



# WHY DIVERSIFY? BECAUSE WINNERS ROTATE.

Perhaps nothing better illustrates the need for an asset allocation plan than the chart below, which shows how various asset classes performed on a year-by-year basis from 2001 through 2018. 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 RETURNS OF KEY ASSET CLASSES RANKED IN ORDER OF PERFORMANCE FROM BEST TO WORST (US\$)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Best	U.S. Bonds 8.44%	European Bonds 29.01%	European Small Caps 62.22%	European Small Caps 33.25%	Emerging Markets Equities 34.54%	European Small Caps 45.75%	Emerging Markets Small Caps 42.57%	U.S. Bonds 5.24%	Emerging Markets Small Caps 114.32%	Emerging Markets Small Caps 27.47%	Emerging Markets Bonds 8.46%	European Small Caps 29.53%	European Small Caps 39.96%	U.S. Equities 13.69%	European Small Caps 11.28%	U.S. Small Caps 21.31%	Emerging Markets Equities 37.75%	U.S. Bonds 0.01%
	Global High Yield Bonds 6.16%	Global Bonds 16.52%	Emerging Markets Small Caps 60.79%	Emerging Markets Equities 25.95%	Emerging Markets Small Caps 29.52%	European Equities 34.36%	Emerging Markets Equities 39.82%	Global Bonds 4.79%	Emerging Markets Equities 79.02%	U.S. Small Caps 26.85%	U.S. Bonds 7.84%	Emerging Markets Small Caps 22.60%	U.S. Small Caps 38.82%	U.S. Bonds 5.97%	U.S. Equities 1.38%	Global High Yield Bonds 18.26%	European Small Caps 36.07%	Global Bonds -1.20%
	U.S. Small Caps 2.49%	Emerging Markets Bonds 13.11%	Emerging Markets Equities 56.28%	Emerging Markets Small Caps 25.02%	European Small Caps 19.41%	Emerging Markets Small Caps 32.59%	European Equities 14.39%	European Bonds 0.99%	European Small Caps 65.42%	Global Small Caps 26.71%	Global Bonds 5.64%	European Equities 19.93%	U.S. Equities 32.39%	Emerging Markets Bonds 5.53%	Emerging Markets Bonds 1.23%	Global Small Caps 12.10%	Emerging Markets Small Caps 34.22%	Global High Yield Bonds -2.37%
	Global Bonds 1.57%	U.S. Bonds 10.26%	Global Small Caps 51.28%	Global Small Caps 24.21%	Global Small Caps 15.91%	Emerging Markets Equities 32.55%	European Bonds 12.48%	Emerging Markets Bonds -10.91%	Global High Yield Bonds 54.22%	European Small Caps 21.88%	Global High Yield Bonds 5.47%	Emerging Markets Equities 18.63%	Global Small Caps 29.18%	Global Equities 5.50%	U.S. Bonds 0.55%	U.S. Equities 11.96%	European Equities 26.24%	U.S. Equities -4.38%
	Emerging Markets Bonds 1.36%	Global High Yield Bonds 3.10%	U.S. Small Caps 47.25%	European Equities 21.39%	Emerging Markets Bonds 10.73%	Global Small Caps 21.38%	Global Equities 9.57%	Global High Yield Bonds -26.17%	Global Small Caps 51.30%	Emerging Markets Equities 19.20%	U.S. Equities 2.11%	Global Small Caps 18.63%	Global Equities 27.37%	U.S. Small Caps 4.89%	Global Equities -0.32%	Emerging Markets Equities 11.60%	Global Small Caps 24.32%	European Bonds -4.41%
	European Bonds 0.62%	Emerging Markets Small Caps -1.26%	European Equities 39.14%	U.S. Small Caps 18.33%	Global Equities 10.02%	Global Equities 20.65%	Global Bonds 9.48%	U.S. Small Caps -33.79%	European Equities 36.81%	U.S. Equities 15.06%	European Bonds -0.10%	Emerging Markets Bonds 18.54%	European Equities 25.96%	Global Small Caps 2.20%	Global Small Caps -0.63%	Emerging Markets Bonds 10.19%	Global Equities 23.07%	Emerging Markets Bonds -4.61%
	Emerging Markets Small Caps 0.45%	Emerging Markets Equities -6.00%	Global Equities 33.76%	European Bonds 15.70%	European Equities 9.93%	U.S. Small Caps 18.37%	Global Small Caps 7.19%	U.S. Equities -37.00%	Global Equities 30.79%	Global High Yield Bonds 14.42%	U.S. Small Caps -4.18%	Global Equities 16.54%	Global High Yield Bonds 7.53%	Global High Yield Bonds 1.86%	European Equities -2.34%	Global Equities 8.15%	U.S. Equities 21.83%	Global Equities -8.20%
	Emerging Markets Equities -2.37%	Global Small Caps -11.45%	U.S. Equities 28.68%	Global Equities 15.25%	U.S. Equities 4.91%	U.S. Equities 15.79%	U.S. Bonds 6.97%	Global Equities -40.33%	Emerging Markets Bonds 28.18%	Global Equities 12.34%	Global Equities -5.02%	U.S. Small Caps 16.35%	European Bonds 6.79%	Emerging Markets Small Caps 1.34%	Global Bonds -3.15%	U.S. Bonds 2.65%	U.S. Small Caps 14.65%	U.S. Small Caps -11.01%
	Global Small Caps -6.37%	European Small Caps -12.12%	Global High Yield Bonds 27.94%	Global High Yield Bonds 11.95%	U.S. Small Caps 4.55%	Global High Yield Bonds 11.92%	Emerging Markets Bonds 6.28%	Global Small Caps -43.42%	U.S. Small Caps 27.17%	Emerging Markets Bonds 12.04%	European Equities -10.50%	U.S. Equities 16.00%	Emerging Markets Small Caps 1.35%	Global Bonds 0.59%	U.S. Small Caps -4.41%	Emerging Markets Small Caps 2.56%	European Bonds 14.62%	Global Small Caps -14.03%
	European Small Caps -9.94%	European Equities -18.09%	Emerging Markets Bonds 25.66%	Emerging Markets Bonds 11.73%	U.S. Bonds 2.43%	European Bonds 11.76%	U.S. Equities 5.49%	European Equities -46.08%	U.S. Equities 26.46%	U.S. Bonds 6.54%	Global Small Caps -10.96%	Global High Yield Bonds 14.71%	U.S. Bonds -2.02%	Emerging Markets Equities -1.82%	Global High Yield Bonds -4.93%	Global Bonds 2.09%	Emerging Markets Bonds 9.32%	Emerging Markets Equities -14.25%
	U.S. Equities -11.89%	Global Equities -19.54%	European Bonds 25.65%	U.S. Equities 10.88%	Global High Yield Bonds 2.26%	Emerging Markets Bonds 9.88%	European Small Caps 2.87%	Emerging Markets Equities -53.18%	European Bonds 10.39%	Global Bonds 5.54%	Emerging Markets Equities -18.17%	European Bonds 12.93%	Emerging Markets Equities -2.27%	European Bonds -2.44%	Emerging Markets Small Caps -6.57%	European Bonds 0.32%	Global Bonds 7.39%	European Equities -14.32%
	Global Equities -16.52%	U.S. Small Caps -20.48%	Global Bonds 12.51%	Global Bonds 9.27%	Global Bonds -4.49%	Global Bonds 6.64%	Global High Yield Bonds 2.65%	European Small Caps -54.03%	Global Bonds 6.93%	European Equities 4.49%	European Small Caps -19.80%	Global Bonds 4.32%	Global Bonds -2.60%	European Equities -5.68%	European Bonds -9.33%	European Equities 0.22%	Global High Yield Bonds 7.03%	Emerging Markets Small Caps -18.30%
Worst	European Equities -19.64%	U.S. Equities -22.10%	U.S. Bonds 4.10%	U.S. Bonds 4.34%	European Bonds -9.04%	U.S. Bonds 4.33%	U.S. Small Caps -1.57%	Emerging Markets Small Caps -58.10%	U.S. Bonds 5.93%	European Bonds -4.46%	Emerging Markets Small Caps -26.96%	U.S. Bonds 4.21%	Emerging Markets Bonds -6.58%	European Small Caps -6.18%	Emerging Markets Equities -14.60%	European Small Caps -1.68%	U.S. Bonds 3.54%	European Small Caps -19.56%

- European Bonds  
BBgBarc Euro Agg Bond TR EUR\*
- Emerging Markets Bonds  
JPM EMBI Global TR USD
- Global Bonds  
BBgBarc Global Aggregate TR USD
- Global High Yield Bonds  
Credit Suisse HY USD
- U.S. Bonds  
BBgBarc US Agg Bond TR USD
- Emerging Markets Small Caps  
MSCI EM Small GR USD
- European Small Caps  
MSCI Europe Small Cap GR USD
- Global Small Caps  
MSCI ACWI Small GR USD
- U.S. Small Caps  
Russell 2000 TR USD
- Emerging Markets Equities  
MSCI EM GR USD
- European Equities  
MSCI Europe GR USD
- Global Equities  
MSCI World GR USD
- U.S. Equities  
S&P 500 TR USD

Past performance does not guarantee future results.

Source: © 2019 Morningstar, Inc., All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Indexes are unmanaged, and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges.

\* BBgBarc Euro Agg Bond TR EUR Index was converted to US dollar.

## IMPORTANT INFORMATION

This material is intended to be of general interest only and should not be construed as individual investment advice or a recommendation or solicitation to buy, sell or hold any security or to adopt any investment strategy. It does not constitute legal or tax advice.

The views expressed are those of the investment manager and the comments, opinions and analyses are rendered as at publication date and may change without notice. The information provided in this material is not intended as a complete analysis of every material fact regarding any country, region or market.

### All investments involve risks, including possible loss of principal.

Data from third party sources may have been used in the preparation of this material and Franklin Templeton Investments (“FTI”) has not independently verified, validated or audited such data. FTI accepts no liability whatsoever for any loss arising from use of this information and reliance upon the comments opinions and analyses in the material is at the sole discretion of the user.

Products, services and information may not be available in all jurisdictions and are offered outside the U.S. by other FTI affiliates and/or their distributors as local laws and regulation permits. Please consult your own professional adviser for further information on availability of products and services in your jurisdiction.

**Australia:** Issued by Franklin Templeton Investments Australia Limited (ABN 87 006 972 247) (Australian Financial Services License Holder No. 225328), Level 19, 101 Collins Street, Melbourne, Victoria, 3000. **Austria/Germany:** Issued by Franklin Templeton Investment Services GmbH, Mainzer Landstraße 16, D-60325 Frankfurt am Main, Germany. Authorized in Germany by IHK Frankfurt M., Reg. no. D-F-125-TMX1-08. **Canada:** Issued by Franklin Templeton Investments Corp., 5000 Yonge Street, Suite 900 Toronto, ON, M2N 0A7, Fax: (416) 364-1163, (800) 387-0830, [www.franklintempleton.ca](http://www.franklintempleton.ca). **Dubai:** Issued by Franklin Templeton Investments (ME) Limited, authorized and regulated by the Dubai Financial Services Authority. Dubai office: Franklin Templeton Investments, The Gate, East Wing, Level 2, Dubai International Financial Centre, P.O. Box 506613, Dubai, U.A.E., Tel: +9714-4284100, Fax: +9714-4284140. **France:** Issued by Franklin Templeton France S.A., 20, rue de la Paix, 75002 Paris, France. **Hong Kong:** Issued by Franklin Templeton Investments (Asia) Limited, 17/F, Chater House, 8 Connaught Road Central, Hong Kong. **Italy:** Issued by Franklin Templeton International Services S.à r.l. – Italian Branch, Corso Italia, 1 – Milan, 20122, Italy. **Korea:** Issued by Franklin Templeton Investment Trust Management Co., Ltd., 3rd fl., CCMM Building, 12 Youido-Dong, Youngdungpo-Gu, Seoul, Korea 150-968. **Luxembourg/Benelux:** Issued by Franklin Templeton International Services S.à r.l. – Supervised by the *Commission de Surveillance du Secteur Financier* – 8A, rue Albert Borschette, L-1246 Luxembourg – Tel: +352-46 66 67-1 – Fax: +352-46 66 76. **Malaysia:** Issued by Franklin Templeton Asset Management (Malaysia) Sdn. Bhd. & Franklin Templeton GSC Asset Management Sdn. Bhd. **Poland:** Issued by Templeton Asset Management (Poland) TFI S.A.; Rondo ONZ 1; 00-124 Warsaw. **Romania:** Issued by Bucharest branch of Franklin Templeton Investment Management Limited (“FTIML”) registered with the Romania Financial Supervisory Authority under no. PJM01SFIM/400005/14.09.2009, and authorized and regulated in the UK by the Financial Conduct Authority. **Spain:** Issued by the branch of Franklin Templeton Investment Management, Professional of the Financial Sector under the Supervision of CNMV, José Ortega y Gasset 29, Madrid. **South Africa:** Issued by Franklin Templeton Investments SA (PTY) Ltd which is an authorised Financial Services Provider. Tel: +27 (21) 831 7400, Fax: +27 (21) 831 7422. **Switzerland:** Issued by Franklin Templeton Switzerland Ltd, Stockerstrasse 38, CH-8002 Zurich. **UK:** Issued by Franklin Templeton Investment Management Limited (FTIML), registered office: Cannon Place, 78 Cannon Street, London EC4N 6HL. Authorized and regulated in the United Kingdom by the Financial Conduct Authority. **Nordic regions:** Issued by Franklin Templeton International Services S.à r.l. (FTIS), Swedish branch filial, Blasieholmsgatan 5, SE-111 48 Stockholm, Sweden. Phone: +46 (0) 8 545 01230, Fax: +46 (0) 8 545 01239. FTIS is authorised and regulated in the Luxembourg by the *Commission de Surveillance du Secteur Financier* and is authorized to conduct certain financial services in Denmark, in Sweden, in Norway and in Finland. **Offshore Americas:** In the U.S., this publication is made available only to financial intermediaries by Templeton/Franklin Investment Services, 100 Fountain Parkway, St. Petersburg, Florida 33716. Tel: (800) 239-3894 (USA Toll-Free), (877) 389-0076 (Canada Toll-Free), and Fax: (727) 299-8736. Investments are not FDIC insured; may lose value; and are not bank guaranteed. Distribution outside the U.S. may be made by Templeton Global Advisors Limited or other sub-distributors, intermediaries, dealers or professional investors that have been engaged by Templeton Global Advisors Limited to distribute shares of Franklin Templeton funds in certain jurisdictions. This is not an offer to sell or a solicitation of an offer to purchase securities in any jurisdiction where it would be illegal to do so.

Please visit [www.franklinresources.com](http://www.franklinresources.com) to be directed to your local Franklin Templeton website.

Copyright © 2019 Franklin Templeton Investments. All rights reserved.



Franklin Templeton Investments  
Blasieholmsgatan 5  
SE-111 48 Stockholm, Sweden  
[franklintempletonnordic.com](http://franklintempletonnordic.com)

To take advantage of the strong returns of each year’s “winners,” it is important to develop a well-balanced portfolio. Franklin Templeton offers a variety of professionally managed mutual funds that cover every major asset class.