Fundamental Investing
Strategies for the long term

THE ADVANTAGES OF KEEPING A DIVERSIFIED PORTFOLIO

A simple, effective strategy to work toward balancing risk and potential return

Whether your financial goals are to build wealth, retire, send a child to college, or provide for your family, allocating your assets across the major asset classes — stocks, bonds, international securities, and cash — may help you pursue the best possible return on your investments according to your tolerance for risk and time horizon.

How you diversify within each asset class can be equally important to your investment success over time. Spreading your holdings among different industries, geographies, companies, and investment styles may be the best way to reduce your exposure to the downside risks of individual portfolio holdings.

Consider this tale of three investors
Each hypothetical investor followed a different strategy for investing $1,000 each year over a 20-year period ($20,000 total from 1/1/98 through 12/31/17).

Chased performance
$38,911

Went for the rebound
$37,007

Practiced ADR
$42,776

Source: SPAR, FactSet Research Systems, Inc.

Investor #1
Each year, he invested in the previous year's best-performing market segment.

Investor #2
Each year, she invested in the previous year's worst-performing market segment, hoping for a rebound the next year.

Investor #3
She remained invested in eight different asset classes each year. She also rebalanced her portfolio's assets each quarter so that they stayed equally distributed among the eight asset classes.

While not always easy, staying goal focused, well diversified, and committed to your plan are all keys to working toward successful long-term investing.

Hypothetical examples are for illustrative purposes only and are not intended to represent the future performance of any MFS® product.

Past performance is no guarantee of future results.

For purposes of this comparison, we have divided the overall market into the following eight indices — the **Bloomberg Barclays U.S. Aggregate Bond Index** measures the U.S. bond market. The **MSCI EAFE Index (net)** measures the non-U.S. stock market. The **Russell 1000® Growth Index** measures large-cap U.S. growth stocks. The **Russell 1000® Value Index** measures large-cap U.S. value stocks. The **Russell 2500 Index** measures U.S. small- and mid-cap stocks. The **FTSE NAREIT All REITs Total Return Index** tracks the performance of commercial real estate across the U.S. economy. The **JPMorgan Global Government Bond Index (Unhedged)** measures government bond markets around the world. The **Bloomberg Commodity Index** is composed of futures contracts on physical commodities. Index performance does not reflect the deduction of any investment-related fees and expenses. It is not possible to invest directly in an index.

See the reverse side for other important information.

Plan to pursue success

Because of the inevitable volatile markets investors encounter when pursuing long-term financial goals, having a portfolio of well-diversified holdings may start you on the right track toward keeping those goals intact.

Working together, you and your financial advisor can create a diversified portfolio and follow a disciplined plan that puts you in position to

- pursue the highest potential return for a certain level of risk over a certain amount of time
- aim to reduce exposure to the downside risks of individual holdings
- stay on track through market cycles and over time

Also, remember that as markets rise and fall, the percentages you have allocated to specific asset classes can shift, making your portfolio riskier or more conservative than you intend it to be. Make sure to review your portfolio periodically with your financial advisor and rebalance your holdings when necessary to maintain your desired allocation.

THE VALUE OF ADVICE

An experienced financial advisor — who knows your goals, temperament for risk, time horizon, and total holdings — could be your most valuable asset in any market environment and over time. He or she can help you determine your overall comfort level with risk, allocate and diversify your assets accordingly, and draw up a plan for pursuing your long-term financial goals.

Keep in mind that no investment strategy, including diversification, can guarantee a profit or protect against a loss. Also, all investments carry a certain amount of risk including the possible loss of the principal amount invested.

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