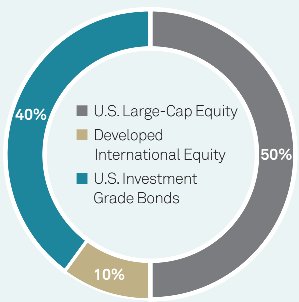
Diversifying Across Assets

DIVERSIFICATION 101: DIVERSIFY AMONG LESS-CORRELATED INVESTMENTS FOR A POTENTIALLY SMOOTHER RIDE.

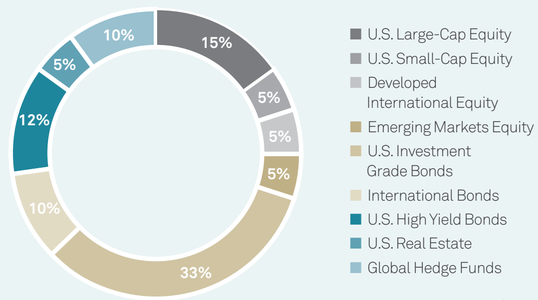
Investing

Portfolio comparison — basic diversification vs. a sample advanced portfolio 2001–2018

Basic Portfolio
6.09% Annualized Return 2001–2018
8.62% Standard Deviation
0.95 Correlation to S&P 500
0.53 Sharpe Ratio



Diversified Portfolio
6.51% Annualized Return 2001–2018
7.08% Standard Deviation
0.89 Correlation to S&P 500
0.71 Sharpe Ratio



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.

Standard deviation is a measure of the dispersion of a set of data from its mean. The more spread apart the data, the higher the deviation. Correlation is a statistical measure that indicates the extent to which two or more variables fluctuate together. A positive correlation indicates the extent to which those variables increase or decrease in parallel; a negative correlation indicates the extent to which one variable increases as the other decreases. The Sharpe ratio is calculated by using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe ratio, the better the fund's historical risk-adjusted performance. Asset allocation is the implementation of an investment strategy that attempts to balance risk versus reward by adjusting the percentage of each asset in an investment portfolio according to the investor's risk tolerance, goals and investment time frame

U.S. Large-Cap Equity represented by the S&P 500 15%. U.S. Small-Cap Equity represented by the Russell 2000 5%. Developed International Equity represented by the MSCI EAFE 5%. U.S. Real Estate represented by the FTSE NAREIT All Equity REITs 5%. Emerging Markets Equity represented by the MSCI EM 5%. U.S. Investment Grade Bonds represented by the Bloomberg Barclays U.S. Aggregate Bond 33%. International Bonds represented by the Bloomberg Barclays Global Aggregate 10%. U.S. High Yield Bonds represented by the BofAML U.S. HY Master II 12%. Global Hedge Funds 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, and how long you plan to invest. Since this changes over time, so should your investment selections.

Diversifying your assets may increase returns and reduce volatility, which 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.

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Take Action!

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.

It's *Your* 30

Because many investors may 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 **determine your retirement goals** 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.

*The likelihood of any one individual experiencing a retirement horizon of 30+ years depends on a variety of factors including the age at retirement and health-related issues.

All investments involve risk, including the possible loss of principal.

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Risks

Bonds are subject to interest-rate, credit, liquidity, call and market risks, to varying degrees. Generally, all other factors being equal, bond prices are inversely related to interest-rate changes and rate increases can cause price declines. **Equities** are subject to market, market sector, market liquidity, issuer, and investment style risks, to varying degrees. Investing in **foreign denominated and/or domiciled securities** involves special risks, including changes in currency exchange rates, political, economic, and social instability, limited company information, differing auditing and legal standards, and less market liquidity. These risks generally are greater with emerging market countries.

The Bloomberg 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 1 to 10 years. The Bloomberg 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 market 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. The FTSE NAREIT All Equity REITs Index is a free-float adjusted, market capitalization-weighted index of U.S. equity REITs. Constituents of the index include all tax-qualified REITs with more than 50% of total assets in qualifying real estate assets other than mortgages secured by real property. 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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