□ TIAA

The importance of diversification

It is difficult to predict which types of investments will do best in any given year.*

2009-2023

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Annualized returns	Volatility level**
Û	Emerging Market Equity 78.51%	Small Cap 26.85 %	TIPS 13.56%	Emerging Market Equity 18.22%	Small Cap 38.82%	S&P 500 13.69%	Large Cap Growth 5.67%	Small Cap 21.31%	Emerging Market Equity 37.28%	Bonds 0.01 %	Large Cap Growth 36.39%	Large Cap Growth 38.49%	S&P 500 28.71%	Large Cap Value -7.54%	Large Cap Growth 42.68 %	Large Cap Growth 16.68%	Emerging Market Equity 25.51%
Higher return	High Yield Bond 58.21%	Mid Cap 25.48%	Bonds 7.84%	Large Cap Value 17.51%	Mid Cap 34.76 %	Large Cap Value 13.45%	S&P 500 1.38%	Large Cap Value 17.34%	Large Cap Growth 30.21 %	TIPS -1.26%	S&P 500 31.49 %	Small Cap 19.96%	Large Cap Growth 27.60 %	High Yield Bond -11.19%	S&P 500 26.29 %	S&P 500 13.97%	Large Cap Growth 19.56
– Highe	Mid Cap 40.48%	Emerging Market Equity 18.88%	High Yield Bond 4.98 %	International Stocks 17.32%	Large Cap Growth 33.48%	Mid Cap 13.22%	Bonds 0.55 %	High Yield Bond 17.13%	International Stocks 25.03%	Large Cap Growth -1.51%	Mid Cap 30.54 %	S&P 500 18.40%	Large Cap Value 25.16 %	TIPS -11.85%	International Stocks 18.24%	Mid Cap 13.58%	Small Cap 16.30%
	Large Cap Growth 37.21 %	Large Cap Growth 16.71%	Large Cap Growth 2.64%	Mid Cap 17.28 %	Large Cap Value 32.53%	Large Cap Growth 13.05%	International Stocks -0.81%	Mid Cap 13.80%	S&P 500 21.83 %	High Yield Bond -2.08%	Large Cap Value 26.54 %	Emerging Market Equity 18.31%	Mid Cap 22.58%	Bonds -13.01%	Mid Cap 17.23%	Small Cap 11.30%	Mid Cap 16.21 %
	International Stocks 31.78%	Large Cap Value 15.51%	S&P 500 2.11%	Small Cap 16.35%	S&P 500 32.39 %	60/40 Div Portfolio 6.39%	TIPS -1.44%	S&P 500 11.96%	Mid Cap 18.52%	S&P 500 -4.38%	Small Cap 25.52 %	Mid Cap 17.10%	Small Cap 14.82%	International Stocks -14.45%	Small Cap 16.93%	Large Cap Value 11.09%	High Yield Bond 15.57%
	60/40 Div Portfolio 27.65 %	High Yield Bond 15.12 %	60/40 Div Portfolio 1.41%	S&P 500 16.00%	International Stocks 22.78%	Bonds 5.97%	60/40 Div Portfolio -1.46%	Emerging Market Equity 11.19%	60/40 Div Portfolio 15.20%	60/40 Div Portfolio -5.61%	International Stocks 22.01%	60/40 Div Portfolio 13.48%	60/40 Div Portfolio 12.52%	60/40 Div Portfolio -15.34%	60/40 Div Portfolio 15.03%	High Yield Bond 9.17%	International Stocks 15.00%
	Small Cap 27.17 %	S&P 500 15.06 %	Large Cap Value 0.39 %	High Yield Bond 15.81%	60/40 Div Portfolio 15.85%	Small Cap 4.89%	Mid Cap -2.44%	60/40 Div Portfolio 8.57%	Small Cap 14.65%	Large Cap Value -8.27%	60/40 Div Portfolio 20.44%	TIPS 10.99%	International Stocks 11.26%	Mid Cap -17.32%	High Yield Bond 13.44%	60/40 Div Portfolio 8.83%	S&P 500 14.43 %
return	S&P 500 26.46 %	60/40 Div Portfolio 13.25%	Mid Cap -1.55%	Large Cap Growth 15.26 %	High Yield Bond 7.44 %	TIPS 3.64 %	Large Cap Value -3.83%	Large Cap Growth 7.08 %	Large Cap Value 13.66%	Mid Cap -9.06%	Emerging Market Equity 18.44%	International Stocks 7.82%	TIPS 5.96 %	S&P 500 -18.11%	Large Cap Value 11.46%	International Stocks 6.93%	Large Cap Value 12.54%
	Large Cap Value 19.69%	International Stocks 7.75%	Small Cap -4.18%	60/40 Div Portfolio 12.96 %	Bonds -2.02%	High Yield Bond 2.45 %	Small Cap -4.41%	TIPS 4.68%	High Yield Bond 7.50 %	Small Cap -11.01%	High Yield Bond 14.32%	Bonds 7.51%	High Yield Bond 5.28 %	Emerging Market Equity -20.09%	Emerging Market Equity 9.83%	Emerging Market Equity 6.56%	60/40 Div Portfolio 10.84%
Lower re	TIPS 11.41%	Bonds 6.54 %	International Stocks -12.14%	TIPS 6.98 %	Emerging Market Equity -2.60%	Emerging Market Equity -2.19%	High Yield Bond - 4.47 %	Bonds 2.65 %	Bonds 3.54 %	International Stocks -13.79%	Bonds 8.72 %	High Yield Bond 7.11 %	Bonds -1.54%	Small Cap -20.44%	Bonds 5.53 %	TIPS 3.48%	TIPS 7.07 %
\bigcirc	Bonds 5.93%	TIPS 6.31%	Emerging Market Equity -18.42%	Bonds 4.21 %	TIPS -8.61%	International Stocks -4.90%	Emerging Market Equity -14.92%	International Stocks 1.00%	TIPS 3.01%	Emerging Market Equity -14.58%	TIPS 8.43 %	Large Cap Value 2.80 %	Emerging Market Equity -2.54%	Large Cap Growth -29.14%	TIPS 3.90%	Bonds 2.68%	Bonds 5.55%
Ť	Emerging Market Equity Large Cap Growth TIPS										International Stocks			Bonds Mid Cap			
				S&P 500		High Yield Bond			Large Cap Value Small Ca			Small Cap	p 60/40 Diversified Portfolio				

^{**}Source: Data derived from Morningstar DirectSM, Morningstar, Inc., 2023. All data represents total returns for the stated period. Past performance does not guarantee future returns.

^{**}Volatility is defined as standard deviation (2009-2023); the greater the volatility, the greater the variance to the mean return of a given asset.

Asset allocation: A case for broad portfolio diversification

This table conveys why asset class and style diversification are important when building your investment portfolio. It also shows how difficult it is to predict an outperforming asset class or style for any given year. Sometimes the best performing asset class one year becomes the poorest performer the next year and vice versa—e.g., the Large Cap Growth equity asset class in recent years.

The table also highlights the importance of risk management and portfolio rebalancing. One of the keys to achieving your financial goals is to have a diversified investment strategy based on your risk tolerance and investment time horizon. An appropriate allocation and regular rebalancing may help reduce your portfolio's risk and volatility.

Notes:

- Standard & Poor's 500® Index (S&P 500) is an unmanaged, market cap-weighted index of 500 common stocks selected for their market size, liquidity and industry group representation within the U.S. equity market.
- Large Cap Growth uses the Russell 1000® Growth Index, which measures the performance of Russell 1000® companies with higher price-to-book ratios and higher forecasted growth values.
- Large Cap Value uses the Russell 1000® Value Index, which measures the performance of Russell 1000® companies with lower price-to-book ratios and lower forecasted growth values.
- Mid Cap uses the Russell Midcap Index, which consists of the smallest 800 companies in the Russell 1000® Index, as ranked by total market capitalization. This Mid Cap index represents approximately 26% of the Russell 1000® total market capitalization.
- Small Cap uses the Russell 2000® Index, which consists of the smallest 2,000 companies in the Russell 3000® Index, representing approximately 8% of the Russell 3000® total market capitalization.

- International Stocks uses the MSCI EAFE NR Index (Europe, Australasia, Far East), which is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the United States and Canada.
- Emerging Markets Equity uses the MSCI Emerging Markets NR Index, which measures equity market performance in global emerging markets. It is a floatadjusted market capitalization index. As of January 31, 2023, it consisted of indexes in 24 emerging economies.
- Bonds use the Bloomberg U.S. Aggregate Bond Index as the benchmark index. It is made up of the Barclays Capital Government/Corporate Bond Index, Mortgage-Backed Securities Index and Asset-Backed Securities Index, and includes securities of investment-grade quality that have at least one year to maturity and an outstanding par value of at least \$100 million.
- TIPS uses the Bloomberg U.S. Treasury Inflation Protected Securities Index (Series L), which measures the performance of the U.S. Treasury Inflation Protected Securities ("TIPS") market. The index includes TIPS with one or more years remaining maturity and total outstanding issue size of \$500 million or more.
- High Yield Bond uses the Bloomberg High Yield Index, which covers the U.S. dollar-denominated, non-investment grade, fixed rate, taxable corporate bond market. Only securities with more than one year to maturity qualify for inclusion in the index.
- 60/40 Diversified Portfolio uses a combination and allocation weighting of the following indices: Russell 1000 Growth TR USD (13%), Russell 1000 Value TR USD (14%), Bloomberg U.S. Aggregate Bond TR USD (19%), Bloomberg U.S. Treasury US TIPS TR USD (15%), Russell Mid Cap TR USD (12%), Russell 2000 TR USD (3%), Bloomberg US Corporate High-Yield TR USD (6%), MSCI EAFE NR USD (13%) and MSCI EM NR USD (5%).

Sources: Data derived from Morningstar DirectSM, Morningstar, Inc., 2023. Please note that equity returns have historically been higher than other asset classes but carry considerable risk of principal. Fixed-income returns have historically been less than equity returns, are subject to interest rate risk, but typically bring greater safety of principal. Indexes are unmanaged statistical composites that measure the various financial markets. An investment cannot be made into an index.

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