The Callan Periodic Table of Investment Returns

Annual Returns for Key Indices Ranked in Order of Performance (2000–2019)

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Real Estate **13.84%**	U.S. Fixed Income **8.43%**	Glbl ex-U.S. Fixed **22.37%**	Emerging Market Equity **55.82%**	Real Estate **37.96%**	Emerging Market Equity **34.00%**	Real Estate **42.12%**	Emerging Market Equity **39.38%**	U.S. Fixed Income **5.24%**	Emerging Market Equity **78.51%**	Small Cap Equity **26.85%**	U.S. Fixed Income **7.84%**	Real Estate **27.73%**	Small Cap Equity **38.82%**	Real Estate **15.02%**	Large Cap Equity **1.38%**	Small Cap Equity **21.31%**	Emerging Market Equity **37.28%**	Cash Equivalent **1.87%**	Large Cap Equity **31.49%**
U.S. Fixed Income **11.63%**	High Yield **5.28%**	U.S. Fixed Income **10.26%**	Small Cap Equity **47.25%**	Emerging Market Equity **25.55%**	Real Estate **15.35%**	Emerging Market Equity **32.17%**	Dev ex-U.S. Equity **12.44%**	Glbl ex-U.S. Fixed **4.39%**	High Yield **58.21%**	Real Estate **19.63%**	High Yield **4.98%**	Emerging Market Equity **18.23%**	Large Cap Equity **32.39%**	Large Cap Equity **13.69%**	U.S. Fixed Income **0.55%**	High Yield **17.13%**	Dev ex-U.S. Equity **24.21%**	U.S. Fixed Income **0.01%**	Small Cap Equity **25.52%**
Cash Equivalent **6.18%**	Cash Equivalent **4.42%**	Real Estate **2.82%**	Real Estate **40.69%**	Dev ex-U.S. Equity **20.38%**	Dev ex-U.S. Equity **14.47%**	Dev ex-U.S. Equity **25.71%**	Glbl ex-U.S. Fixed **11.03%**	Cash Equivalent **2.06%**	Real Estate **37.13%**	Emerging Market Equity **18.88%**	Glbl ex-U.S. Fixed **4.36%**	Dev ex-U.S. Equity **16.41%**	Dev ex-U.S. Equity **21.02%**	U.S. Fixed Income **5.97%**	Cash Equivalent **0.05%**	Large Cap Equity **11.96%**	Large Cap Equity **21.83%**	High Yield **-2.08%**	Dev ex-U.S. Equity **22.49%**
Small Cap Equity **-3.02%**	Small Cap Equity **2.49%**	Cash Equivalent **1.78%**	Dev ex-U.S. Equity **39.42%**	Small Cap Equity **18.33%**	Large Cap Equity **4.91%**	Small Cap Equity **18.37%**	U.S. Fixed Income **6.97%**	High Yield **-26.16%**	Dev ex-U.S. Equity **33.67%**	High Yield **15.12%**	Large Cap Equity **2.11%**	Small Cap Equity **16.35%**	High Yield **7.44%**	Small Cap Equity **4.89%**	Real Estate **-0.79%**	Emerging Market Equity **11.19%**	Small Cap Equity **14.65%**	Glbl ex-U.S. Fixed **-2.15%**	Real Estate **21.91%**
Glbl ex-U.S. Fixed **-3.91%**	Emerging Market Equity **-2.61%**	High Yield **-1.37%**	High Yield **28.97%**	Glbl ex-U.S. Fixed **12.54%**	Small Cap Equity **4.55%**	Large Cap Equity **15.79%**	Large Cap Equity **5.49%**	Small Cap Equity **-33.79%**	Small Cap Equity **27.17%**	Large Cap Equity **15.06%**	Cash Equivalent **0.10%**	Large Cap Equity **16.00%**	Real Estate **3.67%**	High Yield **2.45%**	Dev ex-U.S. Equity **-3.04%**	Real Estate **4.06%**	Glbl ex-U.S. Fixed **10.51%**	Large Cap Equity **-4.38%**	Emerging Market Equity **18.44%**
High Yield **-5.86%**	Glbl ex-U.S. Fixed **-3.75%**	Emerging Market Equity **-6.16%**	Large Cap Equity **28.68%**	High Yield **11.13%**	Cash Equivalent **3.07%**	High Yield **11.85%**	Cash Equivalent **5.00%**	Large Cap Equity **-37.00%**	Large Cap Equity **26.47%**	Dev ex-U.S. Equity **8.95%**	Small Cap Equity **-4.18%**	High Yield **15.81%**	Cash Equivalent **0.07%**	Cash Equivalent **0.03%**	Small Cap Equity **-4.41%**	Dev ex-U.S. Equity **2.75%**	Real Estate **10.36%**	Real Estate **-5.63%**	High Yield **14.32%**
Large Cap Equity **-9.11%**	Real Estate **-3.81%**	Dev ex-U.S. Equity **-15.80%**	Glbl ex-U.S. Fixed **19.36%**	Large Cap Equity **10.88%**	High Yield **2.74%**	Glbl ex-U.S. Fixed **8.16%**	High Yield **1.87%**	Dev ex-U.S. Equity **-43.56%**	Glbl ex-U.S. Fixed **7.53%**	U.S. Fixed Income **6.54%**	Real Estate **-6.46%**	U.S. Fixed Income **4.21%**	U.S. Fixed Income **-2.02%**	Emerging Market Equity **-2.19%**	High Yield **-4.47%**	U.S. Fixed Income **2.65%**	High Yield **7.50%**	Small Cap Equity **-11.01%**	U.S. Fixed Income **8.72%**
Dev ex-U.S. Equity **-13.37%**	Large Cap Equity **-11.89%**	Small Cap Equity **-20.48%**	U.S. Fixed Income **4.10%**	U.S. Fixed Income **4.34%**	U.S. Fixed Income **2.43%**	Cash Equivalent **4.85%**	Small Cap Equity **-1.57%**	Real Estate **-48.21%**	U.S. Fixed Income **5.93%**	Glbl ex-U.S. Fixed **4.95%**	Dev ex-U.S. Equity **-12.21%**	Glbl ex-U.S. Fixed **4.09%**	Emerging Market Equity **-2.60%**	Glbl ex-U.S. Fixed **-3.09%**	Glbl ex-U.S. Fixed **-6.02%**	Glbl ex-U.S. Fixed **1.49%**	U.S. Fixed Income **3.54%**	Dev ex-U.S. Equity **-14.09%**	Glbl ex-U.S. Fixed **5.09%**
	Dev ex-U.S. Equity **-21.40%**	Large Cap Equity **-22.10%**	Cash Equivalent **1.15%**	Cash Equivalent **1.33%**	Glbl ex-U.S. Fixed **-8.65%**	U.S. Fixed Income **4.33%**	Real Estate **-7.39%**	Emerging Market Equity **-53.33%**	Cash Equivalent **0.21%**	Cash Equivalent **0.13%**	Emerging Market Equity **-18.42%**	Cash Equivalent **0.11%**	Glbl ex-U.S. Fixed **-3.08%**	Dev ex-U.S. Equity **-4.32%**	Emerging Market Equity **-14.92%**	Cash Equivalent **0.33%**	Cash Equivalent **0.86%**	Emerging Market Equity **-14.57%**	Cash Equivalent **2.28%**

The Callan Periodic Table of Investment Returns conveys the strong ***case for diversification*** across asset classes (stocks vs. bonds), capitalizations (large vs. small), and equity markets (U.S. vs. global ex-U.S.). The Table highlights the uncertainty inherent in all capital markets. Rankings change every year. Also noteworthy is the difference between absolute and relative performance, as returns for the top-performing asset class span a wide range over the past 20 years.

A printable copy of The Callan Periodic Table of Investment Returns is available on our website at ***www.callan.com****.*

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The Callan Periodic Table of Investment Returns 2000–2019

Callan's Periodic Table of Investment Returns depicts annual returns for 8 asset classes, ranked from best to worst performance for each calendar year. The asset classes are color-coded to enable easy tracking over time. We describe the well-known, industry-standard market indices that we use as proxies for each asset class below.

- **Large Cap Equity (S&P 500)** measures the performance of large capitalization U.S. stocks. The S&P 500 is a market-value-weighted index of 500 stocks. The weightings make each company's influence on the Index performance directly proportional to that company's market value.
- **Small Cap Equity (Russell 2000)** measures the performance of small capitalization U.S. stocks. The Russell 2000 is a market-value-weighted index of the 2,000 smallest stocks in the broad-market Russell 3000 Index.
- **Developed ex-U.S. Equity (MSCI World ex USA)** is an international index that is designed to measure the performance of large and mid cap equities in developed markets in Europe, the Middle East, the Pacific region, and Canada.
- **Emerging Market Equity (MSCI Emerging Markets)** is an international index that is designed to measure the performance of equity markets in 26 emerging countries around the world.
- **U.S. Fixed Income (Bloomberg Barclays US Aggregate Bond Index)** includes U.S. government, corporate, and mortgage-backed securities with maturities of at least one year.
- **High Yield (Bloomberg Barclays High Yield Bond Index)** measures the market of USD-denominated, non-investment grade, fixed-rate, taxable corporate bonds. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt.
- **Global ex-U.S. Fixed Income (Bloomberg Barclays Global Aggregate ex US Bond Index)** is an unmanaged index that is comprised of several other Bloomberg Barclays indices that measure the fixed income performance of regions around the world, excluding the U.S.
- **Real Estate (FTSE EPRA Nareit Developed REIT Index)** is designed to measure the stock performance of companies engaged in specific real estate activities in the North American, European, and Asian real estate markets.
- **Cash Equivalent (90-day T-bill)** is a short-term debt obligation backed by the Treasury Department of the U.S. government.

Callan's Periodic Table Follows up a Milestone Year in 2018 With a Blowout Year in 2019!

2018 marked a milestone year when virtually all broad asset classes (except for cash) posted negative returns, the first time we saw such a result in the history of the Callan Periodic Table stretching back to 1979. 2019 then followed up with one of the strongest years for asset class performance across the board. Large cap U.S. equity posted a 31.5% return, triple its long-run average, while developed ex-U.S. equity (+22.5%) and emerging markets (+18.4%) both notched robust rebounds from 14% declines the year before. Even more remarkable, given the expectations for the Federal Reserve to raise interest rates at the start of 2019, U.S. fixed income rose 8.7%, the best result since 2002. With most forecasters expecting rising rates in 2019, this strong result for fixed income was in direct contrast to losses predicted for the year, and two to three times higher than most longer-term return expectations. Recall that the fourth quarter of 2018 saw a sharp decline in equity markets around the world, and losses in fixed income following the ninth rate hike since the Fed began tightening in 2017. The Fed announced a pivot in policy in January 2019 to take a pause on rate hikes, and then enacted three rate cuts in July, August, and October. Confidence in the U.S. economy soared and the Fed reversal fueled both an equity and bond market rally, an unusual development during the later stages of an economic cycle.

Callan

Callan was founded as an employee-owned investment consulting firm in 1973. Ever since, we have empowered institutional clients with creative, customized investment solutions backed by proprietary research, exclusive data, and ongoing education. Today, Callan advises on more than $2 trillion in total institutional investor assets, which makes it among the largest independently owned investment consulting firms in the U.S. We use a client-focused consulting model to serve pension and defined contribution plan sponsors, endowments, foundations, independent investment advisers, investment managers, and other asset owners. Callan has six offices throughout the U.S. Learn more at www.callan.com.

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