Diversification

I. Diversification Helps You Capture What Global Markets Offer

II. Diversification Reduces Risks That Have No Expected Return

III. Diversification May Prevent You from Missing Opportunity

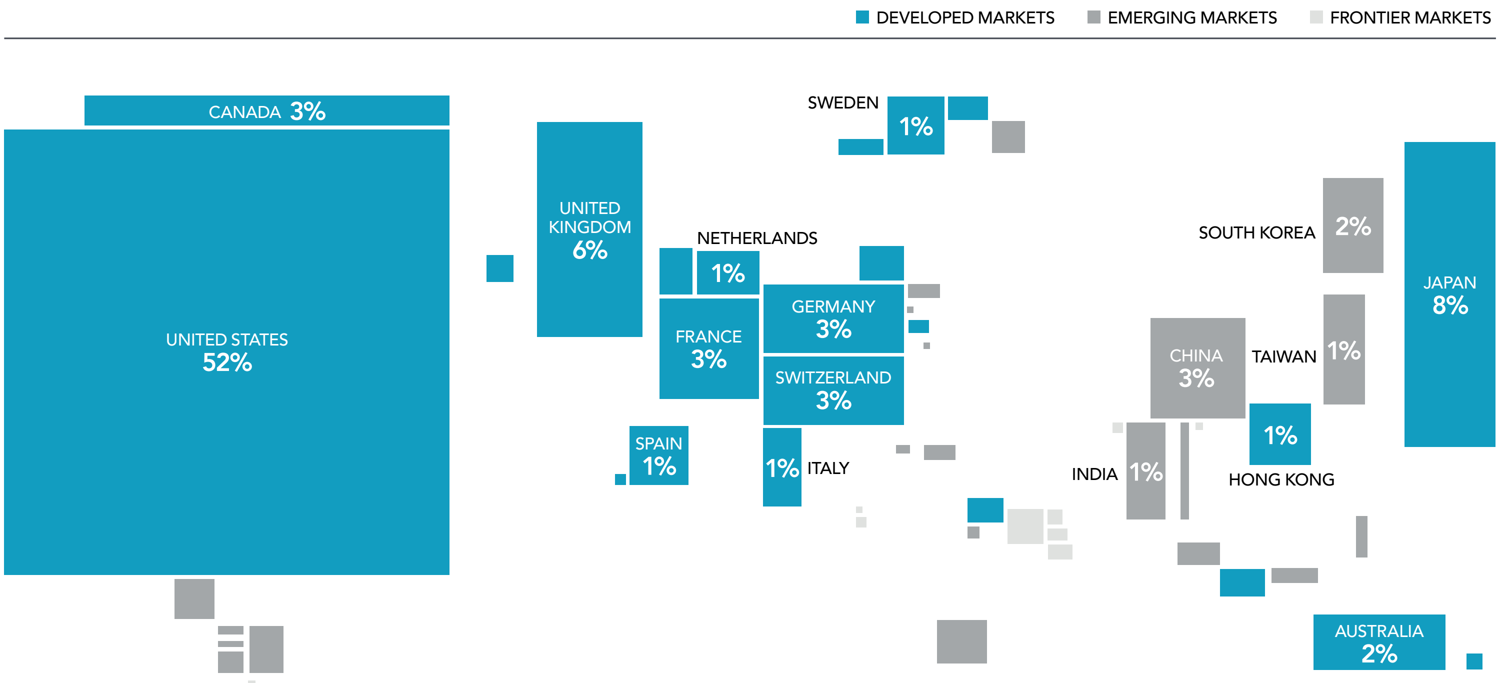
IV. Diversification Smooths Out Some of the Bumps

V. Diversification Helps Take the Guesswork out of Investing

Diversification does not eliminate the risk of market loss.

Diversification Helps You Capture What Global Markets Offer

Percent of world market capitalization as of December 31, 2015



- 44 countries
- Approximately 12,000 publicly traded stocks

The global equity market is large and represents a world of investment opportunity.

In US dollars. Diversification does not eliminate the risk of market loss. Market cap data is free-float adjusted from Bloomberg securities data. Many nations not displayed. Total may not equal 100% due to rounding. For educational purposes; should not be used as investment advice. China market capitalization excludes A-shares, which are generally only available to mainland China investors.

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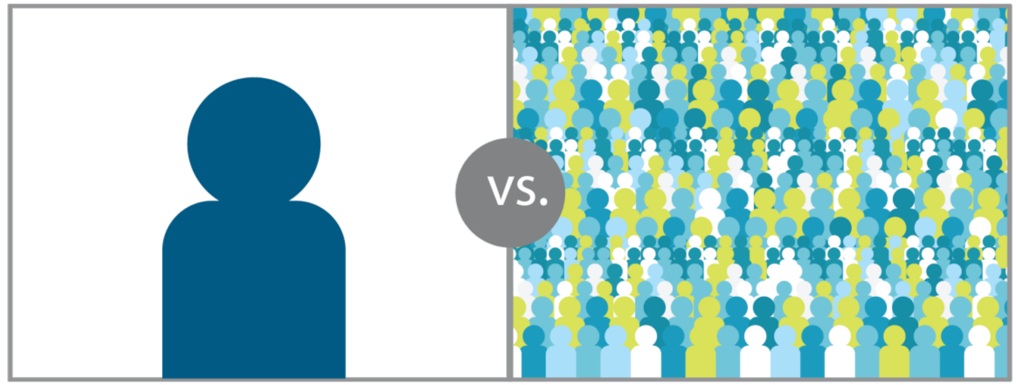
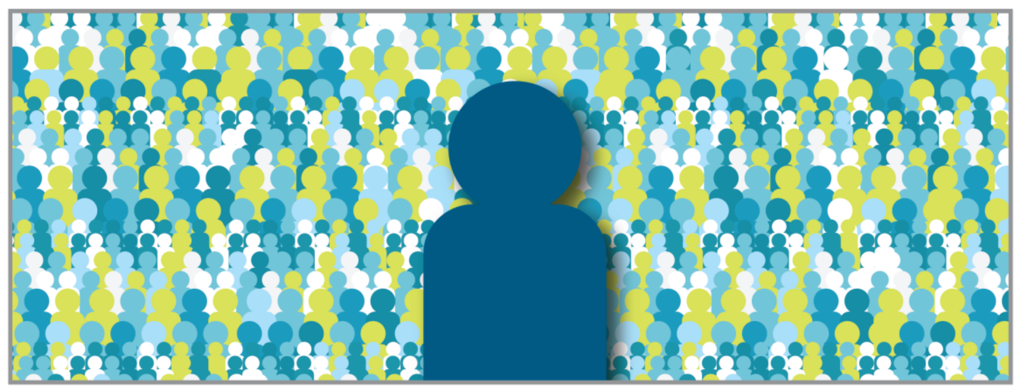
Let the Market Work for You

When you try to outwit the market, you compete with the collective knowledge of all investors.



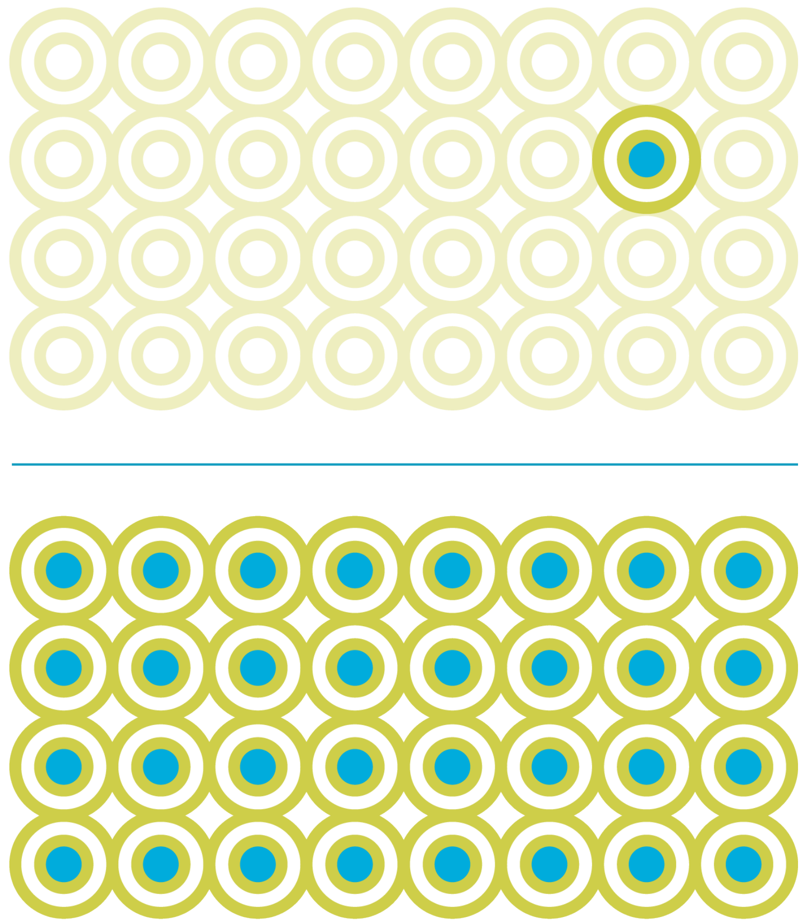
By harnessing the market's power, you put their knowledge to work in your portfolio.



Diversification Reduces Risks That Have No Expected Return

Concentrating in one stock exposes you to unnecessary risks.

Diversification reduces the impact of any one company's performance on your wealth.



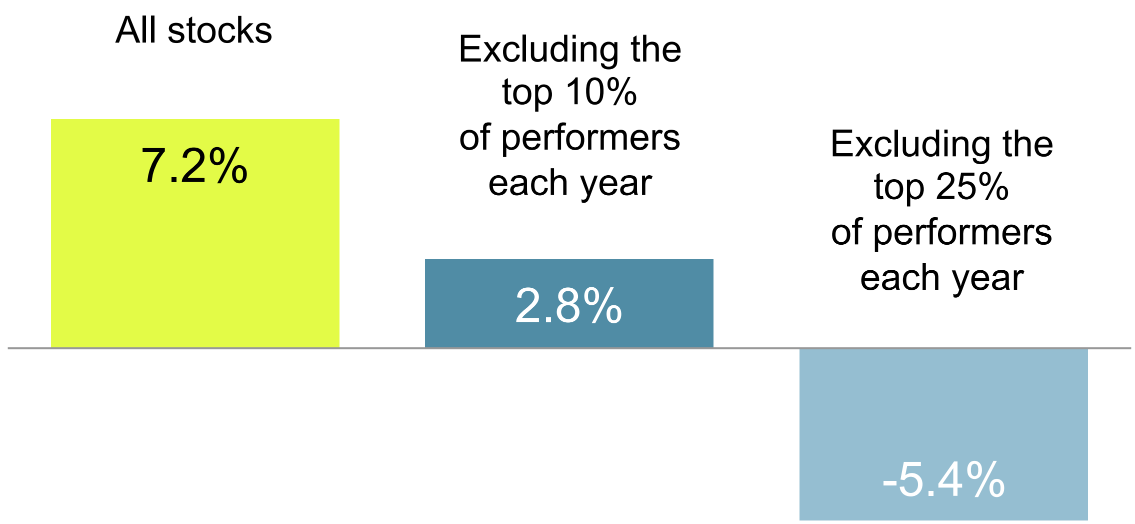
Diversification does not eliminate the risk of market loss.

Diversification May Prevent You from Missing Opportunity

Compound average annual returns: 1994-2015

Attempting to identify that group of future winners is a guessing game.

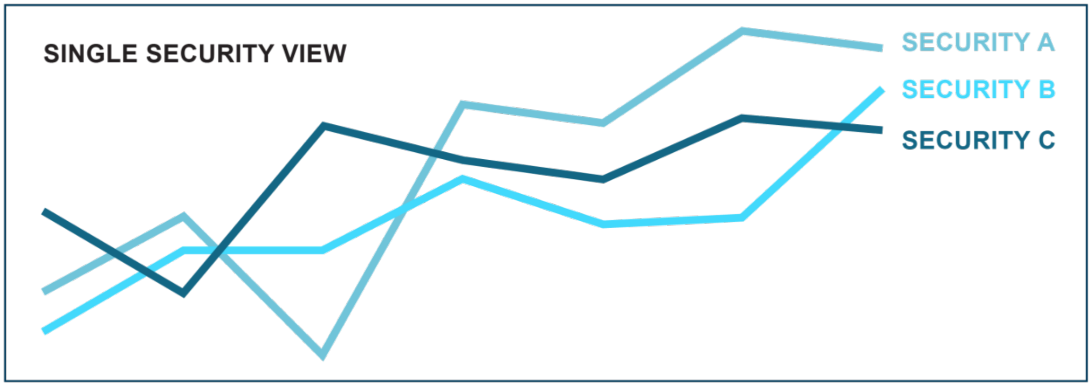
Diversification improves the odds of holding the best performers.

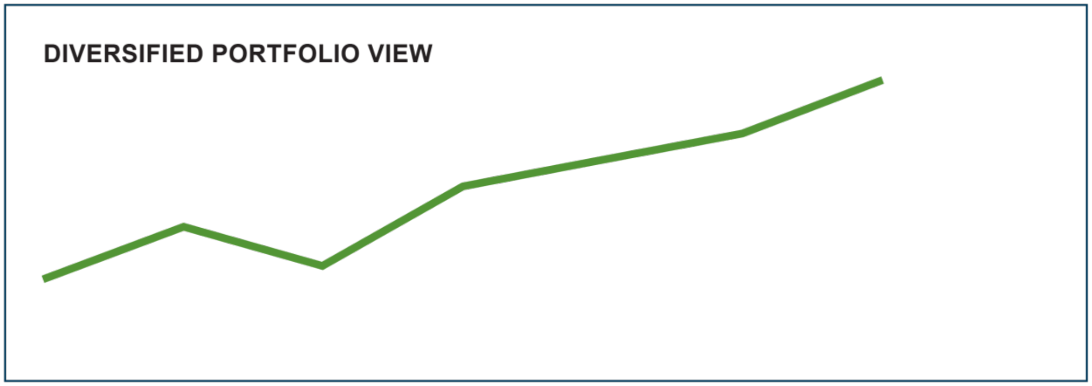


Source: Bloomberg, London Share Price Database, and Centre for Research in Finance. Compound average annual returns are in US dollars. The returns are from the following developed and emerging markets: Australia, Austria, Belgium, Brazil, Canada, Chile, China, Colombia, Czech Republic, Denmark, Egypt, Finland, France, Germany, Greece, Hong Kong, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Republic of Korea, Malaysia, Mexico, Netherlands, New Zealand, Norway, Peru, Philippines, Poland, Portugal, Russia, Singapore, South Africa, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, United Kingdom, and the United States. Diversification does not eliminate the risk of market loss. Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is no guarantee of future results. Investing involves risks, including fluctuating values and potential loss of principal.

Diversification Smooths Out Some of the Bumps

A well-diversified portfolio can provide the opportunity for a more stable outcome than a single security.





Illustrative examples. Diversification does not eliminate the risk of market loss.

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Diversification Helps Take the Guesswork out of Investing

Annual returns (%): 2001–2015

You never know which markets will outperform from year to year.

By holding a globally diversified portfolio, investors are positioned to capture returns wherever they occur.

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Higher Return	12.3	7.6	62.6	33.2	34.5	36.0	39.8	8.8	79.0	28.1	9.4	18.6	38.8	32.0	5.8
	8.4	5.1	56.3	29.9	25.5	32.6	8.2	6.6	51.4	26.9	3.4	17.9	32.4	13.7	4.5
	7.3	3.6	47.3	26.0	13.8	19.8	6.3	4.7	28.5	24.9	2.3	17.1	26.0	4.9	1.4
	6.4	3.4	36.2	18.3	4.9	18.4	5.9	-33.8	27.2	19.2	2.1	16.3	1.2	1.9	1.0
	2.5	-6.0	28.7	10.9	4.6	15.8	5.5	-37.0	26.5	15.1	0.6	16.0	0.6	1.2	0.9
	-2.4	-7.1	2.0	2.7	3.1	4.3	3.6	-39.2	2.3	3.7	-4.2	2.1	0.3	0.2	0.2
	-10.2	-20.5	1.9	1.3	2.4	4.1	-1.6	-47.8	0.8	2.0	-15.5	0.9	-0.1	-1.8	-4.4
Lower Return	-11.9	-22.1	1.5	0.8	1.3	3.8	-17.6	-53.2	0.2	0.8	-18.2	0.2	-2.3	-5.0	-14.6

- S&P 500 Index
- Russell 2000 Index
- Dow Jones US Select REIT Index
- Dimensional International Small Cap index
- MSCI Emerging Markets Index (gross div.)
- BofA Merrill Lynch One-Year US Treasury Notes Index
- Barclays Treasury Bond Index 1-5 Years
- Citigroup World Government Bond Index 1-5 Years (hedged to USD)