Strategies to help balance risk and reward
Learn the basics of investing

Understanding how to invest may seem overwhelming, but once you learn a few terms and strategies, the choices may become clearer. Use this guide as you decide how to invest through your retirement plan.
Make use of asset allocation

Asset allocation is an investment strategy. It means dividing your money among different types of investments instead of putting it into one type alone. This strategy is important because, as the economy shifts, different types of investments respond in different ways. Some may rise or hold steady, while others may go down.

A sound asset allocation strategy works to:

- Help protect your investments from risk
- Help you reach your retirement plan goals

The practice of spreading money among different investments to reduce risk is known as diversification.

In this hypothetical illustration, you can see that some asset classes have performed well while others have not. If you tried to pick the highest performers each year, you could end up with returns like those at the bottom of the chart. The diversified portfolio falls somewhere in the middle. While it’s not the highest-performing category, it’s also not the lowest.

This hypothetical illustration is designed to explain the principle of diversification. It does not refer to any particular market period.

Diversification and asset allocation do not assure a profit or prevent a loss in a down market.
Understand risk vs. reward

Every investment has a risk level associated with it. That risk level corresponds with the likelihood of a reward. The higher the risk, the greater the potential for growth, but at a higher risk of losses. The lower the risk, the less the potential for return, but at a lower risk of losing value.
Know your time horizon and risk tolerance

Your time horizon is the length of time you have before you want to start receiving income from a retirement account — usually the amount of time left before retirement. The longer the horizon, the more likely an investor can accept the risk of losses — and thus, invest more aggressively — because there’s plenty of time to recover. The shorter the horizon, the more likely an investor would need to be conservative with their choices.

Risk tolerance is defined as the degree of risk or uncertainty you as an investor are willing to cope with in regard to decreases in the value of your investments. Finding your level of comfort with investment risk is important to developing your asset allocation strategy.

On the other hand, it’s important to remember that not investing for retirement, not investing enough or not investing aggressively enough all carry risks, too. You need to carefully balance the risks you face in life. If you need assistance, consult your financial advisor.
Learn how you feel about investing

To determine your investment style and approach to asset allocation, please read each question below and circle the answer/number that best represents your response. Circle only one answer per question. Then, add up the values of your answers for your total points.

**Questionnaire**

1 // Your current age is:
   1. Over 70 (1 point)
   2. 60–70 (4 points)
   3. 50–59 (8 points)
   4. 35–49 (12 points)
   5. 34 or younger (16 points)

2 // When do you anticipate taking regular cash distributions from your account?
   1. Less than 5 years (2 points)
   2. 5–9 years (5 points)
   3. 10–15 years (7 points)
   4. More than 15 years, or I do not anticipate taking cash distributions (10 points)

3 // In addition to your current employer-sponsored retirement plan, do you have other retirement plan benefits such as a defined benefit pension or defined contribution profit sharing plan?
   1. No (0 points)
   2. Yes (20 points)

4 // If $100,000 was invested at the beginning of the year, which example best describes your tolerance for risk?
   1. Portfolio A ($95,000–$115,000) 1 point
   2. Portfolio B ($90,000–$125,000) 4 points
   3. Portfolio C ($85,000–$140,000) 7 points
   4. Portfolio D ($80,000–$150,000) 10 points

5 // While riskier than bond investments, stock investments offer the potential of higher long-term investment returns. What is your feeling about investing a portion of your money in stock investments?
   1. I am concerned that stock investments are too risky, and I would prefer a higher allocation to bonds (1 point)
   2. I understand there is additional risk with stock investments and would consider a more balanced allocation to stocks and bonds (5 points)
   3. I understand there may be some additional risks in stock investing, but the opportunity to achieve long-term growth with a higher allocation to equities is worth serious consideration (9 points)
   4. I understand the risks, but recognize there are growth opportunities in stock markets and would like to maximize those opportunities (12 points)

6 // Given the volatility of the capital markets, your account value will fluctuate over time. The three choices below show potential account value ranges after a three-year investment period. If you were to invest $50,000, which portfolio would you select?
   1. Account value range of $48,000–$53,000 (2 points)
   2. Account value range of $45,000–$58,000 (6 points)
   3. Account value range of $40,000–$60,000 (10 points)
Identify your investor profile

Take your total points from the questionnaire and look for the profile that best describes you.

<table>
<thead>
<tr>
<th>Total points:</th>
<th>58 or more = Aggressive</th>
<th>40 to 57 = Moderately aggressive</th>
<th>27 to 39 = Moderate</th>
<th>17 to 26 = Moderately conservative</th>
<th>16 or less = Conservative</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Aggressive</td>
<td>Moderately aggressive</td>
<td>Moderate</td>
<td>Moderately conservative</td>
<td>Conservative</td>
</tr>
<tr>
<td>International</td>
<td>33%</td>
<td>25%</td>
<td>20%</td>
<td>14%</td>
<td>9%</td>
</tr>
<tr>
<td>Small-cap</td>
<td>7%</td>
<td>6%</td>
<td>5%</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>Mid-cap</td>
<td>10%</td>
<td>9%</td>
<td>7%</td>
<td>6%</td>
<td>4%</td>
</tr>
<tr>
<td>Large-cap</td>
<td>40%</td>
<td>35%</td>
<td>28%</td>
<td>22%</td>
<td>15%</td>
</tr>
<tr>
<td>Bonds</td>
<td>7%</td>
<td>18%</td>
<td>28%</td>
<td>38%</td>
<td>39%</td>
</tr>
<tr>
<td>Capital preservation</td>
<td>3%</td>
<td>7%</td>
<td>12%</td>
<td>17%</td>
<td>31%</td>
</tr>
</tbody>
</table>

Aggressive
Appropriate for an investor with both a high tolerance for risk and a long time horizon. The main objective of this portfolio is to provide high growth without providing current income.

Moderately aggressive
Designed for an investor with a high tolerance for risk and a relatively long time horizon. This investor has little need for current income and seeks above-average growth from his/her investable assets.

Moderate
Best suits an investor who seeks relatively stable growth and a low level of income. The investor will have a higher tolerance for risk and/or a longer time horizon than a conservative or moderately conservative investor. The main objective is to limit fluctuations to less than those of the overall stock market.

Moderately conservative
Appropriate for an investor who seeks both modest investment value increases and income from his/her portfolio. This investor will have either a moderate time horizon or a slightly higher risk tolerance than someone who chooses a conservative profile.

Conservative
Designed for an investor with a low risk tolerance and/or a short time horizon. It is targeted toward the investor seeking stability and whose main objective is to preserve capital while providing income. Fluctuations in the value of these portfolios are minor.
Choose your style

Now that you understand your investor profile, you can pick the style of investing you prefer.

DO-IT-YOURSELF INVESTOR

Mix and match from the plan’s funds menu according to the criteria you’ve set for yourself.

Select an asset allocation fund that invests according to your comfort with market risk, ranging from conservative to aggressive.

Target-date fund: An asset allocation fund that invests according to your time horizon to retirement — your target date.

DO-IT-FOR-ME INVESTOR

For a nominal cost, a professional investment management firm will select the funds for your retirement plan account and manage your asset allocation for you.
Use the plan’s tools

Choosing investments may seem difficult. It’s an important financial decision. But the most important decision is to begin investing in your future today. Keep in mind that no matter which funds you choose, you can always modify your choices down the road to reflect a more aggressive or more conservative approach.

Tools you can use to learn more about the investments available to you are:

- **Investment performance summary** — shows you your investment options and their historical performance over different time intervals.

- **Fund information sheets** — provide you with expanded performance information, as well as the investment’s objective and risk.

- **Fund prospectuses** — provide detailed information you should carefully consider before investing, including the fund’s investment objectives, risks, charges and expenses. Read the prospectus carefully before investing.
We help make retirement a reality for America’s workers

You’re a valued member of a community that cares about putting you first — because what matters to us is where you want to go, and how you’re going to get there.

Let us help you achieve your goals.

We’re here to help, providing you with the tools and guidance you need to invest with confidence. Call your Nationwide® representative or financial advisor, or access your account and online planning tools at nationwide.com/myretirement.
This material is not a recommendation to buy, sell, hold or roll over any asset, adopt an investment strategy, retain a specific investment manager or use a particular account type. It does not take into account the specific investment objectives, tax and financial condition or particular needs of any specific person. Investors should discuss their specific situation with their financial professional.

Investing involves market risk, including possible loss of principal. The use of asset allocation, diversification, dollar cost averaging or any other investment strategy does not guarantee returns or prevent potential losses, and there is no guarantee that investment objectives will be achieved.

Asset allocation funds are designed to provide diversification and asset allocation across several types of investments and asset classes, primarily by investing in underlying funds. Therefore, in addition to the expenses of the portfolio, an investor indirectly pays a proportionate share of the applicable fees and expenses of the underlying funds.

Target maturity funds are designed to provide diversification and asset allocation across several types of investments and asset classes, primarily by investing in underlying funds. Therefore, in addition to the expenses of the target maturity funds, an investor is indirectly paying a proportionate share of the applicable fees and expenses of the underlying funds.

The Nationwide Group Retirement Series includes unregistered group fixed and variable annuities and trust programs. The unregistered group fixed and variable annuities are issued by Nationwide Life Insurance Company. Trust programs and trust services are offered by Nationwide Trust Company, FSB. Nationwide Investment Services Corporation, member FINRA, Columbus, Ohio. Nationwide Mutual Insurance Company and affiliated companies. Home office: Columbus, Ohio.

Nationwide, the Nationwide N and Eagle and Nationwide is on your side are service marks of Nationwide Mutual Insurance Company. © 2019 Nationwide

NFM-1908AO.12 (04/19)