

DIVERSIFICATION CAN HELP MANAGE VOLATILITY IN VARIABLE MARKETS



Asset class 10-year snapshot: annual total returns (%) 2014–2023

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | Average annualized returns ¹ |
|-------|-------------------------------|--------------------------------|-------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|-------------------------------|---------------------------------|--------------------------------|---|
| Best | Long-term treasuries 24.43 | Large growth 5.67 | Small cap 21.31 | Emerging markets 37.28 | Municipals 1.04 | Large growth 36.39 | Large growth 38.49 | Large growth 27.60 | Large value -7.54 | Large growth 42.68 | Large growth 14.86 |
| | Large value 13.45 | Municipals 3.55 | High yield 17.49 | Large growth 30.21 | Large growth -1.51 | Mid cap 30.54 | Small cap 19.96 | Large value 25.16 | Municipals -9.04 | Foreign developed 18.24 | Mid cap 9.42 |
| | Mid cap 13.22 | Corporates -0.63 | Large value 17.34 | Foreign developed 25.03 | Long-term treasuries -1.63 | Large value 26.54 | Emerging markets 18.31 | Mid cap 22.58 | High yield -11.22 | Mid cap 17.23 | Large value 8.40 |
| | Large growth 13.05 | Foreign developed -0.81 | Mid cap 13.80 | Mid cap 18.52 | Corporates -2.25 | Small cap 25.52 | Long-term treasuries 17.37 | Small cap 14.82 | Foreign developed -14.45 | Small cap 16.93 | Small cap 7.16 |
| | Municipals 9.78 | Long-term treasuries -0.97 | Emerging markets 11.19 | Diversified portfolio 16.02 | High yield -2.26 | Foreign developed 22.01 | Mid cap 17.10 | Foreign developed 11.26 | Corporates -15.44 | Diversified portfolio 14.27 | Diversified portfolio 5.59 |
| | Diversified portfolio 7.72 | Mid cap -2.44 | Diversified portfolio 9.19 | Small cap 14.65 | Foreign corporates -3.48 | Diversified portfolio 20.14 | Diversified portfolio 13.95 | Diversified portfolio 8.87 | Foreign corporates -16.69 | High yield 13.46 | High yield 4.51 |
| | Corporates 7.51 | Diversified portfolio -2.47 | Large growth 7.08 | Large value 13.66 | Diversified portfolio -6.07 | Emerging markets 18.42 | Foreign corporates 10.33 | High yield 5.36 | Diversified portfolio -17.23 | Large value 11.46 | Foreign developed 4.28 |
| | Small cap 4.89 | Foreign corporates -3.77 | Corporates 5.96 | Foreign corporates 9.26 | Large value -8.27 | High yield 14.41 | Corporates 9.81 | Municipals 1.83 | Mid cap -17.32 | Emerging markets 9.83 | Municipals 3.12 |
| | Foreign corporates 3.15 | Large value -3.83 | Foreign corporates 4.27 | Long-term treasuries 8.20 | Mid cap -9.06 | Long-term treasuries 14.31 | Foreign developed 7.82 | Corporates -0.95 | Emerging markets -20.09 | Foreign corporates 9.48 | Corporates 2.98 |
| | High yield 2.50 | Small cap -4.41 | Long-term treasuries 1.23 | High yield 7.48 | Small cap -11.01 | Corporates 14.23 | High yield 6.17 | Emerging markets -2.54 | Small cap -20.44 | Corporates 8.40 | Emerging markets 2.66 |
| | Emerging markets -2.19 | High yield -4.64 | Foreign developed 1.00 | Corporates 6.48 | Foreign developed -13.79 | Foreign corporates 11.44 | Municipals 5.26 | Foreign corporates -2.95 | Long-term treasuries -28.15 | Municipals 6.50 | Long-term treasuries 2.30 |
| Worst | Foreign developed -4.90 | Emerging markets -14.92 | Municipals 0.44 | Municipals 5.42 | Emerging markets -14.57 | Municipals 7.74 | Large value 2.80 | Long-term treasuries -4.59 | Large growth -29.14 | Long-term treasuries 2.80 | Foreign corporates 1.74 |

Source: FactSet as of 12/31/23

¹Trailing 10 years

Past performance does not guarantee future results.

Diversification does not ensure a profit or guarantee against loss.

Performance in this chart assumes reinvestment of all income and does not reflect sales charges, fees or expenses. This chart is for illustrative purposes only and representative only of unmanaged indexes that are unavailable for direct investment.

Asset class 10-year snapshot disclosure

- **Large-growth stocks** and ■ **Large-value stocks** are represented by the Russell 1000 Growth and Russell 1000 Value Indices, respectively. These measure the performance of those Russell 1000 Index companies (large-cap) with higher or lower price-to-book ratios and higher or lower forecasted growth values, respectively.
- **Mid-cap stocks** and ■ **Small-cap stocks** are represented by the Russell Mid Cap and Russell 2000 indices, respectively.
- **Foreign developed stocks** are represented by the MSCI Europe, Australasia, Far East (EAFE) Index. The index is a capitalization-weighted index that tracks the total return of common stocks in 21 developed-market countries within Europe, Australia and the Far East.
- **Emerging market stocks** are represented by the MSCI EM (emerging markets) Index. It is composed of a sample of companies from 21 countries representing global emerging stock markets.

- **U.S. corporate bonds** are represented by the ICE BofA U.S. Corporate Master Index. It includes publicly-issued, fixed-rate, non-convertible investment grade dollar-denominated, SEC-registered corporate debt having at least one year to maturity and an outstanding par value of at least \$250 million.
- **High-yield bonds** are represented by the ICE BofA High Yield Master II Index. A broad based index consisting of all U.S. dollar-denominated high-yield bonds with a minimum outstanding amount of \$100 million and maturing over one year.
- **Foreign corporate bonds** are represented by the ICE BofA Global Broad Market Non-US Corporate Index. The index tracks the performance of investment grade public debt issued internationally.

- **Long-term treasuries** are represented by the ICE BofA Treasuries 10+ Year Index measures the return of Treasury bills.
- **Municipals** are represented by the ICE BofA Municipal Index. The index tracks the performance of USD- denominated investment-grade tax-exempt debt publicly issued by U.S. states and territories, and their political subdivisions, in the U.S. domestic market.
- **Diversified portfolio** is represented by equal allocations of all segments with assets rebalanced annually.

To find out more, call [800.426.3750](tel:800.426.3750)
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Investment risks - Equities: Are affected by stock market fluctuations that occur in response to economic and business developments. **Value investments:** Are securities of companies that may have experienced adverse business or industry developments or may be subject to special risks that have caused the stocks to be out of favor. If the manager's assessment of a company's prospects is wrong, the price of its stock may not approach the value the manager has placed on it. **Small- and mid-capitalization:** Investments in these companies involve greater risks and potential volatility than investments in larger, more established companies. **Fixed-income investments:** There are risks associated with fixed-income investments, including credit risk, interest rate risk, and prepayment and extension risk. In general, bond prices rise when interest rates fall and vice versa. This effect is usually more pronounced for longer term securities. **Non-investment-grade securities,** commonly called "high-yield" or "junk" bonds, have more volatile prices and carry more risk to principal and income than investment-grade securities. Municipal securities will be affected by tax, legislative, regulatory, demographic or political changes, as well as changes impacting a state's financial, economic or other conditions. Income from **tax-exempt** investments may be subject to state and local taxes, and a portion of income may be subject to the federal and/or state alternative minimum tax for certain investors. Federal income tax rules will apply to any capital gains distribution. **International:** Investing involves increased risk and volatility due to potential political and economic instability, currency fluctuations, and differences in financial reporting and accounting standards and oversight. Risks are particularly significant in emerging markets.

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