

Benefits of Emerging Markets Diversification

Over the long term, a diversified investment approach that includes emerging markets exposure may help reduce risk and deliver results.

Calendar-year returns for key stock market indexes from 2004 - 2018

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	15 Year (Annualized Return)
EM Equities 25.95	EM Equities 34.54	EM Equities 32.55	EM Equities 39.82	US Agg Bonds 5.24	EM Equities 79.02	US Small Cap 26.85	US Agg Bonds 7.84	EM Equities 18.63	US Small Cap 38.82	Large Cap 13.69	Large Cap 1.38	US Small Cap 21.31	EM Equities 37.75	US Agg Bonds 0.01	EM Equities 8.26
Int'l Equities 21.36	Int'l Equities 17.11	Int'l Equities 27.16	Int'l Equities 17.12	EM Debt -12.03	US Corp HY 58.21	EM Equities 19.20	EM Debt 7.35	EM Debt 17.44	Large Cap 32.39	EM Debt 7.43	EM Debt 1.18	US Corp HY 17.13	Int'l Equities 27.77	US Corp HY -2.08	Large Cap 7.77
US Small Cap 18.33	EM Debt 10.25	US Small Cap 18.37	US Agg Bonds 6.97	US Corp HY -26.16	Int'l Equities 42.14	US Corp HY 15.12	US Corp HY 4.98	Int'l Equities 17.39	Int'l Equities 15.78	US Agg Bonds 5.97	US Agg Bonds 0.55	Large Cap 11.96	Large Cap 21.83	EM Debt -4.26	US Small Cap 7.49
EM Debt 11.62	Large Cap 4.91	Large Cap 15.79	EM Debt 6.16	US Small Cap -33.79	EM Debt 29.82	Large Cap 15.06	Large Cap 2.11	US Small Cap 16.35	US Corp HY 7.44	US Small Cap 4.89	US Small Cap -4.41	EM Equities 11.60	US Small Cap 14.65	Large Cap -4.38	EM Debt 7.05
US Corp HY 11.13	US Small Cap 4.55	US Corp HY 11.85	Large Cap 5.49	Large Cap -37.00	US Small Cap 27.17	EM Debt 12.24	US Small Cap -4.18	Large Cap 16.00	US Agg Bonds -2.02	US Corp HY 2.45	US Corp HY -4.47	EM Debt 10.15	EM Debt 10.26	US Small Cap -11.01	US Corp HY 7.00
Large Cap 10.88	US Corp HY 2.74	EM Debt 9.86	US Corp HY 1.87	Int'l Equities -45.24	Large Cap 26.46	Int'l Equities 11.60	Int'l Equities -13.33	US Corp HY 15.81	EM Equities -2.27	EM Equities -1.82	Int'l Equities -5.25	Int'l Equities 5.01	US Corp HY 7.50	Int'l Equities -13.77	Int'l Equities 5.69
US Agg Bonds 4.34	US Agg Bonds 2.43	US Agg Bonds 4.33	US Small Cap -1.57	EM Equities -53.18	US Agg Bonds 5.93	US Agg Bonds 6.54	EM Equities -18.17	US Agg Bonds 4.21	EM Debt -5.25	Int'l Equities -3.44	EM Equities -14.60	US Agg Bonds 2.65	US Agg Bonds 3.54	EM Equities -14.24	US Agg Bonds 3.87

Source: Morningstar, December 31, 2018. For illustrative purposes only. **PAST PERFORMANCE IS NOT AN INDICATION OF FUTURE RESULTS.** Indexes are unmanaged and have been provided for comparison purposes only. No fees or expenses are reflected. You cannot invest directly in an index. Diversification does not ensure a profit or protect against a loss in a declining market. Please see risk information concerning these asset classes in the Important Information section.

- Emerging market debt securities are represented by the JPMorgan EMBI Global Diversified Index, which is a uniquely-weighted version of the JPMorgan EMBI Global Index. It limits the weights of those index countries with larger debt stocks by only including specified portions of these countries' eligible current face amounts of debt outstanding.
- Emerging market equity stocks are represented by MSCI Emerging Markets Index, which is an unmanaged index considered representative of stocks of developing countries.
- International equities are represented by MSCI All Country World ex-U.S. Index, which is an unmanaged index considered representative of developed and emerging market stock markets, excluding the U.S.
- Large cap stocks are represented by S&P 500® Index, which is an unmanaged index considered representative of the US stock market.
- Small cap stocks are represented by Russell 2000® Index, which is an unmanaged index considered representative of small-cap stocks. The Russell 2000 Index is a trademark/service mark of the Frank Russell Co. Russell® is a trademark of the Frank Russell Co.
- U.S. corporate high yield bonds are represented by Bloomberg Barclays U.S. Corporate High Yield Index, which is an unmanaged index considered representative of fixed-rate, noninvestment-grade debt.
- U.S. aggregate bonds are represented by Bloomberg Barclays U.S. Aggregate Index, which is an unmanaged index considered representative of the US investment-grade, fixed-rate bond market.

Three Reasons why Emerging Markets:

1. Huge domestic markets, where consumer is king

Consumption in emerging market cities are expected to generate about 56% of consumption growth between 2015 and 2030.¹



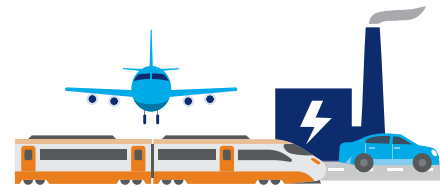
2. Emerging markets help drive mobile growth

Smartphone usage is rising, especially in emerging markets, which is expected to account for nine out of ten new subscribers between 2017 and 2020.²



3. Infrastructure investment shifting to emerging markets

Nearly two-thirds of global infrastructure investment in the period to 2035 will be in emerging economies, where a wide range of companies stand to gain.³



Sources: ¹ McKinsey Global Institute, March 2016. ² GSMA Intelligence, December 2016. ³ McKinsey Global Institute, October 2017. Projections are offered as opinion and are not reflective of potential performance. Projections are not guaranteed and actual events or results may differ materially.

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