



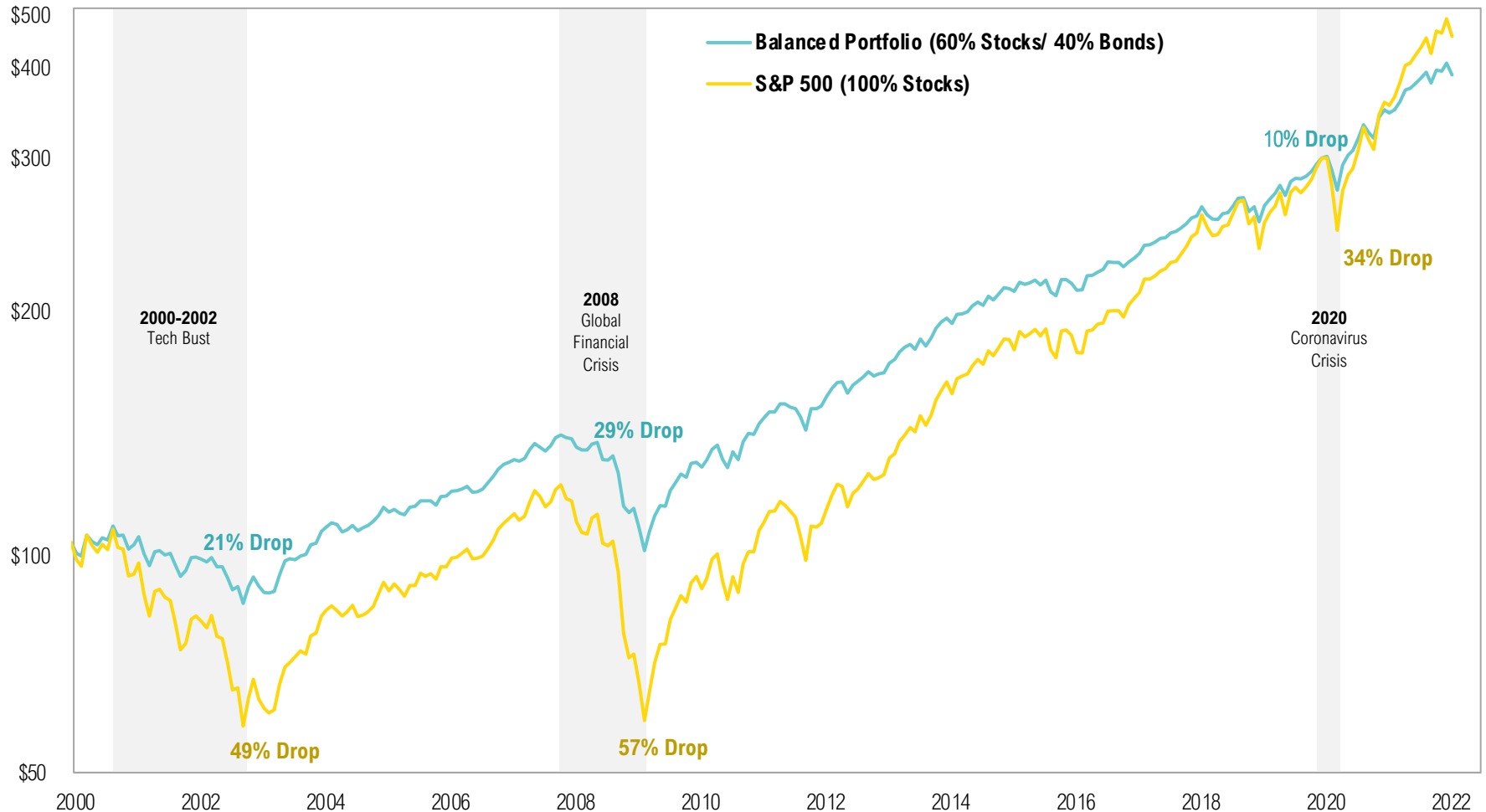
Topical Research:

The Importance of Diversification

Q2, 2022

➤ Over the past 20 years, diversified portfolios have helped reduce volatility without giving up much upside

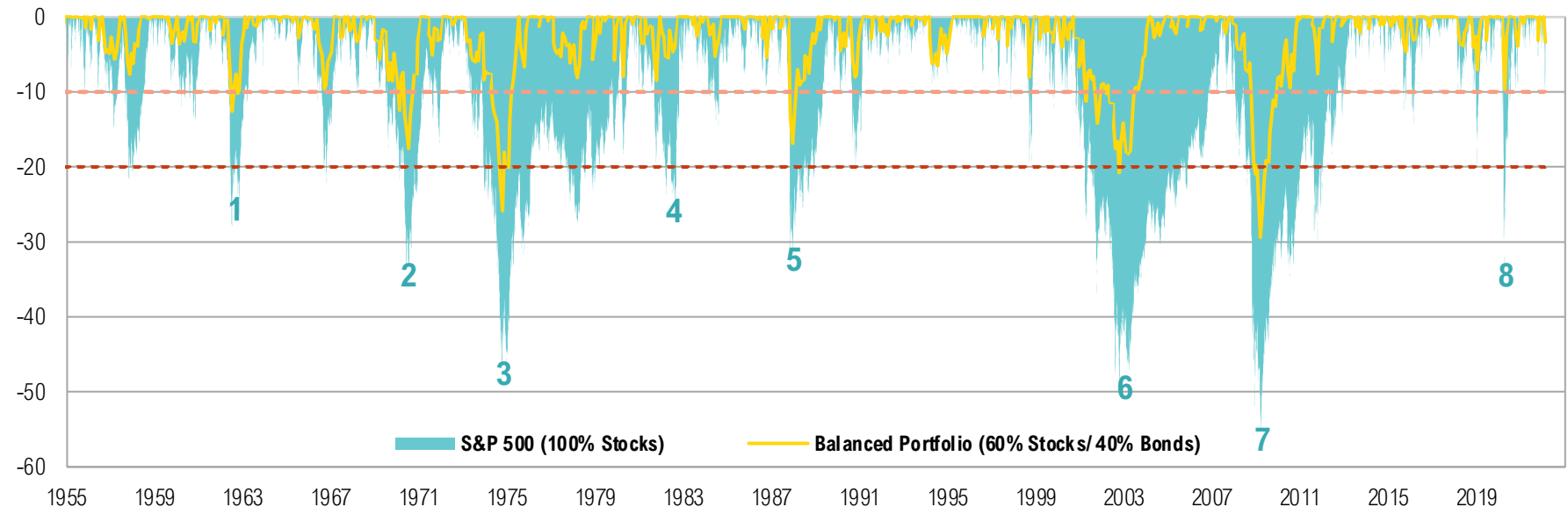
GROWTH OF \$100



Source: Bloomberg. Chart through 1/31/2022

Diversified portfolios substantially reduce the dramatic drawdowns that are possible in single asset classes

S&P 500 PRICE RETURN, DRAWDOWN %



Bear Market	Market Peak	Bear Market Decline		Months to Low		Months to Recovery		Months in Drawdown	
		S&P 500	60/40	S&P 500	60/40	S&P 500	60/40	S&P 500	60/40
0 Crash of 1929 & onset of Great Depression thru Post WWII slowdown	Sep-29	-86%	-61%	34	33	267	43	301	76
1 1962 flash crash, Cuban Missile Crisis & Cold War of 1962	Dec-61	-28%	-13%	6	6	14	7	20	13
2 Crash of 1970, economic overheating & civil unrest	Nov-68	-36%	-18%	19	19	23	6	42	25
3 OPEC oil embargo & stagflation	Jan-73	-48%	-26%	21	21	70	9	91	30
4 Inflation & Volcker Fed response	Nov-80	-27%	-8%	20	10	5	2	25	12
5 1987 Crash	Aug-87	-34%	-17%	3	3	20	14	23	17
6 Tech Bubble bursting	Mar-00	-49%	-21%	25	25	56	17	81	42
7 Global Financial Crisis	Oct-07	-57%	-29%	16	16	49	20	65	36
8 Fed bubble, Coronavirus Crisis	Feb-20	-34%	-10%	1	1	4	2	5	3
Average*		-40%	-18%	14	13	30	10	44	22

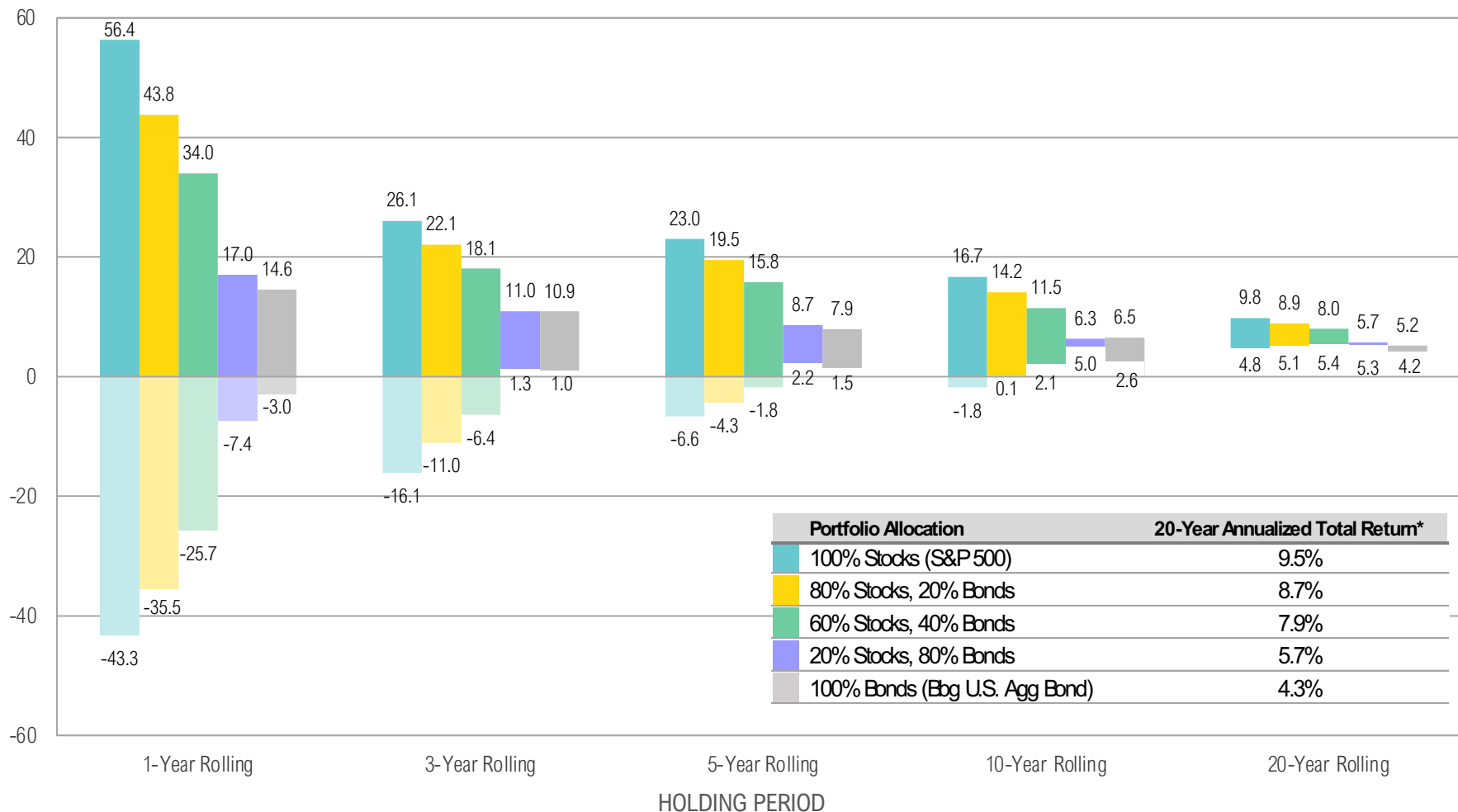
Source: Bloomberg. 60/40 portfolio performance is calculated using Ibbotson 60/40 Balanced Index. S&P 500 drawdown data is daily whereas Balanced Portfolio is monthly due to limited availability of daily returns. *Excludes Crash of 1929

The Importance of Diversification

SEE IMPORTANT DISCLOSURES AT THE END OF THIS PRESENTATION

Diversified portfolios substantially reduce the dramatic drawdowns that are possible in single asset classes

MINIMUM & MAXIMUM ANNUALIZED TOTAL RETURNS, %



Source: Bloomberg. Period of analysis is 1/1/2000 to 12/31/2021

*20-year annualized return as at 12/31/2021

Diversification improves the investor's long-term experience by *not* trying to pick the best (or worst) asset class in any given year

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	YTD	10 Years
Ex-US REITs 40.9%	US Small Cap 38.8%	US REITs 30.4%	US REITs 2.5%	US Small Cap 21.3%	EM Stocks 37.3%	Cash 1.8%	US Large Cap 31.4%	Gold 24.2%	US REITs 43.1%	US REITs 43.1%	US Large Cap 16.5%
EM Stocks 18.2%	US Large Cap 33.1%	US Large Cap 13.2%	Muni Bonds 2.5%	Midstrm Energy 18.3%	Ex-US REITs 26.6%	Muni Bonds 1.6%	US REITs 25.8%	US Large Cap 21.0%	Midstrm Energy 40.2%	Midstrm Energy 40.2%	US Small Cap 13.2%
US REITs 17.8%	Midstrm Energy 27.6%	EM Bonds 7.4%	EM Bonds 1.2%	US High Yield 17.1%	Intl Dev Stcks 25.0%	Taxble Bonds 0.0%	US Small Cap 25.5%	US Small Cap 20.0%	Commodities 27.1%	Commodities 27.1%	US REITs 11.3%
EM Bonds 17.4%	Intl Dev Stcks 22.8%	Taxble Bonds 6.0%	US Large Cap 0.9%	US Large Cap 12.1%	US Large Cap 21.7%	Gold -1.2%	Intl Dev Stcks 22.0%	EM Stocks 18.3%	US Large Cap 26.5%	US Large Cap 26.5%	Global 60/40 8.3%
Intl Dev Stcks 17.3%	Global 60/40 12.5%	US Small Cap 4.9%	Taxble Bonds 0.6%	Commodities 11.8%	Global 60/40 17.5%	US High Yield -2.1%	Ex-US REITs 21.9%	Global 60/40 15.0%	US Small Cap 14.8%	US Small Cap 14.8%	Intl Dev Stcks 8.0%
US Large Cap 16.4%	US High Yield 7.4%	Midstrm Energy 4.8%	Cash 0.0%	EM Stocks 11.2%	US Small Cap 14.7%	Intl Dev Bnds -2.3%	Global 60/40 18.9%	Intl Dev Bnds 11.2%	Intl Dev Stcks 11.3%	Intl Dev Stcks 11.3%	Ex-US REITs 7.7%
US Small Cap 16.4%	Ex-US REITs 4.4%	Muni Bonds 4.7%	Intl Dev Stcks -0.8%	EM Bonds 10.2%	Gold 11.9%	EM Bonds -4.3%	Gold 18.8%	Intl Dev Stcks 7.8%	Global 60/40 9.1%	Global 60/40 9.1%	US High Yield 6.8%
US High Yield 15.8%	US REITs 2.5%	Ex-US REITs 3.4%	Ex-US REITs -1.8%	Gold 9.1%	Intl Dev Bnds 11.3%	US REITs -4.6%	EM Stocks 18.4%	Taxble Bonds 7.5%	Ex-US REITs 5.7%	Ex-US REITs 5.7%	EM Stocks 5.5%
Global 60/40 11.9%	Cash 0.1%	Global 60/40 3.1%	Global 60/40 -2.2%	US REITs 8.6%	EM Bonds 10.3%	US Large Cap -4.8%	EM Bonds 15.0%	US High Yield 7.1%	US High Yield 5.3%	US High Yield 5.3%	EM Bonds 5.3%
Intl Dev Bnds 8.0%	Muni Bonds -0.3%	US High Yield 2.5%	US Small Cap -4.4%	Global 60/40 6.0%	US High Yield 7.5%	Global 60/40 -5.6%	US High Yield 14.3%	EM Bonds 5.3%	Muni Bonds 0.5%	Muni Bonds 0.5%	Taxble Bonds 2.9%
Gold 5.7%	Intl Dev Bnds -1.3%	Cash 0.0%	US High Yield -4.5%	Taxble Bonds 2.7%	US REITs 5.1%	Ex-US REITs -9.4%	Taxble Bonds 8.7%	Muni Bonds 4.2%	Cash 0.0%	Cash 0.0%	Muni Bonds 2.6%
Midstrm Energy 4.8%	Taxble Bonds -2.0%	Gold -0.2%	Intl Dev Bnds -6.6%	Ex-US REITs 2.0%	Taxble Bonds 3.5%	US Small Cap -11.0%	Commodities 7.7%	Cash 0.5%	Taxble Bonds -1.5%	Taxble Bonds -1.5%	Gold 1.5%
Taxble Bonds 4.2%	EM Stocks -2.6%	Intl Dev Bnds -2.1%	Gold -11.4%	Intl Dev Bnds 1.6%	Muni Bonds 3.5%	Commodities -11.3%	Midstrm Energy 6.6%	Commodities -3.1%	EM Bonds -1.8%	EM Bonds -1.8%	Intl Dev Bnds 1.3%
Muni Bonds 3.6%	EM Bonds -5.3%	EM Stocks -2.2%	EM Stocks -14.9%	Intl Dev Stcks 1.0%	Commodities 1.7%	Midstrm Energy -12.4%	Muni Bonds 5.6%	Ex-US REITs -6.8%	EM Stocks -2.5%	EM Stocks -2.5%	Cash 0.6%
Cash 0.1%	Commodities -9.5%	Intl Dev Stcks -4.9%	Commodities -24.7%	Cash 0.3%	Cash 0.8%	Intl Dev Stcks -13.8%	Intl Dev Bnds 4.6%	US REITs -7.6%	Gold -3.8%	Gold -3.8%	Midstrm Energy -0.3%
Commodities -1.1%	Gold -27.8%	Commodities -17.0%	Midstrm Energy -32.6%	Muni Bonds -0.1%	Midstrm Energy -6.5%	EM Stocks -14.6%	Cash 2.2%	Midstrm Energy -28.7%	Intl Dev Bnds -9.5%	Intl Dev Bnds -9.5%	Commodities -2.9%

Source: Bloomberg and Morningstar. Returns are gross of fees. It is not possible to invest directly in an index.

Diversification improves the investor's long-term experience by *not* trying to pick the best (or worst) asset class in any given year

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US REITs 17.8%	Midstrm Energy 27.6%	EM Bonds 7.4%	EM Bonds 1.2%	US High Yield 17.1%	Intl Dev Stcks 25.0%	Taxble Bonds 0.0%	US Small Cap 25.5%	US Small Cap 20.0%	Commodities 27.1%	Commodities 27.1%	US REITs 11.3%
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US Small Cap 16.4%	Ex-US REITs 4.4%	Muni Bonds 4.7%	Intl Dev Stcks -0.8%	EM Bonds 10.2%	Gold 11.9%	EM Bonds -4.3%	Gold 18.8%	Intl Dev Stcks 7.8%	Global 60/40 9.1%	Global 60/40 9.1%	US High Yield 6.8%
US High Yield 15.8%	US REITs 2.5%	Ex-US REITs 3.4%	Ex-US REITs -1.8%	Gold 9.1%	Intl Dev Bnds 11.3%	US REITs -4.6%	EM Stocks 18.4%	Taxble Bonds 7.5%	Ex-US REITs 5.7%	Ex-US REITs 5.7%	EM Stocks 5.5%
Global 60/40 11.9%	Cash 0.1%	Global 60/40 3.1%	Global 60/40 -2.2%	US REITs 8.6%	EM Bonds 10.3%	US Large Cap -4.8%	EM Bonds 15.0%	US High Yield 7.1%	US High Yield 5.3%	US High Yield 5.3%	EM Bonds 5.3%
Intl Dev Bnds 8.0%	Muni Bonds -0.3%	US High Yield 2.5%	US Small Cap -4.4%	Global 60/40 6.0%	US High Yield 7.5%	Global 60/40 -5.6%	US High Yield 14.3%	EM Bonds 5.3%	Muni Bonds 0.5%	Muni Bonds 0.5%	Taxble Bonds 2.9%
Gold 5.7%	Intl Dev Bnds -1.3%	Cash 0.0%	US High Yield -4.5%	Taxble Bonds 2.7%	US REITs 5.1%	Ex-US REITs -9.4%	Taxble Bonds 8.7%	Muni Bonds 4.2%	Cash 0.0%	Cash 0.0%	Muni Bonds 2.6%
Midstrm Energy 4.8%	Taxble Bonds -2.0%	Gold -0.2%	Intl Dev Bnds -6.6%	Ex-US REITs 2.0%	Taxble Bonds 3.5%	US Small Cap -11.0%	Commodities 7.7%	Cash 0.5%	Taxble Bonds -1.5%	Taxble Bonds -1.5%	Gold 1.5%
Taxble Bonds 4.2%	EM Stocks -2.6%	Intl Dev Bnds -2.1%	Gold -11.4%	Intl Dev Bnds 1.6%	Muni Bonds 3.5%	Commodities -11.3%	Midstrm Energy 6.6%	Commodities -3.1%	EM Bonds -1.8%	EM Bonds -1.8%	Intl Dev Bnds 1.3%
Muni Bonds 3.6%	EM Bonds -5.3%	EM Stocks -2.2%	EM Stocks -14.9%	Intl Dev Stcks 1.0%	Commodities 1.7%	Midstrm Energy -12.4%	Muni Bonds 5.6%	Ex-US REITs -6.8%	EM Stocks -2.5%	EM Stocks -2.5%	Cash 0.6%
Cash 0.1%	Commodities -9.5%	Intl Dev Stcks -4.9%	Commodities -24.7%	Cash 0.3%	Cash 0.8%	Intl Dev Stcks -13.8%	Intl Dev Bnds 4.6%	US REITs -7.6%	Gold -3.8%	Gold -3.8%	Midstrm Energy -0.3%
Commodities -1.1%	Gold -27.8%	Commodities -17.0%	Midstrm Energy -32.6%	Muni Bonds -0.1%	Midstrm Energy -6.5%	EM Stocks -14.6%	Cash 2.2%	Midstrm Energy -28.7%	Intl Dev Bnds -9.5%	Intl Dev Bnds -9.5%	Commodities -2.9%

Source: Bloomberg and Morningstar. Returns are gross of fees. It is not possible to invest directly in an index.

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