

# Initial diversification by three basic asset classes

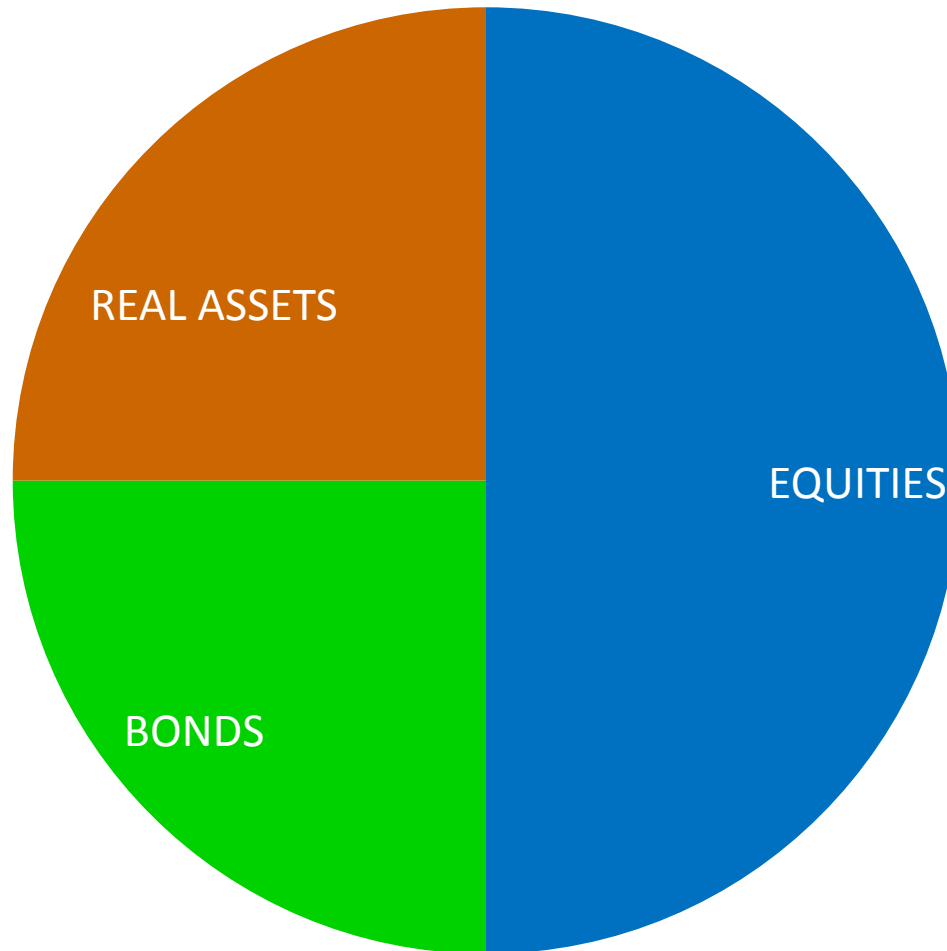
## RIGOROUS DIVERSIFICATION (STEP 1/5)

3 ASSET CLASSES

### TARENO DIVERSIFIED INDEX INVESTING - EQUITIES, BONDS, REAL ASSETS

#### REAL ASSETS

- **Lower portfolio risk** (low correlation with equities)
- **Best inflation hedge**



#### BONDS

- **Lower portfolio risk** (low correlation with equities)
- Best deflation hedge (but **vulnerable to inflation**)

#### EQUITIES

- **Highest long-term returns** (but **highest short-term risk**)
- Partial inflation hedge