



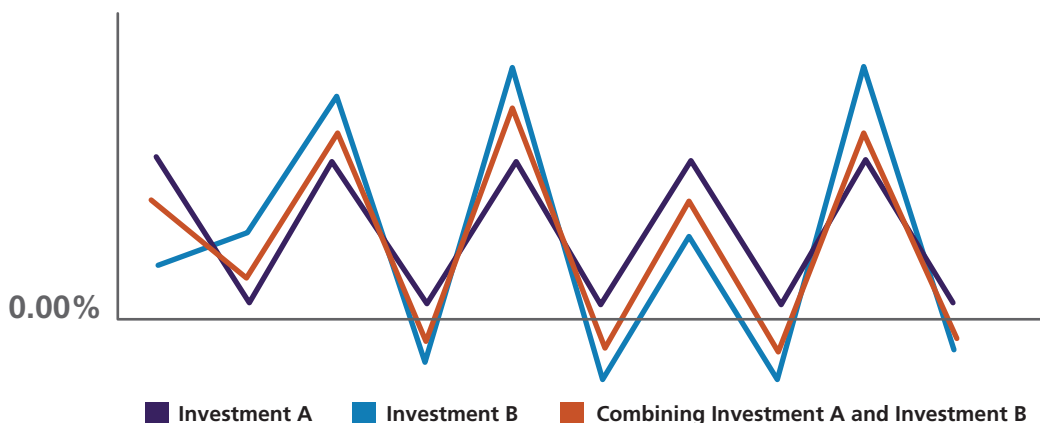
THE BENEFITS OF DIVERSIFICATION

We've all heard the saying opposites attract, but does this hold true in the world of investing? Just as opposites can form a strong relationship, dissimilar investments can combine to strengthen a portfolio. One way to put this into practice is to diversify your portfolio – putting your money in a variety of assets that are less likely to move up or down together. As market events occur, some investments in a well-diversified portfolio will perform well, and others may lag.

A common mistake that people make when it comes to diversification is to combine funds from very similar investment types.

In the example below, Investment A and Investment B are two similar funds. They therefore tend to perform in a similar way. The funds rise and fall more or less in unison. Combining these two funds is **NOT** an example of a diversified portfolio because they are almost identical.

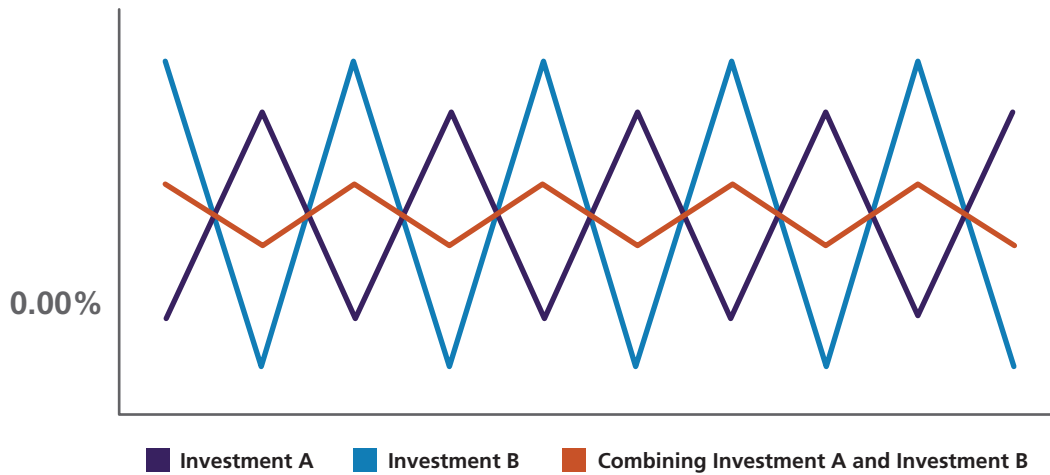
A portfolio that is NOT diversified



If you want to enjoy the benefits of diversification, you should consider combining investments that behave differently with respect to market conditions.

In this example, Investment A and Investment B are very different types of investments: when A performs well, B tends to underperform ... and vice-versa.

A diversified portfolio



Combining these two investments together in a portfolio is a good example of diversification. It can allow you to smooth out the ups and downs of investment returns within your portfolio without sacrificing long-term returns.

Here are a few steps you can take to enjoy benefits of diversification:

- Invest in a variety of asset classes like equities, fixed income, and specialty funds
- Invest in equities from different geographical areas such as Canadian, US, and International
- Create a portfolio by following the asset allocation guidelines used by a pre-built portfolio, which is diversified by design



If choosing individual investments all seems too much, then pick a pre-built portfolio.

To review your portfolio or make changes to your investments, sign in to your online account at manulife.ca or contact your advisor today.

