Diversification = less risk

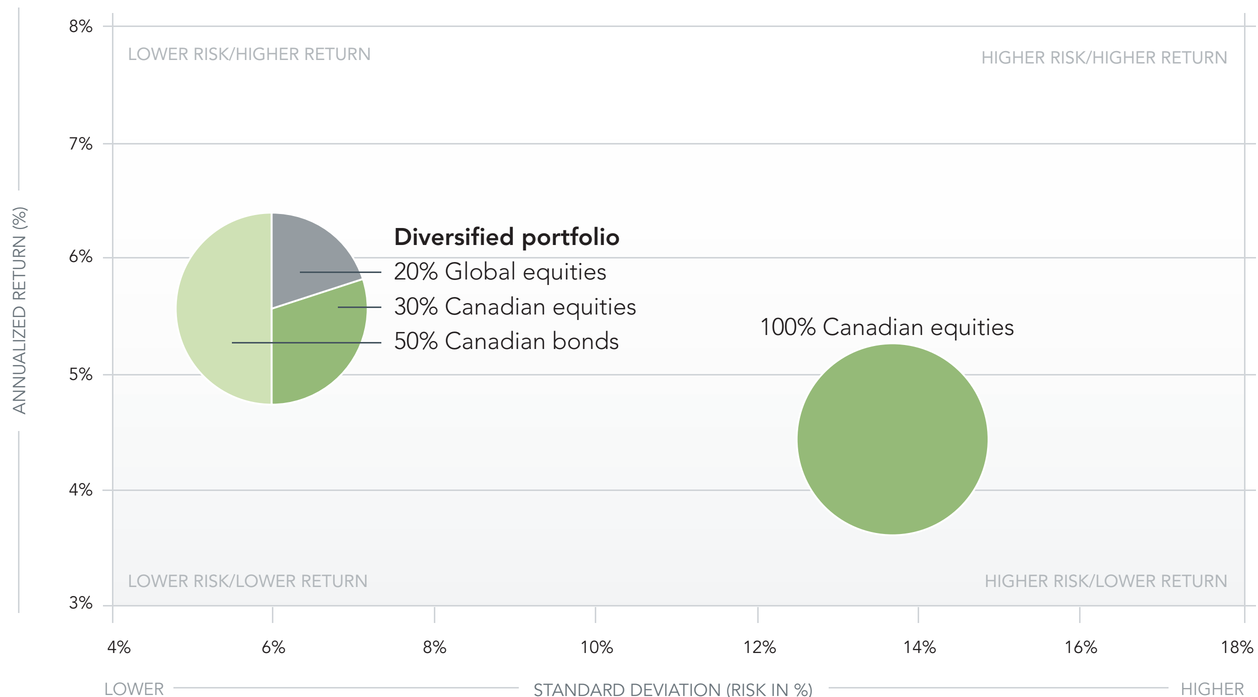
Which is riskier, stocks or bonds? The right answer is "both": either one can be risky if it's the only type of investment you have. That's why it's important to diversify – to put your money into different types of investments.

Stock market investments – also known as equities – tend to produce a higher average annual return. But they also have a greater "standard deviation" or risk – their value can swing widely.

Bonds tend to have lower returns, but they are also less volatile.

As the chart shows, by combining stocks and bonds in your portfolio, you can lower your risk while still adding enough growth to help reach your investment goals.

Ten-year risk and return for the period ending December 31, 2018



Source: Thompson Reuters Datastream. Ten years ending December 31, 2018. Canadian equities represented by the S&P/TSX Composite Index. Annualized return: 4.7%; standard deviation: 13.2%. Diversified portfolio represented by 20% MSCI World Index (global equities), 30% S&P/TSX Composite Index (Canadian equities) and 50% FTSE TMX Canada Universe Bond Index. Annualized return: 5.6%; standard deviation: 6.1% All indexes are based on total return. It is not possible to invest directly in an index. All returns are in Canadian dollars.

For more information, ask your advisor or visit *fidelity.ca*

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus, which contains detailed investment information, before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

Proud to sponsor

© 2019 Fidelity Investments Canada ULC. All rights reserved. Third-party trademarks are the property of their respective owners. All other trademarks are the property of Fidelity Investments Canada ULC.