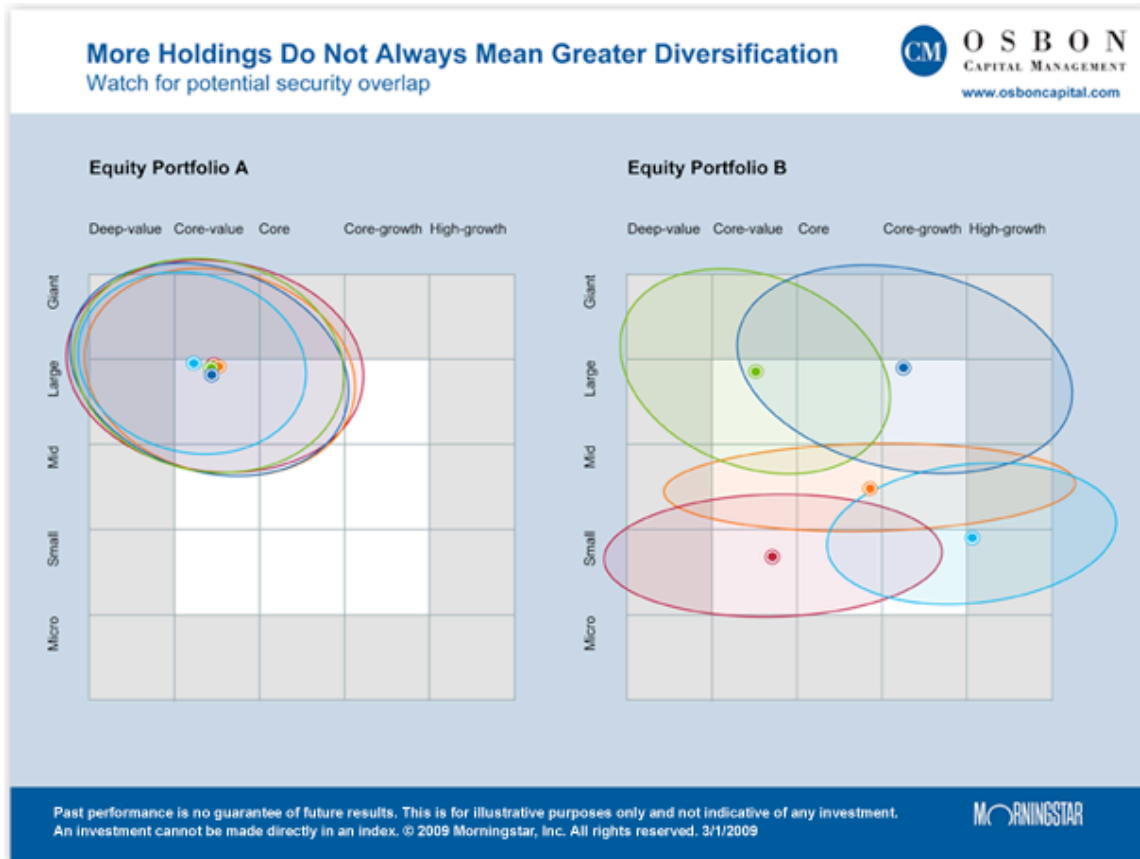




Quick Q & A #9

**Q: What does “diversified” really look like?**



**A: Quantity and diversity are two different things.**

The value of diversification is one of the most widely accepted principles in investing. Holding a mix of distinct asset classes can reduce risk and protect against overexposure to any single market event.

But real diversification means more than just owning many securities. The graphic above shows two hypothetical portfolios, each comprised of five funds and hundreds of securities. The considerable overlap in Portfolio A creates severe overexposure to large value stocks. On the other hand, Portfolio B, with the same number of holdings, contains a mix of stocks that



are much less likely to move in the same direction at the same pace at the same time.

Diversification is central to our investment philosophy. We advocate portfolios composed of index ETFs that represent the full spectrum of asset classes – representing different industries, markets, sizes, and currencies.

**Read more:** [More Quick Q&As from Osbon Capital Management](#)

**Next time:** Will inflation ever matter again?

**Contact:** John Osbon 617-217-2772 [josbon@osboncapital.com](mailto:josbon@osboncapital.com)

**Visit:** [www.osboncapital.com](http://www.osboncapital.com)

*Osbon Capital Management, LLC ("Osbon") is an SEC registered investment adviser with its principal place of business in the Commonwealth of Massachusetts. Osbon and its representatives are in compliance with the current notice filing requirements imposed upon registered investment advisers by those states in which Osbon maintains clients.*

*This Q&A contains general information that is not suitable for everyone and should not be construed as personalized investment advice. The historical data presented herein are for informational purposes only and do not reflect actual client accounts. The above illustrations are for comparative purposes only and do not represent actual client accounts. These illustrations do not represent performance of these investments but are intended to show how allocations may overlap.*

*There is no guarantee that the views and opinions expressed in this Q&A will come to pass. Investing in the stock market involves gains and losses and may not be suitable for all investors. Information presented herein is subject to change without notice and should not be considered as a solicitation to buy or sell any security.*

*For additional information about Osbon, including fees and services, send for our disclosure statement as set forth on Form ADV using the contact information herein. Please read the disclosure statement carefully before you invest or send money. For information pertaining to the registration status of Osbon, please contact Osbon or refer to the Investment Adviser Public Disclosure web site ([www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)).*