

# Returns are random

The chart below shows the variability of asset class performance on a year-by-year basis from 2005 through 2024. The best-performing asset class for each calendar year is at the top of each column. Please remember, past performance does not guarantee future results.

**Annual Total Returns of Key Asset Classes 2005–2024<sup>1</sup>**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Best	Emerging Market Stocks 34.54%	Emerging Market Stocks 32.55%	Emerging Market Stocks 39.82%	Global Bonds 10.89%	Emerging Market Stocks 79.02%	Small Growth Stocks 29.09%	Bonds 7.84%	Emerging Market Stocks 18.63%	Small Growth Stocks 43.30%	Large Growth Stocks 14.89%	Large Growth Stocks 5.52%	Small Value Stocks 31.74%	Emerging Market Stocks 37.75%	USD Cash 1.87%	Large Value Stocks 31.93%	Small Growth Stocks 34.63%	Large Growth Stocks 32.01%	USD Cash 1.46%	Large Growth Stocks 30.03%	Large Growth Stocks 36.07%
	Foreign Stocks 14.02%	Foreign Stocks 26.86%	Foreign Stocks 11.63%	Bonds 5.24%	High Yield Bonds 54.22%	Small Value Stocks 24.50%	Global Bonds 6.35%	Small Value Stocks 18.05%	Small Value Stocks 34.52%	Large Value Stocks 12.36%	Bonds 0.55%	High Yield Bonds 18.26%	Large Growth Stocks 27.44%	Bonds 0.01%	Large Growth Stocks 31.13%	Large Growth Stocks 33.47%	Small Value Stocks 28.27%	Large Value Stocks -5.22%	Large Value Stocks 22.23%	Small Growth Stocks 15.15%
	Asset Allocation Portfolio 6.81%	Small Value Stocks 23.48%	Global Bonds 10.95%	USD Cash 2.06%	Small Growth Stocks 34.47%	Emerging Market Stocks 19.20%	High Yield Bonds 5.47%	Foreign Stocks 17.90%	Large Growth Stocks 32.75%	Bonds 5.97%	USD Cash 0.05%	Large Value Stocks 17.40%	Foreign Stocks 25.62%	Large Growth Stocks -0.01%	Small Growth Stocks 28.48%	Emerging Market Stocks 18.69%	Large Value Stocks 24.90%	High Yield Bonds -10.55%	Foreign Stocks 18.85%	Large Value Stocks 12.29%
	Large Value Stocks 5.82%	Large Value Stocks 20.80%	Large Growth Stocks 9.13%	Asset Allocation Portfolio -24.58%	Foreign Stocks 32.46%	Large Value Stocks 15.10%	Large Growth Stocks 4.65%	Large Value Stocks 17.68%	Large Value Stocks 31.99%	Small Growth Stocks 5.60%	Foreign Stocks -0.39%	Emerging Market Stocks 11.60%	Small Growth Stocks 22.17%	Global Bonds -0.84%	Foreign Stocks 22.66%	Asset Allocation Portfolio 12.48%	Foreign Stocks 11.78%	Bonds -13.01%	Small Growth Stocks 18.66%	Asset Allocation Portfolio 9.55%
	Small Value Stocks 4.71%	Asset Allocation Portfolio 15.53%	Asset Allocation Portfolio 8.54%	High Yield Bonds -26.17%	Large Growth Stocks 31.57%	Large Growth Stocks 15.05%	USD Cash 0.10%	High Yield Bonds 14.71%	Foreign Stocks 23.29%	Small Value Stocks 4.22%	Small Growth Stocks -1.38%	Small Growth Stocks 11.32%	Asset Allocation Portfolio 15.51%	High Yield Bonds -2.37%	Small Value Stocks 22.39%	Global Bonds 10.11%	Asset Allocation Portfolio 9.46%	Foreign Stocks -14.01%	Small Value Stocks 14.65%	Small Value Stocks 8.05%
	Small Growth Stocks 4.15%	Small Growth Stocks 13.35%	Small Growth Stocks 7.05%	Small Value Stocks -28.92%	Asset Allocation Portfolio 28.22%	High Yield Bonds 14.42%	Large Value Stocks -0.48%	Large Growth Stocks 14.61%	Asset Allocation Portfolio 16.52%	Asset Allocation Portfolio 3.82%	Asset Allocation Portfolio -2.94%	Asset Allocation Portfolio 10.33%	Large Value Stocks 15.36%	Asset Allocation Portfolio -6.01%	Emerging Market Stocks 18.90%	Foreign Stocks 8.28%	High Yield Bonds 5.49%	Small Value Stocks -14.48%	Asset Allocation Portfolio 14.40%	Emerging Market Stocks 8.05%
	Large Growth Stocks 4.00%	High Yield Bonds 11.92%	Bonds 6.97%	Large Growth Stocks -34.92%	Large Value Stocks 21.18%	Asset Allocation Portfolio 13.74%	Asset Allocation Portfolio -1.44%	Small Growth Stocks 14.59%	High Yield Bonds 7.53%	High Yield Bonds 1.86%	Large Value Stocks -3.13%	Large Growth Stocks 6.89%	Small Value Stocks 7.84%	Large Value Stocks -8.95%	Asset Allocation Portfolio 18.64%	Bonds 7.51%	Small Growth Stocks 2.83%	Asset Allocation Portfolio -14.96%	High Yield Bonds 13.55%	High Yield Bonds 7.89%
	USD Cash 3.07%	Large Growth Stocks 11.01%	USD Cash 5.00%	Small Growth Stocks -38.54%	Small Value Stocks 20.58%	Foreign Stocks 8.21%	Small Growth Stocks -2.91%	Asset Allocation Portfolio 12.21%	USD Cash 0.07%	USD Cash 0.03%	Global Bonds -3.57%	Bonds 2.65%	Global Bonds 7.49%	Small Growth Stocks -9.31%	High Yield Bonds 14.00%	High Yield Bonds 5.48%	USD Cash 0.05%	Global Bonds -18.26%	Emerging Market Stocks 10.27%	USD Cash 5.25%
	Bonds 2.43%	Global Bonds 6.12%	High Yield Bonds 2.65%	Large Value Stocks -39.22%	Bonds 5.93%	Bonds 6.54%	Small Value Stocks -5.50%	Bonds 4.21%	Bonds -2.02%	Global Bonds -0.48%	High Yield Bonds -4.93%	Global Bonds 1.60%	High Yield Bonds 7.03%	Small Value Stocks -12.86%	Bonds 8.72%	Small Value Stocks 4.63%	Bonds -1.54%	Emerging Market Stocks -19.74%	Bonds 5.53%	Foreign Stocks 4.35%
	High Yield Bonds 2.26%	USD Cash 4.85%	Large Value Stocks 1.99%	Foreign Stocks -43.06%	Global Bonds 2.55%	Global Bonds 5.17%	Foreign Stocks -11.73%	Global Bonds 1.65%	Emerging Market Stocks -2.27%	Emerging Market Stocks -1.82%	Small Value Stocks -7.47%	Foreign Stocks 1.51%	Bonds 3.54%	Foreign Stocks -13.36%	Global Bonds 5.90%	Large Value Stocks 1.36%	Emerging Market Stocks -2.22%	Small Growth Stocks -26.36%	Global Bonds 5.19%	Bonds 1.25%
Worst	Global Bonds -6.88%	Bonds 4.33%	Small Value Stocks -9.78%	Emerging Market Stocks -53.18%	USD Cash 0.21%	USD Cash 0.13%	Emerging Market Stocks -18.17%	USD Cash 0.11%	Global Bonds -4.00%	Foreign Stocks -4.48%	Emerging Market Stocks -14.60%	USD Cash 0.33%	USD Cash 0.86%	Emerging Market Stocks -14.25%	USD Cash 2.28%	USD Cash 0.67%	Global Bonds -6.97%	Large Growth Stocks -29.41%	USD Cash 5.01%	Global Bonds -2.87%

1. Source of the full years 2004 ending 12/31/2024: © 2024 Morningstar. ■ Large growth stocks are represented by the S&P Growth Index; ■ Large value stocks are represented by the S&P 500 Value Index; ■ Small growth stocks are represented by the Russell 2000 Growth Index; ■ Small value stocks are represented by the Russell 2000 Value Index; ■ Foreign stocks are represented by the MSCI EAFE Index; ■ Bonds are represented by the Bloomberg U.S. Aggregate Bond Index; ■ High yield bonds are represented by the Credit Suisse High Yield Index; ■ Emerging market stocks are represented by the MSCI Emerging Markets Index; ■ Global bonds are represented by the FTSE World Government Bond Index; ■ Asset allocation portfolio reflects an equal investment at the start of the year in each of the nine asset classes; ■ Hedge strategy composite is represented by the HFRI Fund Weighted Composite Index; ■ USD cash is represented by the ICE BofA US 3M Trsy Bill TR USD.

Certain asset classes carry relatively higher risks. Small capitalization stocks can be more volatile than large capitalization stocks. High-yield bonds have a higher risk of default and loss of principal compared to US investment grade bonds. Foreign investing involves special risks, including currency fluctuations, and political and economic uncertainty. Emerging markets stocks involve heightened risks related to the same factors, in addition to those associated with their relatively small size and lesser liquidity. Hedge strategies are speculative investments, entail significant risk and should not be considered a complete investment program.

Indexes are unmanaged and one cannot invest directly in an index. Index returns do not reflect any fees, expenses or sales charges. Past performance is no guarantee of future results. Diversification does not guarantee a profit or protect against loss.

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Is risk more predictable?

While some asset classes may offer the potential for higher return, they are often associated with higher risk. The chart below shows the standard deviation, a risk measure of various asset classes on a year-by-year basis from 2005–2024. Historically, there has been a pattern of relative risk. That’s why it’s important to look beyond returns when evaluating a potential investment.

Annualized Standard Deviations of Key Asset Classes 2005–2024<sup>2</sup>

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Highest risk ↑	Small Growth Stocks 16.51%	Emerging Market Stocks 17.32%	Emerging Market Stocks 18.11%	Emerging Market Stocks 28.68%	Emerging Market Stocks 32.36%	Emerging Market Stocks 32.59%	Small Value Stocks 26.05%	Emerging Market Stocks 21.49%	Emerging Market Stocks 19.03%	Emerging Market Stocks 14.99%	Small Growth Stocks 14.95%	Small Growth Stocks 16.67%	Emerging Market Stocks 15.36%	Small Growth Stocks 16.46%	Small Growth Stocks 16.37%	Small Value Stocks 26.12%	Small Value Stocks 25.00%	Small Value Stocks 27.27%	Small Growth Stocks 21.79%	Small Growth Stocks 23.99%
	Emerging Market Stocks 16.42%	Small Growth Stocks 15.57%	Small Growth Stocks 14.23%	Small Growth Stocks 21.26%	Small Value Stocks 25.62%	Small Value Stocks 28.37%	Emerging Market Stocks 25.76%	Small Growth Stocks 20.72%	Small Growth Stocks 17.27%	Small Growth Stocks 13.82%	Emerging Market Stocks 14.04%	Emerging Market Stocks 16.07%	Small Growth Stocks 14.59%	Small Value Stocks 15.76%	Small Value Stocks 15.68%	Small Growth Stocks 25.10%	Small Growth Stocks 23.07%	Small Growth Stocks 26.20%	Small Value Stocks 21.75%	Small Value Stocks 23.44%
	Small Value Stocks 14.09%	Small Value Stocks 12.33%	Small Value Stocks 12.59%	Foreign Stocks 19.26%	Small Growth Stocks 24.85%	Small Growth Stocks 27.70%	Small Growth Stocks 24.31%	Small Value Stocks 19.89%	Foreign Stocks 16.22%	Foreign Stocks 12.99%	Small Value Stocks 13.46%	Small Value Stocks 15.50%	Small Value Stocks 13.97%	Emerging Market Stocks 14.62%	Emerging Market Stocks 14.18%	Emerging Market Stocks 19.62%	Large Value Stocks 18.69%	Large Growth Stocks 23.46%	Large Growth Stocks 20.06%	Large Growth Stocks 19.87%
	Foreign Stocks 11.39%	Foreign Stocks 9.29%	Foreign Stocks 9.41%	Small Value Stocks 19.14%	Foreign Stocks 23.65%	Foreign Stocks 26.28%	Foreign Stocks 22.45%	Foreign Stocks 19.32%	Small Value Stocks 15.82%	Small Value Stocks 12.79%	Foreign Stocks 12.47%	Foreign Stocks 12.48%	Foreign Stocks 11.85%	Large Growth Stocks 11.69%	Large Value Stocks 12.73%	Large Value Stocks 19.34%	Emerging Market Stocks 18.35%	Large Value Stocks 20.44%	Emerging Market Stocks 17.14%	Emerging Market Stocks 17.50%
	Large Value Stocks 10.34%	Large Growth Stocks 7.43%	Large Value Stocks 8.00%	Large Value Stocks 15.83%	Large Value Stocks 21.94%	Large Value Stocks 23.90%	Large Value Stocks 21.10%	Large Value Stocks 15.76%	Large Value Stocks 12.97%	Large Value Stocks 9.46%	Large Growth Stocks 10.77%	Large Growth Stocks 11.18%	Large Growth Stocks 10.52%	Foreign Stocks 11.27%	Large Growth Stocks 12.08%	Large Growth Stocks 18.66%	Large Growth Stocks 17.41%	Emerging Market Stocks 20.26%	Large Value Stocks 16.65%	Large Value Stocks 16.64%
	Large Growth Stocks 8.39%	Large Value Stocks 6.74%	Large Growth Stocks 7.83%	Large Growth Stocks 15.14%	Large Growth Stocks 18.34%	Large Growth Stocks 20.86%	Large Growth Stocks 17.06%	Large Growth Stocks 14.87%	Large Growth Stocks 11.26%	Large Growth Stocks 9.00%	Large Value Stocks 10.59%	Large Value Stocks 10.73%	Large Value Stocks 10.32%	Large Value Stocks 11.02%	Foreign Stocks 10.80%	Foreign Stocks 17.87%	Foreign Stocks 16.89%	Foreign Stocks 19.95%	Foreign Stocks 16.60%	Foreign Stocks 16.61%
	Global Bonds 7.24%	Global Bonds 5.86%	Global Bonds 5.48%	High Yield Bonds 12.54%	High Yield Bonds 15.54%	High Yield Bonds 15.64%	High Yield Bonds 9.70%	High Yield Bonds 6.36%	High Yield Bonds 5.88%	High Yield Bonds 4.39%	High Yield Bonds 5.34%	High Yield Bonds 6.12%	Global Bonds 5.75%	Global Bonds 5.82%	Hedge Strategy Composite 4.46%	High Yield Bonds 9.60%	High Yield Bonds 9.37%	High Yield Bonds 11.14%	Global Bonds 8.90%	Global Bonds 9.39%
	High Yield Bonds 4.91%	Hedge Strategy Composite 4.44%	Hedge Strategy Composite 4.73%	Hedge Strategy Composite 7.90%	Global Bonds 8.83%	Global Bonds 9.26%	Global Bonds 7.57%	Hedge Strategy Composite 6.01%	Hedge Strategy Composite 5.23%	Global Bonds 4.28%	Global Bonds 4.39%	Global Bonds 5.89%	High Yield Bonds 5.67%	High Yield Bonds 4.64%	Global Bonds 4.20%	Hedge Strategy Composite 8.91%	Hedge Strategy Composite 8.60%	Hedge Strategy Composite 8.91%	High Yield Bonds 8.06%	High Yield Bonds 8.14%
	Hedge Strategy Composite 4.27%	High Yield Bonds 3.55%	High Yield Bonds 4.24%	Global Bonds 7.39%	Hedge Strategy Composite 8.49%	Hedge Strategy Composite 8.73%	Hedge Strategy Composite 6.73%	Global Bonds 5.52%	Global Bonds 4.60%	Hedge Strategy Composite 3.86%	Hedge Strategy Composite 3.86%	Hedge Strategy Composite 3.92%	Hedge Strategy Composite 3.64%	Hedge Strategy Composite 4.10%	High Yield Bonds 4.10%	Global Bonds 4.48%	Global Bonds 4.80%	Global Bonds 7.53%	Bonds 7.14%	Bonds 7.72%
	Bonds 4.07%	Bonds 3.21%	Bonds 2.77%	Bonds 3.97%	Bonds 4.11%	Bonds 4.17%	Bonds 2.78%	Bonds 2.38%	Bonds 2.71%	Bonds 2.63%	Bonds 2.88%	Bonds 2.98%	Bonds 2.78%	Bonds 2.84%	Bonds 2.87%	Bonds 3.36%	Bonds 3.35%	Bonds 5.77%	Hedge Strategy Composite 5.46%	Hedge Strategy Composite 5.16%
Lowest risk ↓	USD Cash 0.28%	USD Cash 0.43%	USD Cash 0.31%	USD Cash 0.48%	USD Cash 0.63%	USD Cash 0.36%	USD Cash 0.03%	USD Cash 0.03%	USD Cash 0.03%	USD Cash 0.02%	USD Cash 0.02%	USD Cash 0.05%	USD Cash 0.11%	USD Cash 0.20%	USD Cash 0.20%	USD Cash 0.27%	USD Cash 0.32%	USD Cash 0.34%	USD Cash 0.65%	USD Cash 0.56%

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2. Source: Morningstar. Standard deviation is a statistical measurement of the range of an asset class’s total returns over the rolling three-year period ending on December 31 of the illustrated year. In general, a higher standard deviation means greater volatility. Important data provider notices and terms available at [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com).

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