EQUITY DIVERSIFICATION
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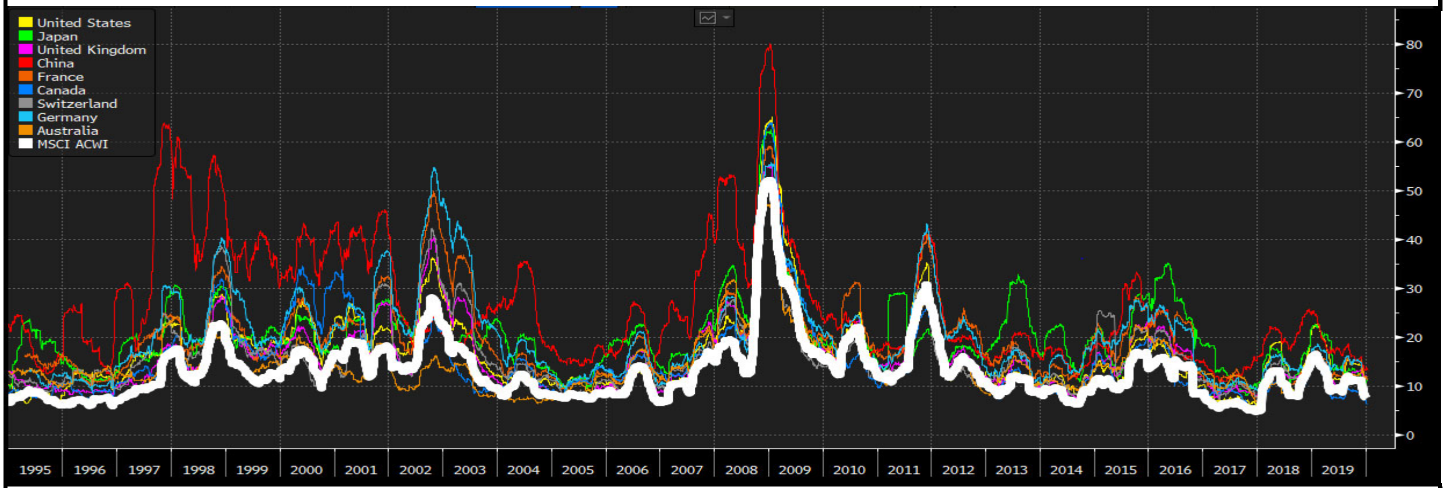
In recent Client Question of the Month pieces we provided analyses on the advantages of portfolio diversification. In **October**, we highlighted the benefits of holding a global investment portfolio across equities, fixed income, commodities, and cash. In **November**, we further emphasized the value of holding both equities (stocks) and fixed income (bonds). To recap, diversified portfolios can lead to more consistent and less volatile results than a single asset class and potentially decrease the odds that an investor will need to make a withdrawal after a significant market decline. Consistency and downside protection are both critically important to long-term investment success. At Winthrop Wealth, portfolio diversification is a key component of our total net worth approach to financial planning and investment management.

This month we will continue our series on diversification and underscore the benefit of a global equity portfolio. We actively allocate equity exposures across different regions, countries, market caps, factors, and sectors based on our market outlook and investment process. The result of our process is a diversified portfolio tilted toward the areas we believe have the most value. Our approach avoids overconcentration in a single strategy or asset class that can move in and out of favor. Our view is that a single strategy (i.e. value or growth equities) may be appropriate for a portion of a portfolio, but not for a client's total net worth.

The following chart displays the rolling 90-day volatility of the MSCI All Country World Index (ACWI) and its top nine individual countries from 1995 to present. According to MSCI, the ACWI Index is designed to represent the performance of the full opportunity set of large- and mid-cap stocks across 23 developed and 26 emerging markets countries. Note on the chart that the volatility level of the MSCI ACWI (white line) is consistently lower than most of the individual countries that make up the index. The reason for the lower volatility is that the individual countries are not perfectly correlated, meaning they do not move in the same direction at the same time. In general, as the number of countries in the index increases, overall volatility decreases.

Bottom Line: a global equity portfolio can increase diversification and lower overall volatility.

MSCI All Country World Index (ACWI) Volatility



Individual Country Weights

United States	57%	China	4%	Switzerland	3%
Japan	7%	France	3%	Germany	2%
United Kingdom	5%	Canada	3%	Australia	2%

At Winthrop Wealth, we apply a total net worth approach to both comprehensive financial planning and investment management. Financial planning drives the investment strategy and provides a roadmap to each client's unique goals and objectives. The comprehensive financial plan defines cash flow needs, optimizes account structures, considers tax minimization strategies, and continuously evaluates financial risks as circumstances and/or goals change. The investment management process is designed to provide well-diversified portfolios constructed with a methodology based on prudent risk management, asset allocation, and security selection. As always, please contact us if you have any updates to your personal or financial circumstances.

DISCLOSURES

The economic forecasts set forth in this material may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

Content in this material is for general information only and not intended to provide specific advice or recommendations for any individual.

International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.
The fast price swings in commodities and currencies will result in significant volatility in an investor's holdings.

All indexes mentioned are unmanaged indexes which cannot be invested into directly. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. Past performance is no guarantee of future results.

MSCI ACWI: Morgan Stanley Capital International All Country World Index (MSCI ACWI) is an index designed to capture large and mid cap representation across 23 developed markets and 23 emerging market countries. The index covers approximately 85% of the global investable equity opportunity set. Represented countries are: Developed Markets: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom, and the United States. Emerging Markets: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Russia, Qatar, South Africa, Taiwan, Thailand, Turkey, and United Arab Emirates.

Financial planning is a tool intended to review your current financial situation, investment objectives and goals, and suggest potential planning ideas and concepts that may be of benefit. There is no guarantee that financial planning will help you reach your goals.

Likewise, it is important to remember that no investment strategy assures success or protects against loss. Asset allocation does not ensure a profit or protect against loss. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk. All investing involves risk which you should be prepared to bear.