Diversification can feel disappointing

PRENTICE
WEALTH MANAGEMENT

A diversified portfolio can help you achieve your long-term goals and limit your portfolio's downs (and ups). But it doesn't always feel good. You may get upset when you lose money during certain periods (though your loss is likely less than that of the S&P 500 Index). You may also be disappointed during up markets when you didn't do as well as the S&P 500 Index. The good news: A diversified portfolio may produce a better outcome for you in the long-term.

A perfect market for "S&P Envy" during the last 20+ years

Years	S&P 500 Index	Diversified portfolio	
2000-2002*	-40.1%	-15.7%	**"I lost money"**
2003-2007	+82.9%	+91.5%	**"Diversification worked"**
2008	-37.0%	-28.5%	**"I lost money"**
2009-2019	+351.0%	+237.2%	**"I didn't make as much"**
Q1 2020†	-30.4%	-24.2%	**"I lost money"**
Q2 2020-2021‡	+119.0%	+69.8%	**"I didn't make as much"**
2022	-18.1%	-15.3%	**"I lost money"**
2023	+26.3%	+15.9%	**"I didn't make as much"**
Total return Growth of $100,000	**+390.8% $490,770**	**+391.4% $491,430**	**"Diversification can work even when it feels like it's losing"**

Source: Morningstar as of 12/31/23. *Performance is from 9/1/00 to 12/31/02. †Performance is from 1/1/20 to 3/23/20. ‡Performance is from 3/24/20 to 12/31/21. **Diversified Portfolio** is represented by 24% S&P 500 Index, 24% Russell Mid Cap Index, 5% MSCI EAFE Index, 2% Russell 2000 Index, 5% FTSE Emerging Stock Index, 20% Bloomberg U.S. Aggregate Bond Index, and 20% Bloomberg U.S. Corporate High Yield Index. **Past performance does not guarantee or indicate future results.** Index performance is for illustrative purposes only. You cannot invest directly in the index. Diversification does not guarantee a profit or protect against a loss in a declining market.