3 THINGS TO KNOW ABOUT

COMMON INVESTING MISTAKES

1 Timing the market

Although the financial markets can be remarkably steady over longer time periods, sharp short-term movements in security prices are increasingly frequent. Choosing the ideal moment to buy or sell is difficult, and investors who attempt to time the market may end up missing periods of exceptional returns.

2 Ignoring the power of diversification

Individual asset classes go in and out of favor over time. Harnessing proper diversification can enhance returns and help to cushion against volatility.

3 Assuming past performance guarantees future results

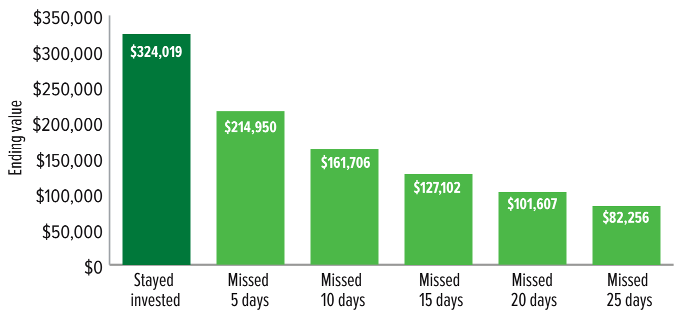
That’s why you see “Past performance does not guarantee future results” on every investment marketing piece that mentions performance—because it's true. You may end up selling when you should be buying, and vice versa.

1. Timing the market

The chart below shows what can happen when investors attempt to time the market. Over the long term, investors could harm their performance, putting their goals in jeopardy.

Two Potential Keys to Success: Patience and Commitment

Hypothetical investment of $100,000 in the S&P 500 index over the last 20 years (January 2000 through December 2019)



This graph shows how a hypothetical $100,000 investment in stocks would have been affected by missing the market's top-performing days over the 20-year period from January 1, 2000, to December 31, 2019. For example, an individual who remained invested for the entire time period would have accumulated $324,019, while an investor who missed just five of the top-performing days during that period would have accumulated only $214,950.

While volatility can provide the opportunity to buy stocks and mutual funds at attractive prices, market timing can seriously diminish long-term performance.

Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate.

Sources: BlackRock; Bloomberg.

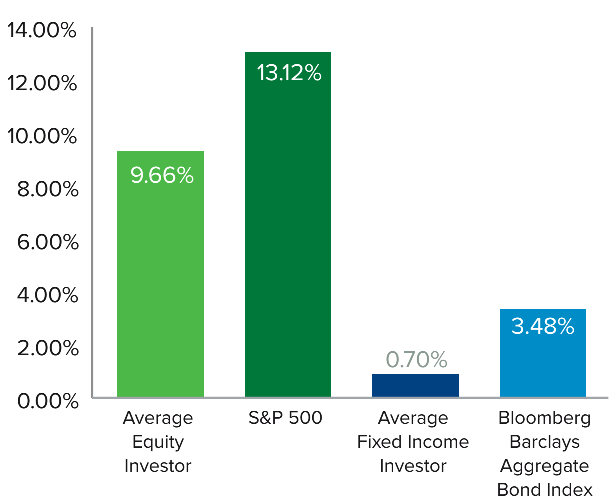
For illustrative purposes only. The returns are based on the S&P 500 Index, a market-weighted index of 500 of the largest U.S. stocks in a variety of industry sectors. It is not possible to invest directly in an unmanaged index. Index returns do not reflect any management fees, transaction costs, or expenses.

Equity securities are more volatile than bonds and subject to greater risks. Small and mid-sized company stocks involve greater risks than those customarily associated with larger companies.

Investors who try to time the market (average equity fund investor shown below) underperform a simple, buy-and-hold strategy (S&P 500, shown below) by an overwhelming percentage. For 2018, the average equity investor in a ten-year period underperformed the market by 3.46%, and the average fixed income investor underperformed the market by 2.78%.

Investor Returns vs. Market Benchmarks

Ten-Year Returns for 2018



Source: "Dalbar 2019 QAIB Report," DALBAR, Inc. www.dalbar.com

Equity benchmark performance and equity investing examples are represented by the Standard & Poor's 500 Composite Index. Bond benchmark performance and bond investing examples are represented by the Bloomberg Barclays Aggregate Bond Index, an unmanaged index of bonds generally considered representative of the bond market. Past performance cannot guarantee future results. Average stock investor and average bond investor performance results are based on a DALBAR study, "Quantitative Analysis of Investor Behavior (QAIB), 2019." DALBAR is an independent, Boston-based financial research firm. Using monthly fund data supplied by the Investment Company Institute, QAIB calculates investor returns as the change in assets after excluding sales, redemptions and exchanges. This method of calculation captures realized and unrealized capital gains, dividends, interest, trading costs, sales charges, fees, expenses and any other costs. After calculating investor returns in dollar terms, two percentages are calculated for the period examined: Total investor return rate and annualized investor return rate. Total return rate is determined by calculating the investor return dollars as a percentage of the net of the sales, redemptions, and exchanges for the period.

2. Ignoring the power of diversification

When investors build their own portfolios, they often neglect asset classes that provide important diversification benefits. This graphic illustrates why it's important to diversify and the potential damages of market timing. As you can see, no single asset class remained at the top for two consecutive years—and in fact, often trailed the market in succeeding years. For example, after leading all asset classes in 2012, Emerging Markets Equity was the worst performer (out of 13) in 2015 and 2018.

Asset Class Returns Annual Returns for Key Indices (2010-2019) Ranked in Order of Performance (Best to Worst)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
BEST	Small Cap Growth **29.09%**	REIT Index **9.37%**	Emerging Markets Equity **18.63%**	Small Cap Growth **43.30%**	REIT Index **32.00%**	Large Cap Growth **5.67%**	Small Cap Value **31.74%**	Emerging Markets Equity **37.75%**	Core Fixed Income **0.01%**	Large Cap Growth **36.39%**
	REIT Index **28.07%**	Emerging Market Debt **8.46%**	Emerging Market Debt **18.54%**	Small Cap Value **34.52%**	Large Cap Value **13.45%**	REIT Index **4.48%**	High Yield Bond **17.49%**	Large Cap Growth **30.21%**	Large Cap Growth **-1.51%**	Large Cap Core **31.43%**
	Small Cap Value **24.50%**	Core Fixed Income **7.84%**	Small Cap Value **18.05%**	Large Cap Growth **33.48%**	Large Cap Core **13.24%**	International Fixed Income **1.55%**	Large Cap Value **17.34%**	International Equity **25.62%**	High Yield Bond **-2.26%**	Small Cap Growth **28.48%**
	Emerging Markets Equity **19.20%**	High Yield Bond **4.37%**	International Equity **17.90%**	Large Cap Core **33.11%**	Large Cap Growth **13.05%**	Emerging Market Debt **1.23%**	Large Cap Core **12.05%**	Small Cap Growth **22.17%**	International Fixed Income **3.49%**	Large Cap Value **26.54%**
	Large Cap Growth **16.71%**	International Fixed Income **4.06%**	Large Cap Value **17.51%**	Large Cap Value **32.53%**	International Fixed Income **9.77%**	Large Cap Core **0.92%**	Emerging Markets Equity **11.60%**	Large Cap Core **21.69%**	REIT Index **-4.22%**	REIT Index **23.10%**
	Large Cap Value **15.51%**	Large Cap Growth **2.64%**	REIT Index **17.12%**	International Equity **23.29%**	60/40 Diversified Portfolio **7.55%**	Core Fixed Income **0.55%**	Small Cap Growth **11.32%**	60/40 Diversified Portfolio **15.68%**	60/40 Diversified Portfolio **-4.60%**	Small Cap Value **22.39%**
	High Yield Bond **15.07%**	Large Cap Core **1.50%**	Large Cap Core **16.42%**	60/40 Diversified Portfolio **16.52%**	Core Fixed Income **5.97%**	60/40 Diversified Portfolio **-0.24%**	Emerging Market Debt **10.19%**	Large Cap Value **13.66%**	Emerging Market Debt **-4.61%**	International Equity **22.01%**
	Large Cap Core **15.06%**	60/40 Diversified Portfolio **0.70%**	High Yield Bond **15.55%**	High Yield Bond **7.41%**	Small Cap Growth **5.60%**	International Equity **-0.39%**	60/40 Diversified Portfolio **8.77%**	Emerging Market Debt **9.32%**	Large Cap Core -4.78%	60/40 Diversified Portfolio **20.97%**
	60/40 Diversified Portfolio **12.83%**	Large Cap Value **0.39%**	Large Cap Growth **15.26%**	International Fixed Income **1.42%**	Emerging Market Debt **5.53%**	Small Cap Growth **-1.38%**	Large Cap Growth **7.08%**	Small Cap Value **7.84%**	Large Cap Value **-8.27%**	Emerging Markets Equity **18.42%**
	Emerging Market Debt **12.04%**	Small Cap Growth **-2.91%**	Small Cap Growth **14.59%**	REIT Index **1.22%**	Small Cap Value **4.22%**	Large Cap Value **-3.83%**	REIT Index **6.68%**	High Yield Bond **7.48%**	Small Cap Growth **-9.31%**	Emerging Market Debt **14.42%**
	International Equity **8.21%**	Small Cap Value **-5.50%**	60/40 Diversified Portfolio **13.41%**	Core Fixed Income **-2.02%**	High Yield Bond **2.51%**	High Yield Bond **-4.61%**	International Fixed Income **5.13%**	REIT Index **3.76%**	Small Cap Value **-12.86%**	High Yield Bond **14.41%**
	Core Fixed Income **6.54%**	International Equity **-11.73%**	International Fixed Income **5.51%**	Emerging Markets Equity **-2.27%**	Emerging Markets Equity **-1.82%**	Small Cap Value **-7.47%**	Core Fixed Income **2.65%**	Core Fixed Income **3.54%**	International Equity **-13.79%**	Core Fixed Income **8.72%**
WORST	International Fixed Income **2.48%**	Emerging Markets Equity **-18.17%**	Core Fixed Income **4.21%**	Emerging Market Debt **-6.58%**	International Equity **-4.48%**	Emerging Markets Equity **-14.6%**	International Equity **1.51%**	International Fixed Income **2.06%**	Emerging Markets Equity **-14.58%**	International Fixed Income **8.02%**

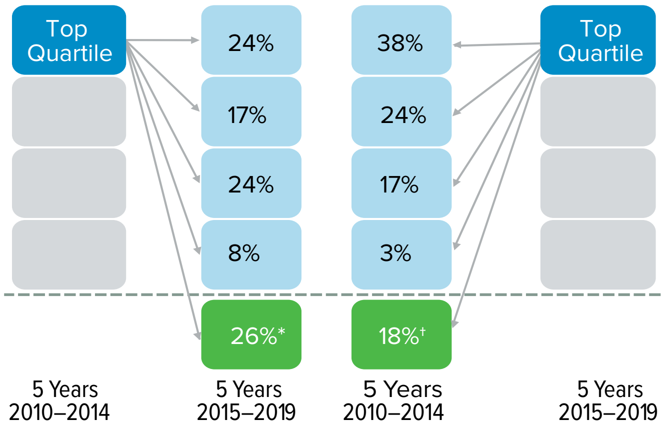
Source: Ibbotson Associates. This material has been obtained from sources generally considered reliable. No guarantee can be made as to its accuracy. Not intended to represent the performance of any particular investment. Indices are unmanaged and one cannot invest directly in an index.

- **Large Cap Core** = Russell® 1000 Index
- **International Equity** = MSCI EAFE Index
- **Emerging Markets Equity** = MSCI Emerging Markets Free Index
- **Core Fixed Income** = Bloomberg Barclays U.S. Aggregate Bond Index
- **REIT Index** = Dow Jones U.S. Select REIT Index
- **High Yield Bond** = ICE BofAML U.S. High Yield Constrained Index
- **Emerging Market Debt** = J.P. Morgan EMBI Global Index
- **International Fixed Income** = Citigroup Bond WGBI Non-U.S. Hedged Index
- **Large Cap Growth** = Russell® 1000 Growth Index
- **Large Cap Value** = Russell® 1000 Value Index
- **Small Cap Value** = Russell® 2000 Value Index
- **Small Cap Growth** = Russell® 2000 Growth Index
- **60/40 Diversified Portfolio** = Annual returns for the 60/40 diversified portfolio are based on 24% Bloomberg Barclays U.S. Aggregate Bond Index, 19% Russell 1000 Growth Index, 18% Russell 1000 Value Index, 12% MSCI EAFE Index, 6% MSCI Emerging Markets Index, 6% Citigroup WGBI, Non-U.S. Hedged, 4% ICE BofAML U.S. High Yield Constrained Index, 4% J.P. Morgan GBI Emerging Markets Global Diversified Index, 3% Russell 2000 Growth Index, 2% Russell 2000 Value, and 2% Dow Jones U.S. Select REIT Index

Diversification is a hedge against market risk

3. Assuming past performance guarantees future results

Looking at listings of managers ranked by their three-, five- or 10-year returns provides little insight into future performance. Some investors learn about the latest "hot" fund or stock and sell their current holdings to buy it. This isn't a consistently reliable method of investing. Here's how investment decisions based on past performance alone can be a mistake.



You can actually hurt your chances for attractive returns by chasing "hot" investments. Yesterday's top performer could be tomorrow's laggard.

The chart takes the top quartile of U.S. Large Blend funds based on 2010–2014 performance and tracks their subsequent quartile rankings over the following 5-year period (2015–2019). It also identifies where the top quartile managers over the most current 5-year period (2015–2019) ranked in the previous 5-year period (2010–2014). Ranking managers by their five-year returns provides little insight into future performance. SEI believes that a full assessment of qualitative and quantitative factors is required to identify skilled managers.

Source: SEI, Morningstar Direct, US Large Blend Universe Based on the Morningstar universe of 4,307 US Large Blend fund.
*26% of top-quartile funds from 2010–2014 are no longer included within the Morningstar Large Blend category.
†18% of top-quartile funds from 2015–2019 did not have a full five-year track record during the previous period.
Data as of 12/31/2019.
Past Performance is no guarantee of future results.

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Bonds and bond funds will decrease in value as interest rates rise. High yield bonds involve greater risks of default or downgrade and are more volatile than investment grade securities, due to the speculative nature of their investments. Narrowly focused investments and smaller companies typically exhibit higher volatility. International investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles or from economic or political instability in other nations. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. In addition to the normal risks associated with investing, REIT investments are subject to changes in economic conditions, credit risk and interest rate fluctuations.

Index returns are for illustrative purposes only and do not represent actual portfolio performance. Index returns do not reflect any management fees, transaction costs or expenses. One cannot invest directly in an index. Past performance does not guarantee future results.

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