**Diversifying Across Assets**

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

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**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.*

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**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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**Basic Portfolio**

- 5.32% Annualized Return 2000–2016
- 8.90% Standard Deviation
- 0.9801 Correlation to S&P 500

**Diversified Portfolio**

- 6.34% Annualized Return 2000–2016
- 7.43% Standard Deviation
- 0.8915 Correlation to S&P 500

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

Source: BNY Mellon Investment Management.

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. 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 23%.
- U.S. Investment Grade Bonds represented by the Bloomberg Barclays U.S. Aggregate Bond 30%.
- International Equity represented by the MSCI EAFE Global Aggregate 6%.
- Emerging Markets Equity represented by the MSCI EM 4%.
- U.S. Real Estate represented by the FTSE NAREIT All Equity REITs 9%.
- International Equity represented by the MSCI EAFE 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.

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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.