

Value of diversification

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
BEST ANNUAL PERFORMANCE	INT. SHARES \$A HGD 35.6	AUS. BONDS 19.0	AUS. SHARES 34.2	INT. BONDS 11.1	AUS. SHARES 45.4	INT. SHARES \$A HGD -0.1	INT. SHARES 25.9	INT. SHARES \$A HGD 19.7	INT. SHARES 41.1	INT. SHARES 32.1	INT. SHARES \$A HGD 27.7	PROPERTY SEC. 17.9	PROPERTY SEC. 15.0	PROPERTY SEC. 11.9	INT. SHARES \$A HGD 28.3	PROPERTY SEC. 32.2	AUS. SHARES 22.5	PROPERTY SEC. 34.1	AUS. SHARES 16.2	AUS. BONDS 15.0
	INT. SHARES 26.0	INT. BONDS 13.3	AUS. BONDS 24.7	AUS. BONDS 10.4	PROPERTY SEC. 30.1	INT. BONDS -2.7	INT. SHARES \$A HGD 22.3	AUS. SHARES 14.6	INT. SHARES \$A HGD 24.0	INT. SHARES \$A HGD 19.2	INT. SHARES 17.1	AUS. BONDS 12.1	AUS. SHARES 10.5	INT. BONDS 11.6	AUS. SHARES 15.0	AUS. SHARES 27.9	INT. SHARES \$A HGD 18.8	AUS. SHARES 24.5	INT. BONDS 6.6	INT. BONDS 9.2
	70/30 BALANCED 19.4	PROPERTY SEC. 8.7	70/30 BALANCED 24.6	PROPERTY SEC. 7.0	70/30 BALANCED 28.1	AUS. BONDS -4.7	AUS. SHARES 20.2	PROPERTY SEC. 14.5	PROPERTY SEC. 20.3	PROPERTY SEC. 18.0	AUS. SHARES 16.1	INT. BONDS 10.1	INT. BONDS 7.4	AUS. BONDS 8.8	70/30 BALANCED 9.6	70/30 BALANCED 17.3	INT. SHARES 17.0	INT. SHARES \$A HGD 17.6	70/30 BALANCED 6.2	70/30 BALANCED -22.2
	INT. BONDS 17.9	70/30 BALANCED -4.6	INT. SHARES 20.2	INT. SHARES 4.5	INT. SHARES 24.4	70/30 BALANCED -5.6	70/30 BALANCED 20.1	70/30 BALANCED 12.3	70/30 BALANCED 19.3	70/30 BALANCED 16.2	70/30 BALANCED 11.1	70/30 BALANCED 5.6	AUS. BONDS 5.5	70/30 BALANCED -6.8	PROPERTY SEC. 8.8	INT. SHARES \$A HGD 15.4	70/30 BALANCED 15.3	70/30 BALANCED 15.9	INT. SHARES \$A HGD 6.2	INT. SHARES -24.9
	AUS. SHARES 17.4	INT. SHARES -15.1	PROPERTY SEC. 20.1	70/30 BALANCED 3.7	INT. SHARES \$A HGD 21.4	PROPERTY SEC. -5.6	INT. BONDS 20.1	AUS. BONDS 11.9	AUS. BONDS 12.2	AUS. SHARES 11.6	INT. BONDS 0.8	AUS. SHARES 4.8	70/30 BALANCED 3.0	AUS. SHARES -8.6	INT. BONDS 6.6	INT. SHARES 10.3	PROPERTY SEC. 12.7	INT. SHARES 11.7	AUS. BONDS 3.5	AUS. SHARES -38.9
	AUS. BONDS 14.4	INT. SHARES \$A HGD -16.2	INT. SHARES \$A HGD 19.2	INT. SHARES \$A HGD -0.8	AUS. BONDS 16.3	INT. SHARES -8.1	AUS. BONDS 18.6	INT. BONDS 10.7	AUS. SHARES 12.2	INT. BONDS 10.4	AUS. BONDS -1.2	INT. SHARES 2.2	INT. SHARES -9.7	INT. SHARES \$A HGD -23.0	AUS. BONDS 3.0	INT. BONDS 8.9	INT. BONDS 6.6	INT. BONDS 4.4	INT. SHARES -2.1	INT. SHARES \$A HGD -39.1
WEAKEST PERFORMANCE	PROPERTY SEC. 2.4	AUS. SHARES -17.5	INT. BONDS 18.4	AUS. SHARES -2.3	INT. BONDS 14.8	AUS. SHARES -8.7	PROPERTY SEC. 12.7	INT. SHARES 6.3	INT. BONDS 10.5	AUS. BONDS 9.5	PROPERTY SEC. -5.0	INT. SHARES \$A HGD -9.2	INT. SHARES \$A HGD -14.6	INT. SHARES -27.2	INT. SHARES -0.5	AUS. BONDS 7.0	AUS. BONDS 5.8	AUS. BONDS 3.1	PROPERTY SEC. -8.4	PROPERTY SEC. -55.3

You can't always pick the winner

Whether you're a new or experienced investor, the temptation to chase short-term returns can be hard to resist. Markets are cyclical and one year's winner can just as easily end up the next year's loser. History shows us that no one asset class has continually outperformed over a sustainable period. So it's unwise trying to time the market by chasing short-term performance.

Take Australian Listed Property Securities for instance. Over the past five years, it has been the top performer twice and the worst performer twice!

The trouble with chasing past performance – a case study

Imagine your strategy was to switch your investment at the start of each year into the previous year's best performing asset class – 'chasing past performance'. Over the 20-year period 1989-2008, a \$1,000 investment would have grown to \$3,488, a return of 6.5% p.a.

By comparison if you'd invested in a 70/30 balanced portfolio – and stuck with it over the same 20-year period, your \$1,000 would have grown to \$5,325 – a return of 8.7% p.a.

With the assistance of your adviser, choosing a diversified portfolio can help smooth volatility and provide more stable returns over the long term.

For more information on the value of diversification, speak to your adviser or visit www.russell.com.au