

Diversifying your entire investment portfolio

This table shows the importance of remaining diversified in stocks and bonds from around the world to take advantage of opportunities wherever they may appear.

Are your portfolio returns as consistent as they could be?

Calendar-year total returns of selected asset classes (%)

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
U.S. large-company stocks 1.38	U.S. large-company stocks 11.96	Emerging market stocks 37.28	Cash 2.02	U.S. large-company stocks 31.49	U.S. large-company stocks 18.40	U.S. large-company stocks 28.71	Cash 2.13	U.S. large-company stocks 26.29	U.S. large-company stocks 25.02
U.S. bonds 0.55	Global small-company stocks 11.59	International stocks 27.19	U.S. bonds 0.01	Global small-company stocks 24.65	Emerging market stocks 18.31	Global small-company stocks 16.10	U.S. bonds -13.01	Global small-company stocks 16.84	Global small-company stocks 7.66
Cash 0.05	Emerging market stocks 11.19	Global small-company stocks 23.81	International bonds -1.20	International stocks 21.51	Global small-company stocks 16.33	International stocks 7.82	International stocks -16.00	International stocks 15.62	Emerging market stocks 7.50
Global small-company stocks -1.04	International stocks 4.50	U.S. large-company stocks 21.83	U.S. large-company stocks -4.38	Emerging market stocks 18.42	International stocks 10.65	Cash 0.05	International bonds -16.25	Emerging market stocks 9.83	International stocks 5.53
International bonds -3.15	U.S. bonds 2.65	International bonds 7.39	International stocks -14.20	U.S. bonds 8.72	International bonds 9.20	U.S. bonds -1.54	U.S. large-company stocks -18.11	International bonds 5.72	Cash 5.28
International stocks -5.66	International bonds 2.09	U.S. bonds 3.54	Global small-company stocks -14.39	International bonds 6.84	U.S. bonds 7.51	Emerging market stocks -2.54	Global small-company stocks -18.67	U.S. bonds 5.53	U.S. bonds 1.25
Emerging market stocks -14.92	Cash 0.34	Cash 0.97	Emerging market stocks -14.58	Cash 2.15	Cash 0.39	International bonds -4.71	Emerging market stocks -20.09	Cash 5.42	International bonds -1.69

Figures shown are past results and are not predictive of results in future periods.

Sources: U.S. large-company stocks – S&P 500 Index; Global small-company stocks – MSCI All Country World Small Cap Index (results reflect net dividends); International stocks – MSCI All Country World ex USA Index (results reflect net dividends); Emerging market stocks – MSCI Emerging Markets Index (results reflect net dividends); U.S. bonds – Bloomberg U.S. Aggregate Index; International bonds – Bloomberg Global Aggregate Index; Cash – 30-day U.S. Treasury bills, as calculated by the USTREAS T-Bill Auction Ave 3 Mon. Unlike fund shares, U.S. Treasury bills are guaranteed.

Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.

Diversifying your bond portfolio

Actively managed bond mutual funds with the flexibility to invest in a broad range of fixed-income sectors may offer compelling opportunities for investors seeking the potential benefits of diversification.

Do you have access to the bond market's best opportunities?

Calendar-year total returns of selected fixed-income sectors (%)

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Municipal 3.30	High yield 17.13	International government 10.33	Cash 2.02	Investment-grade corporate 14.54	International government 10.78	High yield 5.26	Cash 2.13	High yield 13.44	High yield 8.19
Mortgage backed 1.51	Emerging markets 10.19	Emerging markets 9.32	Short-term government/corporate 1.60	Emerging markets 14.42	Investment-grade corporate 9.89	Municipal 1.52	Short-term government/corporate -3.69	Emerging markets 10.45	Emerging markets 5.73
Emerging markets 1.23	Investment-grade corporate 6.11	High yield 7.50	Municipal 1.28	High yield 14.32	Government 7.94	Cash 0.05	Intermediate government/corporate -8.23	Investment-grade corporate 8.52	Cash 5.28
Intermediate government/corporate 1.07	Intermediate government/corporate 2.08	Investment-grade corporate 6.42	Mortgage backed 0.99	Municipal 7.54	Emerging markets 5.88	Short-term government/corporate -0.47	Municipal -8.53	Municipal 6.40	Short-term government/corporate 4.36
Government 0.86	International government 1.81	Municipal 5.45	Government 0.88	Government 6.83	High yield 7.05	Investment-grade corporate -1.04	High yield -11.18	International government 5.83	Intermediate government/corporate 3.00
Short-term government/corporate 0.65	Mortgage backed 1.67	Mortgage backed 2.47	Intermediate government/corporate 0.88	Intermediate government/corporate 6.80	Intermediate government/corporate 6.43	Mortgage backed -1.04	Mortgage backed -11.81	Cash 5.42	Investment-grade corporate 2.13
Cash 0.05	Short-term government/corporate 1.28	Government 2.30	International government -1.82	Mortgage backed 6.35	Municipal 5.21	Intermediate government/corporate -1.44	Government -12.32	Intermediate government/corporate 5.24	Mortgage backed 1.20
Investment-grade corporate -0.68	Government 1.05	Intermediate government/corporate 2.14	High yield -2.08	International government 5.32	Mortgage backed 3.87	Emerging markets -1.51	Investment-grade corporate -15.76	Mortgage backed 5.05	Municipal 1.05
High yield -4.43	Municipal 0.25	Short-term government/corporate 0.84	Investment-grade corporate -2.51	Short-term government/corporate 4.03	Short-term government/corporate 3.33	Government -2.28	Emerging markets -16.45	Short-term government/corporate 4.61	Government 0.62
International government -5.54	Cash 0.34	Cash 0.97	Emerging markets -4.61	Cash 2.15	Cash 0.39	International government -9.68	International government -22.07	Government 4.09	International government -5.32

Figures shown are past results and are not predictive of results in future periods.

Sources: Cash – USTREAS T-Bill Auction Ave 3 Mon; Emerging markets – J.P. Morgan Emerging Markets Bond Index Global; Government – Bloomberg U.S. Government Index; High yield – Bloomberg U.S. Corporate High Yield 2% Issuer Capped Index; Intermediate government/corporate – Bloomberg Intermediate U.S. Government/Credit Index; FTSE Non-U.S. Dollar World Government Bond Index; Investment-grade corporate – Bloomberg U.S. Corporate Investment-Grade Index; Mortgage backed – Bloomberg U.S. Mortgage-Backed Securities (MBS) Index; Municipal Bond – Bloomberg Municipal Bond Index; Short-term government/corporate – Bloomberg 1-3 Year Government/Credit Index. Indexes shown include reinvested distributions.

Index descriptions

Bloomberg 1-3 Year U.S. Government/Credit Index is a market-value weighted index that tracks the total return results of fixed-rate, publicly placed, dollar-denominated obligations issued by the U.S. Treasury, U.S. government agencies, quasi-federal corporations, corporate or foreign debt guaranteed by the U.S. government, and U.S. corporate and foreign debentures and secured notes that meet specified maturity, liquidity and quality requirements, with maturities of one to three years. **Bloomberg Global Aggregate Index** represents the global investment-grade fixed income markets. **Bloomberg Municipal Bond Index** is a market-value-weighted index designed to represent the long-term investment-grade tax-exempt bond market. **Bloomberg U.S. Aggregate Index** represents the U.S. investment-grade fixed-rate bond market. **Bloomberg U.S. Corporate High Yield 2% Issuer Capped Index** covers the universe of fixed-rate, non-investment-grade debt. The index limits the maximum exposure of any one issuer to 2%. **Bloomberg U.S. Corporate Investment Grade Index** represents the universe of investment-grade, publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity and quality requirements. **Bloomberg U.S. Government Index** is comprised of the U.S. Treasury and U.S. agency indexes. The index includes U.S. dollar-denominated, fixed-rate, nominal U.S. Treasuries and U.S. agency debentures (securities issued by U.S. government-owned or government-sponsored entities, and debt explicitly guaranteed by the U.S. government). **Bloomberg Intermediate U.S. Government/Credit Index** measures investment grade, U.S. dollar-denominated, fixed-rate nominal Treasuries, government-related and corporate securities with 1-10-year maturities. **Bloomberg U.S. Mortgage Backed Securities Index** is a market-value-weighted index that covers the mortgage-backed pass-through securities of Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). **Bloomberg U.S. Mortgage Backed Securities Index** is a market-value-weighted index that covers the mortgage-backed pass-through securities of Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). **FTSE Non-U.S. Dollar World Government Bond Index** measures the performance of fixed-rate, local currency, investment-grade sovereign bonds denominated in a variety of currencies from over 20 countries, excluding the United States. **USTREAS T-Bill Auction Ave 3 Mon** is an index that measures the performance of the average investment rate of U.S. Treasury bills (T-Bills) with a three-month maturity. Three-month T-Bills are short-term securities issued by the U.S. government that are generally considered to be risk-free. In calculating index results, Morningstar, the index provider, determines the arithmetic mean of the investment rates on all three-month T-Bills issued during a given month as reported by the U.S. Treasury's Bureau of the Public Debt. The investment rate is then converted into a price and a monthly return, assuming that the T-Bill is held to maturity.

J.P. Morgan Emerging Markets Bond Index Global tracks total returns for U.S. dollar-denominated debt instruments issued by emerging markets sovereign and quasi-sovereign entities, including Brady bonds, loans and Eurobonds. **MSCI All Country World Index (ACWI) ex USA** is a free float-adjusted market capitalization-weighted index that is designed to measure equity market results in the global developed and emerging markets, excluding the United States. The index consists of more than 40 developed and emerging market country indexes. **MSCI All Country World Small Cap Index** is a free float-adjusted market capitalization-weighted index that is designed to measure equity market results of smaller capitalization companies in both developed and emerging markets. **MSCI Emerging Markets Index** is a free float-adjusted market capitalization-weighted index that is designed to measure equity market results in the global emerging markets, consisting of more than 20 emerging market country indexes. **S&P 500 Index** is a market capitalization-weighted index based on the results of approximately 500 widely held common stocks.

Indexes are unmanaged, and their results include reinvested distributions but do not reflect the effect of sales charges, commissions, account fees, expenses or U.S. federal income taxes. Investors cannot invest directly in an index.

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