

Risk vs Return

2021 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)

	NZ EQUITIES (%)	NZ CASH (%)	NZ BONDS (%)	GLOBAL BONDS (%)	GLOBAL SHARES (%)	CONSERVATIVE (%)	BALANCED (%)	GROWTH (%)			
1989	18.5	14.2	15.9	▼	14.0	▲	31.6	18.6	21.3	26.9	1989
1990	▼	-34.3	▲	14.8	14.4	11.6	-16.8	2.4	-4.4	-17.8	1990
1991	▲	31.8	▼	11.1	20.6	17.8	19.2	19.1	20.0	21.9	1991
1992	10.8	7.1	▲	11.8	10.9	▼	-0.1	8.3	6.7	3.4	1992
1993	▲	47.8	▼	6.6	13.5	16.0	23.3	19.0	22.0	27.9	1993
1994	▼	-7.2	▲	6.4	-2.8	-1.8	1.3	-1.1	-1.0	-0.9	1994
1995	20.1	▼	9.4	13.2	21.4	▲	24.5	20.1	21.1	22.9	1995
1996	17.3	9.8	▼	8.8	13.0	▲	22.9	14.8	16.7	20.6	1996
1997	▼	4.3	7.8	6.8	12.8	▲	27.0	14.3	16.3	20.3	1997
1998	▼	-4.4	8.1	14.1	13.1	▲	23.4	13.9	14.6	16.1	1998
1999	16.4	4.8	0.1	▼	-0.1	▲	27.8	4.7	14.9	20.2	1999
2000	▼	-12.2	6.5	▲	11.1	9.9	-8.7	5.9	-1.9	-5.6	2000
2001	▲	14.1	6.1	4.8	9.0	▼	-13.1	5.7	-1.1	-4.6	2001
2002	0.6	5.7	8.7	▲	12.4	▼	-21.6	6.1	-6.1	-11.8	2002
2003	27.2	▼	5.6	6.4	7.4	▲	30.1	11.6	20.5	25.0	2003
2004	▲	23.4	6.1	▼	5.5	9.4	16.3	11.1	14.4	16.1	2004
2005	11.9	7.2	▼	6.9	8.1	▲	21.3	10.4	14.9	17.2	2005
2006	▲	21.0	7.7	▼	4.2	6.0	20.2	8.8	14.6	17.5	2006
2007	▼	1.1	8.5	3.9	8.5	▲	8.9	8.3	7.9	7.7	2007
2008	-31.5	8.8	▲	15.8	11.2	▼	-37.0	0.2	-19.4	-28.0	2008
2009	19.4	3.4	▼	1.7	7.8	▲	26.7	11.3	18.4	22.0	2009
2010	6.2	▼	3.0	7.0	7.6	▲	12.1	8.5	9.9	10.5	2010
2011	3.5	2.9	▲	13.3	8.1	▼	-3.6	6.2	2.1	0.1	2011
2012	▲	25.1	▼	2.7	4.8	8.4	17.8	10.6	15.0	17.2	2012
2013	18.6	2.7	▼	-2.0	2.2	▲	31.8	7.1	17.7	23.3	2013
2014	▲	22.6	▼	3.4	7.8	11.1	13.6	12.0	13.7	14.6	2014
2015	▲	6.1	▼	3.4	5.5	4.5	4.7	5.1	6.1	6.6	2015
2016	10.1	▼	2.5	3.5	5.8	▲	11.5	6.9	8.1	10.5	2016
2017	▲	23.6	▼	2.0	5.5	4.0	20.2	9.2	12.6	19.4	2017
2018	▲	4.9	2.0	4.6	1.8	▼	-3.2	1.3	0.6	-0.8	2018
2019	▲	31.6	▼	1.7	4.9	7.5	26.7	12.9	17.2	25.8	2019
2020	▲	14.6	▼	0.6	5.4	5.4	11.2	7.1	8.5	11.3	2020
Average return (p.a.)	12.8%	4.3%	5.9%	7.3%	9.5%	8.0%	8.7%	9.9%			
Average risk (p.a.)	13.9%	2.4%	3.7%	2.8%	18.0%	3.5%	9.8%	13.6%			

Sources for the asset classes and sample diversified portfolios are as follows: New Zealand shares: Russell NZ Domestic Gross Index (This index stopped in June 2016, replaced with S&P NZX 50 including franking credits since then). NZ Cash: S&P / NZX 90-day Bank Bill Index. NZ Bonds: S&P / NZX NZ Government Bond Index. International Shares: MSCI World NZ\$ Hedged. International bonds: Barclays Capital Global Aggregate NZ\$ Hedged. The diversified portfolios are hypothetical only and are calculated by a weighted average of the asset class index returns shown using sample asset allocations. Sample diversified portfolios are rebalanced monthly. For more information on the composition of the sample portfolios, please contact Russell Investments on 09 357 6633. Average return is measured by the arithmetic average percentage per annum. These returns are shown on a gross basis. The information contained in this publication was prepared by Russell Investment Group Limited on the basis of information available at the time of preparation. It has been compiled from sources considered to be reliable, but is not guaranteed. This publication provides general information only and should not be relied upon in making an investment decision. Before making an investment decision, you need to consider whether this information is appropriate to your objectives, financial situation and needs. All investments are subject to risks. Past performance is not a reliable indicator of future performance. Copyright © 2021 Russell Investments. All rights reserved. This information contained on this website is proprietary and may not be reproduced, transferred, or distributed in any form without prior written permission from Russell Investments.