INVESTOR UPDATE

We're sending you this newsletter to keep you informed of some of our thoughts and ideas. Let us know if you have any questions about information in this newsletter or if you want to discuss anything about your account.

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Diversification:
What is it and Why is it Important

Diversification is a word often used when it comes to your investments. But what does it really mean? At Oppenheimer, it means working with you to truly understand your investment objectives and risk tolerance, as well as recommend a portfolio that has a sutiable "mix" of assets.

Simply put, we want to help you to avoid putting all your eggs in one basket. This is the basic principle behind asset allocation*, and your portfolio diversification. There are several facets to building a diversified portfolio. Factors such as your time horizon, debt and assets, and goals all play an important role in the decision making process.

This is an important because diversification should be an outgrowth of your unique circumstances.

**The use of an asset allocation and diversification does not guarantee a gain nor protect against a loss.*

Diversification
(di·ver·si·fi·ca·tion)

A risk management technique that mixes a wide variety of investments within a portfolio. The rationale behind this technique contends that a portfolio constructed of different kinds of investments will, on average, strike a balance between risk management and growth potential. *(Investopedia)*

Speaking of Diversification…

Three Ideas to Consider Discussing with Your Financial Advisor:

1. **Creating a tailored investment strategy**
   Spend time with your Financial Advisor to define your goals and time frame, and take stock of your capacity and tolerance for risk.
2. **Investing at the appropriate level of risk**
   Your Oppenheimer Financial Advisor can help you choose a mix of stocks, bonds, and short-term investments that you feel comfortable with and consider appropriate for your goals.
3. **Schedule check-ups**
   Set regular times to discuss your investments with your Oppenheimer Financial Advisor for:
   - **Monitoring** – Check-ups are a time to evaluate your investments periodically for changes in strategy, relative performance, and risk.
   - **Rebalancing** – Examine your investment mix to maintain the risk level you are comfortable with and make corrections based on market performance or changes in your life.

Your Bottom Line…

Working to address your long-term goals requires working with your Financial Advisor to help balance risk and reward. Selecting the right mix of investments and then periodically rebalancing and monitoring your choices can make a big difference.

Some typical components of a diversified portfolio

Stocks

Stocks usually represent the aggressive part of a portfolio and thus may provide the opportunity for higher growth over the long term. However, the potential for growth carries risk, particularly in the short term. Stocks are more volatile than many other types of assets, therefore your investment in a stock may decline in value.

Bonds

Most bonds are generally considered less volatile than stocks. Many people include them in their portfolio as a cushion against the unpredictable ups and downs of stocks they may own. In general, investors who are more focused on safety than growth gravitate toward U.S. Treasury or other high-quality bonds. Some investors are more concerned with tax implications, and gravitate toward municipal bonds.

Short-term investments

These may include money market funds and short-term certificates of deposit (CDs). Money market funds generally offer liquidity, and may be suitable for those looking to preserve principal. A CD is a promissory note issued by a bank, and a time deposit that restricts holders from withdrawing funds on demand. When the CD matures, the principal as well as any interest earned is available for withdrawal. However, CDs may be liquidated in the secondary market prior to maturity in which the resale price maybe more or less than the face value of the certificate depending upon the market prices.

International stocks

Stocks issued by non-U.S. companies often perform differently than their U.S. counterparts, and should be viewed as potentially providing exposure to opportunities but susceptible to a wider array of risks, both political and market driven.

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