

# RISK VS RETURN 2018 edition

Different asset classes – like shares, bonds and property securities – carry different levels of risk and return. Investing in a single asset class is risky when you consider no one asset class consistently outperforms on a regular basis.

Our goal at Russell Investments is to strategically diversify your portfolio across asset classes, investment strategies, managers and styles, thereby aiming to reduce risk and help you weather every season of the market.

Our multi-asset, open architecture approach means no matter which asset, strategy or style is in favour at any given time, the complementary blending of asset classes, strategies, styles and managers can help provide more consistent returns through all environments.

## Legend

- ▲ Highest return (per year)
- ▼ Lowest return (per year)

Calendar year market returns	Australian shares (%)	Australian bonds (%)	Cash (%)	Int shares (%)	Int shares hgd (%)	Int bonds hgd (%)	A-REITs (%)	30% Growth assets (%)	70% Growth assets (%)	90% Growth assets (%)	Sample multi-asset portfolios
	1988	17.9	9.4	12.9	▼ 4.3	▲ 33.8	13.7	16.1	12.2	14.7	
1989	17.4	14.4	18.4	26.0	▲ 35.6	17.9	▼ 2.4	17.1	19.4	21.4	1989
1990	▼ -17.5	▲ 19.0	16.1	-15.1	-16.2	13.3	8.7	7.9	-4.6	-11.1	1990
1991	▲ 34.2	▼ 24.7	11.2	20.2	19.2	18.4	20.1	20.5	24.6	25.9	1991
1992	0.5	10.4	6.9	4.5	▼ -0.8	▲ 11.1	7.0	7.2	4.6	2.5	1992
1993	▲ 40.5	▼ 16.3	5.4	24.4	21.4	14.8	30.1	17.9	26.6	29.9	1993
1994	▼ -8.8	-4.7	▲ 5.4	-8.1	-0.1	-2.7	-5.6	-2.4	-5.6	-6.0	1994
1995	20.7	18.6	▼ 8.0	▲ 25.9	22.3	20.1	12.7	16.4	20.3	20.9	1995
1996	14.3	11.9	7.6	▼ 6.3	▲ 19.7	10.7	14.5	10.3	12.2	13.4	1996
1997	11.4	12.2	▼ 5.6	▲ 47.8	21.2	10.5	20.3	13.8	20.1	21.2	1997
1998	8.5	9.5	▼ 5.1	▲ 29.7	19.5	10.4	18.0	10.6	14.8	15.6	1998
1999	19.3	-1.2	5.0	17.1	▲ 26.2	0.8	▼ -5.0	5.7	12.0	16.4	1999
2000	5.0	12.1	6.3	5.2	▼ -7.9	10.1	▲ 17.9	8.6	6.4	4.0	2000
2001	10.1	5.5	5.2	-8.9	▼ -14.8	7.4	▲ 15.0	5.4	3.0	1.3	2001
2002	-8.1	8.8	4.8	▼ -27.0	-22.7	11.6	▲ 11.9	2.1	-6.6	-11.6	2002
2003	15.9	3.0	4.9	▼ 0.5	▲ 29.3	6.6	8.8	6.1	10.2	13.7	2003
2004	27.6	7.0	▼ 5.6	11.0	15.8	8.9	▲ 32.2	11.6	17.4	20.2	2004
2005	▲ 21.1	5.8	▼ 5.7	18.4	18.5	6.6	12.7	9.8	15.1	17.8	2005
2006	25.0	▼ 3.1	6.0	12.7	17.6	4.4	▲ 34.1	10.0	16.2	19.7	2006
2007	▲ 18.0	3.5	6.7	0.3	8.5	6.6	▼ -8.4	6.2	7.5	9.1	2007
2008	-40.4	▲ 15.0	7.6	-27.8	-40.5	9.2	▼ -55.3	-4.2	-23.4	-33.8	2008
2009	▲ 39.6	▼ 1.7	3.5	5.4	31.3	8.0	9.6	9.6	18.9	25.0	2009
2010	3.3	6.0	4.7	-0.5	▲ 13.7	9.3	▼ -0.7	4.7	4.3	4.5	2010
2011	▼ -11.4	▲ 11.4	5.0	-7.5	-3.7	10.5	-1.6	3.4	-2.6	-6.2	2011
2012	18.8	7.7	▼ 4.0	14.9	18.7	9.7	▲ 32.8	10.5	15.8	17.9	2012
2013	19.7	▼ 2.0	2.9	▲ 43.5	28.6	2.3	7.3	8.7	18.0	23.0	2013
2014	5.0	9.8	▼ 2.7	14.1	11.6	10.4	▲ 26.8	7.9	9.5	9.5	2014
2015	3.8	2.6	▼ 2.3	10.0	2.7	3.3	▲ 14.4	3.3	4.3	4.7	2015
2016	11.6	2.9	▼ 2.1	8.6	10.2	5.2	▲ 13.2	5.6	9.0	10.2	2016
2017	12.5	3.7	▼ 1.7	14.7	▲ 20.7	3.7	6.4	6.0	10.8	13.0	2017
Average return (p.a.)	11.2%	8.4%	6.3%	9.0%	11.3%	9.1%	10.5%	8.4%	9.8%	10.3%	
Average risk (p.a.)	16.9%	6.5%	3.8%	17.4%	18.0%	5.1%	16.8%	5.5%	10.7%	13.7%	

Case study is for illustrative purposes only and are not indicative of actual performance over the quoted period. Sources for the asset classes and sample portfolios are as follows: Australian shares: ASX All Ordinaries Accumulation Index. Australian bonds: Bloomberg Australian Bond Composite = Yr Index. International shares: Russell Investments Global Large Cap index (MSCI World Net Dividend Reinvested Accumulation Index (in AUD) prior to 1997) and International shares hedged: Russell Investments Global Large Cap index – AUD Hedged (MSCI World ex Australia Net Dividend Index (hedged) from Jan-98 to Feb-99, Russell Developed Large Cap AUD-Hedged (Net) from Mar-99 to Dec-06). International bonds hedged: Barclays Capital Global Aggregate \$A Hedged (formerly Lehmann Bros Global Aggregate Index \$A Hedged. Prior to 2002, Saloman Smith Barney World Government Bond Index \$A Hedged. A-REITs: S&P/ASX 300 A-REIT Index (ASX Property Trust Accumulation Index prior to 31 March 2000). The sample managed portfolios are hypothetical only and is calculated by a weighted average of the asset class index returns. Sample portfolios are rebalanced annually. For more information on the composition of the sample portfolios, please contact Russell Investments on +612 9229 5111. Average return is measured by the arithmetic average percentage per annum. Issued by Russell Investment Management Ltd ABN 53 068 338 974, AFS Licence 247185 (RIM). This document provides general information only and has not been prepared having regard to your objectives, financial situation or needs. Before making an investment decision, you need to consider whether this information is appropriate to your objectives, financial situation or needs. This information has been compiled from sources considered to be reliable, but is not guaranteed. This document is not intended to be a complete statement or summary. Copyright © 2018 Russell Investments. All rights reserved. This material is proprietary and may not be reproduced, transferred, or distributed in any form without prior written permission from Russell Investments. R\_POS\_AUS\_AssetReturns\_A1\_V1FF\_1807