The Importance of Diversification

Risk and return across asset classes, 1926 - 2016

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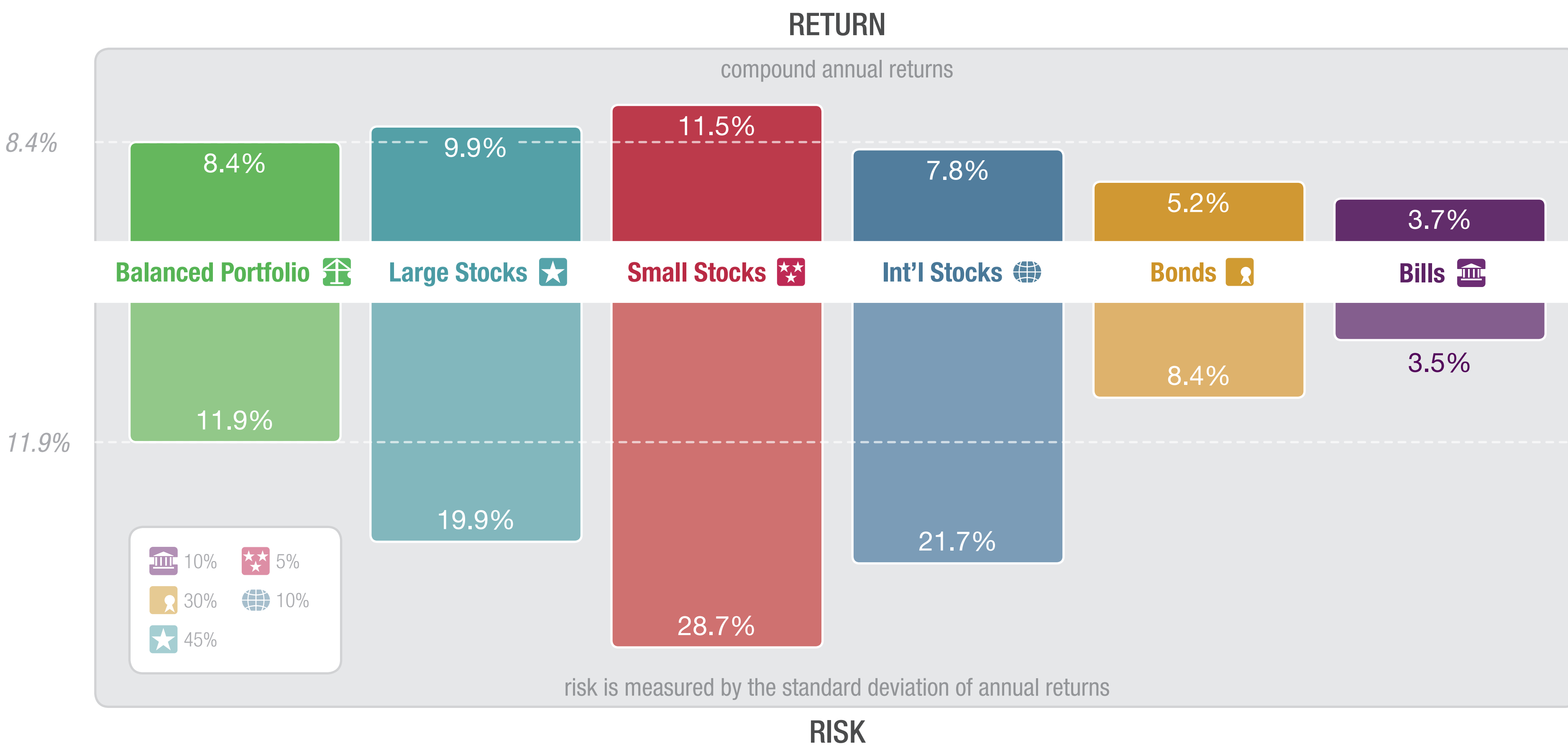

A balanced portfolio has historically offered a desirable risk-return profile.

Small stocks are more volatile than large stocks, and are thinly traded.

International investments involve special risks such as fluctuations in currency, foreign taxation, economic and political risks, liquidity risks, and differences in accounting and financial standards.

Government bonds and Treasury bills are guaranteed by the full faith and credit of the U.S. government as to the timely payment of principal and interest.

This chart is for illustrative purposes only. It does not constitute investment advice and must not be relied on as such. Assumes reinvestment of all income and no transaction costs or taxes. The Balanced Portfolio is neither a real, nor recommended portfolio. It was rebalanced each January. All investment returns are compound annual returns. Risk is measured by the standard deviation (volatility) of annual investment returns. An investment cannot be made directly in an index. Sources: Large Stocks data: CRSP Value-Weighted Index of the S&P 500 Universe; Small Stocks data: CRSP NYSE/Amex/Nasdaq Cap-Based Deciles 6-8; Bills data: CRSP 90-Day T-Bill Return index—Center for Research in Security Prices (CRSP). International Stocks data: ex-U.S.A. Total Return index; Bond data: ten-year U.S. Treasury Bonds—Global Financial Data, Inc. **Past performance is not an indicator of future performance.**

INVESTMENTS ILLUSTRATED