



What

Diversification is an investment approach to help manage risk long term.

How

You can diversify by holding a mix of investments that are driven by different underlying forces.

That may mean owning a variety of asset classes, holding investments in different industries, and/or diversifying geographically and by company size.

In addition, exchange-traded funds and mutual funds may help investors diversify across a wide range of individual securities.

Why

The aim of diversification is to try to hold investments that zig when others zag so that your portfolio's returns are smoother in the long run.

Diversification can help you manage the risk in your overall investment strategy and may help you feel more grounded during market swings.

powered by **Napkin Finance**®

Asset allocation and diversification strategies do not guarantee profit and may not protect against loss.

The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Principal value and return of an investment will fluctuate with changes in market conditions.

Investors should carefully consider the investment objectives and risks as well as charges and expenses of mutual funds and exchange traded funds (ETFs) before investing. To obtain a prospectus, contact your Financial Advisor or visit the fund company's website. The prospectus contains this and other important information about the mutual funds and ETFs. Read the prospectus carefully before investing.

Two main risks related to fixed income investing are interest rate risk and credit risk. Typically, when interest rates rise, there is a corresponding decline in the market value of bonds. Credit risk refers to the possibility that the issuer of the bond will not be able to make principal and interest payments. **Furthermore, high yield bonds are considered to be speculative with respect to the payment of interest and the return of principal and involve greater risks than higher grade issues.**

International investments involve considerations and potential risks not typically associated with domestic securities, including risks associated with changes in currency values, economic, political and social conditions, loss of market liquidity, the regulatory environment of the countries which a fund invests, and difficulties in receiving current or accurate information.

Emerging market investments involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles, from economic or political instability in other nations or increased volatility and lower trading volume.

Dividends, interest, and some capital gains received on foreign securities may be subject to foreign tax withholding or other foreign taxes. You should consult with your tax adviser as to the consequences of any distributions that may be paid including how and/or whether you might be able to obtain a reclaim of any amount so withheld. Neither UBS Financial Services Inc. nor any of its employees provide legal or tax advice.

This content has been provided under arrangement with Napkin Finance®. It may have been modified to meet the specific needs of UBS. Napkin Finance® is not responsible for any errors in the content, or any actions taken in reliance on it. Please do not copy or excerpt this content without express permission from UBS. UBS and Napkin Finance® are not affiliated.

This is for informational and educational purposes only and should not be relied upon as investment advice or the basis for making any investment decisions. It has not been prepared with regard to the specific objectives, financial situation or particular needs of any specific person. No representation or warranty, either express or implied, is provided in relation to the accuracy, completeness or reliability of the information contained herein. Any opinions expressed are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of UBS.

As a firm providing wealth management services to clients, UBS Financial Services Inc. offers both investment advisory services and brokerage services, which are separate and distinct, differ in material ways and are governed by different laws and separate contracts. For more information visit our website at ubs.com/workingwithus.

© UBS 2019. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved. UBS Financial Services Inc. is a subsidiary of UBS Group AG. Member FINRA. Member SIPC.