



Hypothetical value of \$1 invested at the beginning of 1970. Assumes reinvestment of income and no transaction costs or taxes. This data is for illustrative purposes only and not indicative of any investment. An investment can not be made directly in an index. Past performance is no guarantee of future results.

Ibbotson Associates

Asset Class Performance from 1970–2010

A 40-year examination of past capital market returns provides historical insight into the performance characteristics of the various asset classes Australian investors are typically exposed to. This graph illustrates the hypothetical growth of inflation and a \$1 investment in five asset classes over the period of 1 January 1970 through to 30 June 2010.

Australian shares have provided the highest returns and largest increase in wealth over the past 40 years. As illustrated by the image, the Australian bond investor received a much less level of growth compared to that provided by domestic shares. However, the higher returns achieved by shares are associated with much greater risk, which can be identified by the volatility or fluctuation of the graph lines.

Unless otherwise stated, data are sourced from the Morningstar DeskTopConsultant (DTC) database for the period between January 1970 and June 2010 as follows:

- ▶ Inflation – Australian consumer price index from January 1970 to March 2010, for period between April 2010 and June 2010 inflation is assumed at the same rate as during Q1 2010;
- ▶ Australian Shares – S&P/ASX 300 Merged Accumulation Index;
- ▶ International Shares – MSCI World ex-Australia Total Return Index in \$A unhedged terms;
- ▶ Australian Listed Property – S&P/ASX 300 Merged Property Accumulation Index from January 1971 to June 2010, for period between January 1970 and December 1970 the domestic property market return is approximated using the S&P/ASX 300 Merged Accumulation Index;
- ▶ Australian Composite Bonds – UBS Composite Bond Index from October 1989 to June 2010, for period between January 1970 and September 1989 the domestic bond market return is measured using the CBBi All Maturities All Series Index;
- ▶ Cash – UBS Bank Bill Index from September 1987 to June 2010, for period between January 1970 and August 1987 the domestic cash return is measured using the 90 Day Bank Bills returns;
- ▶ \$A/\$US exchange rate series – sourced from Bloomberg;
- ▶ Domestic interest rates – RBA cash rates from January 1990 to June 2010 as sourced from RBA, for period between January 1970 and December 1989 domestic interest rate is tracked using the 90 Day Bank Bills rate as sourced from RBA.