

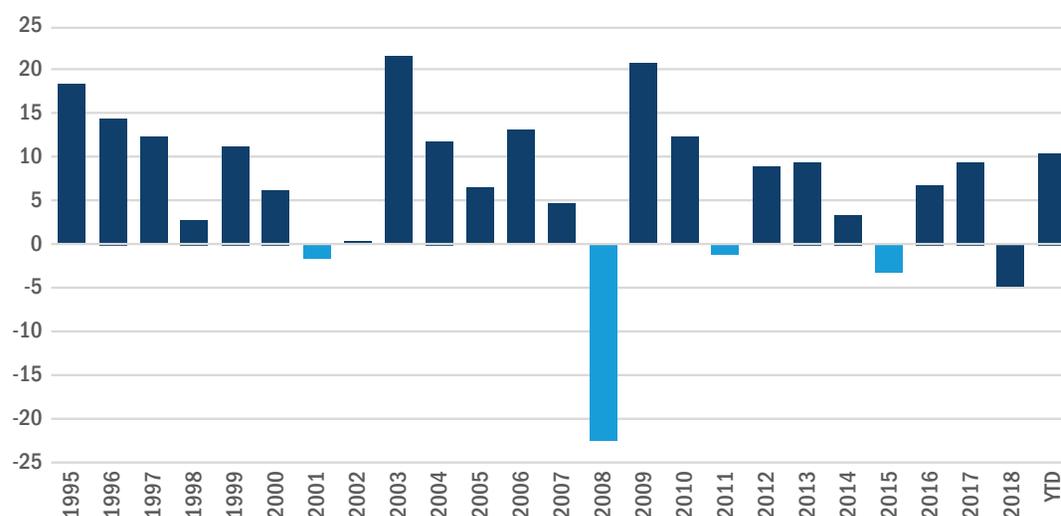


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▶ Diversified portfolios see positive returns in most markets

Annual total return (%)



Source: Bloomberg, data as of 09/30/19. A “diversified portfolio” represented by an equally weighted portfolio of various asset classes and respective indices, for illustrative purposes only. It is not possible to invest directly in an index. See disclosure for full description. Past performance is not a guarantee of future results. Diversification does not guarantee a profit or protect against loss.

Columbia Threadneedle Investments

When the stock market is going straight up, as it did for the first three quarters of 2018, diversified portfolios don’t seem to work. It was the worst year since 2008 to have an equally weighted diversified portfolio. There have only been four years since 1998 where these types of portfolios saw negative returns.

But when markets change, the benefits of diversification kick in — potentially mitigating portfolio losses. For 2019 year-to-date, diversified portfolios returned a positive 9.8%. Since no one can predict market movements, diversification is always a good idea.

The chart represents returns of an equally weighted portfolio comprising the following asset classes: U.S. Equity (S&P 500 Index); Non-U.S. Developed Equity (MSCI EAFE); Emerging Markets (MSCI EM Index); U.S. Treasuries (Bloomberg Barclays U.S. Treasury Index); Global Bonds (FTSE World Government Bond Index); Emerging Market Bonds (J.P Morgan EM Bond Index Global Index); Investment-Grade Bonds (Bloomberg Barclays U.S. Corporate Investment-Grade Index); High-Yield (Bloomberg Barclays U.S. Corporate High Yield Bond Index); Mortgage-backed Securities (Bloomberg Barclays U.S. MBS Index); TIPS (Bloomberg Barclays Global Inflation-Linked Bond index); REITs (FTSE NAREIT REITs Index); Commodities (Bloomberg Commodity Index). It is not possible to invest directly in an index. The Bloomberg Barclays Global Inflation Linked Bond Index is designed to include those markets in which a global government linker fund is likely and able to invest. The Bloomberg Barclays U.S. Corporate Investment-grade Index measures the investment-grade, taxable corporate bond market. The Bloomberg Barclays U.S. Corporate High Yield Bond Index represents the universe of fixed-rate, non-investment-grade debt. The Bloomberg Barclays U.S. Mortgage-Backed Securities Index includes 15- and 30-year fixed-rate securities backed by mortgage pools of Government National Mortgage Association (GNMA), Federal Home Loan Mortgage Corporation (FHLMC) and Federal National Mortgage Association (FNMA). The Bloomberg Barclays U.S. Treasury Index (U.S. Treasuries) measures U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury. The Bloomberg Commodity Index (formerly DJ UBS Commodity Index), is a broadly diversified index composed of commodities

traded on U.S. exchanges, with the exception of aluminum, nickel and zinc, which trade on the London Metal Exchange. The FTSE National Association of Real Estate Investment TrU.S.ts (NAREIT) Index is an index that reflects performance of all publicly traded equity real estate investment trU.S.ts. The FTSE World Government Bond Index measures the performance of fixed-rate, local currency, investment-grade sovereign bonds. The JPMorgan Emerging Market Bond Index Global tracks total returns for traded external debt instruments in emerging markets and is an expanded version of the JPMorgan EMBI+. As with the EMBI+, the EMBI Global includes U.S.-dollar-denominated Brady bonds, loans and Eurobonds with an outstanding face value of at least \$500 million. It covers more of the eligible instruments than the EMBI+ by relaxing somewhat the strict EMBI+ limits on secondary market trading liquidity. The MSCI Europe, AU.S.tralasia, Far East (EAFE) Index captures large and mid-cap stocks across developed markets countries around the world, excluding the U.S. and Canada. The MSCI Emerging Markets Index, an unmanaged market-capitalization weighted index, is compiled from a composite of securities markets of 26 emerging market countries. The S&P 500 Index tracks the performance of 500 widely held, large capitalization U.S. stocks.

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