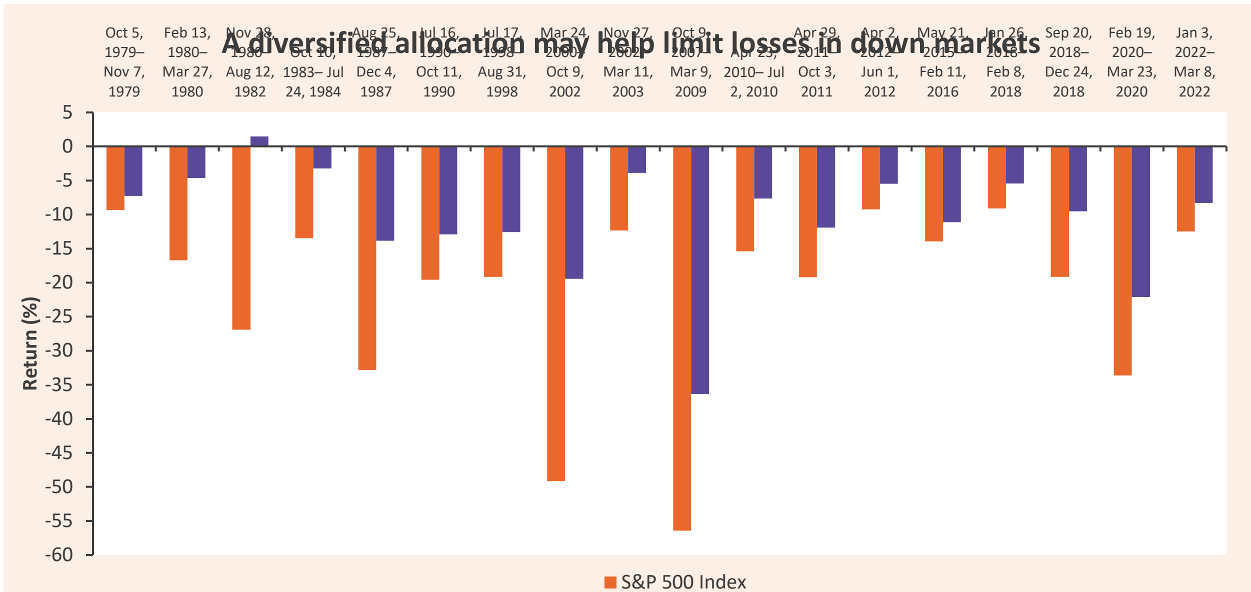
Diversification may reduce downside risk



Sources: © 2022 – Morningstar Direct, All Rights Reserved[1], and Wells Fargo Investment Institute. Data from October 5, 1979 to March 31, 2022. 3AG = three-asset group. Performance results for the Moderate Growth and Income Liquid (3AG) Portfolio is hypothetical and is presented for illustrative purposes only. Index returns do not represent investment performance or the results of actual trading. Index returns reflect general market results, assume the reinvestment of dividends and other distributions, and do not reflect deduction for fees, expenses or taxes applicable to an actual investment. An index is unmanaged and not available for direct investment. **Hypothetical and past performance does not guarantee future results.** Composition of the Portfolios provided on the following page.
Note: Corrections are declines of 10% or more. Bear markets are declines of 20% or more.
Diversification strategies do not guarantee investment returns or eliminate the risk of loss.

Key takeaways

- A diversified allocation may not experience losses as sharp as an all-equity position during an equity correction or bear market.
- Attempting to reduce downside volatility can be critical to long-term performance as it can allow a portfolio to recover more quickly after a crisis event.

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