Diversification Benefits

The best performing asset class often varies from year to year. Diversifying across asset classes ensures participation in the stronger ones while mitigating the impact of weaker performing classes. For example, the moderate SAA portfolio below shows that by being invested in multiple asset classes instead of just one, the path of portfolio returns becomes smoother.

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
28.6% U.S. SC Equities	7.8% U.S. Bonds	18.2% EM Equities	41.1% U.S. SC Equities	13.1% U.S. LC Equities	1.0% U.S. LC Equities	21.5% U.S. SC Equities	37.3% EM Equities	1.8% Cash & Cash Eq.	31.5% U.S. LC Equities	22.5% U.S. SC Equities	26.5% U.S. LC Equities	1.5% Cash & Cash Eq.	26.7% U.S. LC Equities	24.2% U.S. LC Equities	6.9% Dev Int'l Equities
18.9% EM Equities	4.4% High Yield	18.0% U.S. SC Equities	33.0% U.S. LC Equities	6.4% Moderate SAA	0.5% U.S. Bonds	17.5% High Yield	25.0% Dev Int'l Equities	0.0% U.S. Bonds	24.3% U.S. SC Equities	21.1% U.S. LC Equities	18.6% U.S. SC Equities	-11.2% High Yield	18.2% Dev Int'l Equities	11.9% U.S. SC Equities	2.9% EM Equities
16.2% U.S. LC Equities	2.0% Moderate SAA	17.3% Dev Int'l Equities	22.8% Dev Int'l Equities	6.0% U.S. Bonds	0.0% Cash & Cash Eq.	12.0% U.S. LC Equities	21.8% U.S. LC Equities	-2.3% High Yield	22.0% Dev Int'l Equities	18.3% EM Equities	11.3% Dev Int'l Equities	-13.0% U.S. Bonds	17.1% U.S. SC Equities	9.8% Moderate SAA	2.8% U.S. Bonds
15.2% High Yield	1.6% U.S. LC Equities	16.4% U.S. LC Equities	13.9% Moderate SAA	5.5% U.S. SC Equities	-0.3% Moderate SAA	11.2% EM Equities	14.1% U.S. SC Equities	-4.0% Moderate SAA	18.5% Moderate SAA	12.5% Moderate SAA	9.9% Moderate SAA	-14.5% Dev Int'l Equities	14.6% Moderate SAA	8.2% High Yield	1.0% Cash & Cash Eq.
11.0% Moderate SAA	0.1% Cash & Cash Eq.	15.6% High Yield	7.4% High Yield	2.5% High Yield	-0.8% Dev Int'l Equities	6.8% Moderate SAA	13.4% Moderate SAA	-4.9% U.S. LC Equities	18.4% EM Equities	7.8% Dev Int'l Equities	5.4% High Yield	-15.3% Moderate SAA	13.5% High Yield	7.5% EM Equities	0.9% High Yield
7.8% Dev Int'l Equities	-4.2% U.S. SC Equities	10.9% Moderate SAA	0.0% Cash & Cash Eq.	0.0% Cash & Cash Eq.	-4.2% U.S. SC Equities	2.6% U.S. Bonds	7.5% High Yield	-10.9% U.S. SC Equities	14.4% High Yield	7.5% U.S. Bonds	0.0% Cash & Cash Eq.	-19.6% U.S. LC Equities	9.8% EM Equities	5.3% Cash & Cash Eq.	0.4% Moderate SAA
6.5% U.S. Bonds	-12.1% Dev Int'l Equities	4.2% U.S. Bonds	-2.0% U.S. Bonds	-2.2% EM Equities	-4.6% High Yield	1.0% Dev Int'l Equities	3.5% U.S. Bonds	-13.8% Dev Int'l Equities	8.7% U.S. Bonds	6.2% High Yield	-1.5% U.S. Bonds	-20.1% U.S. SC Equities	5.5% U.S. Bonds	3.8% Dev Int'l Equities	-4.6% U.S. LC Equities
0.1% Cash & Cash Eq.	-18.4% EM Equities	0.1% Cash & Cash Eq.	-2.6% EM Equities	-4.9% Dev Int'l Equities	-14.9% EM Equities	0.3% Cash & Cash Eq.	0.8% Cash & Cash Eq.	-14.6% EM Equities	2.2% Cash & Cash Eq.	0.5% Cash & Cash Eq.	-2.5% EM Equities	-20.1% EM Equities	5.1% Cash & Cash Eq.	1.3% U.S. Bonds	-10.1% U.S. SC Equities

S&P 500 Index is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. Indices are unmanaged, do not reflect fees and expenses, and are not available for direct investment. Past performance does not guarantee future results. Investing involves risk, including the possible loss of principal. Asset allocation and diversification do not ensure a profit or protection against loss.

Source: Stifel Investment Strategy via Bloomberg, as of March 31, 2025

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DISCLOSURES

Past performance does not guarantee future results. Investing involves risk, including the possible loss of principal. Asset allocation and diversification do not ensure a profit or protection against loss.



Cash & Cash Equivalents – represented by the Bloomberg 1-3 Month U.S. Treasury Bill Index, which measures the performance of Treasury securities and is selected by a Market Value process. Cash & Cash equivalents are high quality, highly liquid investment securities with a very short-term maturity (less than three months), including Treasuries and money market holdings.



U.S. Bonds – The Bloomberg U.S. Aggregate Bond Index is a market capitalization-weighted index consisting of most U.S.-traded investment grade bonds. Municipal bonds and Treasury Inflation-Protected Securities are excluded, due to tax treatment issues. It is an intermediate term index and includes Treasury securities, government agency bonds, mortgage-backed bonds, corporate bonds, and a small amount of foreign bonds traded in U.S. Bonds . When investing in bonds, it is important to note that as interest rates rise, bond prices will fall.



High Yield Bonds – represented by the ICE BofAML U.S. High Yield Index, which is a market value-weighted index of all domestic and yankee (bonds denominated in U.S. dollars and issued in the U.S. by foreign entities) high yield bonds, including deferred interest bonds and payment-in-kind securities. High yield bonds are debt securities with a speculative (below investment grade) credit rating. "Junk" or high-yield bonds offer investors higher yields to compensate for a higher risk of default.

U.S. Large Cap Equities – represented by the Bloomberg U.S. 1000 Total Return Index is a float market-cap-weighted benchmark of the 1,000 most highly capitalized U.S. companies.



U.S. Small Cap Equities – The Bloomberg U.S. 2000 Total Return Index is a float market-cap-weighted benchmark of the lower 2,000 in capitalization of the Bloomberg U.S. 3000 Index.



Developed International Equities – represented by the MSCI EAFE Index (Europe, Australasia, and the Far East), which is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. and Canada. Developed international equities are the equity securities of developed countries outside of the United States. Generally "developed" countries are defined as those included in the MSCI EAFE Index. There are special considerations associated with international investing, including the risk of currency fluctuations and political and economic events.



Emerging Market Equities – represented by the MSCI EM (Emerging Markets) Europe, Middle East and Africa Index, which is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the emerging market countries of Europe, the Middle East & Africa. Emerging market equities are the equity securities of emerging and frontier markets throughout the world. These markets are primarily found in Latin America, Eastern Europe, Africa, the Middle East, and the Far East. Investing in emerging markets may involve greater risk and volatility than investing in more developed countries.



Moderate SAA – represents Stifel's strategic asset allocation for a moderate risk profile. A Moderate investor values reducing risks and enhancing returns equally. This investor is willing to accept modest risks to seek higher long-term returns. A Moderate investor may endure a short-term loss of principal and lower degree of liquidity in exchange for long-term appreciation. The allocation consists of: Cash & Cash Equivalents = 2%, U.S. Fixed Income = 44%, High Yield Fixed Income = 4%, U.S. Large Cap Stocks = 27%, U.S. Mid Cap Stocks = 5%, U.S. Small Cap Stocks = 3%, International Developed Equity = 12%, Emerging Markets Equity = 3%.

Indexes are unmanaged, do not reflect fees or expenses, and are not available for direct investment.

Additional information is available upon request. The information and statistical data contained herein have been obtained from sources we believe to be reliable but in no way are warranted by us as to accuracy or completeness. We do not undertake to advise you as to any changes in figures, our views, or the views of our correspondent sources. This is not a solicitation of any order to buy or sell.