

# Diversity is the spice of life. And the life of your portfolio.



Under your **Canadian Merchant Service Guild Western Branch Pension Plan (Towboats)** with Sun Life, you will have a variety of investments to choose from, with two distinct investment approaches to invest and save: **built FOR me** and **built BY me**.

The **built BY me** investment approach lets you build your own portfolio with funds from a variety of investment fund asset classes offered in your Plan. Read on to learn how you can build your own diversified portfolio.

The **built FOR me** approach offered by the **BlackRock LifePath® Index Segregated Funds** provides you with a simple, hands-off approach to investing. To learn about the built FOR me approach offered by target date funds, refer to the **Target date funds** article.

## BUILDING A DIVERSIFIED PORTFOLIO MATTERS

From year to year, there's no telling which asset classes will be the star performers. There's also no pattern to how predictable returns will be.

### That's why it's important to diversify your portfolio.

Diversification, a risk management strategy that mixes a variety of investments within a portfolio, manages this unknown by balancing your overall risk. There are two ways you can diversify:

- by investment types (fund classes); and
- by levels of risk within investment types – this means different regions and management styles.

## DIVERSITY FOR EVERY STAGE OF LIFE

**Just beginning your career?** With retirement decades away, you have the chance to make the time work for you by increasing your portfolio's long-term investment risk, setting yourself up for higher potential returns.

**Mid way through your career?** Retirement is still years away, so make the most of the time you have to grow your investments with a moderate increase in the long-term investment portion of your portfolio.

**Getting close to retirement?** With retirement only a few years away, it makes sense to align your portfolio with your retirement income goals. By diminishing investment risk and potentially providing higher returns, a diversified portfolio can help ensure you're closer to your dreams.

## By investment type

Different investment types, or types of funds, have different purposes, and they have different levels of risk and potential return:

### RISK AND POTENTIAL RETURN

Low risk investments that provide more security are called **cash equivalents (money market)**. Cash equivalents include guaranteed funds and short-term deposits that pay you interest, as well as money market funds. Low risk investments have a low rate of return.

With an increase in risk, you can earn **investment income from bonds (fixed income)**. When you invest in bond funds, you lend money to the company or government issuing the bond. Over a specified time period, that company or government repays the amount of the loan, with interest. Bond fund values go down as interest rates go up and vice versa.

With higher risk comes a **higher potential for long-term growth from stocks (equities)**. Equity funds have an ownership interest or a share in the issuing companies. If there's an increase in the companies' value, you'll see investment gains.

LOWER RISK

HIGHER RISK

## Within investment type

Diversifying within an investment type means choosing investments in the same category that could react differently to the same event. By investing in areas that could react differently to the same event, you balance your overall investment volatility – losses in one area may be offset by gains in another.

Within the same type of investment you can diversify by region and management style:

**Explore new regions.** Diversifying by region means investing in both Canadian and foreign funds, which optimizes your chances of growth while managing risk. You benefit from the strength of different markets while reducing the risks of having all your investments tied to just one region.

**Mix it up with management styles.** Managers apply varying investment styles when choosing underlying stocks for their funds. Different styles perform well in different economic cycles and environments: no single management style consistently outperforms others.

## Diversify today!

It's important to keep sight of your long-term goals, and diversification will help you achieve those targets. You may want to speak with a qualified financial professional about what level of risk is right for you, and how to diversify your portfolio. Visit [mysunlife.ca](https://mysunlife.ca) today and use your plan member resources to get started:

Determine which investment strategy best suits your investment profile: **built for me** or **built by me**.

**Option 1:** The **built for me** investment option offers a hands-off investment option with target date funds. (Refer to **Target date funds** article).

**Option 2:** Your plan lets you to build your own portfolio with funds from a variety of investment fund asset classes.

### TO BUILD YOUR OWN PORTFOLIO, YOU SHOULD:

1. **Determine your risk tolerance** with the Investment risk profiler, an asset allocation questionnaire that matches your personality with your money. Under [my financial centre](#) > [Resource Centre](#) > [my money tools](#) > [Continue](#).
2. **Learn about your investment options** through Morningstar®, a leading provider of investment news and analysis. Under [my financial centre](#) > [Accounts](#) > [Investment performance](#) > [Morningstar®](#).
3. **Update your investments** Under [Requests](#) > [Change investments](#) > [I want to](#), you can choose either to **Move my money to different funds** (move existing money to different investments) or **Change investments** (change how future contributions are invested).

**We're here to help!** You can always call Sun Life's Customer Care Centre any business day from 5 a.m. to 5 p.m. PT. Service is available in more than 190 languages.