

# Risk vs Return

## 2008 EOFY Edition



Three levels of diversification can help smooth out volatility over the long term.

Investing in a single asset class is risky when you consider no one asset class consistently outperforms on a regular basis. Russell believes the wise strategy is to diversify at three levels. By combining asset classes and managers with different styles in complementary ways, you benefit regardless of which manager, or asset class is in favour with the market. Put the power of Russell's Multi-Asset, Multi-Style, Multi-Manager™ investment approach to work in your portfolio today.

### Legend

- ▼ Lowest Return (per year)
- ▲ Highest Return (per year)
- \* Return to June 30 2008

	Australian Shares (%)	Australian Bonds (%)	Cash (%)	International Shares (%)	International Shares Hedged (%)	International Bonds Hedged (%)	Property Securities (%)	30% Growth Assets (%)	50% Growth Assets (%)	70% Growth Assets (%)	90% Growth Assets (%)	100% Growth Assets (%)
1980	▲ 48.9	▼ 2.7	10.7	18.0	25.5	▼ 2.7	6.4	13.7	16.9	23.5	30.2	32.3
1981	▼ -13.4	7.9	13.3	▼ -0.3	2.6	7.9	▲ 32.1	6.7	5.4	1.1	▼ -1.7	▼ -3.6
1982	▼ -13.4	22.6	14.6	▲ 26.3	17.4	22.6	5.2	14.3	12.7	9.5	5.5	4.3
1983	▲ 66.8	14.3	▼ 11.1	32.8	26.4	14.3	50.2	24.9	31.3	38.7	45.2	51.5
1984	▼ -2.3	12.0	10.9	▲ 14.0	11.8	12.0	10.1	9.6	9.1	7.6	6.2	5.5
1985	44.1	8.1	15.2	▲ 70.2	29.6	24.7	▼ 5.3	24.2	28.6	36.0	39.9	50.6
1986	▲ 52.2	18.9	▼ 15.6	45.6	30.6	25.3	35.4	27.4	32.1	37.9	41.8	47.9
1987	▼ -7.9	▲ 18.6	12.8	6.9	0.6	13.5	5.8	10.3	7.8	4.2	0.3	▼ -0.6
1988	17.9	9.4	12.9	▼ 4.3	▲ 33.8	13.7	16.1	12.2	13.3	14.7	17.5	12.3
1989	17.4	14.4	18.4	26.0	▲ 35.6	17.9	▼ 2.4	17.1	17.7	19.4	21.4	19.3
1990	▼ -17.5	▲ 19.0	16.1	▼ -15.1	▼ -16.2	13.3	8.7	7.9	2.6	▼ -4.6	▼ -11.1	▼ -13.9
1991	▲ 34.2	24.7	▼ 11.2	20.2	19.2	18.4	20.1	20.5	22.4	24.6	25.9	27.2
1992	▼ -2.3	10.4	6.9	4.5	▼ -0.8	▲ 11.1	7.0	6.8	5.6	3.7	1.3	1.3
1993	▲ 45.4	16.3	▼ 5.4	24.4	21.4	14.8	30.1	18.7	23.1	28.1	31.9	35.5
1994	▼ -8.7	▼ -4.7	▲ 5.4	▼ -8.1	▼ -0.1	▼ -2.7	▼ -5.6	▼ -2.3	▼ -4.1	▼ -5.6	▼ -5.9	▼ -8.1
1995	20.2	18.6	▼ 8.0	▲ 25.9	22.3	20.1	12.7	16.3	18.2	20.1	20.7	21.7
1996	14.6	11.9	7.6	▼ 6.3	▲ 19.7	10.7	14.5	10.4	11.4	12.3	13.5	11.3
1997	12.2	12.2	▼ 5.6	▲ 41.1	24.0	10.5	20.3	13.3	16.7	19.3	20.8	24.6
1998	11.6	9.5	▼ 5.1	▲ 32.1	19.2	10.4	18.0	11.3	14.1	16.2	17.4	20.5
1999	16.1	▼ -1.2	5.0	17.1	▲ 27.7	0.8	▼ -5.0	5.2	7.3	11.1	15.4	14.4
2000	4.8	12.1	6.3	2.2	▼ -9.2	10.1	▲ 17.9	8.3	7.5	5.6	3.1	5.1
2001	10.5	5.5	5.2	▼ -9.7	▼ -14.6	7.4	▲ 15.0	5.4	4.4	3.0	1.3	2.9
2002	▼ -8.6	8.8	4.8	▼ -27.2	▼ -23.0	11.6	▲ 11.9	2.0	▼ -1.6	▼ -6.8	▼ -11.9	▼ -14.0
2003	15.0	3.0	4.9	▼ -0.5	▲ 28.3	6.6	8.8	5.9	7.5	9.6	12.9	8.2
2004	27.9	7.0	▼ 5.6	10.3	15.4	8.9	▲ 32.2	11.6	14.7	17.3	20.1	21.3
2005	▲ 22.5	5.8	▼ 5.7	17.0	18.8	6.6	12.7	9.9	12.2	15.3	18.2	19.3
2006	24.5	▼ 3.1	6.0	11.7	17.6	4.4	▲ 34.1	9.8	13.1	15.9	19.3	20.3
2007	▲ 16.2	3.5	6.7	▼ -2.1	6.2	6.6	▼ -8.4	5.7	5.0	6.2	7.4	6.4
2008*	▼ -16.1	2.6	▲ 3.8	▼ -18.2	▼ -11.3	2.1	▼ -31.9	▼ -3.7	▼ -8.3	▼ -11.7	▼ -14.9	▼ -18.5

Russell is proud to be ranked the largest global manager-of-managers by Cerulli Associates. Sources for the asset classes and sample diversified portfolios are as follows: **Australian Shares:** S&P/ASX 300 Accum Index, ASX All Ordinaries Accum Index prior to 31 March 2000. **Australian Bonds:** UBS Warburg Aust Comp Bond Index, 1980-1989 Commonwealth Bank All Series All Maturities. **Cash:** UBS Warburg Bank Bill Index (Australian 91 Day Treasury Notes prior to 1988). **International Shares:** MSCI World Net Div Reinvested Accumulation Index (SA) and **International Shares Hedged:** MSCI World Net Div Reinvested Accumulation Index SA Hedged, MSCI World Local Currency Index prior to 1988. **International Bonds:** Lehmann Bros Global Aggregate Index SA Hedged, (Saloman Smith Barney World Government Bond Index prior to 2003). **Property Securities:** S&P/ASX 300 Property Accumulation Index (ASX Property Trust Accumulation Index prior to 31 March 2000). The diversified portfolios are hypothetical only and are calculated by a weighted average of the asset class index returns shown in accordance to the following asset allocations. **30% Growth Portfolio** Consists of: 15% Australian Shares, 40% Australian Bonds, 30% Cash, 10% International Shares, 5% Property Securities, **70% Growth Portfolio** Consists of: 32% Australian Shares, 25% Australian Bonds, 5% Cash, 15% International Shares, 15% International Shares SA Hedged, 8% Property Securities, **90% Growth Portfolio** Consists of: 42% Australian Shares, 7% Australian Bonds, 3% Cash, 20% International Shares, 20% International Shares SA Hedged, 8% Property Securities, **100% Growth Portfolio** Consists of: 50% Australian Shares, 40% International Shares, 10% Property Securities. Average risk is measured by the standard deviation percentage per annum. Average return is measured by the geometric average percentage per annum. Issued by Russell Investment Management Ltd ABN 53 068 338 974, AFS Licence 247185 ("RIM"). This document provides general information only and has not been prepared having regard to your objectives, financial situation or needs. Before making an investment decision, you need to consider whether this information is appropriate to your objectives, financial situation and needs. This information has been compiled from sources considered to be reliable, but is not guaranteed. Past performance is not a reliable indicator of future performance. Any potential investor should consider the latest Product Disclosure Statement ("PDS") in deciding whether to acquire, or to continue to hold, an investment in any Russell product. The PDS can be obtained by visiting www.russell.com.au or by phoning (02) 9229 5111. RIM is part of the Russell Investment Group ("Russell"). Russell or its associates, officers or employees may have interests in the financial products referred to in this information by acting in various roles including broker or adviser, and may receive fees, brokerage or commissions for acting in these capacities. In addition, Russell or its associates, officers or employees may buy or sell the financial products as principal or agent. R\_Poster\_AssetReturns\_V1\_0807 MKT/1803/0708

