

What is the risk/return profile of your portfolio?

When assessing the performance of your investment portfolio, one should look at both risk and return. In this Fact sheet, we outline what our study of 40 years of financial performance (i.e. 1 January 1979 - 31 December 2020) tells us about the risk/return profiles of five commonly used diversified portfolios. But remember, while past performance is instructive it isn't an accurate indicator of future performance.

Defensive portfolio



Conservative portfolio



Balanced portfolio



Growth portfolio

Cash 5%

Forecast long term return: 5-6% p.a.

Aust. fixed interest 20%

Historic incidence of a 12 month loss: Once in every 6.3 years

Aust. property 10%

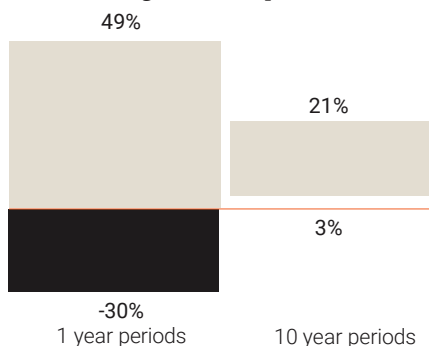
Historic size of this loss: Up to 30%*

Int. shares 25%

Aust. shares 40%

Historic recovery time from this loss: Up to 30 months*

Historical range of returns p.a.



High growth portfolio

Cash 5%

Forecast long term return: 5.5-6.5% p.a.

Aust. fixed interest 0%

Historic incidence of a 12 month loss: Once in every 5.1 years

Aust. property 10%

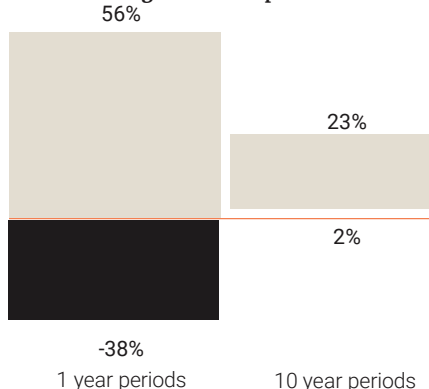
Historic size of this loss: Up to 38%*

Int. shares 35%

Aust. shares 50%

Historic recovery time from this loss: Up to 47 months*

Historical range of returns p.a.



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* The forecast size of loss and recovery are indicative only, based on the worst-case investment performance achieved in the last 40 years to 31 December 2020. Past performance is not indicative of future performance.

Assumptions: These forecasts are based on composite asset class returns 1 Jan 1979 - 31 December 2020. Asset Class Indices: Australian Shares: S&P/ASX300 Accumulation Index. Australian Fixed Interest: UBS Australia Composite Bond All Maturities. International Shares: MSCI World Net Return \$A. Australian Property: S&P/ASX300 Property Accumulation Index. Cash: UBS Bank Bill Index. Assumes portfolios are re-balanced monthly back to strategic asset allocation. Performance figures assume re-investment of returns.

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