Sun Life GLOBAL Investments

Diversification can help smooth out returns over the long term

Diversifying to reduce risk is a key investment strategy. The reason: not all investments will perform in the same way at the same time. By holding a mix of bonds and equities across different markets and countries, some may be increasing in value while others are falling. This can help reduce the risk that comes from being overly concentrated in just a few investments. And over time, it tends to reduce volatility and smooth out returns.

Use the chart below to see how being diversified can help reduce risk

Pick an asset class from the boxes below and follow it across. As it reacts to market and economic conditions, the asset class may be a top performer one year and the worst the next. Now compare it to a hypothetical diversified portfolio*, which invests in a number of asset classes, and you will see the returns are less volatile and more consistent over time.

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
BEST	32%	52%	18%	11%	26%	41%	26%	22%	21%	29%	9%
	30%	35%	14%	10%	16%	35%	24%	21%	9%	17%	8%
	6%	17%	13%	8%	15%	31%	23%	20%	8%	14%	4%
	-16%	**12%**	9%	5%	13%	23%	16%	19%	8%	14%	4%
	-21%	10%	7%	1%	13%	**17%**	14%	19%	**5%**	12%	1%
	-24%	10%	**7%**	**-1%**	**11%**	13%	**14%**	16%	4%	**10%**	**0%**
	-26%	7%	6%	-3%	8%	11%	11%	**12%**	2%	9%	0%
	-29%	5%	2%	-3%	7%	5%	10%	6%	1%	4%	-1%
	-33%	5%	1%	-9%	4%	4%	9%	4%	-1%	3%	-6%
	-35%	-8%	0%	-10%	3%	4%	7%	2%	-1%	0%	-7%
WORST	-42%	-10%	-1%	-16%	2%	-1%	4%	-8%	-2%	-3%	-9%

- Canadian bonds
- U.S. bonds
- Global bonds
- Canadian equities
- U.S. equities
- Global equities
- International equities
- Infrastructure
- Real estate
- Emerging market equities
- Diversified portfolio*

For illustrative purposes only. Returns have been rounded to the nearest whole number for simplicity. ***The Diversified Portfolio** is a hypothetical portfolio that is invested 10% in each asset class shown. The Diversified Portfolio is not intended to represent any investment managed by Sun Life Global Investments. It is not possible to invest in an index. For more information on the indices used to represent each asset class, please see reverse. Source: Morningstar

At Sun Life Global Investments we believe long-term investment success requires effective risk management, and diversification plays a powerful role in that strategy.

For more information speak to your financial advisor or visit **sunlifeglobalinvestments.com** today.

About the chart

Equity returns are represented by the following indices in C$ terms and include reinvestment of dividends: **Global bonds** Barclays Multiverse Index **U.S. bonds** Barclays U.S. Aggregate Bond Index **Real estate** FTSE EPRA/NAREIT Developed Index **Canadian bonds** FTSE Canada Universe Bond Index **International stocks** MSCI EAFE Index **Emerging market stocks** MSCI Emerging Markets Index **Global stocks** MSCI World Index **U.S. stocks** S&P 500 **Infrastructure** S&P Global Infrastructure Index **Canadian stocks** S&P/TSX Capped Composite Index. The performance of each index including the diversified portfolio is provided to illustrate historical market trends; it does not represent the performance of a particular Sun Life Global Investments product. Source: Morningstar.

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