

The Power of Diversification

Portfolios Rebalanced Quarterly: January 1982 - December 2018

	P1	P2	P3
ICE BofAML 1-Year US Treasury Note Index	40%	40%	40%
MSCI EAFE Index (net div.)	24%	12%	6%
S&P 500 Index	36%	18%	9%
CRSP Deciles 9-10 Index		18%	9%
Dimensional International Small Cap Index		12%	6%
MSCI EAFE Value Index (net div.)			6%
Dimensional US Small Cap Value Index			9%
Dimensional US Large Cap Value Index			9%
Dimensional International Small Cap Value Index			6%
Performance			
Annualized Return (%)	8.4	8.9	9.5
Annualized Standard Deviation (%)	10.6	11.2	11.3
Growth of \$1	\$19.80	\$23.37	\$28.91
Sharpe Ratio ¹	0.51	0.51	0.57

A diversified portfolio can provide higher expected returns without a significant increase in risk.

Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio nor do indices represent results of actual trading. Information from sources deemed reliable, but its accuracy cannot be guaranteed. Performance is historical and does not guarantee future results. Total return includes reinvestment of dividends and capital gains. Returns are annualized from quarterly data. All portfolios rebalanced quarterly. Dates chosen due to availability of data.

¹The Sharpe Ratio is a measure of the risk-adjusted return of an investment. A higher ratio indicates a greater return for a unit of risk. It is calculated as the average annual portfolio return less the average annual risk-free rate (One month T-bills) divided by the portfolio's annualized standard deviation.