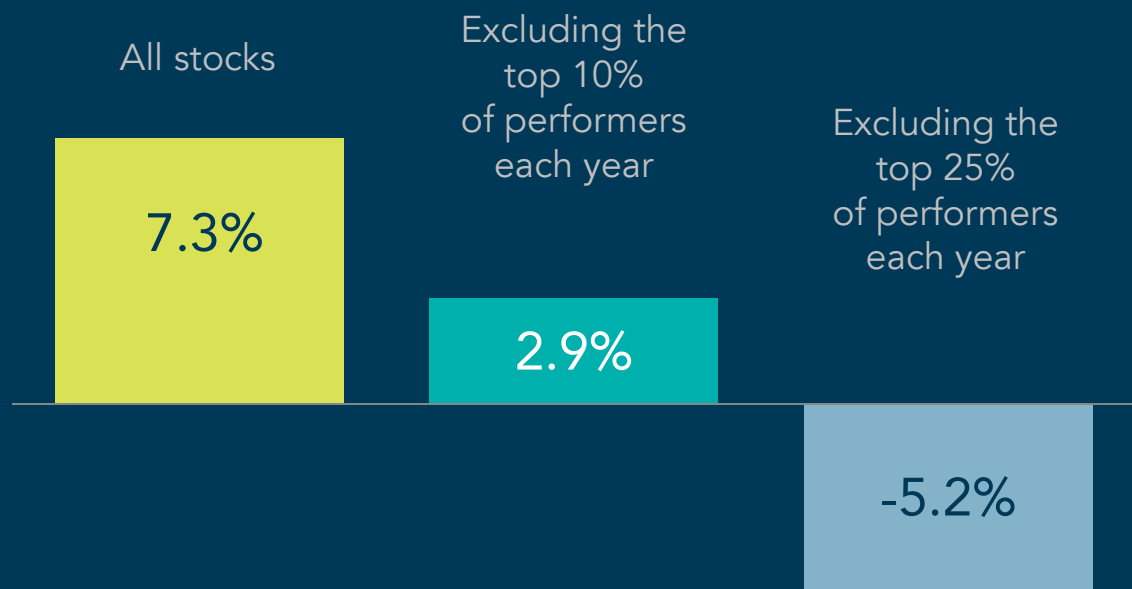
Concentrating in one stock exposes you to unnecessary risks.



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

May Prevent You from Missing Opportunity

Compound average annual returns: 1994–2016

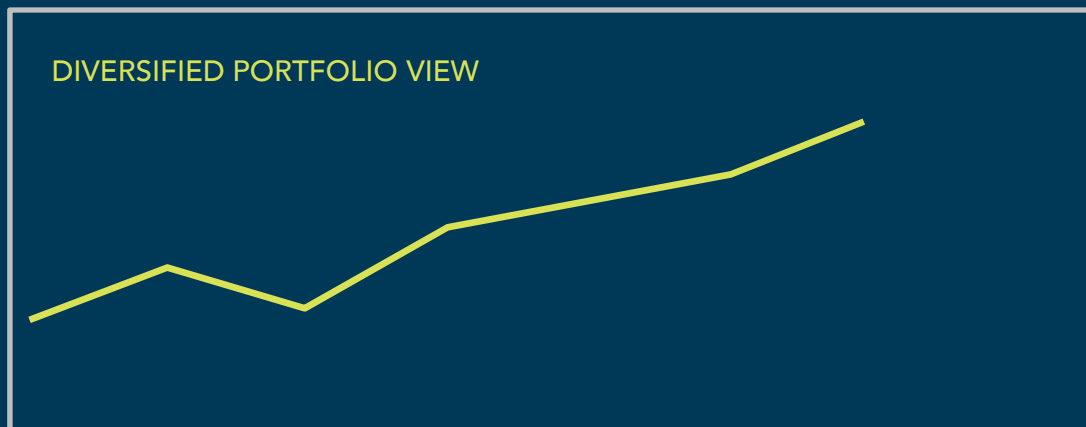


Attempting to identify a group of future winners is a guessing game.

Diversification improves the odds of holding the best performers.

The "All stocks" portfolio consists of all eligible stocks in all eligible Developed and Emerging Markets. The portfolio for January to December of year t includes stocks whose free float market capitalization as of December t-1 is greater than \$10mln in developed markets and \$50mln in emerging markets and with non-missing price returns for December of year t-1. Annual portfolio returns are value-weighted averages of the annual returns on the included securities. The portfolios "Excluding the top 10%" and "Excluding the top 25%" are constructed similarly. Individual security data are obtained from Bloomberg, London Share Price Database, and Centre for Research in Finance. The eligible countries are: 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, United Kingdom, and the United States. Diversification does not eliminate the risk of market loss. Past performance is no guarantee of future results.

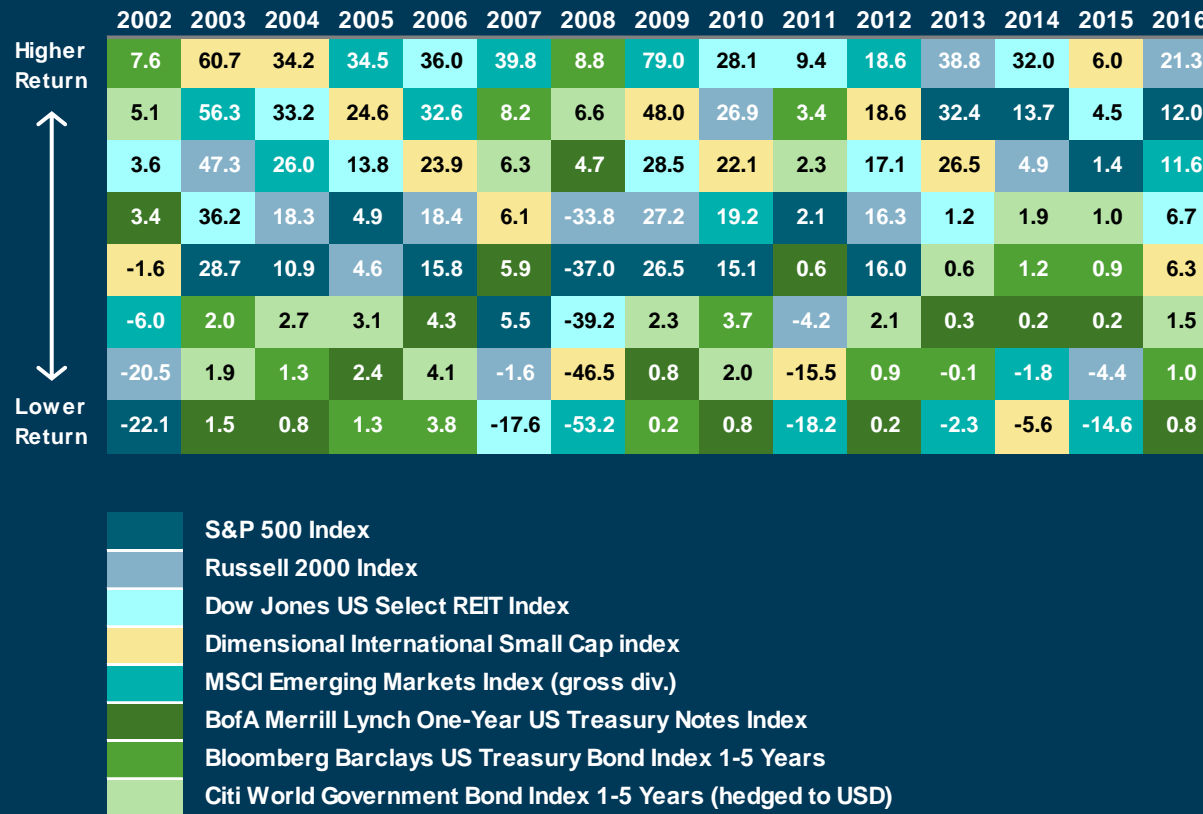
Smooths Out Some of the Bumps



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 (%): 2002–2016



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. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. Dow Jones data provided by Dow Jones indices. Dimensional Index data compiled by Dimensional. MSCI data © 2017, all rights reserved. The BofA Merrill Lynch Indices are used with permission; copyright 2017 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. Bloomberg Barclays data provided by Bloomberg. Citi fixed income indices copyright 2017 by Citigroup.

Disclosures

November 11, 2015

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