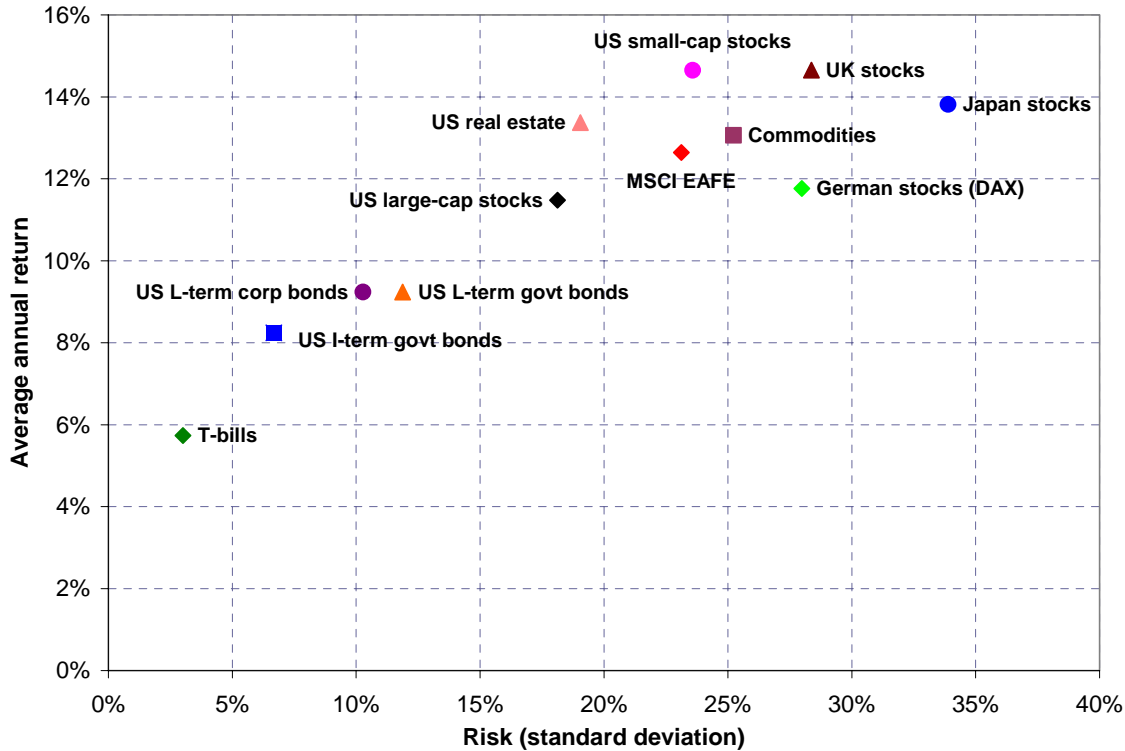


## Asset Class Risk/Return Map

Average annual return versus standard deviation of annual returns for 12 asset classes



Source: *Advisor* calculations from various sources

This chart provides a risk/return guide to twelve different asset classes that have at least forty years of return data from 1970 through 2009 – with one exception, U.S. real estate, for which only 38 years of data is available. Return data in all cases is based on total returns and assumes the reinvestment of dividends or interest. Return data on foreign stock markets is based on U.S. dollar returns.

U.S. small-cap stocks and UK stocks provided the highest average annual return over the past forty years at approximately 14.7% per year, although small-cap returns were significantly less variable than UK stock returns. Japanese stock returns were the most variable. The data point labeled “MSCI EAFE” reports the return and risk data for the Morgan Stanley index of developed country stocks, excluding the United States and Canada.

Although the forty-year return averages shown in this chart may be useful for long-term planning, investors are not likely to realize comparable returns on many of the asset classes in the near term, particularly on fixed income asset classes with interest rates currently at near historic low levels.

Readers will note the absence of several asset classes often used today for portfolio diversification, such as inflation-indexed bonds and emerging-market equities. Return data on these asset classes covers a much shorter time period. Investors are cautioned about making investment decisions based on relatively short-term data. For return statistics to be sufficiently robust, they should span a period of at least forty years.