

Why diversify?

Asset classes rotate in and out of favor. Yesterday's winners become tomorrow's losers and today's losers could eventually rise to the top and become winners again. Some investors try to predict the future and some will be right some of the time. But for a lot of us, getting it right just once isn't easy, let alone getting it right consistently, year after year.

Diversification — spreading your investments among asset classes, sectors, and investment styles — can make it easier for investors to achieve their long-term financial goals. With a diversified approach, you may miss out on the market's highest highs, but chances are you'll also miss out on the market's lowest lows.

Successful investing isn't always just a race to the top — sometimes what matters most is how you got there. When it comes to achieving your long-term investment goals, smooth and steady often yields better results.

Contact your financial professional today to see how diversification can help you.

The periodic table of investments (1995 – 2014)

Annual returns for 14 broad asset classes, a diversified portfolio and cash — ranked

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Large Cap Value	38.4%	REITs 35.3%	Large Cap Value 35.2%	Large Cap Growth 38.7%	Emerging Market Equity 66.4%	Commodities 49.7%	Small Cap Value 14.0%	Commodities 32.1%	Emerging Market Equity 56.3%	Small Cap Growth 48.5%
US Stocks	37.6%	Commodities 33.9%	Mid Cap Value 34.4%	US Stocks 28.6%	Mid Cap Growth 51.3%	REITs 26.4%	REITs 13.9%	US Bonds 10.3%	Small Cap Growth 48.5%	Small Cap Growth 48.5%
Large Cap Growth	37.2%	Large Cap Growth 23.1%	US Stocks 33.4%	Developed Market Equity 20.0%	Small Cap Growth 43.1%	Small Cap Value 22.8%	Investment Grade Bonds 10.3%	Investment Grade Bonds 10.1%	Small Cap Value 46.0%	Small Cap Growth 48.5%
Mid Cap Value	34.9%	US Stocks 23.0%	Small Cap Value 31.8%	Mid Cap Growth 17.9%	Commodities 40.9%	Mid Cap Value 19.2%	US Bonds 8.4%	REITs 3.8%	Mid Cap Growth 42.7%	Mid Cap Growth 42.7%
Mid Cap Growth	34.0%	Large Cap Value 21.6%	Large Cap Value 30.5%	Large Cap Value 15.6%	Large Cap Growth 33.2%	US Bonds 11.6%	High Yield Bonds 5.3%	Cash 1.7%	Developed Market Equity 38.6%	Developed Market Equity 38.6%
Small Cap Growth	31.0%	Small Cap Value 21.4%	Mid Cap Growth 22.5%	US Bonds 8.7%	Developed Market Equity 27.0%	Investment Grade Bonds 9.1%	Cash 4.1%	High Yield Bonds -1.4%	Mid Cap Value 38.1%	Mid Cap Value 38.1%
Small Cap Value	25.7%	Mid Cap Value 20.3%	REITs 20.3%	Investment Grade Bonds 8.6%	US Stocks 21.0%	Large Cap Value 7.0%	Mid Cap Value 2.3%	Emerging Market Equity -6.0%	REITs 37.7%	REITs 37.7%
Diversified Portfolio	22.7%	Mid Cap Growth 17.5%	Diversified Portfolio 15.3%	Cash 5.1%	Diversified Portfolio 8.1%	Cash 6.0%	Emerging Market Equity -2.4%	Diversified Portfolio -7.9%	Diversified Portfolio 30.2%	Diversified Portfolio 30.2%
Investment Grade Bonds	22.2%	Diversified Portfolio 16.1%	Small Cap Growth 12.9%	Mid Cap Value 5.1%	Large Cap Value 7.3%	Diversified Portfolio 1.8%	Diversified Portfolio -4.3%	Mid Cap Value -9.6%	Large Cap Value 30.2%	Large Cap Value 30.2%
Commodities	20.3%	High Yield Bonds 11.4%	High Yield Bonds 12.8%	Diversified Portfolio 3.8%	Cash 4.7%	High Yield Bonds -5.9%	Large Cap Value -5.6%	Small Cap Value -11.4%	Large Cap Value 29.1%	Large Cap Value 29.1%
High Yield Bonds	19.2%	Small Cap Growth 11.3%	Investment Grade Bonds 10.2%	High Yield Bonds 1.9%	High Yield Bonds 2.4%	US Stocks -9.1%	Small Cap Growth -9.2%	Large Cap Value -15.5%	High Yield Bonds 29.1%	High Yield Bonds 29.1%
US Bonds	18.5%	Developed Market Equity 6.0%	US Bonds 9.7%	Small Cap Growth 1.2%	Mid Cap Value -0.1%	Mid Cap Growth -11.7%	US Stocks -11.9%	Developed Market Equity -15.9%	US Stocks 28.1%	US Stocks 28.1%
REITs	15.3%	Emerging Market Equity 6.0%	Cash 5.3%	Small Cap Value -6.5%	US Bonds -0.8%	Developed Market Equity -14.2%	Mid Cap Growth -20.2%	US Stocks -22.1%	Commodities 20.1%	Commodities 20.1%
Developed Market Equity	11.2%	Cash 5.3%	Developed Market Equity 1.8%	REITs -17.5%	Small Cap Value -1.5%	Large Cap Growth -22.4%	Large Cap Growth -20.4%	Mid Cap Growth -27.4%	Investment Grade Bonds 8.1%	Investment Grade Bonds 8.1%
Cash	5.8%	US Bonds 3.6%	Emerging Market Equity -11.6%	Emerging Market Equity -25.3%	Investment Grade Bonds -2.0%	Small Cap Growth -22.4%	Developed Market Equity -21.4%	Large Cap Growth -27.9%	US Stocks 4.1%	US Stocks 4.1%
Emerging Market Equity	-5.2%	Investment Grade Bonds 3.3%	Commodities -14.1%	Commodities -35.7%	REITs -4.6%	Emerging Market Equity -30.6%	Commodities -31.9%	Small Cap Growth -30.3%	Cash 1.1%	Cash 1.1%
Annual Inflation Rate	2.5%	3.3%	1.7%	1.6%	2.7%	3.4%	1.6%	2.4%	1.1%	1.1%
Effective Fed Funds Rate	5.45%	5.60%	5.29%	5.50%	4.68%	5.30%	6.40%	1.82%	1.1%	1.1%



Past performance does not guarantee future performance and diversification does not guarantee a profit or protect against a loss. Source(s): Morningstar Direct, Bureau of Labor Statistics and the Board of Governors of the Federal Reserve System. As of 4/27/2015. Indexes are un...