

# Diversification can feel disappointing



A well-diversified portfolio is designed to help you achieve your long-term goals as well as limit your portfolio's downs (and ups). But it doesn't always feel good. You may get upset when you inevitably 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 see how well the S&P 500 Index performed, and you didn't do as well. 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%
2003-2007	+82.9%	+87.1%
2008	-37.0%	-26.6%
2009-2019	+351.0%	+220.1%
Q1 2020†	-30.4%	-23.1%
Q2 2020-2021‡	+119.0%	+66.6%
<b>Total return</b>	<b>+374.6%</b>	<b>+375.0%</b>
<b>Growth of \$100,000</b>	<b>\$474,550</b>	<b>\$474,970</b>

- ☹️ "I lost money"
- 😊 "Diversification worked"
- ☹️ "I lost money"
- 😐 "I didn't make as much"
- ☹️ "I lost money"
- 😐 "I didn't make as much"
- 😊 "Diversification can work even when it feels like it's losing"

Source: Morningstar as of 12/31/21. \*Performance is from 9/30/00 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 25% S&P 500 Index, 19% Russell Mid Cap Index, 7% MSCI EAFE Index, 5% Russell 2000 Index, 4% FTSE Emerging Stock Index, 25% Bloomberg US Aggregate Bond Index, and 15% Bloomberg US 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.

*This material is prepared by BlackRock and is not intended to be relied upon as a forecast, research or investment advice, and is not a recommendation, offer or solicitation to buy or sell any securities or to adopt any investment strategy. The opinions expressed are as of 12/31/21, and may change as subsequent conditions vary. The information and opinions contained in this material are derived from proprietary and nonproprietary sources deemed by BlackRock to be reliable, are not necessarily all inclusive and are not guaranteed as to accuracy. As such, no warranty of accuracy or reliability is given and no responsibility arising in any other way for errors and omissions (including responsibility to any person by reason of negligence) is accepted by BlackRock, its officers, employees or agents. This material may contain 'forward looking' information that is not purely historical in nature. Such information may include, among other things, projections and forecasts. There is no guarantee that any forecasts made will come to pass. Reliance upon information in this material is at the sole discretion of the reader.*

© 2022 BlackRock, Inc. All Rights Reserved. **BLACKROCK** is a trademark of BlackRock, Inc. All other trademarks are those of their respective owners.

Prepared by BlackRock Investments, LLC, member FINRA. This material is provided for educational purposes only. BlackRock is not affiliated with any third party distributing this material.

Not FDIC Insured • May Lose Value • No Bank Guarantee

OE12200T-0122

