Risk vs return 2013 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 is to strategically diversify your portfolio across asset classes, investment managers and their styles, thereby aiming to reduce risk and help you weather every season of the market.

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

Legend

▼ Lowest return (per year)

▲ Highest return (per year)

Calendar year market returns / **Sample multi-asset portfolios**

Year	Australian shares (%)	Australian bonds (%)	Cash (%)	Int shares (%)	Int shares hgd (%)	Int bonds hgd (%)	A-REITs (%)	30% Growth assets (%)	70% Growth assets (%)	90% Growth assets (%)	Year
1981	▼ -13.4	7.9	13.3	-0.3	2.6	7.9	▲ 32.1	6.7	1.1	-1.7	1981
1982	▼ -13.4	22.6	14.6	▲ 26.3	17.4	22.6	5.2	14.3	9.5	5.5	1982
1983	▲ 66.8	14.3	▼ 11.1	32.8	26.4	14.3	50.2	24.9	38.7	45.2	1983
1984	▼ -2.3	12.0	10.9	▲ 14.0	11.8	12.0	10.1	9.6	7.6	6.2	1984
1985	44.1	8.1	15.2	▲ 70.2	29.6	24.7	▼ 5.3	24.2	36.0	39.9	1985
1986	▲ 52.2	18.9	▼ 15.6	45.6	30.6	25.3	35.4	27.4	37.9	41.8	1986
1987	▼ -7.9	▲ 18.6	12.8	6.9	0.6	13.5	5.8	10.3	4.2	0.3	1987
1988	17.9	9.4	12.9	▼ 4.3	▲ 33.8	13.7	16.1	12.2	14.7	17.5	1988
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	▼ -2.3	10.4	6.9	4.5	-0.8	▲ 11.1	7.0	6.8	3.7	1.3	1992
1993	▲ 45.4	16.3	▼ 5.4	24.4	21.4	14.8	30.1	18.7	28.1	31.9	1993
1994	▼ -8.7	-4.7	5.4	-8.1	-0.1	-2.7	-5.6	-2.3	-5.6	-5.9	1994
1995	20.2	18.6	▼ 8.0	▲ 25.9	22.3	20.1	12.7	16.3	20.1	20.7	1995
1996	14.6	11.9	▼ 7.6	6.3	▲ 19.7	10.7	14.5	10.4	12.3	13.5	1996
1997	12.2	12.2	▼ 5.6	▲ 47.8	21.2	10.5	20.3	13.9	20.4	21.6	1997
1998	11.6	9.5	▼ 5.1	▲ 30.9	23.3	10.4	18.0	11.2	16.4	18.0	1998
1999	16.1	-1.2	5.0	16.1	▲ 23.9	0.8	▼ -5.0	5.1	10.5	14.4	1999
2000	4.8	12.1	6.3	5.9	▼ -7.9	10.1	▲ 17.9	8.6	6.5	4.1	2000
2001	10.5	5.5	5.2	-9.1	▼ -14.8	7.4	▲ 15.0	5.4	3.1	1.4	2001
2002	-8.6	8.8	4.8	▼ -27.2	-22.7	11.6	▲ 11.9	2.0	-6.8	-11.9	2002
2003	15.0	3.0	4.9	▼ 0.0	▲ 29.3	6.6	8.8	5.9	9.8	13.2	2003
2004	27.9	7.0	▼ 5.6	10.6	15.8	8.9	▲ 32.2	11.6	17.4	20.2	2004
2005	▲ 22.5	5.8	▼ 5.7	17.1	18.5	6.6	12.7	9.9	15.3	18.2	2005
2006	24.5	▼ 3.1	6.0	11.8	17.6	4.4	▲ 34.1	9.8	15.9	19.3	2006
2007	▲ 16.22	3.46	6.73	-1.9	6.4	6.6	▼ -8.36	5.7	6.3	7.5	2007
2008	-38.9	▲ 15.0	7.6	-25.9	-39.4	9.2	▼ -55.3	-3.8	-22.5	-32.6	2008
2009	▲ 37.6	▼ 1.7	3.5	2.0	28.4	8.0	9.6	9.0	17.3	22.8	2009
2010	1.9	6.0	4.7	▼ -1.4	▲ 13.5	9.3	-0.7	4.4	3.7	3.7	2010
2011	▼ -11.0	▲ 11.4	5.0	-5.7	-2.4	10.5	-1.6	3.6	-2.0	-5.4	2011
2012	19.7	7.7	▼ 4.0	14.7	19.1	9.7	▲ 32.8	10.6	16.1	18.3	2012
Average return (p.a.)	13.9%	10.2%	8.5%	11.7%	12.4%	11.2%	12.1%	10.7%	12.1%	12.6%	
Average risk (p.a.)	23.1%	6.8%	4.2%	20.4%	17.7%	6.3%	18.1%	7.1%	13.3%	16.6%	

Russell Investments