

# BUILDING BLOCKS FOR RETIREMENT

## Diversification

### Portfolio Potpourri

That's one way to think about diversification. <sup>1</sup>Diversification means putting your money in a variety of different investments to help moderate risk.

#### A Pinch of This, a Dash of That

How does diversification reduce risk? Different asset classes — such as stocks, bonds, and cash alternatives — typically don't move up or down at the same time or to the same degree. So owning a variety of investments can minimize the chances that losses from a single investment or investment type will put your entire portfolio in jeopardy.



#### Extra Ingredients

Spreading your money among the three major asset classes is a good start, but it's not enough. You'll also want to diversify within each investment type. Choosing investments from different market sectors — pharmaceuticals, technology, and construction, for example — or different areas of the world can further diversify your portfolio. Because they hold many different investments, mutual funds<sup>2</sup> can offer a simple way to provide automatic diversification to your portfolio.

<sup>1</sup> Diversification does not ensure a profit or protect against loss in a declining market.

<sup>2</sup> You should consider the fund's investment objectives, charges, expenses, and risks carefully before you invest. The fund's prospectus, which can be obtained from your financial representative, contains this and other information about the fund. Read the prospectus carefully before you invest or send money. Shares, when redeemed, may be worth more or less than their original cost.

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