GUGGENHEIM

Asset Class Correlation Map

Is your portfolio diversified?

If you're investing in asset classes that perform similarly—especially in downward-moving markets—the answer could be no.

On the contrary, investing in asset classes that demonstrate little or no correlation[1] to one another may help you enhance diversification and reduce portfolio volatility. While diversification can neither ensure a profit nor eliminate the risk of experiencing investment loss, the ideal scenario is to have a mixture of non-correlated asset classes in an attempt to reduce overall portfolio volatility and generate more consistent returns over the long-term.

This table illustrates how various asset classes historically correlate to one another. A correlation of 1.00 indicates perfect correlation, while lower numbers indicate that the asset classes are not correlated and generally do not move in tandem with each other—or, when the market moves down, these asset classes may not fall as much as the market in general, which could mitigate risk in your portfolio.

Historical Correlation[1]: January 2010 - December 2019

Click Asset Class to Highlight RESET

	Positive	Negative
High	0.7-1.0	(0.7)-(1.0)
Moderate	0.4-0.7	(0.4)-(0.7)
Low	0.0-0.4	(0.0)-(0.4)

	Investment Grade Bonds	Cash	Commodities	Currencies	Equity Market Neutral	Event Driven	Global	Hedge Funds	International Equity	Long/Short Equity	Managed Futures	REITs	S&P 500®
Investment Grade Bonds	1.00												
Cash	0.11	1.00											
Commodities	(0.25)	0.07	1.00										
Currencies	(0.00)	(0.08)	(0.54)	1.00									
Equity Market Neutral	(0.03)	(0.04)	0.37	(0.64)	1.00								
Event Driven	(0.22)	(0.03)	0.57	(0.39)	0.41	1.00							
Global	(0.17)	0.01	0.61	(0.58)	0.47	0.80	1.00						
Hedge Funds	(0.02)	(0.03)	0.51	(0.42)	0.51	0.88	0.83	1.00					
International Equity	(0.11)	(0.00)	0.58	(0.66)	0.53	0.77	0.96	0.81	1.00				
Long/Short Equity	(0.18)	(0.03)	0.52	(0.49)	0.56	0.84	0.90	0.91	0.86	1.00			
Managed Futures	0.42	0.02	(0.07)	0.02	0.11	0.11	0.16	0.47	0.13	0.23	1.00		
REITs	0.30	0.02	0.25	(0.31)	0.28	0.46	0.65	0.54	0.58	0.56	0.29	1.00	
S&P 500®	(0.22)	(0.00)	0.57	(0.46)	0.40	0.77	0.97	0.79	0.85	0.87	0.16	0.65	1.00

Investment Grade Bonds	Cash	Commodities	Currencies	Equity Market Neutral	Event Driven	Global	Hedge Funds	International Equity	Long/Short Equity	Managed Futures	REITs	S&P
Bloomberg Barclays U.S. Aggregate Bond Index	ICE BofAML US Treasury Bill (3 M) (USD Unhedged)	S&P GSCI™ TR	U.S. Dollar Index	Dow Jones Credit Suisse Hedge Fund Index Equity Market Neutral	Dow Jones Credit Suisse Hedge Fund Index Event Driven	MSCI World Net TR Index	Dow Jones Credit Suisse Hedge Fund Index	MSCI EAFE Index	Dow Jones Credit Suisse Hedge Fund Index Long/Short Equity	Dow Jones Credit Suisse Hedge Fund Index Managed Futures	NAREIT (National Association of Real Estate Investment Trusts®)	S&P Inc

Source: Calculated by Guggenheim Investments using data from Bloomberg.com, Barclays.com and Standardandpoors.com. **Performance displayed represents past performance, which is no guarantee of future results.**

1 Correlation is a measurement between -1 and 1, which indicates the linear relationship between two variables. If there is no relationship between two variables, the correlation coefficient is 0. If there is a perfect relationship, the correlation is 1. And if there is a perfect inverse relationship, the correlation is -1.

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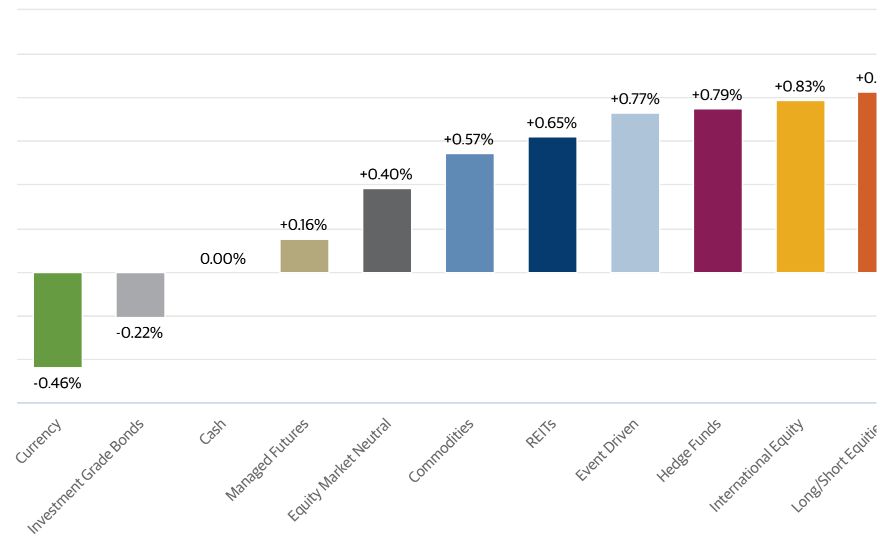
Modern Markets Asset Classes

Many investors who believe their portfolios are diversified may not be as diversified as they think. That's because traditional portfolios are typically comprised of only stocks, bonds and cash. While stocks and bonds may provide some diversification*, there are other investment opportunities that could provide even more.

Diversifying to reduce risk

As shown in the chart below, adding new or different asset classes–that is, those beyond stocks, bonds and cash–might provide opportunity for increased portfolio diversification through exposure to assets with no or low correlation to traditional investments. In addition, it could potentially generate more consistent returns over the long-term and help reduce overall portfolio volatility.

Historical Correlation of Various Asset Classes vs. S&P 500® January 2010–December 31, 2019



Correlation is a statistical measure of how two variables move in relation to each other. This measure ranges from -1 to +1, where -1 indicates perfect negative correlation and +1 indicates perfect positive correlation.

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Investing in alternative investments may not be suitable for all investors and involves special risks such as risk associated with short sales, leveraging the investment, potential adverse market forces, regulatory changes, and potential illiquidity. Investing in alternative strategies presents the opportunity for significant losses. There is no assurance that the investment objective will be attained.

*Diversification neither assures a profit nor eliminates the risk of experiencing investment losses.

Performance displayed represents past performance, which is no guarantee of future results. Correlations are calculated using the monthly total returns of each index. All correlations are measured vs. the S&P 500 Index. Index information is provided for illustrative purposes only and is not meant to represent the performance of a fund. The index returns do not include any management fees, transaction costs or expenses. The indices are unmanaged and are not available for direct investment. This information is subject to change at any time, based on market and other conditions, and should not be construed as a recommendation of any specific security. Data source: Calculated by Guggenheim Investments using information from Bloomberg.com, Barclays.com and Standardandpoors.com. There are special risk considerations with each of the strategies mentioned and they are not suitable for all investors. None of the investment strategies can guarantee a return in a declining market. Additionally, an investor could lose all or a substantial amount of their investment.

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