# Two investors, one goal

## The impact of diversification and discipline

Meet Amy and her sister, Peggy. They have the same investment goals, risk tolerance and portfolio mix – made up of 60% stocks and 40% bonds – but they differ in how they manage their investments.

### Amy: "Tried & True" Portfolio

- Uses a portfolio made up of **60% U.S. stocks** and **40% U.S. bonds** – which lacks broad diversification.
- Chases performance based on recent returns, which can hurt her portfolio's long-term performance.

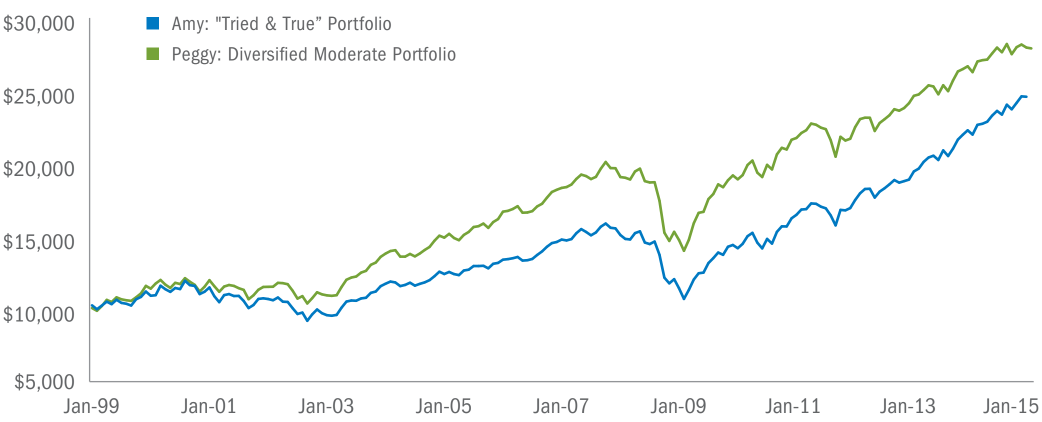
### Peggy: Diversified Moderate Portfolio

- Diversifies her portfolio with not only **U.S. stocks** and **U.S. bonds**, but also **international** and **emerging stocks**, **real estate**, and more.[1] This helps manage risk and improve long-term growth potential.
- Works with her Advisor to help ensure she stays on track.

## The power of diversification

Peggy's portfolio is more diversified compared to her sister's conventional strategy. This added diversification benefits Peggy in the long term by potentially reducing her overall portfolio risk and potentially increasing returns over time.

### Growth of $10,000 (1999–2015)




## Now it's your turn.

- Talk with your TIAA-CREF Advisor to help determine asset allocations that suit your personal goals and risk tolerances.
- Consider a TIAA-CREF Managed Account for customized and strategically managed portfolios based on your personal situation and goals.

### Go beyond "Tried & True."

Contact your TIAA-CREF Advisor, or call us at **800 927-3059**.

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[1]In this specific scenario, the diversified moderate portfolio is made up of 20% Large-Cap Equity, 10% Mid-Cap Equity, 10% Small-Cap Equity, 10% International Equity, 5% Emerging-Markets Equity, 5% REITs, 15% US Investment-Grade Bonds, 10% Short-Term Bonds, 5% Emerging-Market Bonds, and 10% High-Yield Bonds.

**Large-cap stocks represented by the Russell 1000 index. US investment-grade bonds represented by the Barclays U.S. Aggregate Index. Mid-cap stocks represented by the Russell Mid-Cap Index. Small-cap stocks represented by the Russell 2000 Index. Non-U.S. stocks represented by the MSCI-EAFE Index. Emerging-market stocks represented by the MSCI Emerging Market Index. REITs represented by the FTSE NAREIT All Equity REITS Index. Short-term bonds represented by the Barclays U.S. Government/ Credit 1 -3 Year Index. Emerging-market bonds represented by the JPM EMBI Plus Index. High-yield bonds represented by the Barclays U.S. Corporate High-Yield Index. Annual returns, volatility, and Sharpe ratios reflect performance for the period of 1999 -2013. It is not possible to invest in an index. Performance for indices does not reflect investment fees or transaction costs. Source: Bloomberg**



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