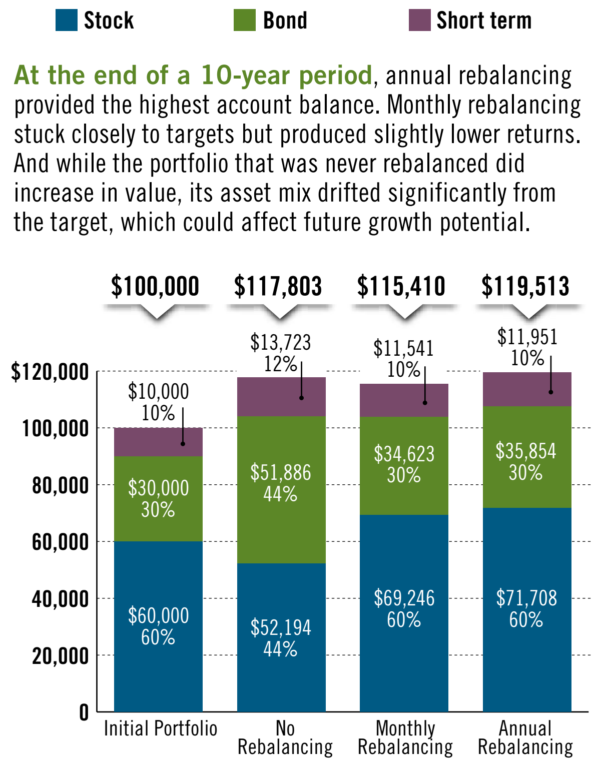
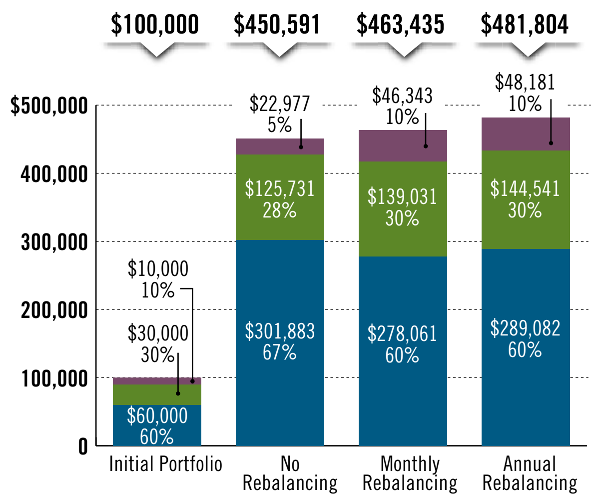
Comparing Rebalancing Strategies

The charts below illustrate investment results for a hypothetical $100,000 portfolio allocated to 60% equities, 30% fixed income, and 10% short-term investments over 10- and 20-year periods ended December 31, 2008.*

At the end of a 10-year period, annual rebalancing provided the highest account balance. Monthly rebalancing stuck closely to targets but produced slightly lower returns. And while the portfolio that was never rebalanced did increase in value, its asset mix drifted significantly from the target, which could affect future growth potential.



After 20 years, the differences were more pronounced. The portfolio that was rebalanced annually was worth $31,213 more than the one that was never rebalanced. Monthly rebalancing did maintain its target allocations; however, it produced smaller balances than annual rebalancing.



Charts are for illustrative purposes only and do not represent the performance of any particular investment. *Past performance cannot guarantee future results.*

*Total monthly returns for stocks represented by the S&P 500 Index, bonds represented by the Barclays U.S. Aggregate Bond Index, and short-term investments represented by the 30-day Treasury Bill Index from Morningstar/Ibbotson Associates.

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