PREDICTABLY UNPREDICTABLE

There's no knowing what the financial markets will do. Within each asset class—stocks, fixed income, etc.—performance varies widely, as shown below. But when your investments are diversified, they can help balance each other out.

WHAT DOES THIS MEAN FOR YOUR PORTFOLIO?

Your risk tolerance will largely dictate your exposure to each asset class, but you'll want to make sure you diversify within asset classes in a way that works for you.

Conservative Allocation | Moderate Allocation | Aggressive Allocation
---|---|---
US large cap | US small cap | International equity | Fixed income | Cash investments

STOCKS:
- Emerging markets
- US small cap
- US large cap
- Int'l developed markets

FIXED INCOME:
- High-yield bonds
- TIPS
- Core bonds
- T-bills

Source: Schwab Center for Financial Research with data provided by Morningstar, Inc. Asset class performance is represented by total returns for the following indexes: S&P 500® Index (US large cap), Russell 2000® Index (US small cap), MSCI EAFE® Net of Taxes (Int'l developed), MSCI Emerging Markets Index (emerging markets), Barclays US Treasury Inflation-Linked Bond Index (TIPS), Barclays US Aggregate Bond Index (core bonds: taxable investment-grade fixed-rate debt issues, including government, corporate, asset-backed and mortgage-backed securities, with maturities of one year or more), Barclays US High Yield Bond Index (high yield bonds), Citigroup US 3-Month T-Bill Index (T-bills). Returns assume reinvestment of dividends, interest and capital gains. Indexes are unmanaged, do not incur fees or expenses, and cannot be invested in directly. Performance may be affected by risks associated with non-diversification, including investments in specific countries or sectors. Additional risks may also include, but are not limited to, investments in foreign securities, real estate investment trusts (REITs), fixed income and small capitalization securities. Each individual investor should consider these risks carefully before investing in a particular security or strategy. Asset allocation strategies do not ensure a profit and do not protect against losses in declining markets. Past performance is no guarantee of future results. (1113-6649)