



Risk drives portfolio return over the long term

Asset class winners and losers are difficult to predict year to year

Ranked annual returns (%) of key indexes (2010–2019)

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
REITs 28.1	REITs 9.4	EM Equity 18.2	U.S. Small Cap 41.3	REITs 32.0	REITs 4.5	U.S. Small Cap 26.6	EM Equity 37.3	U.S. Bonds 0.0	U.S. Large Cap 31.5
U.S. Mid Cap 26.6	EM Debt (\$) 9.2	EM Debt (\$) 18.0	U.S. Mid Cap 33.5	U.S. Large Cap 13.7	EM Debt (\$) 1.8	U.S. Mid Cap 20.7	Dev. Int'l Equity 25.0	High Yield -2.1	U.S. Mid Cap 26.2
U.S. Small Cap 26.3	U.S. Bonds 7.8	U.S. Mid Cap 17.9	U.S. Large Cap 32.4	U.S. Mid Cap 9.8	U.S. Large Cap 1.4	High Yield 17.1	U.S. Large Cap 21.8	REITs -4.2	REITs 23.1
EM Equity 18.9	High Yield 5.0	Dev. Int'l Equity 17.3	Dev. Int'l Equity 22.8	EM Debt (\$) 6.2	U.S. Bonds 0.6	U.S. Large Cap 12.0	U.S. Mid Cap 16.2	U.S. Large Cap -4.4	U.S. Small Cap 22.8
Commodities 16.8	U.S. Large Cap 2.1	REITs 17.1	High Yield 7.4	U.S. Bonds 6.0	Dev. Int'l Equity -0.8	Commodities 11.8	U.S. Small Cap 13.2	EM Debt (\$) -5.3	Dev. Int'l Equity 22.0
High Yield 15.1	U.S. Small Cap 1.0	U.S. Small Cap 16.3	REITs 1.2	U.S. Small Cap 5.8	U.S. Small Cap -2.0	EM Equity 11.2	EM Debt (\$) 8.3	U.S. Small Cap -8.5	EM Equity 18.4
U.S. Large Cap 15.1	U.S. Mid Cap -1.7	U.S. Large Cap 16.0	U.S. Bonds -2.0	High Yield 2.5	U.S. Mid Cap -2.2	EM Debt (\$) 9.6	High Yield 7.5	U.S. Mid Cap -11.1	High Yield 14.3
EM Debt (\$) 11.8	Dev. Int'l Equity -12.1	High Yield 15.8	EM Equity -2.6	EM Equity -2.2	High Yield -4.5	REITs 6.7	REITs 3.8	Commodities -11.3	EM Debt (\$) 12.6
Dev. Int'l Equity 7.8	Commodities -13.3	U.S. Bonds 4.2	EM Debt (\$) -8.3	Dev. Int'l Equity -4.9	EM Equity -14.9	U.S. Bonds 2.7	U.S. Bonds 3.5	Dev. Int'l Equity -13.8	U.S. Bonds 8.7
U.S. Bonds 6.5	EM Equity -18.4	Commodities -1.1	Commodities -9.5	Commodities -17.0	Commodities -24.7	Dev. Int'l Equity 1.0	Commodities 1.7	EM Equity -14.6	Commodities 7.7

Sources: BlackRock, Morningstar. Calendar year total return for each asset class in year indicated. **High Yield** represented by Bloomberg Barclays High Yield Corporate Index. **U.S. Bonds** represented by Bloomberg Barclays U.S. Aggregate Bond Index. **Commodities** represented by Bloomberg Commodity Index. **REITs** represented by Dow Jones U.S. Select REIT Index. **EM Debt (\$)** represented by J.P. Morgan EMBI Plus Index (USD). **Developed International Equity** represented by MSCI EAFE Index. **Emerging Markets Equity** represented by MSCI Emerging Markets Index. **U.S. Large Cap** represented by S&P 500 Index. **U.S. Mid Cap** represented by S&P MidCap 400 Index. **U.S. Small Cap** represented by S&P SmallCap 600 Index. These figures are for illustrative purposes only and do not represent any particular investment. It is not possible to invest directly in an index. **Past performance is no guarantee of future results. Investing involves risks, including possible loss of principal.**

While risk relationships remain fairly stable

Ranked annual volatility (%) of key indexes (2010–2019)

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
U.S. Small Cap 23.0	EM Equity 24.5	EM Equity 19.7	REITs 15.1	U.S. Small Cap 14.7	EM Equity 17.7	EM Equity 17.8	U.S. Small Cap 9.6	U.S. Small Cap 20.0	U.S. Small Cap 18.2
Dev. Int'l Equity 23.0	REITs 23.0	Dev. Int'l Equity 16.7	Dev. Int'l Equity 12.2	EM Equity 13.6	REITs 15.9	U.S. Small Cap 17.3	EM Equity 6.5	U.S. Mid Cap 17.5	U.S. Mid Cap 16.9
U.S. Mid Cap 21.1	U.S. Small Cap 21.9	Commodities 15.2	EM Equity 11.8	Commodities 13.5	Commodities 15.3	REITs 17.0	REITs 6.5	REITs 16.1	EM Equity 16.5
EM Equity 21.1	U.S. Mid Cap 21.1	REITs 11.9	U.S. Mid Cap 11.2	REITs 13.2	Dev. Int'l Equity 15.2	U.S. Mid Cap 13.9	U.S. Mid Cap 5.8	EM Equity 15.5	U.S. Large Cap 12.9
REITs 20.5	Dev. Int'l Equity 19.5	U.S. Small Cap 11.9	U.S. Small Cap 10.1	U.S. Mid Cap 11.7	U.S. Large Cap 13.7	Dev. Int'l Equity 13.4	Commodities 5.7	U.S. Large Cap 15.3	REITs 11.5
U.S. Large Cap 19.3	Commodities 19.5	U.S. Mid Cap 11.2	EM Debt (\$) 9.8	Dev. Int'l Equity 9.7	U.S. Small Cap 13.5	Commodities 12.5	Dev. Int'l Equity 4.2	Dev. Int'l Equity 12.4	Dev. Int'l Equity 11.5
Commodities 19.2	U.S. Large Cap 15.9	U.S. Large Cap 10.5	Commodities 9.0	U.S. Large Cap 8.3	U.S. Mid Cap 11.9	U.S. Large Cap 10.3	U.S. Large Cap 3.9	Commodities 9.4	Commodities 9.8
High Yield 7.2	High Yield 9.6	EM Debt (\$) 6.6	U.S. Large Cap 8.5	EM Debt (\$) 7.1	High Yield 6.4	EM Debt (\$) 8.3	EM Debt (\$) 3.4	EM Debt (\$) 6.4	EM Debt (\$) 7.2
EM Debt (\$) 7.1	EM Debt (\$) 6.9	High Yield 4.0	High Yield 4.8	High Yield 4.5	EM Debt (\$) 5.0	High Yield 6.1	High Yield 2.2	High Yield 3.6	High Yield 4.9
U.S. Bonds 2.9	U.S. Bonds 2.4	U.S. Bonds 2.0	U.S. Bonds 3.2	U.S. Bonds 2.3	U.S. Bonds 3.0	U.S. Bonds 3.7	U.S. Bonds 1.5	U.S. Bonds 3.1	U.S. Bonds 3.4

Sources: BlackRock, Morningstar. Annualized standard deviations of monthly returns. **High Yield** represented by Bloomberg Barclays High Yield Corporate Index. **U.S. Bonds** represented by Bloomberg Barclays U.S. Aggregate Bond Index. **Commodities** represented by Bloomberg Commodity Index. **REITs** represented by Dow Jones U.S. Select REIT Index. **EM Debt (\$)** represented by J.P. Morgan EMBI Plus Index (USD). **Developed International Equity** represented by MSCI EAFE Index. **Emerging Markets Equity** represented by MSCI Emerging Markets Index. **U.S. Large Cap** represented by S&P 500 Index. **U.S. Mid Cap** represented by S&P MidCap 400 Index. **U.S. Small Cap** represented by S&P SmallCap 600 Index. These figures are for illustrative purposes only and do not represent any particular investment. It is not possible to invest directly in an index. **Past performance is no guarantee of future results. Investing involves risks, including possible loss of principal.**

“Successful investing is about managing risk, not avoiding it.”

-Benjamin Graham

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