Diversification can feel disappointing

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A well-diversified portfolio is designed to help you achieve your long-term goals as well as limit your portfolio's downs (and ups). But it doesn't always feel good. You may get upset when you inevitably lose money during certain periods (though your loss is likely less than that of the S&P 500 Index). You may also be disappointed during up markets when you see how well the S&P 500 Index performed, and you didn't do as well. The good news: a diversified portfolio may produce a better outcome for you in the long-term.

A perfect market for "S&P envy"

Years	S&P 500 Index	Diversified portfolio	
2000-2002	-37.6%	-16.3%	"I lost money"
2003-2007	+82.9%	+73.8%	"I didn't make as much"
2008	-37.0%	-24.0%	"I lost money"
2009-2017	+258.8%	+152.2%	"I didn't make as much"
2018	-4.4%	-4.6%	"I lost MORE money"
Total Return	**+146.6%**	**+166.1%**	**"Diversification wins even when it feels like it's losing"**
Growth of $100,000	**$246,570**	**$266,060**	

Source: Morningstar as of 12/31/18. Past performance does not guarantee or indicate future results. Diversified Portfolio is represented by 40% S&P 500 Index, 15% MSCI EAFE Index, 5% Russell 2000 Index. 30% Bloomberg Barclays U.S. Aggregate Bond Index, and 10% Bloomberg Barclays U.S. Corporate High Yield Index. Index performance is for illustrative purposes only. You cannot invest directly in the index. Diversification does not guarantee a profit or protect against a loss in a declining market.

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