

# The Periodic Table of Investment Returns - A Case for Diversification Amid Uncertainty

Annual Returns for Key Indices Ranked in Order of Performance (1987-2006)

1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
MSCI EAFE Index 24.6%	MSCI:Emer Markets 40.4%	MSCI:Emer Markets 65.0%	ML Treas 1-3 year 9.7%	MSCI:Emer Markets 59.9%	Russell:2000 Index 18.4%	MSCI:Emer Markets 74.8%	MSCI EAFE Index 7.8%	S&P 500 Index 37.6%	JPM Emg Mkt Bond Plus 39.3%	S&P 500 Index 33.4%	S&P 500 Index 28.6%	MSCI:Emer Markets 66.4%	DJ:US Select REIT 31.0%	DJ:US Select REIT 12.3%	S&P Global REIT ex-US 24.8%	MSCI EAFE Small Cap 61.3%	S&P Global REIT ex-US 39.3%	MSCI:Emer Markets 34.5%	S&P Global REIT ex-US 44.5%
Citi:Non-US Gov(Hdg) 9.3%	MSCI EAFE Index 28.3%	S&P 500 Index 31.7%	Barclays Agg Index 9.0%	Russell:2000 Index 46.0%	Russell Mid-Cap 16.3%	JPM Emg Mkt Bond Plus 44.2%	DJ:US Select REIT 2.7%	Russell Mid-Cap 34.5%	DJ:US Select REIT 37.1%	Russell Mid-Cap 29.0%	MSCI EAFE Index 20.0%	MSCI EAFE Index 27.0%	JPM Emg Mkt Bond Plus 15.7%	Barclays Agg Index 8.4%	JPM Emg Mkt Bond Plus 14.2%	MSCI:Emer Markets 56.3%	DJ:US Select REIT 33.2%	MSCI EAFE Small Cap 26.2%	DJ:US Select REIT 36.0%
ML Treas 1-3 year 5.7%	Russell:2000 Index 25.0%	Russell Mid-Cap 26.3%	Citi:Non-US Gov(Hdg) 3.3%	Russell Mid-Cap 41.5%	DJ:US Select REIT 15.1%	MSCI EAFE Index 32.6%	60/40 GI Eq/ Fixed inc 1.9%	Russell:2000 Index 28.5%	S&P 500 Index 23.0%	Russell:2000 Index 22.4%	60/40 GI Eq/ Fixed inc 17.1%	JPM Emg Mkt Bond Plus 26.0%	Barclays Agg Index 11.6%	ML Treas 1-3 year 8.3%	Barclays Agg Index 10.3%	Russell:2000 Index 47.3%	MSCI EAFE Small Cap 30.8%	DJ:US Select REIT 13.8%	MSCI:Emer Markets 32.6%
S&P 500 Index 5.3%	Russell Mid-Cap 19.8%	60/40 GI Eq/ Fixed inc 16.6%	S&P 500 Index (3.1%)	JPM Emg Mkt Bond Plus 38.8%	MSCI:Emer Markets 11.4%	S&P Global REIT ex-US 32.0%	S&P 500 Index 1.3%	JPM Emg Mkt Bond Plus 26.8%	Russell Mid-Cap 19.0%	DJ:US Select REIT 19.7%	Citi:Non-US Gov(Hdg) 11.5%	Russell:2000 Index 21.3%	Citi:Non-US Gov(Hdg) 9.6%	ML Hi Yield CP BB-B 6.7%	Citi:Non-US Gov(Hdg) 6.9%	S&P Global REIT ex-US 46.4%	MSCI:Emer Markets 26.0%	MSCI EAFE Index 13.5%	MSCI EAFE Index 26.3%
Barclays Agg Index 2.7%	DJ:US Select REIT 17.5%	Russell:2000 Index 16.3%	60/40 GI Eq/ Fixed inc (6.6%)	S&P 500 Index 30.5%	Citi:Non-US Gov(Hdg) 8.0%	Russell:2000 Index 18.9%	ML Treas 1-3 year 0.6%	60/40 GI Eq/ Fixed inc 19.2%	S&P Global REIT ex-US 17.6%	60/40 GI Eq/ Fixed inc 13.1%	Russell Mid-Cap 10.1%	S&P 500 Index 21.0%	Russell Mid-Cap 8.2%	Citi:Non-US Gov(Hdg) 6.1%	ML Treas 1-3 year 5.8%	Russell Mid-Cap 40.1%	MSCI EAFE Index 20.2%	Russell Mid-Cap 12.7%	MSCI EAFE Small Cap 19.3%
Russell Mid-Cap 0.2%	60/40 GI Eq/ Fixed inc 17.5%	Barclays Agg Index 14.5%	MSCI:Emer Markets (10.6%)	DJ:US Select REIT 23.8%	S&P 500 Index 7.6%	60/40 GI Eq/ Fixed inc 18.8%	Russell:2000 Index (1.8%)	Barclays Agg Index 18.5%	Russell:2000 Index 16.5%	JPM Emg Mkt Bond Plus 13.0%	Barclays Agg Index 8.7%	MSCI EAFE Small Cap 19.7%	ML Treas 1-3 year 8.0%	S&P Global REIT ex-US 6.1%	DJ:US Select REIT 3.6%	MSCI EAFE Index 38.6%	Russell Mid-Cap 20.2%	JPM Emg Mkt Bond Plus 11.9%	Russell:2000 Index 18.4%
DJ:US Select REIT (6.6%)	S&P 500 Index 16.6%	ML Treas 1-3 year 10.9%	S&P Global REIT ex-US (11.3%)	60/40 GI Eq/ Fixed inc 18.6%	Barclays Agg Index 7.4%	DJ:US Select REIT 15.1%	Russell Mid-Cap (2.1%)	Citi:Non-US Gov(Hdg) 17.9%	Citi:Non-US Gov(Hdg) 11.7%	ML Hi Yield CP BB-B 12.5%	ML Treas 1-3 year 7.0%	Russell Mid-Cap 18.2%	S&P Global REIT ex-US 2.4%	Russell:2000 Index 2.5%	ML Hi Yield CP BB-B 1.3%	DJ:US Select REIT 36.2%	Russell:2000 Index 18.3%	60/40 GI Eq/ Fixed inc 7.8%	S&P 500 Index 15.8%
Russell:2000 Index (8.8%)	Citi:Non-US Gov(Hdg) 9.1%	MSCI EAFE Index 10.5%	Russell Mid-Cap (11.5%)	Barclays Agg Index 16.0%	JPM Emg Mkt Bond Plus 7.0%	Russell Mid-Cap 14.3%	Barclays Agg Index (2.9%)	DJ:US Select REIT 12.2%	60/40 GI Eq/ Fixed inc 9.3%	Citi:Non-US Gov(Hdg) 11.1%	S&P Global REIT ex-US 6.4%	60/40 GI Eq/ Fixed inc 15.2%	ML Hi Yield CP BB-B (2.7%)	JPM Emg Mkt Bond Plus (0.8%)	MSCI:Emer Markets (6.0%)	JPM Emg Mkt Bond Plus 28.8%	JPM Emg Mkt Bond Plus 11.8%	S&P Global REIT ex-US 6.3%	Russell Mid-Cap 15.3%
Barclays Agg Index 7.9%	Citi:Non-US Gov(Hdg) 4.1%	Russell:2000 Index (19.5%)	MSCI EAFE Index 12.1%	ML Treas 1-3 year 6.3%	Citi:Non-US Gov(Hdg) 13.4%	Citi:Non-US Gov(Hdg) (4.0%)	MSCI EAFE Index 11.2%	MSCI EAFE Index 6.0%	Barclays Agg Index 9.6%	ML Hi Yield CP BB-B 4.5%	ML Treas 1-3 year 3.1%	Russell:2000 Index (3.0%)	MSCI:Emer Markets (2.4%)	60/40 GI Eq/ Fixed inc (7.8%)	S&P 500 Index 28.7%	60/40 GI Eq/ Fixed inc 11.1%	Citi:Non-US Gov(Hdg) 5.7%	60/40 GI Eq/ Fixed inc 14.4%	
ML Treas 1-3 year 6.2%	DJ:US Select REIT 2.7%	DJ:US Select REIT (23.4%)	ML Treas 1-3 year 11.7%	60/40 GI Eq/ Fixed inc 0.3%	S&P 500 Index 10.1%	S&P Global REIT ex-US (5.6%)	ML Treas 1-3 year 11.0%	MSCI:Emer Markets 6.0%	ML Treas 1-3 year 6.7%	Russell:2000 Index (2.5%)	Citi:Non-US Gov(Hdg) 2.9%	60/40 GI Eq/ Fixed inc (4.3%)	Russell Mid-Cap (5.6%)	MSCI EAFE Small Cap (7.8%)	ML Hi Yield CP BB-B 22.8%	S&P 500 Index 10.9%	S&P 500 Index 4.9%	JPM Emg Mkt Bond Plus 10.5%	
		MSCI EAFE Index (23.4%)	Citi:Non-US Gov(Hdg) 11.1%	MSCI EAFE Index (12.2%)	Barclays Agg Index 9.7%	MSCI:Emer Markets (7.3%)	S&P Global REIT ex-US 7.0%	MSCI:Emer Markets 5.0%	MSCI EAFE Index 1.8%	JPM Emg Mkt Bond Plus (14.3%)	ML Hi Yield CP BB-B 2.2%	MSCI EAFE Small Cap (7.6%)	60/40 GI Eq/ Fixed inc (6.4%)	MSCI EAFE Index (15.9%)	60/40 GI Eq/ Fixed inc 21.8%	ML Hi Yield CP BB-B 9.9%	Russell:2000 Index 4.6%	ML Hi Yield CP BB-B 9.3%	
			S&P Global REIT ex-US 4.4%	S&P Global REIT ex-US (13.9%)	ML Treas 1-3 year 5.4%	JPM Emg Mkt Bond Plus (18.9%)	MSCI:Emer Markets (5.2%)	Barclays Agg Index 3.6%	S&P Global REIT ex-US 1.0%	DJ:US Select REIT (17.0%)	Barclays Agg Index (0.8%)	S&P 500 Index (9.1%)	S&P 500 Index (11.9%)	Russell Mid-Cap (16.2%)	Barclays Agg Index 4.1%	Citi:Non-US Gov(Hdg) 5.2%	ML Hi Yield CP BB-B 3.4%	Barclays Agg Index 4.3%	
										MSCI:Emer Markets (11.6%)	MSCI:Emer Markets (25.3%)	DJ:US Select REIT (2.6%)	MSCI EAFE Index (14.2%)	MSCI EAFE Small Cap (12.5%)	Russell:2000 Index (20.5%)	ML Treas 1-3 year 1.9%	Barclays Agg Index 4.3%	Barclays Agg Index 2.4%	ML Treas 1-3 year 4.0%
											S&P Global REIT ex-US (5.0%)	MSCI:Emer Markets (30.6%)	MSCI EAFE Index (21.4%)	S&P 500 Index (22.1%)	Citi:Non-US Gov(Hdg) 1.9%	ML Treas 1-3 year 0.9%	ML Treas 1-3 year 1.7%	ML Treas 1-3 year 3.1%	

Visit [www.AdvisoryGroupSF.com](http://www.AdvisoryGroupSF.com) for additional resources.

Past performance may not be indicative of future results. All investment strategies have the potential for profit or loss. Changes in investment strategies, contributions or withdrawals, and economic conditions may materially alter the performance your portfolio. Asset allocation and diversification do not assure or guarantee better performance and cannot eliminate the risk of investment losses. Returns reflect the reinvestment of dividends and capital gains. They do not represent the performance achieved by the Advisory Group or any of its clients. This chart should not be viewed as personalized investment advice or as an offer to buy or sell, or a solicitation of any offer to buy or sell the securities mentioned. Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment or strategy will be suitable or profitable for a client's portfolio. Historical performance results for investment indices and/or categories, generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment advisory fee, the incurrence of which would have the effect of decreasing historical performance results. There can be no assurances that a portfolio will match or outperform any particular benchmark. The "60/40 Global Equity/Fixed Income" benchmark represents a blend of 60% MSCI All Country World Equity Index and 40% Barclays Aggregate Bond Index.



**This Periodic Table of Investment Returns depicts annual returns for an array of asset classes, ranked from best to worst performance for each calendar year shown. The asset classes are color-coded to enable easy visualization of return differences over time. The industry-standard market indices utilized to represent each asset class are described below.**

**Standard & Poors 500® Index** - Consists of approximately 500 primarily large-sized/capitalization US companies.

**Russell Mid Cap® Index** - Consists of mid-sized/capitalization companies, the 800 smallest companies in the Russell 1000 Index.

**Russell 2000® Index** - Consists of small-sized/capitalization companies, the 2,000 smallest companies in the Russell 3000 Index.

**Dow Jones Wilshire REIT Index** - Consists of all the publicly traded U.S. REITs in the Dow Jones U.S. stock universe.

**S&P Global REIT ex US® Index** - Consists of investable publicly traded real estate companies domiciled in developed countries outside of the US.

**Morgan Stanley Capital Intl EAFE Index** - Consists of ~1,500 non-US companies in developed countries (EAFE: Europe, Australasia, Far East).

**Morgan Stanley Capital Intl ACWI Index** - Consists of mid and large capitalization company stocks from 23 developed and 21 emerging markets countries

**Morgan Stanley Capital Intl Morgan Stanley Capital Intl EAFE Small Cap Index** - Consists of small capitalization companies across developed markets.

**Morgan Stanley Capital Intl Morgan Stanley Capital Intl Emerging Markets Free Index** - Consists of investable emerging market companies.

**Barclays Capital Aggregate Bond Index** - Consists of ~6,000 publicly traded bonds including U.S. Gov't, mortgage-backed, corporate, and Yankee bonds.

**BofA Merrill US High Yield BB-B (Constrained 2%) Index** - Contains High Yield bonds rated BB+ through B- by S&P, Moody's or Fitch, max exposure 2%.

**Citigroup Non-US Government Bond Index** - Contains fixed-rate non-US bonds.

**JP Morgan Emerging Markets Bond Plus Index** - Contains external-currency-denominated debt instruments of the emerging markets.

**ML 1-3 Year Treasury Index** - Consists of US Gov't Bonds with maturities of at least 1 year but no longer than 3 years.