Brave Conversations on Personal Retirement

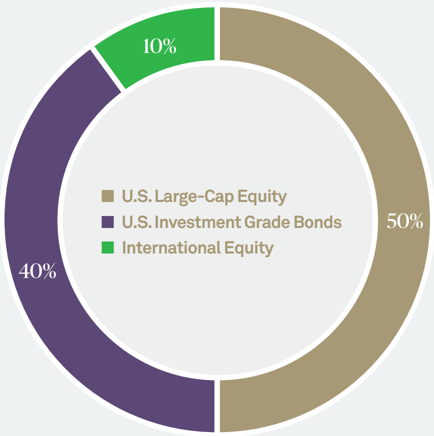
Investing

Diversifying Across Assets

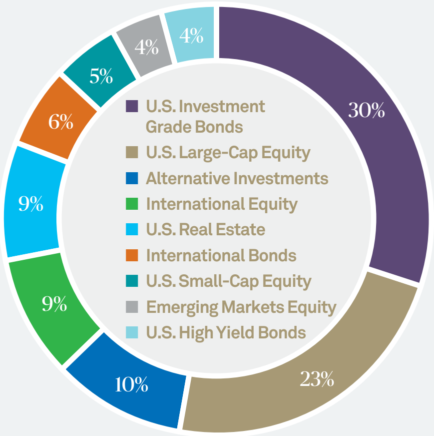
Diversification 101: Diversify among less-correlated investments for a potentially smoother ride.

Portfolio comparison — basic diversification vs. a sample advanced portfolio 2000–2015

Basic Portfolio
4.80% Annualized Return 2000–2015
9.13% Standard Deviation
0.9811 Correlation to S&P 500



Diversified Portfolio
6.01% Annualized Return 2000–2015
8.95% Standard Deviation
0.9227 Correlation to S&P 500



Worry less. Seek portfolios with greater diversity and lower volatility.

For illustrative purposes only and does not represent the results of any investment.

Source: BNY Mellon Investment Management.
Asset allocation and diversification cannot assure a profit or protect against a loss.
Past performance is no guarantee of future results.

U.S. Large-Cap Equity represented by the S&P 500 23%. U.S. Small-Cap Equity represented by the Russell 2000 5%. International Equity represented by the MSCI EAFE 9%. U.S. Real Estate represented by the FTSE NAREIT All Equity REITs 9%. Emerging Markets Equity represented by the MSCI EM 4%. U.S. Investment Grade Bonds represented by the Barclays U.S. Aggregate Bond 30%. International Bonds represented by the Barclays Global Aggregate 6%. U.S. High Yield Bonds represented by the BofAML U.S. HY Master II 4%. Alternative Investments represented by the HFRI Fund Weighted Composite 10%. Please see side 2 for definition of indices.

Why Should You Care?

Assets that are top performers one year can be bottom performers the next. To stay on track with your goals, choose a mix of investments personalized to the risk you want to take on, and how long you plan to invest. Remember, since this changes over time, so should your investment selections.

Diversifying your assets may increase returns and reduce volatility, which only becomes more important the closer you get to retirement.

What's the Good News?

- Managed accounts, target-date funds and target-risk funds may have diversification built in.
- Financial advisors can help to build more diversified portfolios based on your risk needs.
- Investing appropriately allows your money to work for you, while potentially letting you worry less.
- Questionnaires and checklists are available to help you determine your risk tolerance.

Take Action! ▶▶▶

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Play the end game
Understand your investment goals, to determine the length of time your money will be invested. Remember it's *Your* 30, so even at retirement, you may have 30 or more years to stay invested.

Do it right
Diversification does not mean having similar investments at multiple firms or in multiple funds. Evaluate all your assets in total and strive to find a mix of different investments across all of your accounts.

Get help
Work with a financial advisor to create a diversified portfolio across investment securities.

Review regularly
Your risk tolerance may change based on your life changes and your age, so make sure to rebalance your investments and update your portfolio allocations.

Simplify your life
Keeping track of your investments across multiple accounts and firms and even advisors can be daunting and time-consuming. As you get closer to retirement, evaluate whether to consolidate with a trusted advisor to maximize your time and ease of oversight.

This concept is an excerpt from the *Brave Conversations on Personal Retirement* book. Financial advisors can obtain a copy of the book by speaking with their BNY Mellon Dreyfus Regional Sales Consultant.

It's Your 30

Because many investors will spend around 30 years in retirement, now is the time for you and your financial professional to plan for your future. This will be the time when pressures and responsibilities that once filled your days will diminish and you'll have more time to focus on you.

We believe
To achieve the retirement you desire, first **target an outcome** and then work with your financial advisor to **develop a financial plan.** Discuss the four interconnected financial behaviors — earning, spending, investing and insuring — because they will greatly impact your plan.

This information is general in nature and not intended to constitute tax or estate-planning advice. Please consult your tax or estate-planning advisor for more detailed information on these issues and advice on your specific situation.

The Barclays U.S. Aggregate Bond Index is a widely accepted, unmanaged total return index of corporate, government and government-agency debt instruments, mortgage-backed securities and asset-backed securities with an average maturity of one to 10 years. **The Barclays Global Aggregate Index** is an index comprised of several other Barclays indices that measure fixed income performance of regions around the world. **The Standard & Poor's 500 (S&P 500) Composite Stock Price Index** is a widely accepted, unmanaged index of U.S. stock market performance. **The Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe and includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. **The Morgan Stanley Capital International Europe, Australasia, Far East (MSCI EAFE) Index** is a free float-adjusted market capitalization-weighted index that is designed to measure equity performance in developed markets excluding the United States and Canada. The index consists of 21 MSCI national developed market indices. **The MSCI Emerging Markets Index** captures large and mid-cap representation across 23 emerging markets countries. **The FTSE NAREIT PureProperty® Index Series** provides a daily measure of real estate investment performance (price returns and total returns) of unlevered property investments as well as equity investments in real estate. The values are calculated from daily stock market valuations of, and dividends paid by, stock exchange-listed U.S. equity REITs, using a patented methodology to infer property returns based on detailed information about the holdings and balance sheets of property-owning REITs. U.S. REITs own and manage high-quality properties in and around major metropolitan areas throughout the country. **HFRI FWC** utilizes a UCITS III compliant methodology to construct the HFRX Hedge Fund Indices. The methodology is based on defined and predetermined rules and objective criteria to select and rebalance components to maximize representation of the Hedge Fund Universe. HFRX Indices utilize state-of-the-art quantitative techniques and analysis; multi-level screening, cluster analysis, Monte Carlo simulations and optimization techniques ensure that each index is a pure representation of its corresponding investment focus. **The BofAML U.S. High Yield Master II TR Index** is a commonly used benchmark index for high yield corporate bonds. It is administered by Merrill Lynch. The Master II is a measure of the broad high yield market. Investors cannot invest directly in any index.

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