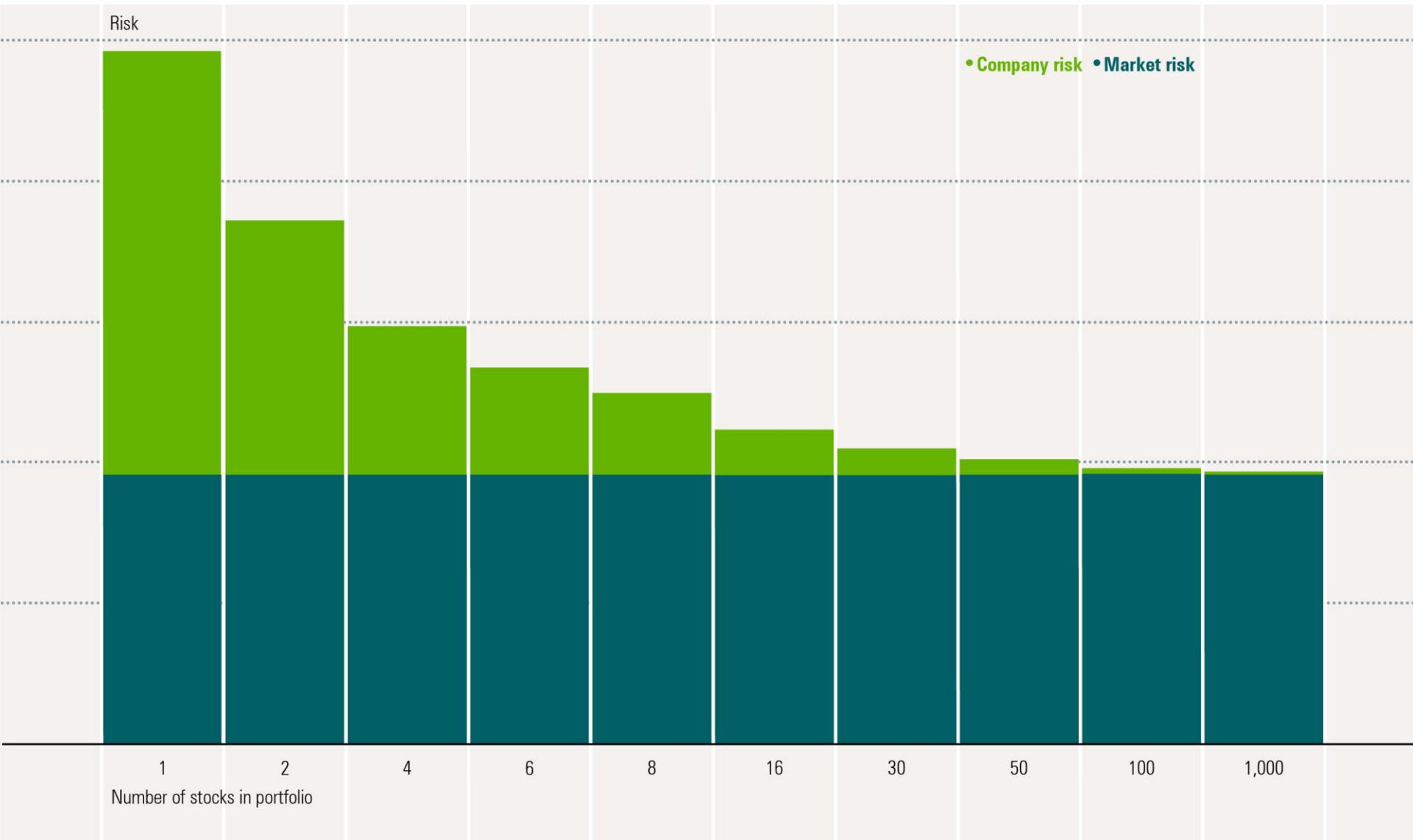

Risk and Volatility

Atlantic Retirement & Wealth Advisors
Custom Wealth Navigation
877-334-7974

Types of Risk



Stock Diversification



Past performance is no guarantee of future results. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index.
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Risk Tolerance Spectrum

High
risk

Small stocks

High
potential
return

International stocks

Large stocks

Corporate bonds

Government bonds

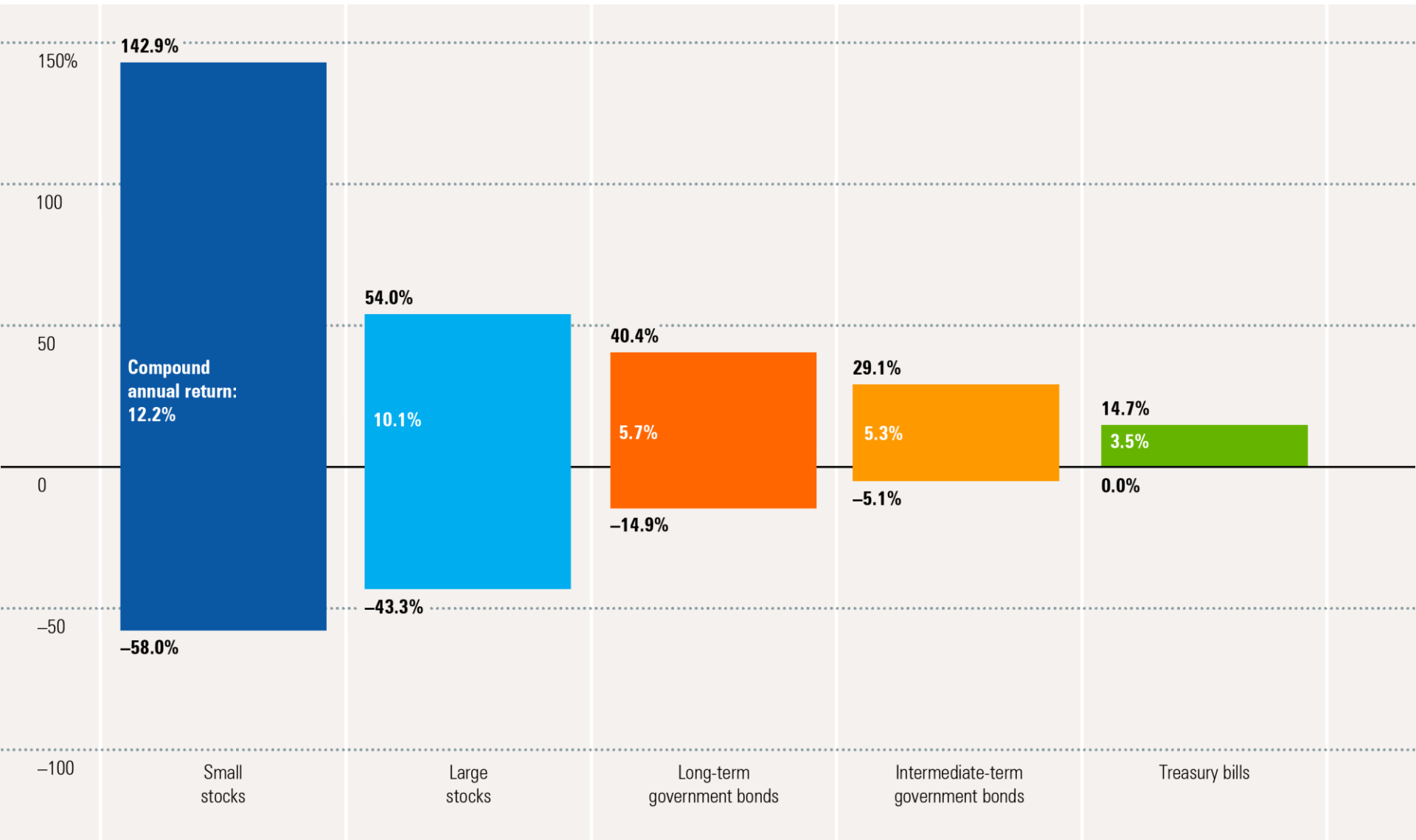
Cash alternatives

Low
risk

Low
return

Asset-Class Returns

Highs and lows: 1926–2014

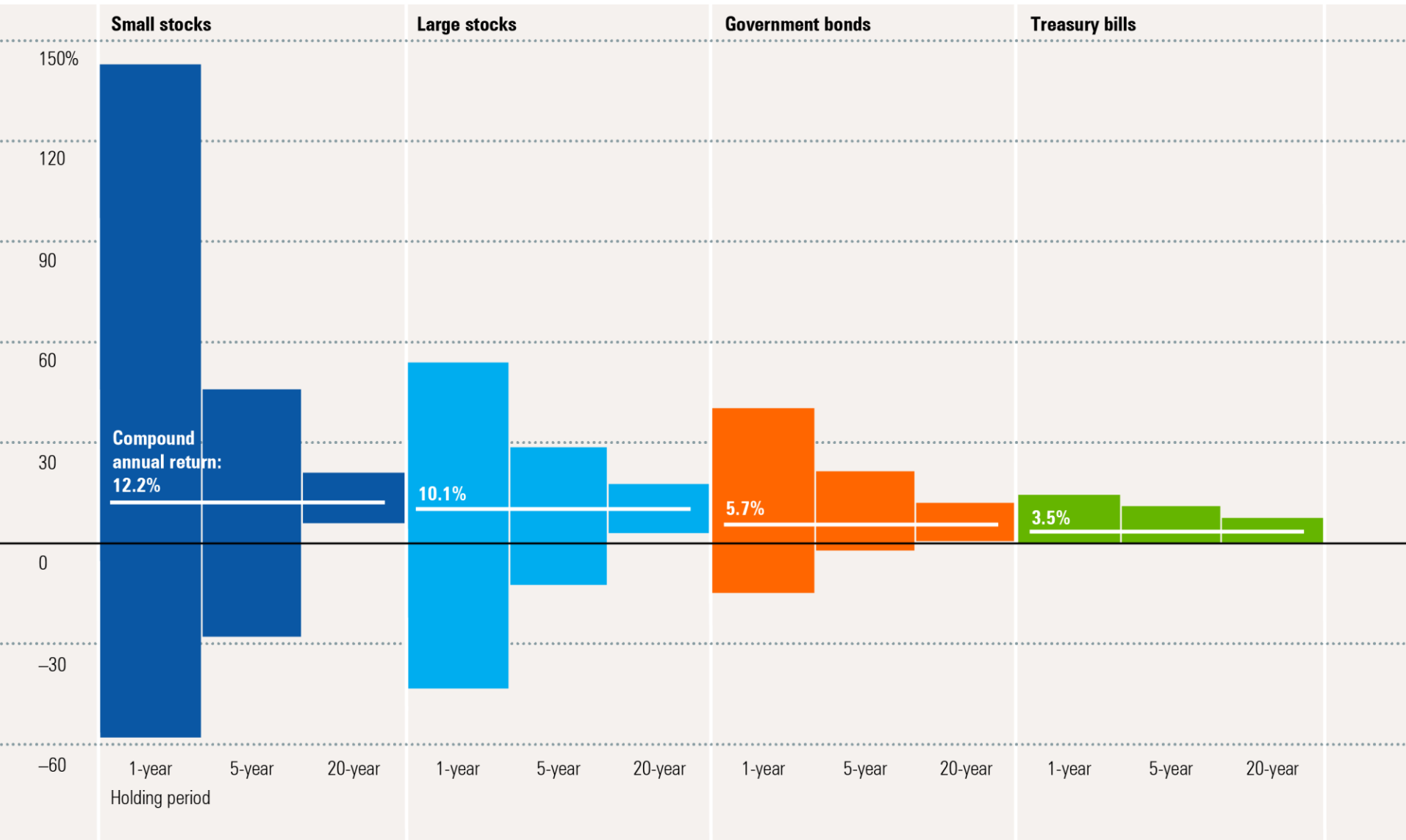


Past performance is no guarantee of future results. Each bar shows the range of annual total returns for each asset class over the period 1926–2014. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. © 2015 Morningstar. All Rights Reserved.



Reduction of Risk Over Time

1926–2014

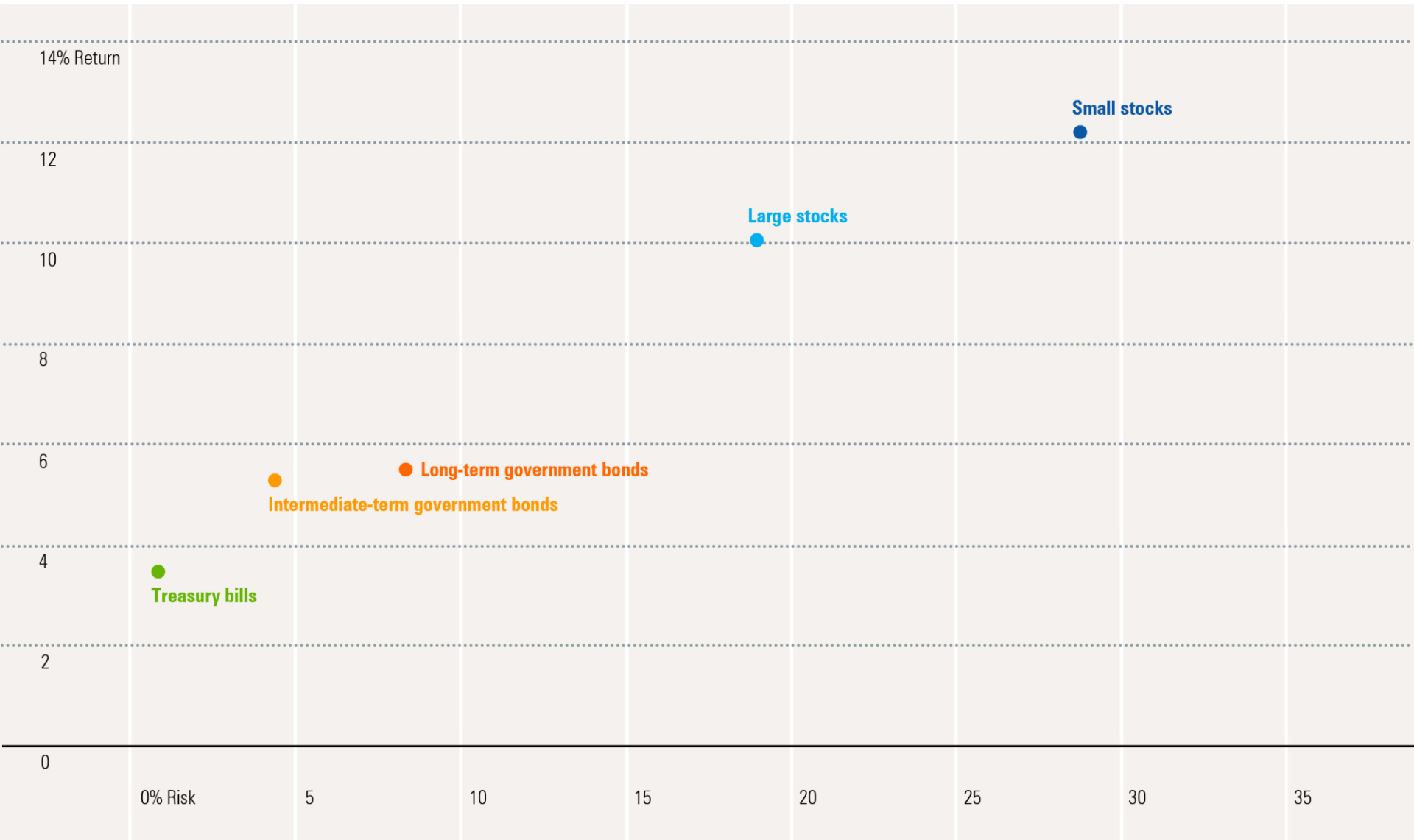


Past performance is no guarantee of future results. Each bar shows the range of compound annual returns for each asset class over the period 1926–2014. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. © 2015 Morningstar. All Rights Reserved.



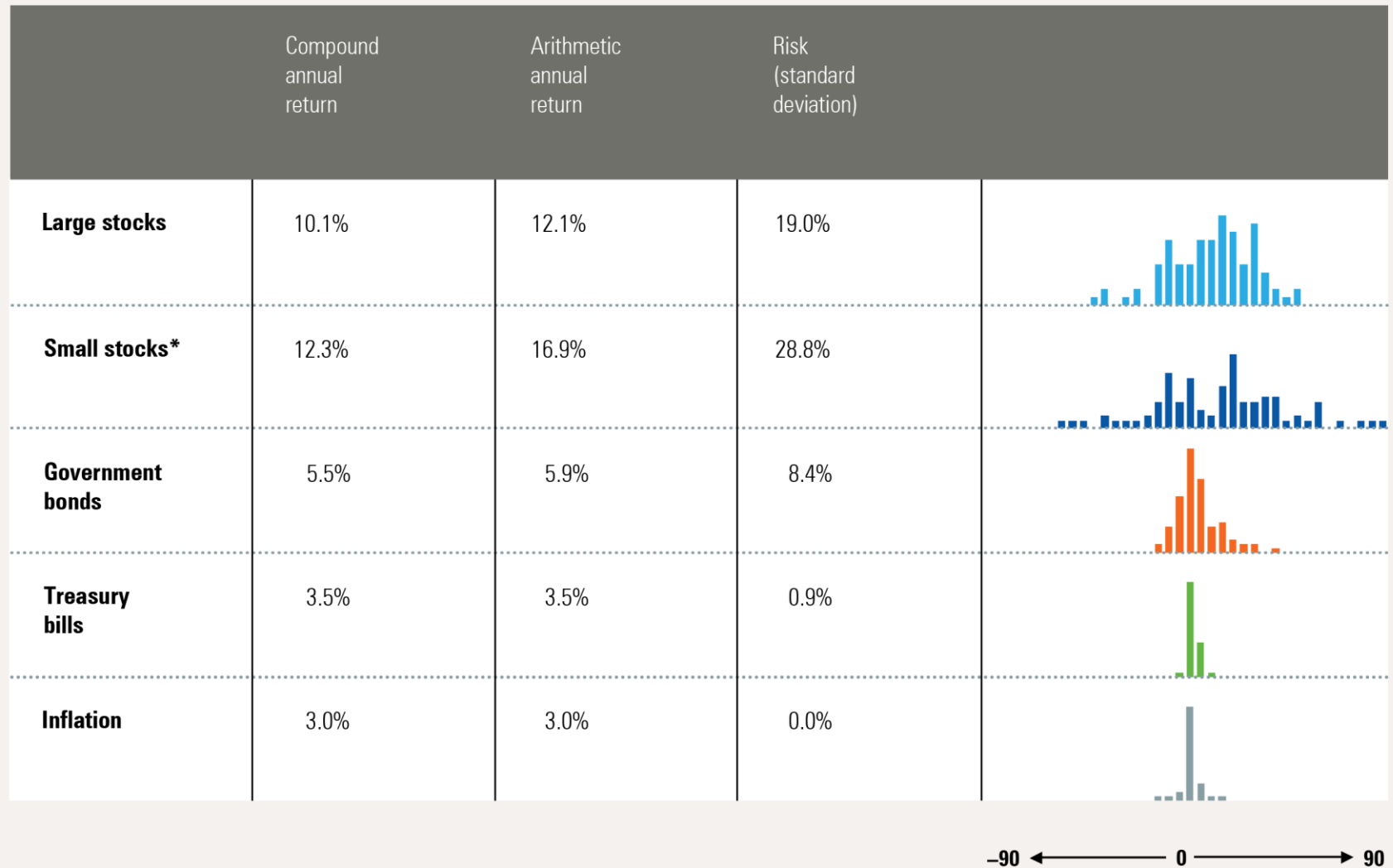
Risk Versus Return

Stocks, bonds, and bills 1926–2014



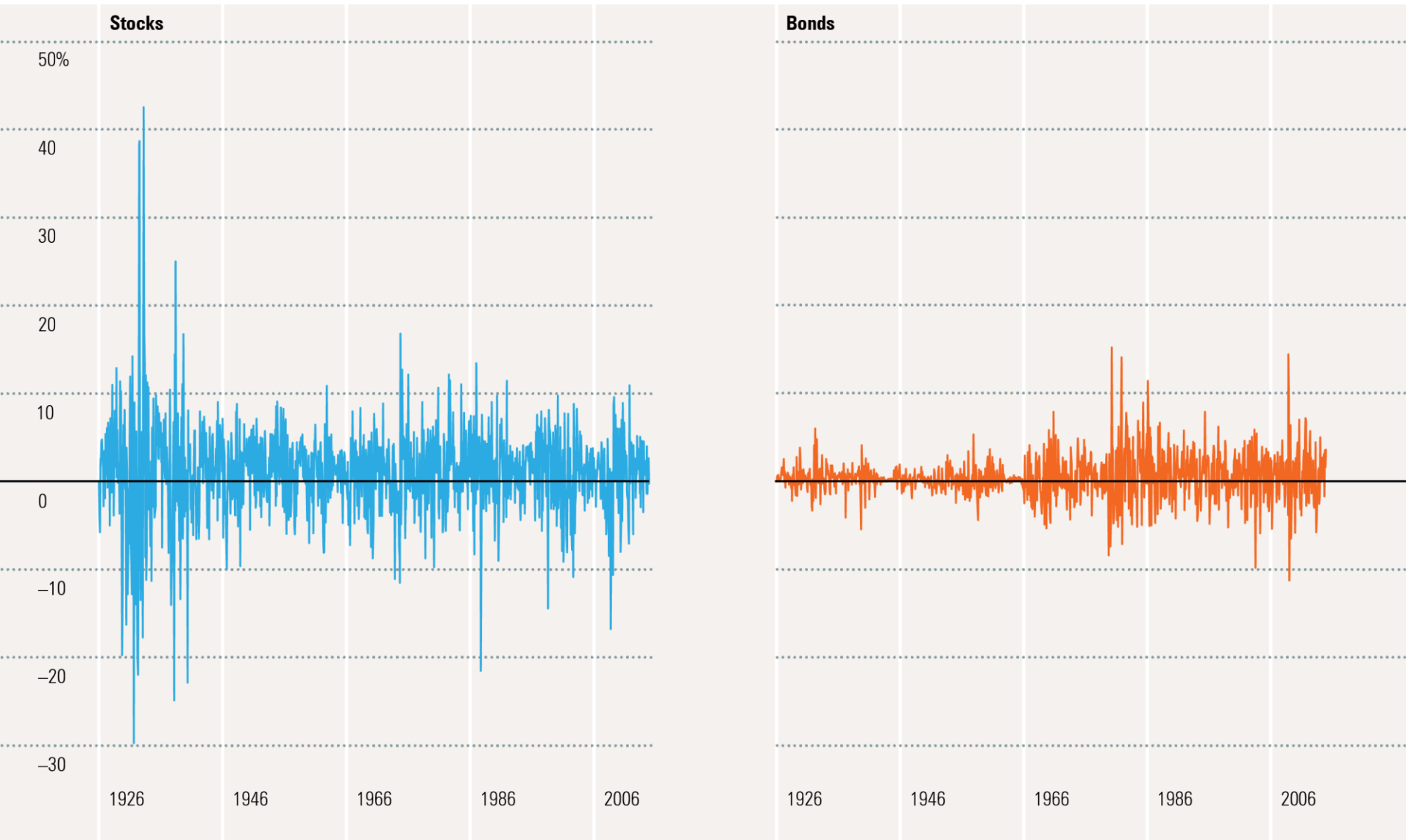
Past performance is no guarantee of future results. Risk and return are measured by monthly annualized standard deviation and compound annual return, respectively. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. © 2015 Morningstar. All Rights Reserved.





Stock and Bond Volatility Varies

1926–2014



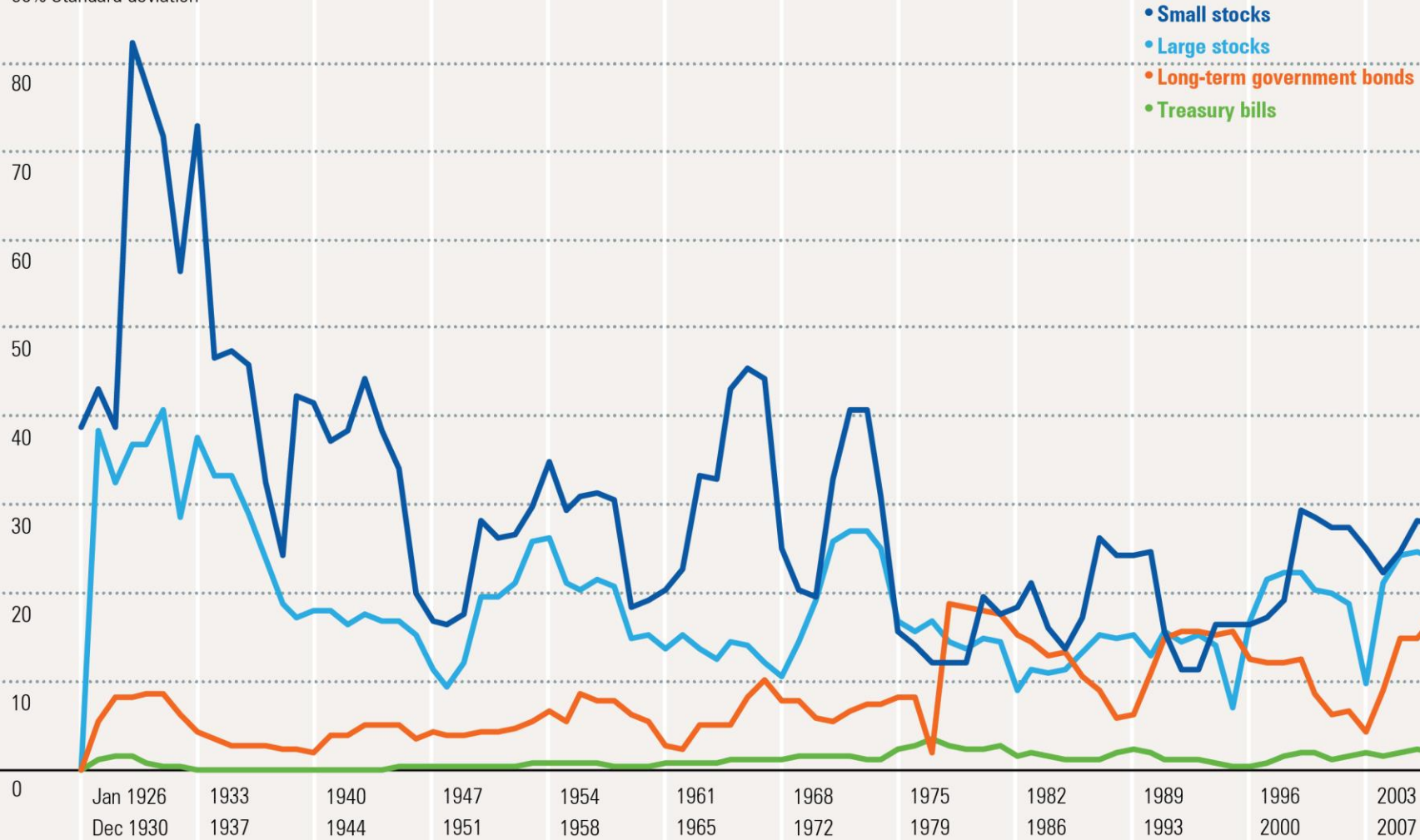
Past performance is no guarantee of future results. Monthly percentage returns from 1926–2014. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. © 2015 Morningstar. All Rights Reserved.



Risk Changes Over Time

Five-year rolling periods 1926–2014

90% Standard deviation



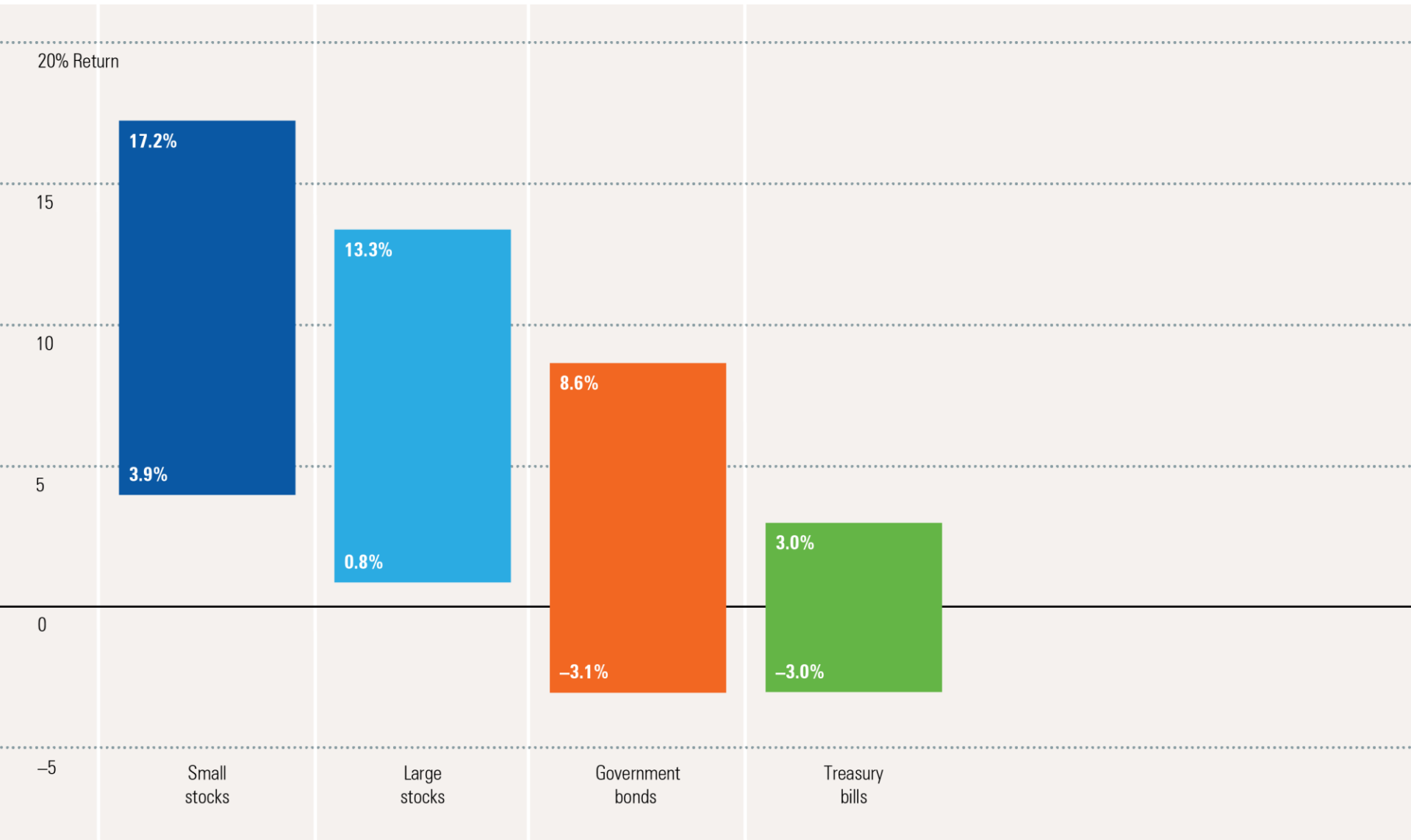
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Inflation Risk: Stocks Versus Fixed Income

Range of average inflation-adjusted returns over 20-year periods, 1926–2014

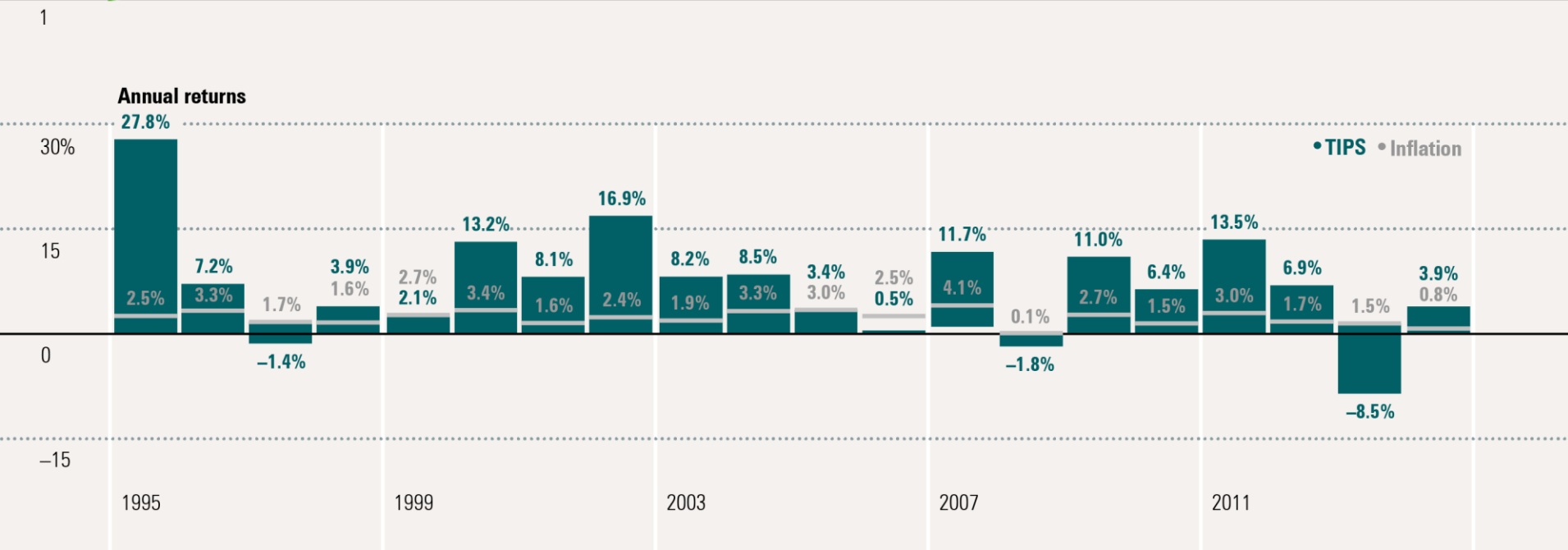
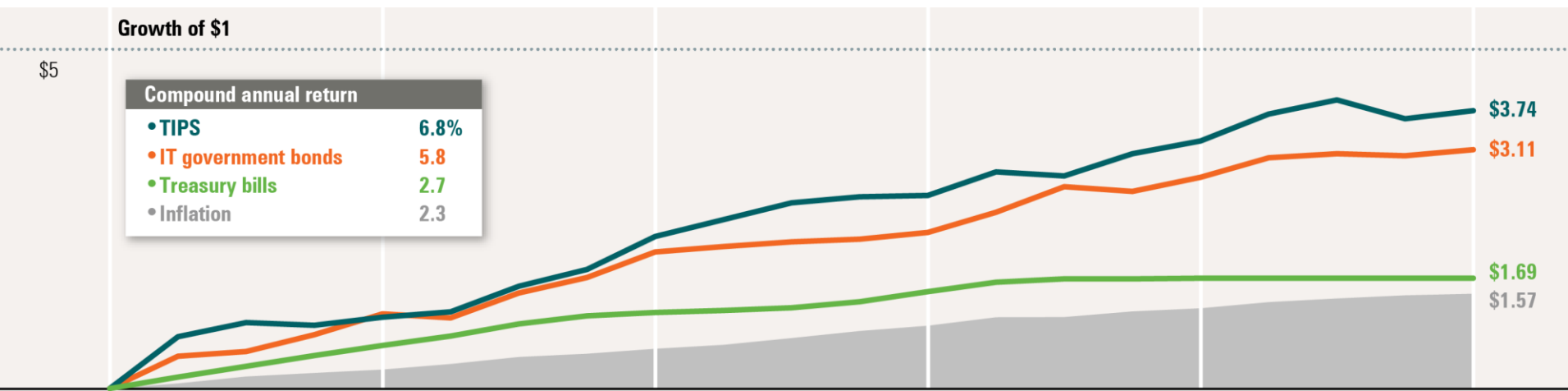


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Treasury Inflation-Protected Securities (TIPS)

A hedge against inflation, 1995–2014



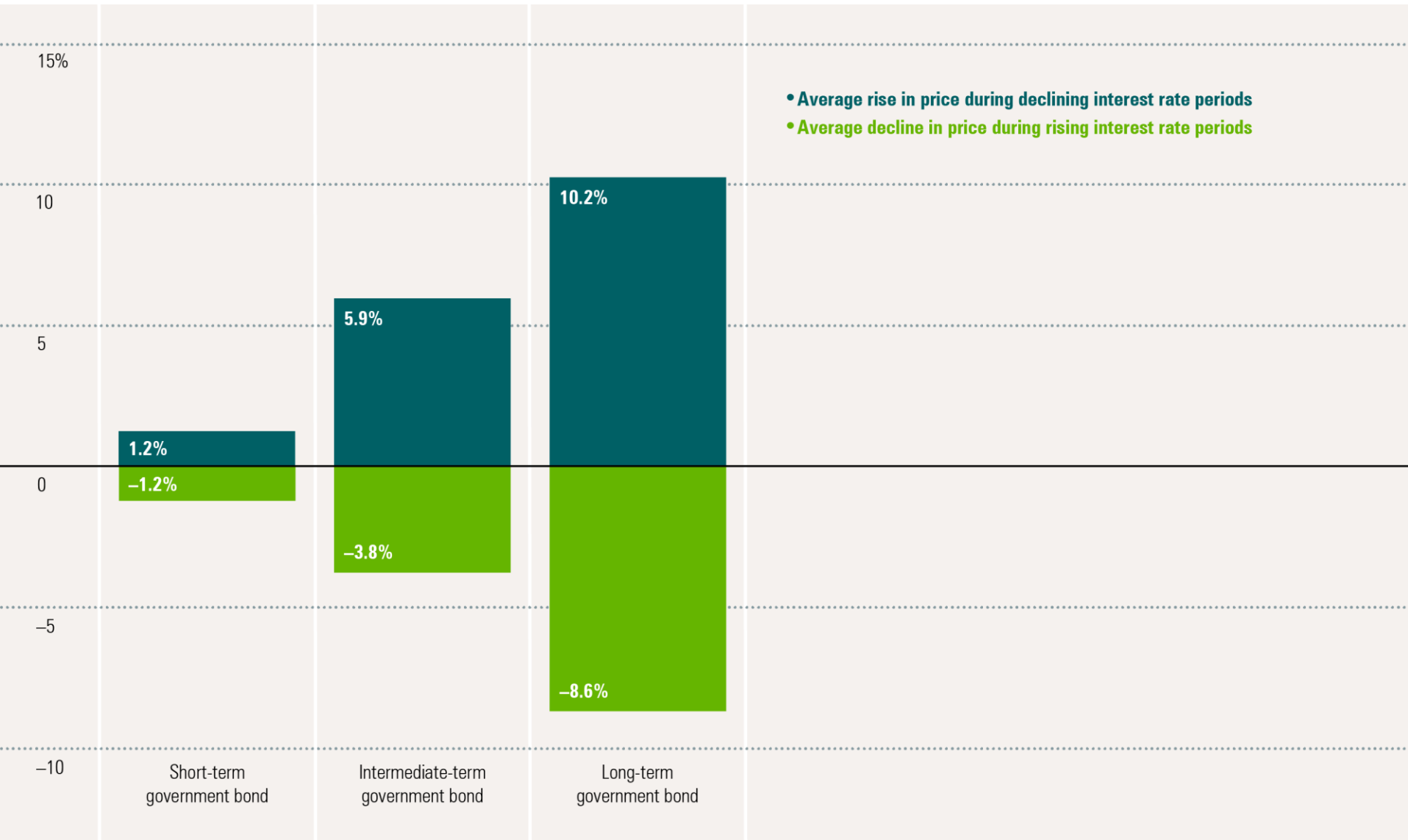
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Fixed Income Maturity Risk

1970–2014



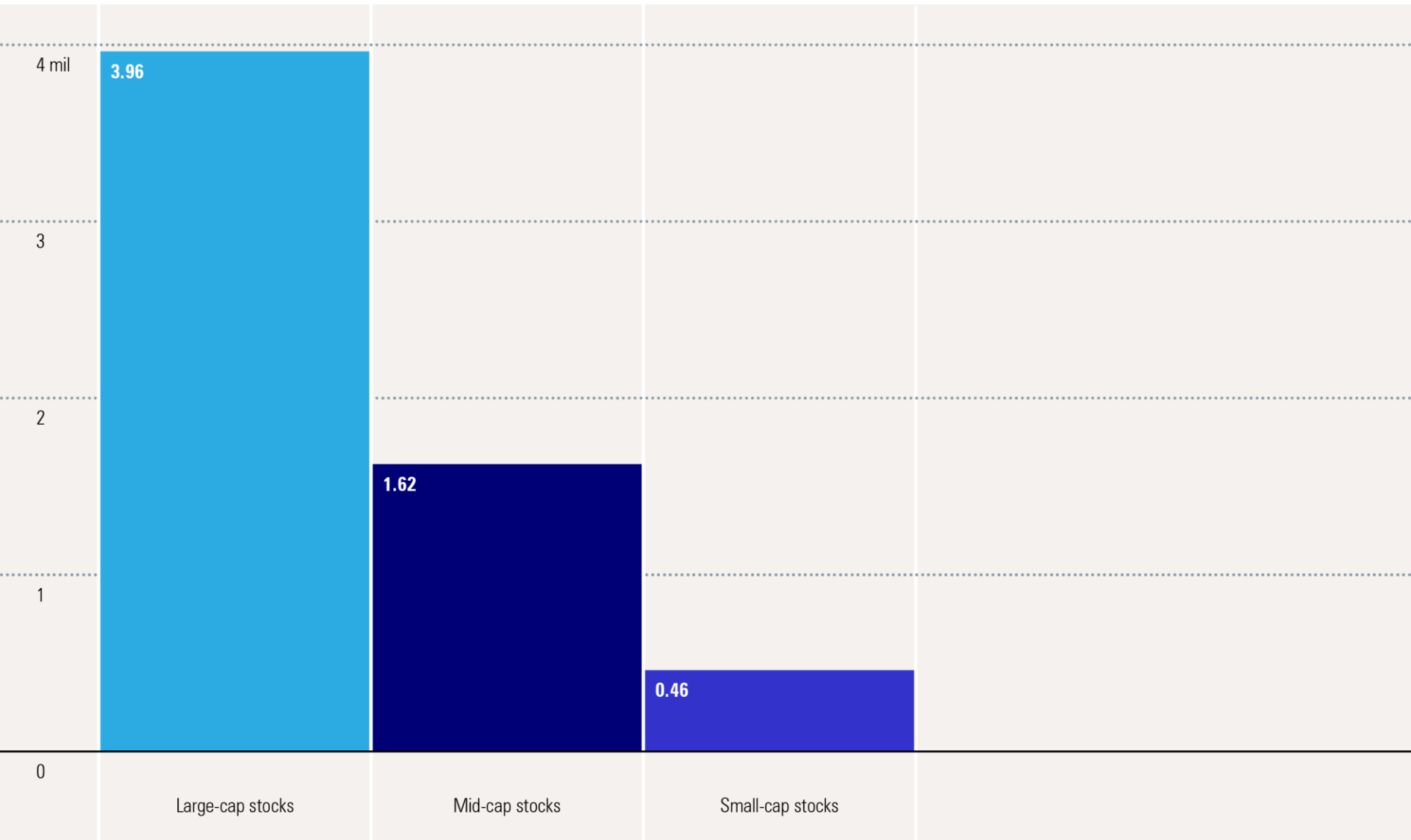
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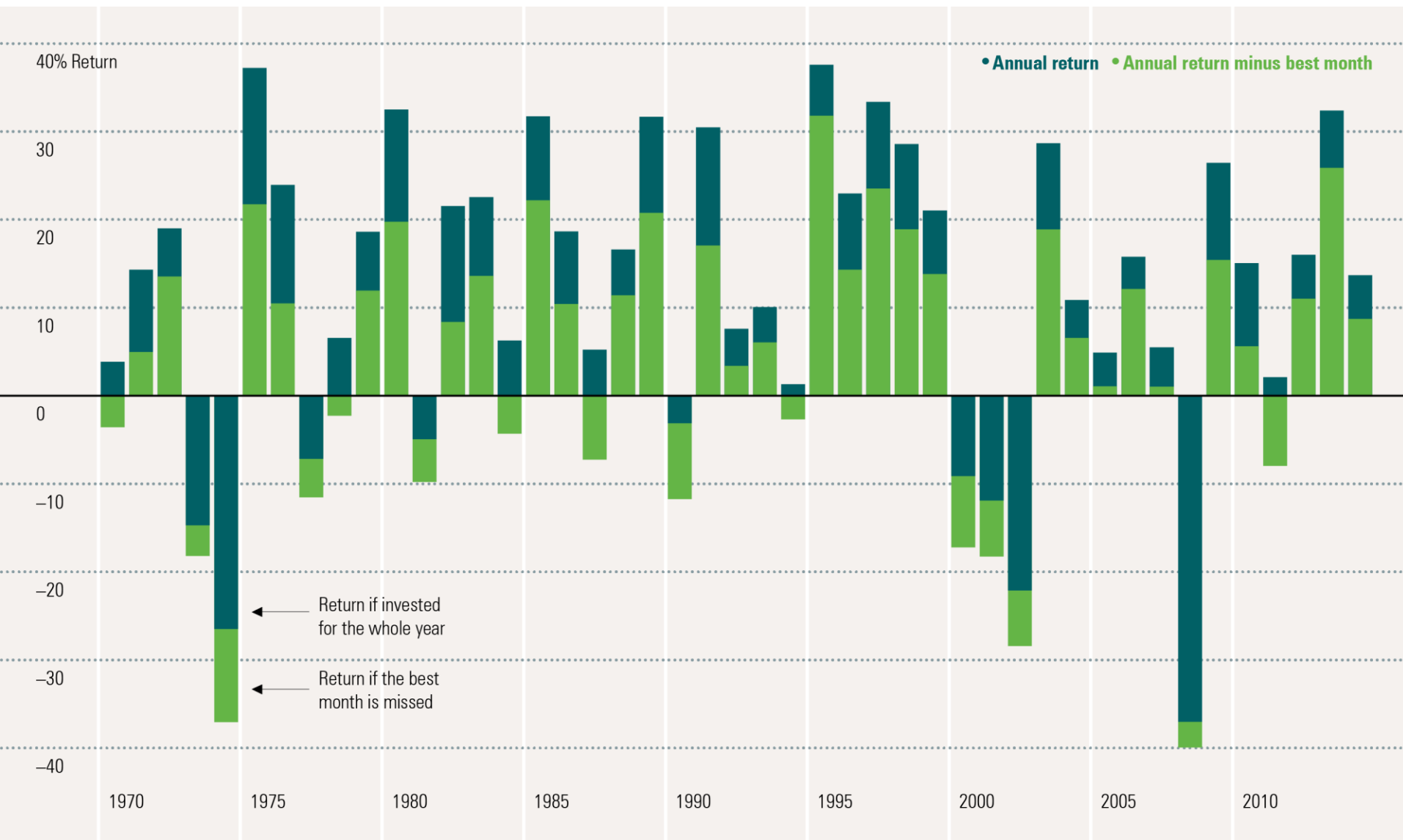
Liquidity Risk

Average daily stock trading volume as of year-end 2014



Market-Timing Risk

The effects of missing the best month of annual returns 1970–2014



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Disclosure

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