

# Smart Diversification Can Help You Stay on Track (65%/35%)



## Asset Class Performance 2003-2017

															Annualized Returns / Standard Deviations Since 2003	
2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017		
Emerging Markets Value 62.3%	REITs 33.2%	Emerging Markets Value 33.0%	REITs 36.0%	Emerging Markets Value 42.2%	Global Short Bonds 6.6%	Emerging Markets Value 79.1%	REITs 28.1%	REITs 9.4%	U.S. Large Value 17.5%	U.S. Small Neutral 38.8%	REITs 32.0%	Int'l Small Neutral 5.5%	U.S. Small Neutral 21.3%	Int'l Small Neutral 31.0%	Emerging Markets Value 12.4%	Emerging Markets Value 21.7%
Int'l Small Neutral 61.8%	Emerging Markets Value 30.7%	Int'l Small Neutral 25.0%	Emerging Markets Value 32.0%	Int'l Large Value 7.0%	U.S. Short IG Bonds 4.7%	Int'l Small Neutral 50.8%	U.S. Small Neutral 26.9%	Global Short Bonds 2.3%	Int'l Small Neutral 17.5%	U.S. Large Value 32.5%	U.S. Large Neutral 13.7%	REITs 4.5%	U.S. Large Value 17.3%	Emerging Markets Value 28.1%	Int'l Small Neutral 11.8%	Int'l Small Neutral 18.0%
U.S. Small Neutral 47.3%	Int'l Small Neutral 29.4%	Int'l Large Value 14.5%	Int'l Large Value 29.3%	U.S. Short IG Bonds 6.9%	Cash 2.2%	Int'l Large Value 36.8%	Int'l Small Neutral 24.5%	U.S. Large Neutral 2.1%	Int'l Large Value 17.3%	U.S. Large Neutral 32.4%	U.S. Large Neutral 13.5%	U.S. Large Neutral 1.4%	Emerging Markets Value 14.9%	U.S. Large Neutral 21.8%	U.S. Small Neutral 11.2%	U.S. Small Neutral 18.2%
Int'l Large Value 46.0%	Int'l Large Value 24.5%	REITs 13.8%	U.S. Large Value 22.2%	Global Short Bonds 6.3%	65/35 Mix -24.4%	REITs 28.5%	Emerging Markets Value 18.4%	U.S. Short IG Bonds 1.6%	REITs 17.1%	Int'l Small Neutral 25.6%	U.S. Small Neutral 4.9%	Global Short Bonds 1.0%	U.S. Large Neutral 12.0%	Int'l Large Value 21.0%	REITs 10.7%	REITs 23.2%
REITs 36.2%	U.S. Small Neutral 18.3%	65/35 Mix 8.8%	Int'l Small Neutral 19.5%	65/35 Mix 5.6%	U.S. Small Neutral -33.8%	U.S. Small Neutral 27.2%	U.S. Large Value 15.5%	U.S. Large Value 0.4%	U.S. Small Neutral 16.4%	Int'l Large Value 21.5%	65/35 Mix 4.5%	U.S. Short IG Bonds 0.7%	65/35 Mix 8.4%	U.S. Small Neutral 14.7%	U.S. Large Neutral 9.9%	U.S. Large Neutral 13.3%
U.S. Large Value 30.0%	U.S. Large Value 16.5%	U.S. Large Value 7.0%	U.S. Small Neutral 18.4%	U.S. Large Neutral 5.5%	U.S. Large Value -36.8%	U.S. Large Neutral 26.5%	U.S. Large Neutral 15.1%	Cash 0.1%	U.S. Large Neutral 16.0%	65/35 Mix 16.7%	Global Short Bonds 1.9%	Cash 0.1%	Int'l Large Value 7.4%	U.S. Large Value 13.7%	U.S. Large Value 9.6%	U.S. Large Value 14.0%
U.S. Large Neutral 28.7%	65/35 Mix 14.1%	U.S. Large Neutral 4.9%	65/35 Mix 16.5%	Cash 4.9%	U.S. Large Neutral -37.0%	65/35 Mix 23.3%	65/35 Mix 11.5%	65/35 Mix -2.6%	Emerging Markets Value 15.9%	REITs 1.2%	U.S. Short IG Bonds 0.8%	65/35 Mix -1.8%	REITs 6.7%	65/35 Mix 13.1%	Int'l Large Value 8.3%	Int'l Large Value 17.3%
65/35 Mix 27.8%	U.S. Large Neutral 10.9%	U.S. Small Neutral 4.6%	U.S. Large Neutral 15.8%	Int'l Small Neutral 3.3%	REITs -39.2%	U.S. Large Value 19.7%	Int'l Large Value 4.8%	U.S. Small Neutral -4.2%	65/35 Mix 11.5%	U.S. Short IG Bonds 0.7%	Cash 0.0%	U.S. Large Value -3.8%	Int'l Small Neutral 4.3%	REITs 3.8%	65/35 Mix 8.1%	65/35 Mix 9.7%
U.S. Short IG Bonds 2.8%	Global Short Bonds 2.7%	Global Short Bonds 3.1%	Cash 4.8%	U.S. Large Value -0.2%	Int'l Large Value -44.3%	U.S. Short IG Bonds 3.8%	U.S. Short IG Bonds 2.8%	Int'l Large Value -11.7%	Global Short Bonds 2.1%	Global Short Bonds 0.6%	Emerging Markets Value -4.1%	U.S. Small Neutral -4.4%	Global Short Bonds 1.5%	Global Short Bonds 1.1%	Global Short Bonds 2.6%	Global Short Bonds 1.2%
Global Short Bonds 1.9%	Cash 1.3%	Cash 3.0%	U.S. Short IG Bonds 4.3%	U.S. Small Neutral -1.6%	Int'l Small Neutral -48.0%	Global Short Bonds 2.3%	Global Short Bonds 2.0%	Int'l Small Neutral -15.8%	U.S. Short IG Bonds 1.5%	Cash 0.1%	Int'l Small Neutral -5.4%	Int'l Large Value -7.7%	U.S. Short IG Bonds 1.3%	U.S. Short IG Bonds 0.9%	U.S. Short IG Bonds 2.4%	U.S. Short IG Bonds 1.2%
Cash 1.1%	U.S. Short IG Bonds 1.2%	U.S. Short IG Bonds 1.8%	Global Short Bonds 4.1%	REITs -17.6%	Emerging Markets Value -50.3%	Cash 0.2%	Cash 0.2%	Emerging Markets Value -17.9%	Cash 0.1%	Emerging Markets Value -5.1%	Int'l Large Value -5.4%	Emerging Markets Value -18.6%	Cash 0.3%	Cash 0.8%	Cash 1.3%	Cash 0.5%

Source: Morningstar Direct 2018. Cash (BoFA ML 3M U.S. Treasury Note TR U.S.D.). Index representation as follows: U.S. Large Neutral (S&P 500 Index), U.S. Large Value (Russell 1000 Value Index), U.S. Small Neutral (Russell 2000 Index), REITs (Dow Jones U.S. Select REITs Index), International Large Value (MSCI World Ex U.S.A Value Index (net div.)), International Small Neutral (MSCI World Ex U.S.A Small (net div.)), Emerging Markets Value (MSCI Emerging Markets Index (net div.)), Global Short Bonds (Citi WGBI 1-5Yr Hdg U.S.D.), U.S. Short Investment Grade Bonds (BoFA ML Corp & Govt 1-3 Yr TR). 65/35 Index Mix: 2% Cash, 16% U.S. ST Bonds, 17% Global ST Bonds, 15% U.S. Large Neutral, 12% U.S. Value, 8% U.S. Small Neutral, 14% Int'l Large Value, 7% Int'l Small Neutral, 5% Emerging Markets Value, 4% REITs; rebalanced annually. Indexes are unmanaged baskets of securities that are not available for direct investment by investors. Index performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results. All investments involve risk, including loss of principal. Foreign securities involve additional risks, including foreign currency changes, political risks, foreign taxes, and different methods of accounting and financial reporting. Fixed income investments are subject to interest rate and credit risk. Emerging markets involve additional risks, including, but not limited to, currency fluctuation, political instability, foreign taxes, and different methods of accounting and financial reporting. Real estate securities funds are subject to changes in economic conditions, credit risk and interest rate fluctuations.

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