

Mercer periodic table of annual investment returns

[Click on an index](#) in the legend below to view its trend through the decade.

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Market Indices*									
Global Small Caps (UH)	54.25%	Global Listed Property (H)	23.34%	Global Minimum Volatility (UH)	19.03%	Global Small Caps (UH)	13.76%	Emerging Markets Equity (UH)	27.09%	Aust. Direct Property	9.68%	Int'l Equity (UH)	27.97%	Hedge Fund Composite (H)	11.47%	Global Listed Property (H)	29.75%	Aust. Direct Property	10.66%	Aus. Small Caps S&P/ASX Small Ordinaries
Int'l Equity (UH)	48.03%	Global Listed Infrastructure (H)	23.19%	Aust. Direct Property	12.72%	Global Listed Infrastructure (H)	13.42%	Int'l Equity (H)	20.02%	Global Minimum Volatility (UH)	9.52%	Global Small Caps (UH)	26.97%	Int'l Equity (H)	10.54%	Int'l Equity (UH)	29.58%	Cash	1.25%	Aust. Direct Property MSCI/Mercer Australia Core Wholesale Monthly PFI
Global Minimum Volatility (UH)	38.57%	Global Minimum Volatility (UH)	22.51%	Global Small Caps (UH)	12.61%	Aus. Small Caps	13.15%	Aus. Small Caps	20.02%	Australian Fixed Income	4.54%	Int'l Equity (H)	26.81%	Aus. Small Caps	9.19%	Int'l Equity (H)	23.88%	Australian Equity	-1.77%	Australian Equity S&P/ASX 300
Int'l Equity (H)	32.26%	Int'l Equity (UH)	15.01%	Int'l Equity (UH)	11.80%	Australian Equity	11.77%	Global Listed Infrastructure (H)	15.95%	Emerging Market Debt	4.20%	Global Listed Infrastructure (H)	24.51%	Emerging Markets Equity (UH)	7.76%	Global Small Caps (UH)	23.31%	Global Minimum Volatility (UH)	-2.74%	Australian Fixed Income Bloomberg AusBond Composite 0+ year
Australian Equity	19.68%	Australian Inflation Linked Bonds	14.16%	Aus. Small Caps	10.16%	Emerging Markets Equity (UH)	11.69%	Global Small Caps (UH)	14.04%	Australian Inflation Linked Bonds	3.56%	Global Minimum Volatility (UH)	24.15%	Australian Inflation Linked Bonds	6.94%	Global Minimum Volatility (UH)	21.89%	Global Listed Infrastructure (H)	-3.47%	Australian Inflation Linked Bonds Bloomberg AusBond Infl Govt 0+ year (month end)
Global Listed Infrastructure (H)	19.57%	Int'l Equity (H)	12.55%	Global Listed Property (H)	5.17%	Aust. Direct Property	11.10%	Int'l Equity (UH)	13.38%	Global Sovereign Bond (H)	2.47%	Australian Equity	23.77%	Global Credit (H)	6.25%	Australian Equity	17.54%	Hedge Fund Composite (H)	-4.34%	Cash Bloomberg AusBond Bank Bill
Emerging Markets Equity (UH)	13.03%	Global Small Caps (UH)	11.86%	Int'l Equity (H)	3.83%	Emerging Market Debt	10.44%	Aust. Direct Property	12.84%	Cash	1.92%	Global Listed Property (H)	22.29%	Global Small Caps (UH)	6.09%	Global Listed Infrastructure (H)	17.29%	Emerging Market Debt	-5.32%	Emerging Market Debt JP Morgan GBI EM Global Diversified Composite
Hedge Fund Composite (H)	12.16%	Global Sovereign Bond (H)	11.16%	Global Sovereign Bond (H)	3.61%	Int'l Equity (H)	10.32%	Australian Equity	11.94%	Int'l Equity (UH)	1.52%	Aus. Small Caps	21.36%	Global Sovereign Bond (H)	5.88%	Aus. Small Caps	16.90%	Australian Fixed Income	-9.71%	Emerging Markets Equity (UH) MSCI Emerging Markets
Global Listed Property (H)	9.86%	Australian Fixed Income	9.81%	Australian Equity	2.80%	Global Minimum Volatility (UH)	8.68%	Hedge Fund Composite (H)	9.54%	Global Listed Infrastructure (H)	-0.67%	Emerging Markets Equity (UH)	18.60%	Int'l Equity (UH)	5.72%	Aust. Direct Property	12.33%	Australian Inflation Linked Bonds	-10.60%	Global Credit (H) Bloomberg Barclays Global Credit
Aust. Direct Property	8.84%	Global Credit (H)	9.26%	Australian Fixed Income	2.59%	Global Credit (H)	8.50%	Global Minimum Volatility (UH)	9.28%	Global Credit (H)	-1.00%	Emerging Market Debt	13.64%	Australian Fixed Income	4.47%	Hedge Fund Composite (H)	10.13%	Global Small Caps (UH)	-12.49%	Global Listed Infrastructure (H) FTSE Global Core Infrastructure 50/50 Hedged
Emerging Market Debt	5.63%	Aust. Direct Property	9.22%	Cash	2.33%	Int'l Equity (UH)	7.90%	Global Listed Property (H)	9.24%	Global Listed Property (H)	-3.03%	Global Credit (H)	10.93%	Australian Equity	1.73%	Emerging Markets Equity (UH)	3.44%	Int'l Equity (UH)	-12.52%	Global Listed Property (H) FTSE EPRA/NAREIT Developed Hedged AUD
Global Credit (H)	3.04%	Emerging Markets Equity (UH)	6.93%	Global Credit (H)	2.03%	Hedge Fund Composite (H)	7.29%	Emerging Market Debt	6.66%	Australian Equity	-3.06%	Hedge Fund Composite (H)	9.64%	Cash	0.37%	Australian Inflation Linked Bonds	1.12%	Global Sovereign Bond (H)	-13.87%	Global Minimum Volatility (UH) MSCI World Minimum Volatility
Cash	2.87%	Hedge Fund Composite (H)	5.71%	Australian Inflation Linked Bonds	1.60%	Global Listed Property (H)	6.91%	Global Credit (H)	6.50%	Global Small Caps (UH)	-3.88%	Australian Inflation Linked Bonds	8.48%	Aust. Direct Property	-2.64%	Cash	0.03%	Emerging Markets Equity (UH)	-14.33%	Global Small Caps (UH) MSCI World Small Cap
Global Sovereign Bond (H)	2.63%	Australian Equity	5.30%	Hedge Fund Composite (H)	1.14%	Global Sovereign Bond (H)	5.05%	Australian Inflation Linked Bonds	3.73%	Hedge Fund Composite (H)	-4.71%	Australian Fixed Income	7.26%	Global Minimum Volatility (UH)	-5.92%	Global Credit (H)	-0.63%	Global Credit (H)	-15.06%	Global Sovereign Bond (H) FTSE WGBI Non Australia
Australian Fixed Income	1.99%	Emerging Market Debt	3.07%	Global Listed Infrastructure (H)	-1.81%	Australian Fixed Income	2.91%	Australian Fixed Income	3.66%	Emerging Markets Equity (UH)	-5.08%	Global Sovereign Bond (H)	6.60%	Global Listed Infrastructure (H)	-6.30%	Global Sovereign Bond (H)	-2.36%	Int'l Equity (H)	-18.06%	Hedge Fund Composite (H) HFRI Diversified Hedge Fund Index
Aus. Small Caps	-0.76%	Cash	2.69%	Emerging Markets Equity (UH)	-4.30%	Cash	2.07%	Global Sovereign Bond (H)	2.78%	Int'l Equity (H)	-7.58%	Aust. Direct Property	5.62%	Emerging Market Debt	-6.44%	Australian Fixed Income	-2.87%	Aus. Small Caps	-18.38%	Int'l Equity (H) MSCI World ex Australia 100% Hedged
Australian Inflation Linked Bonds	-2.08%	Aus. Small Caps	-3.81%	Emerging Market Debt	-4.30%	Australian Inflation Linked Bonds	1.19%	Cash	1.75%	Aus. Small Caps	-8.67%	Cash	1.50%	Global Listed Property (H)	-12.90%	Emerging Market Debt	-3.15%	Global Listed Property (H)	-23.46%	Int'l Equity (UH) MSCI World ex Australia

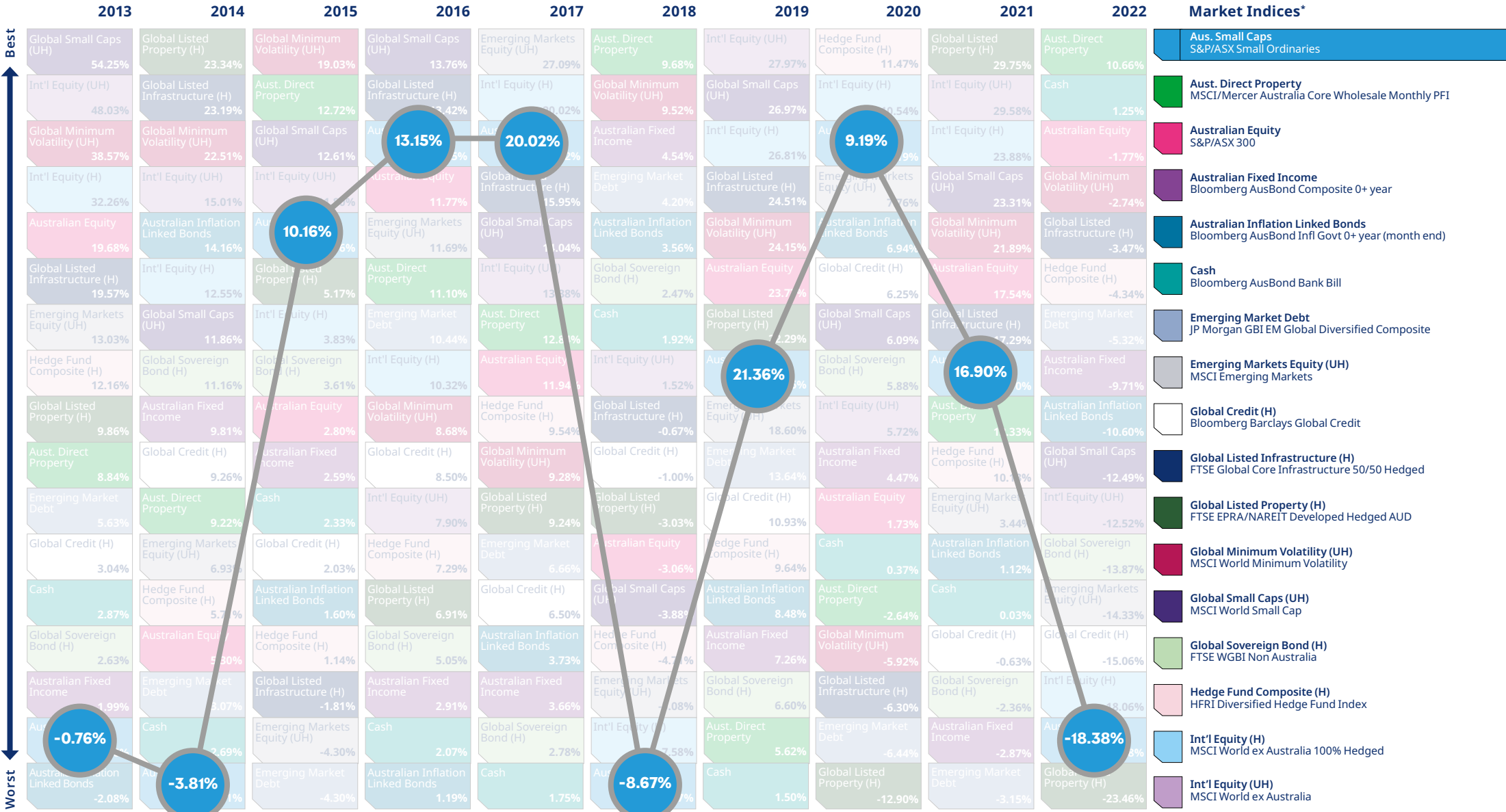
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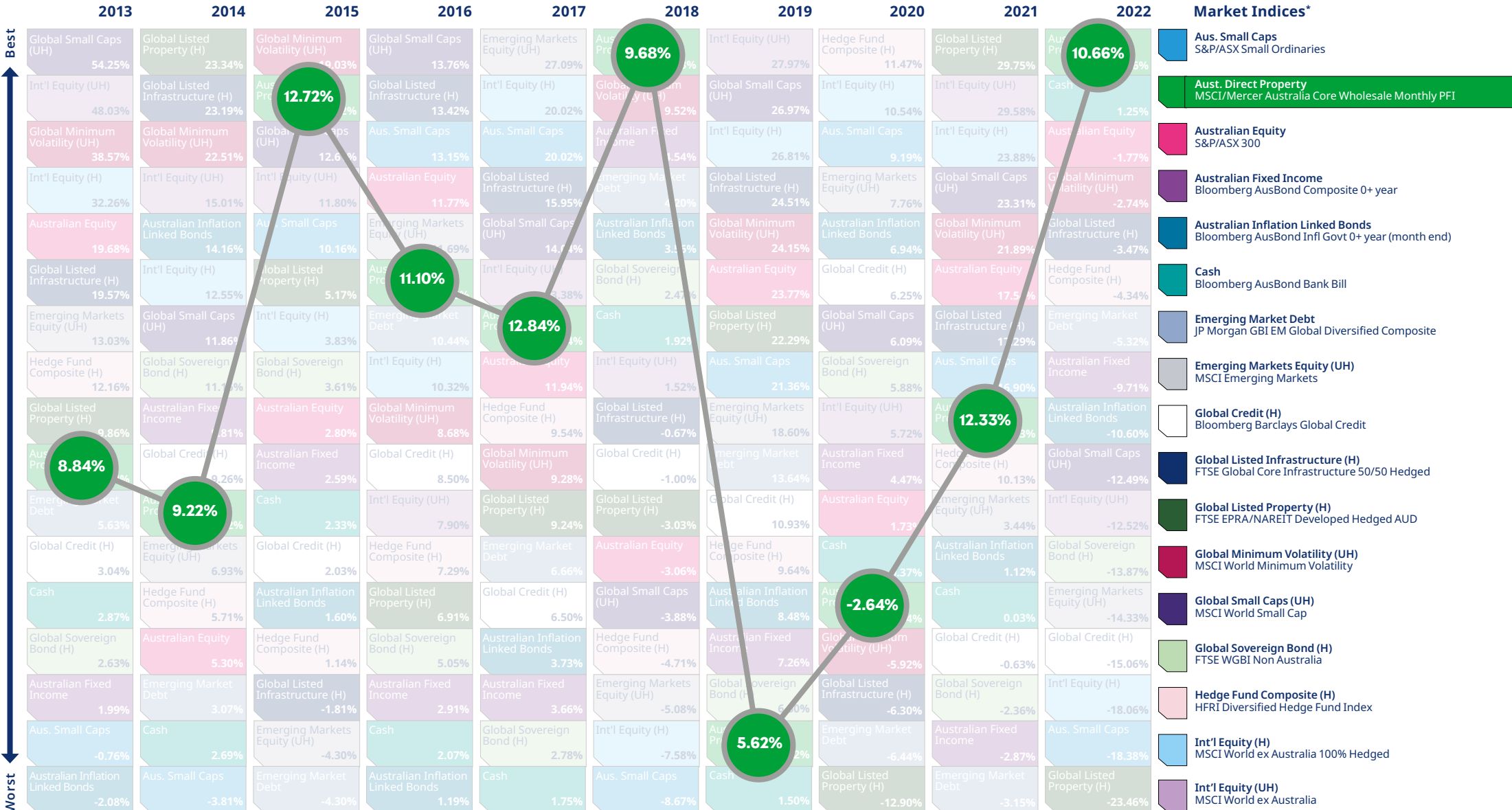
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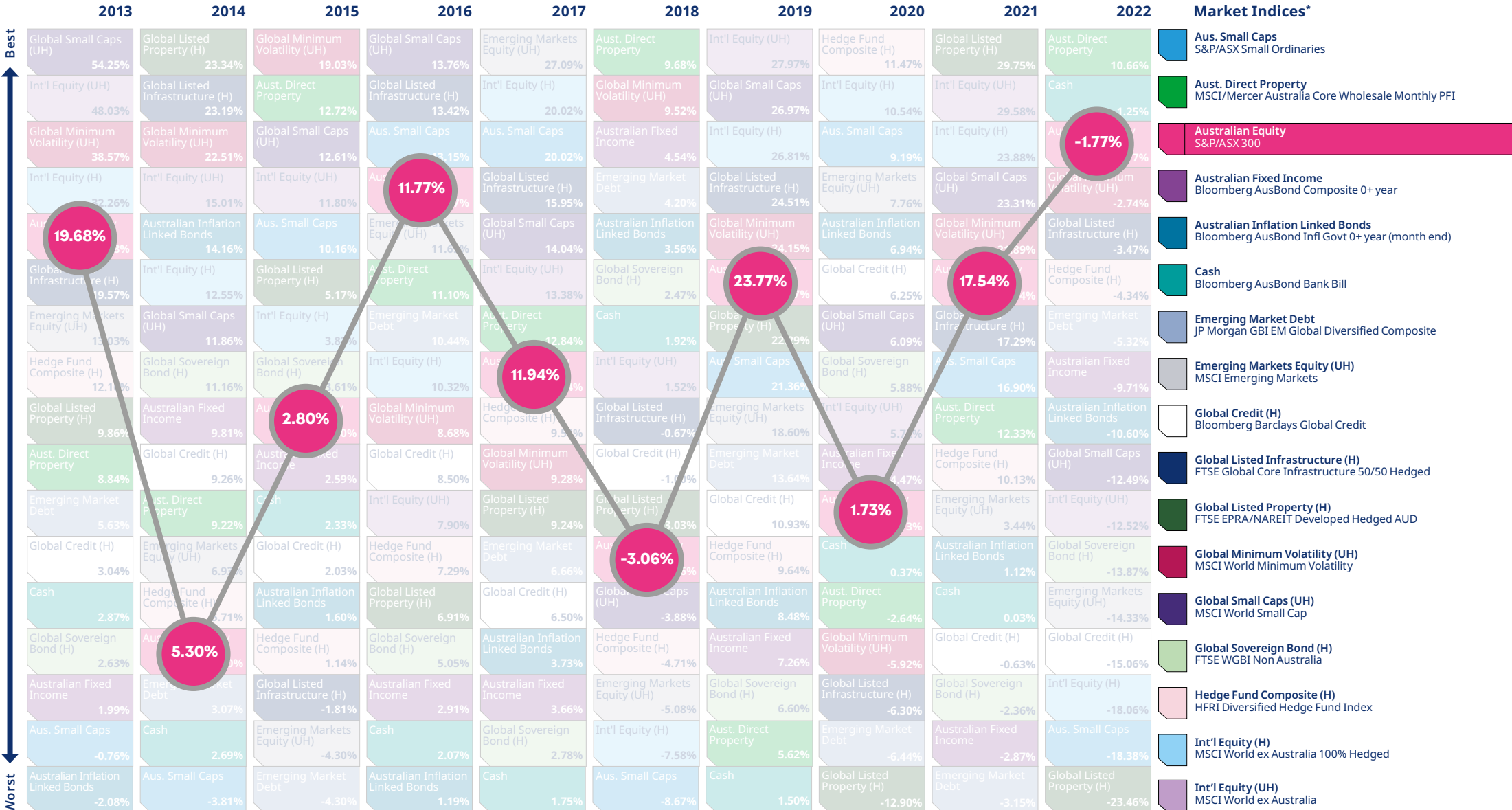
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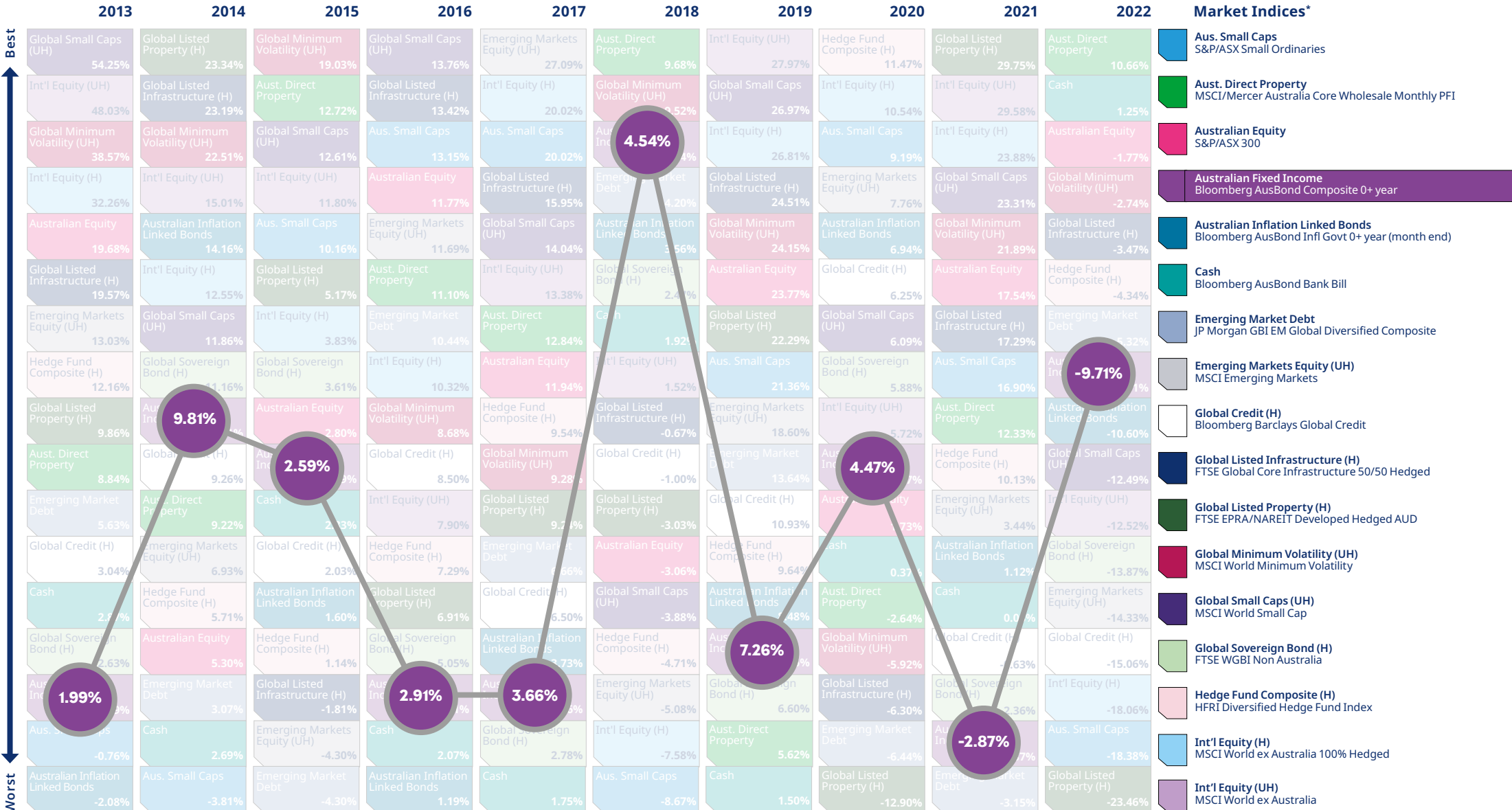


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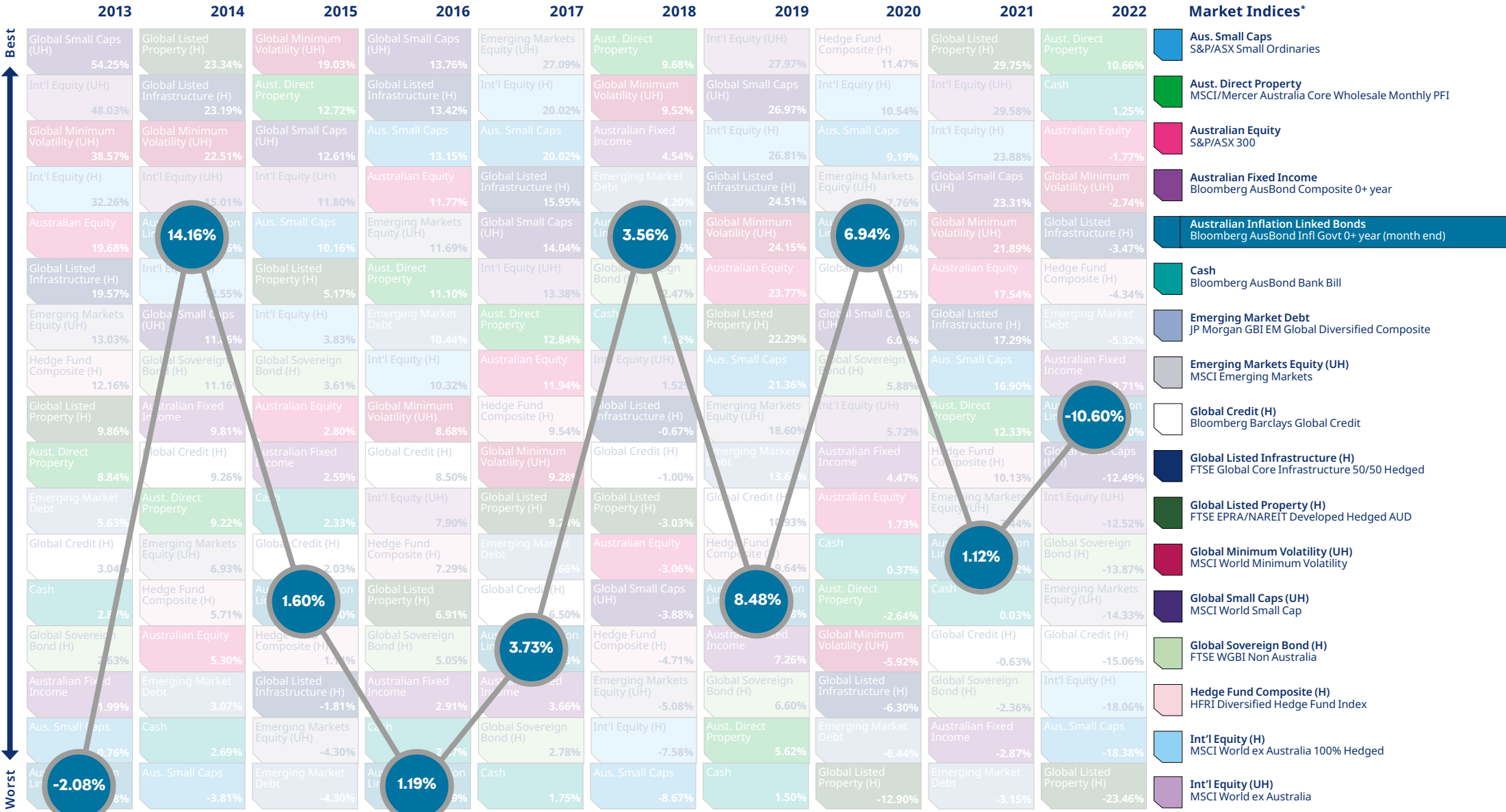
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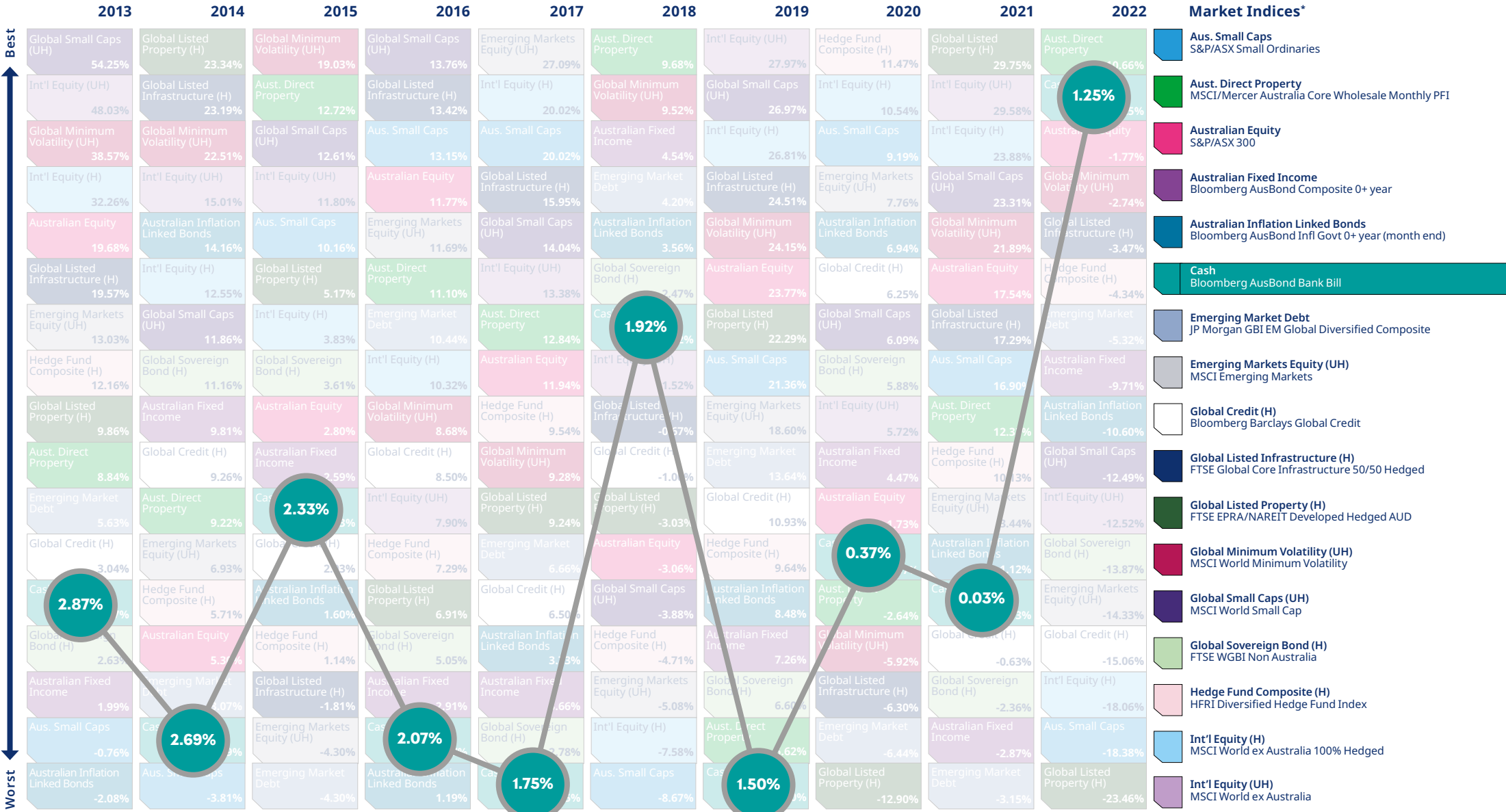
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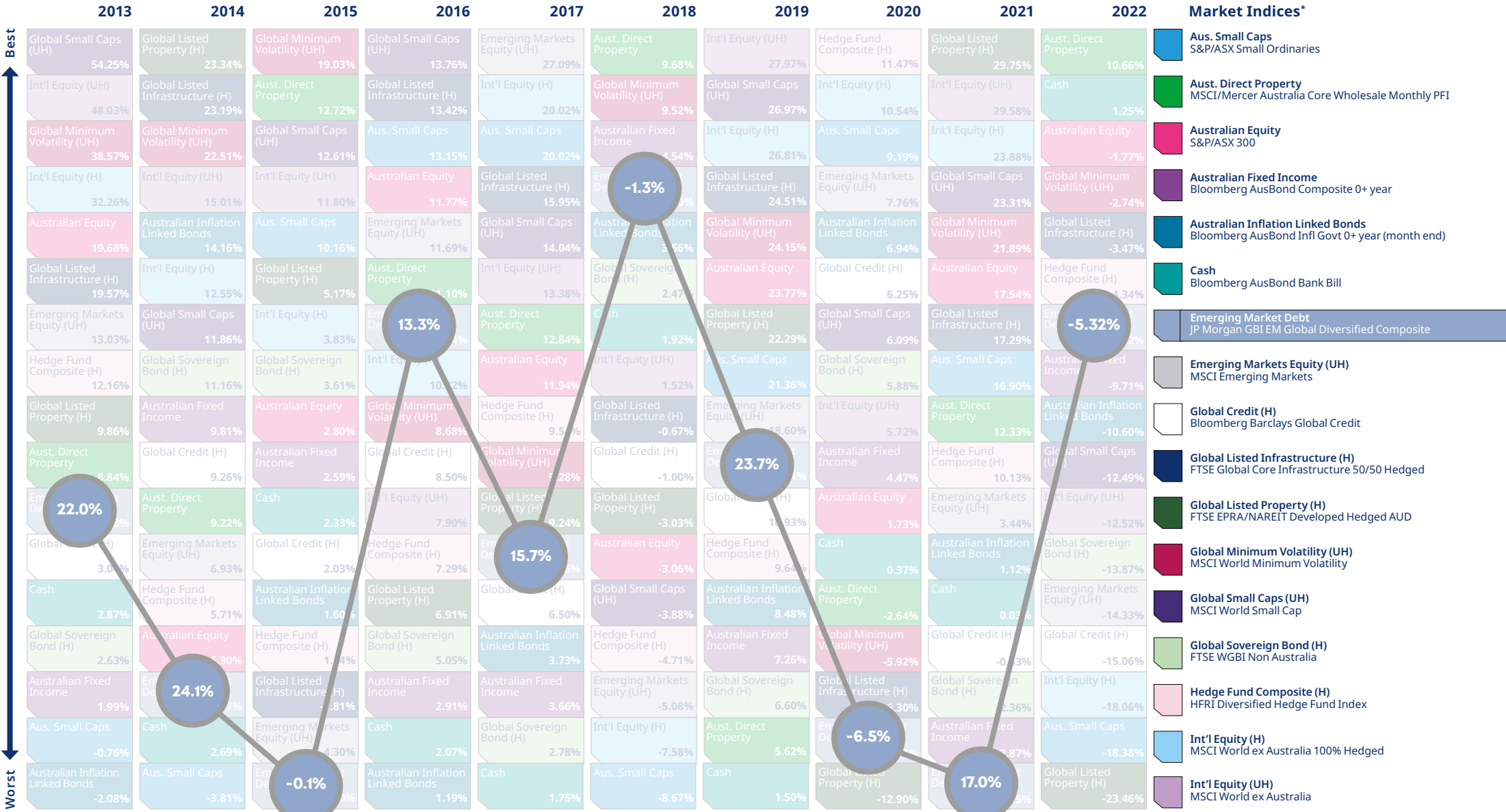
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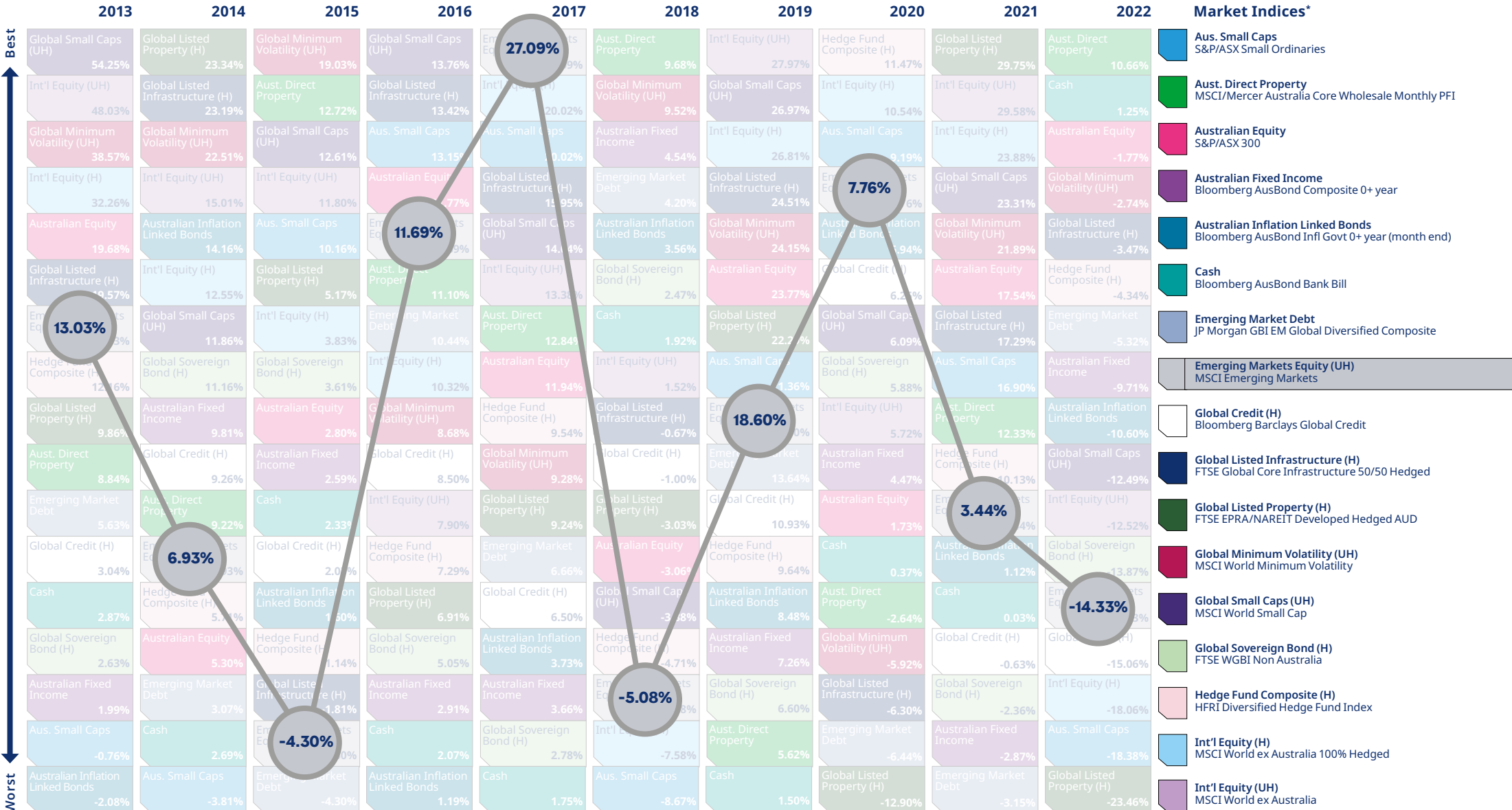


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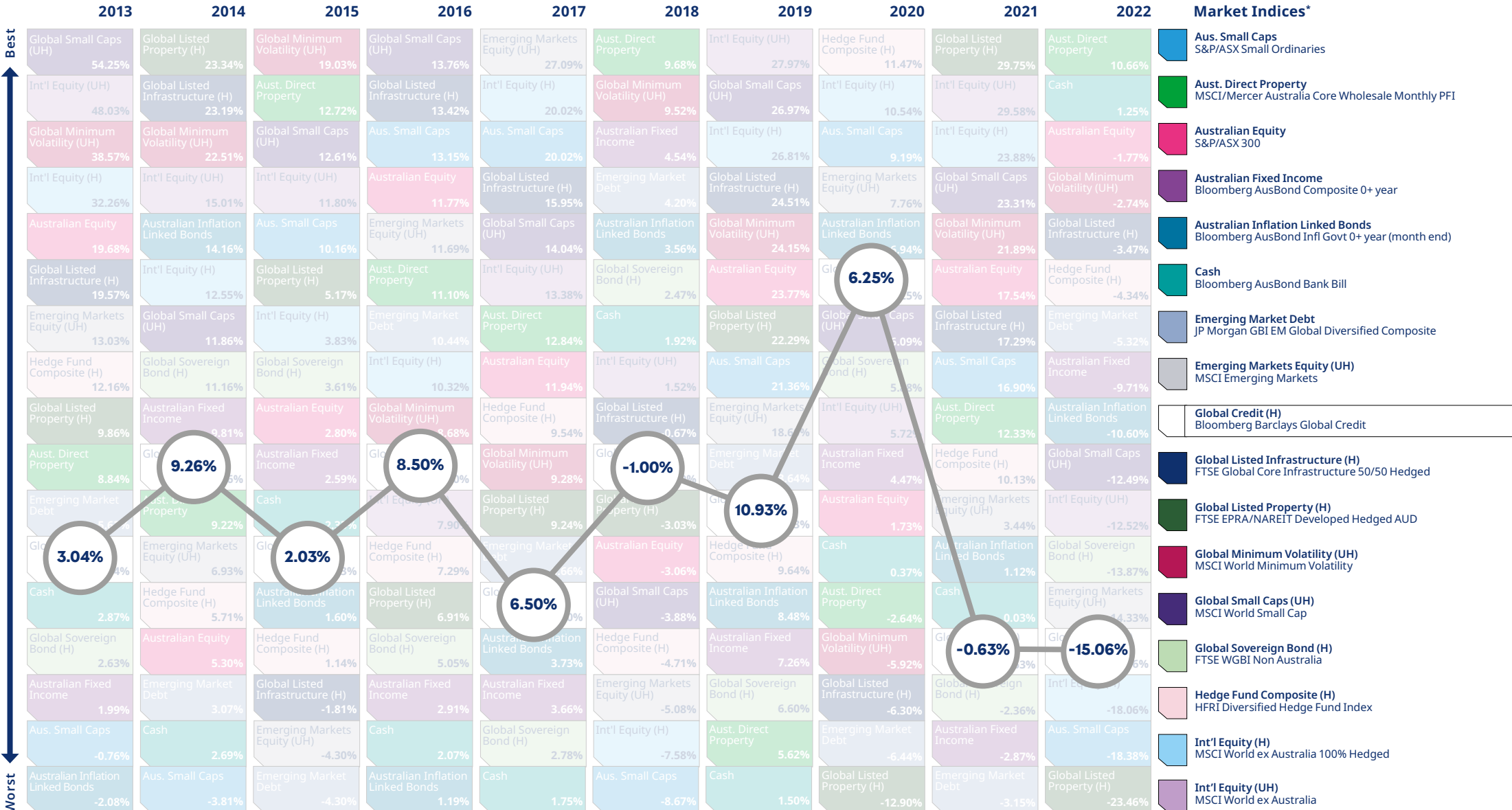
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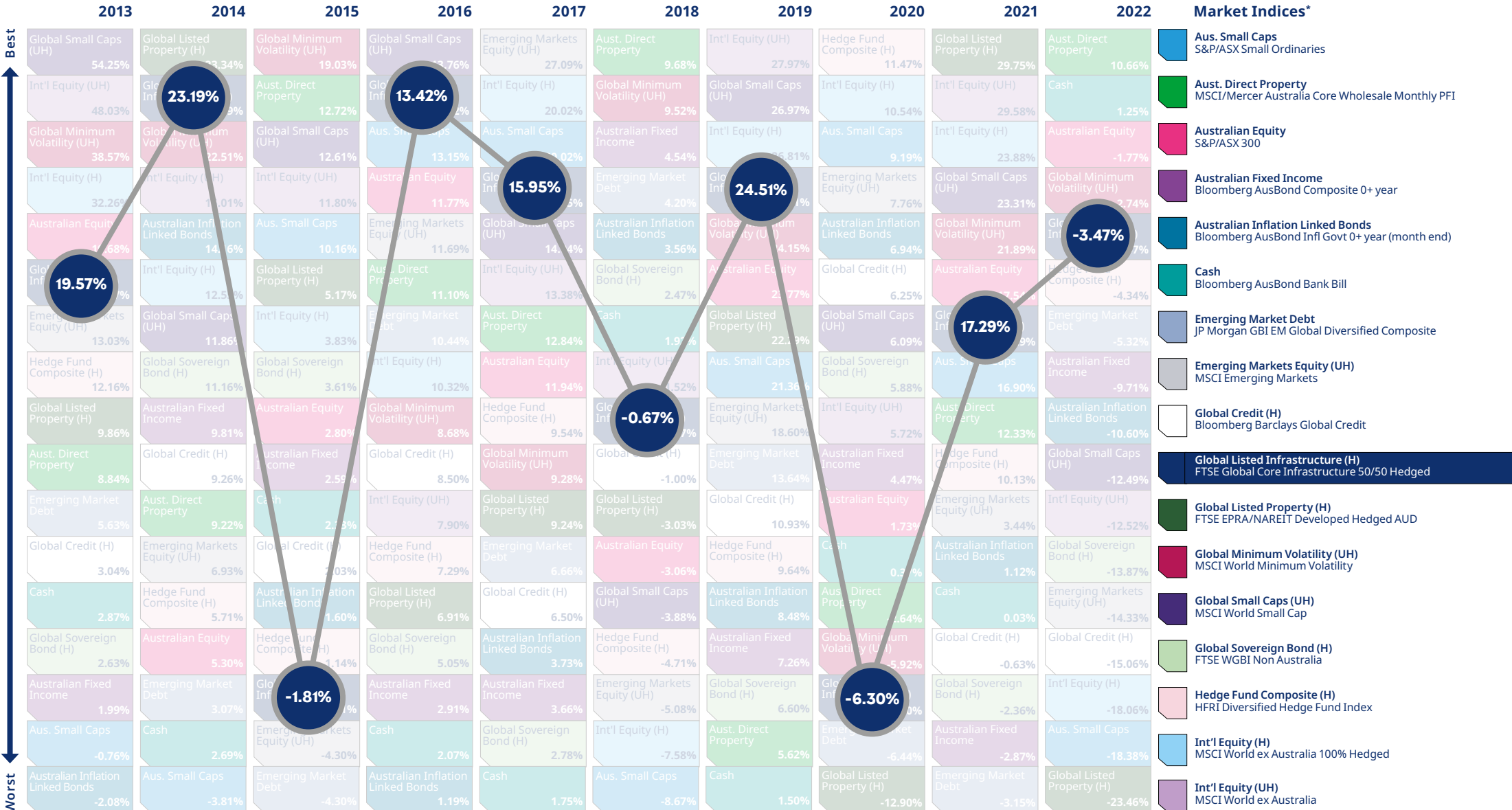
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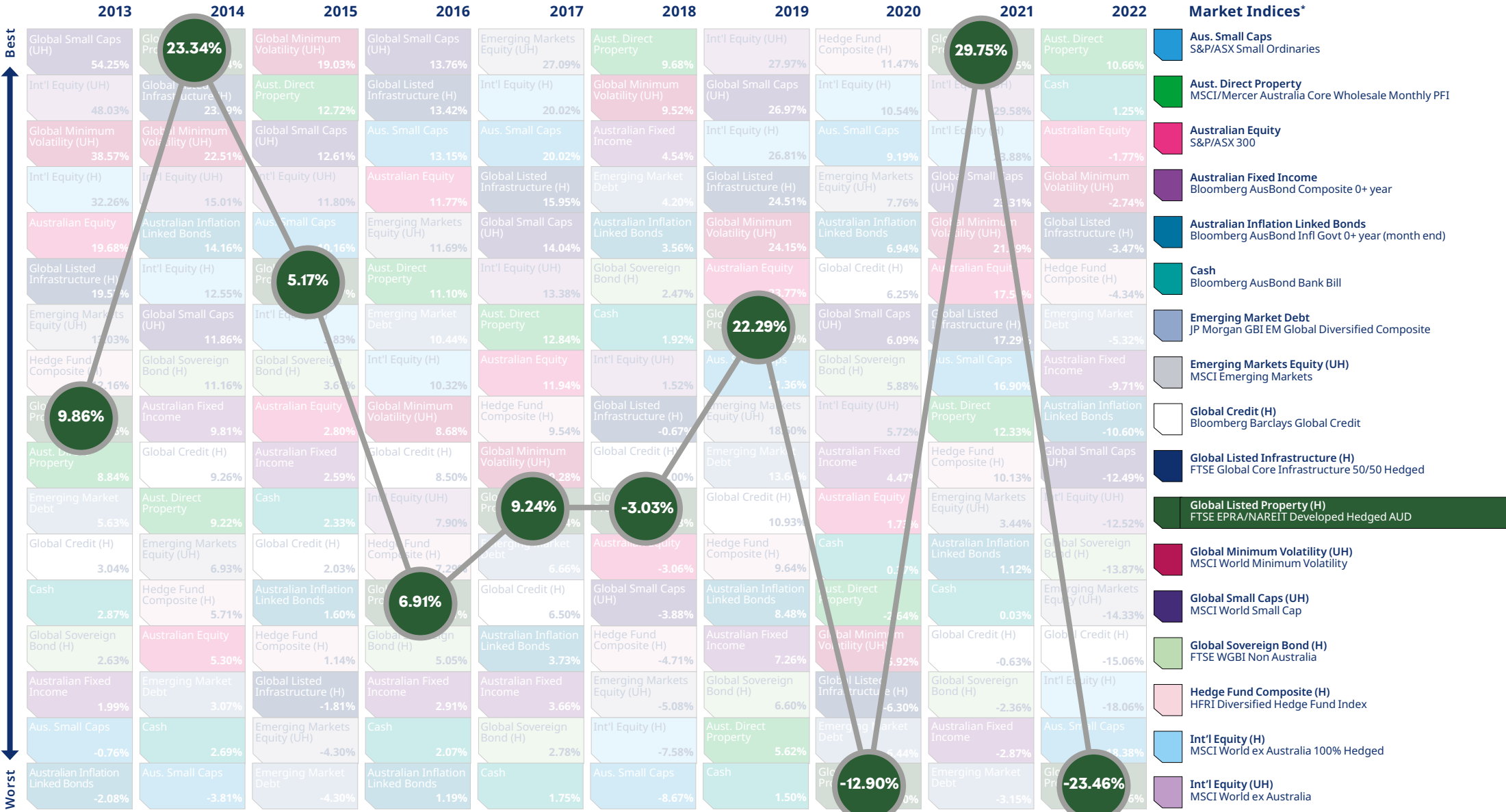
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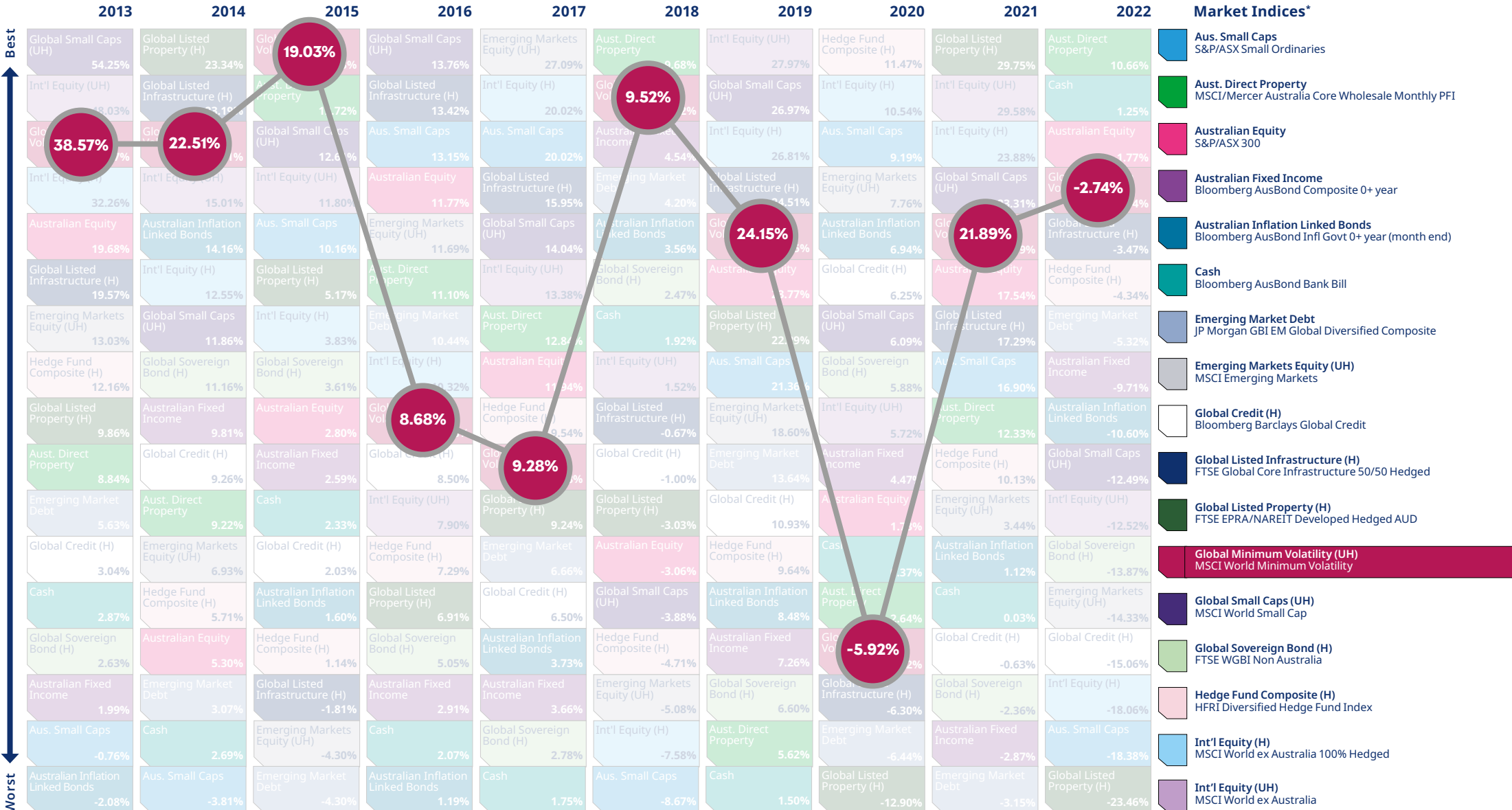
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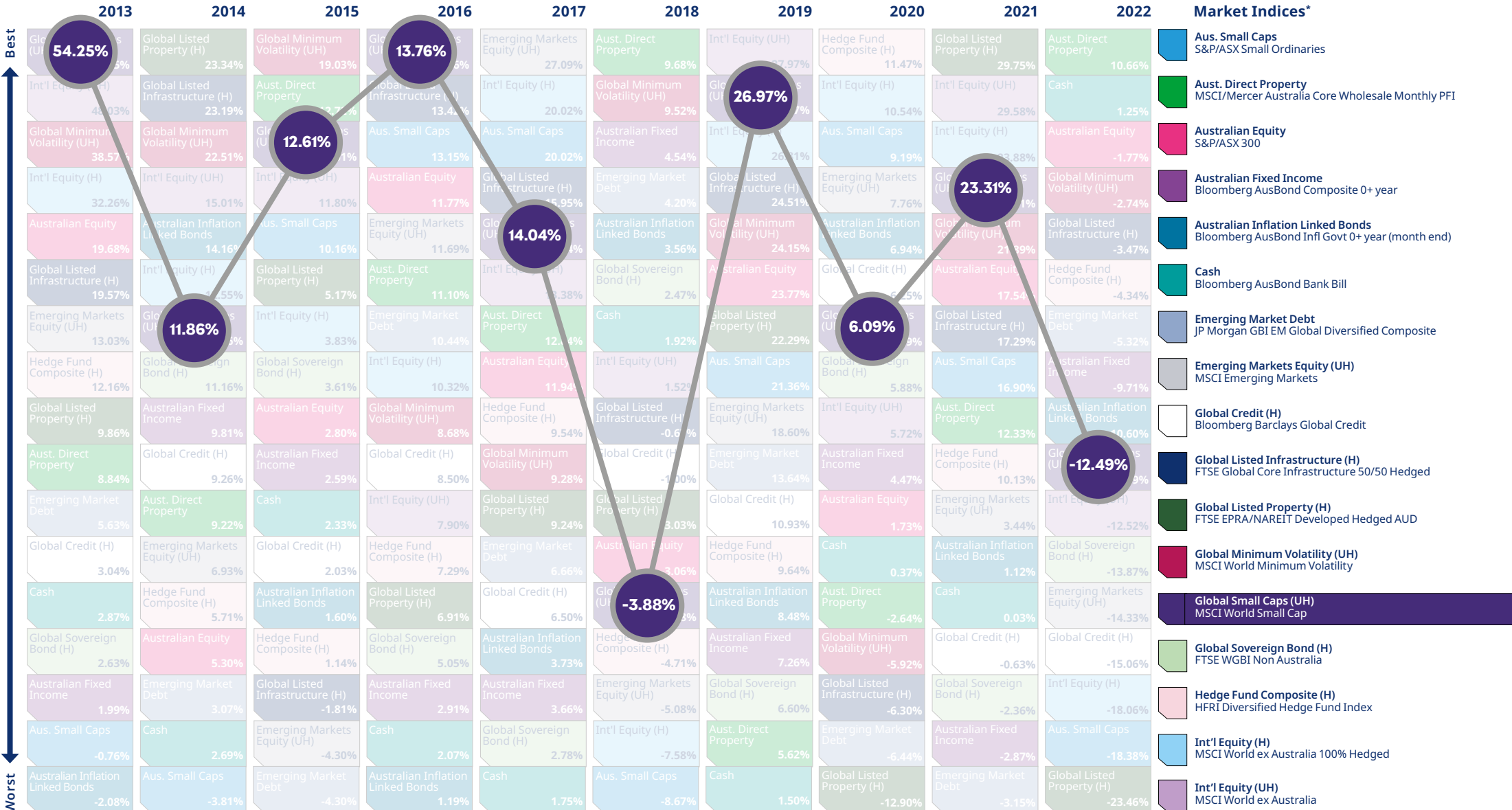
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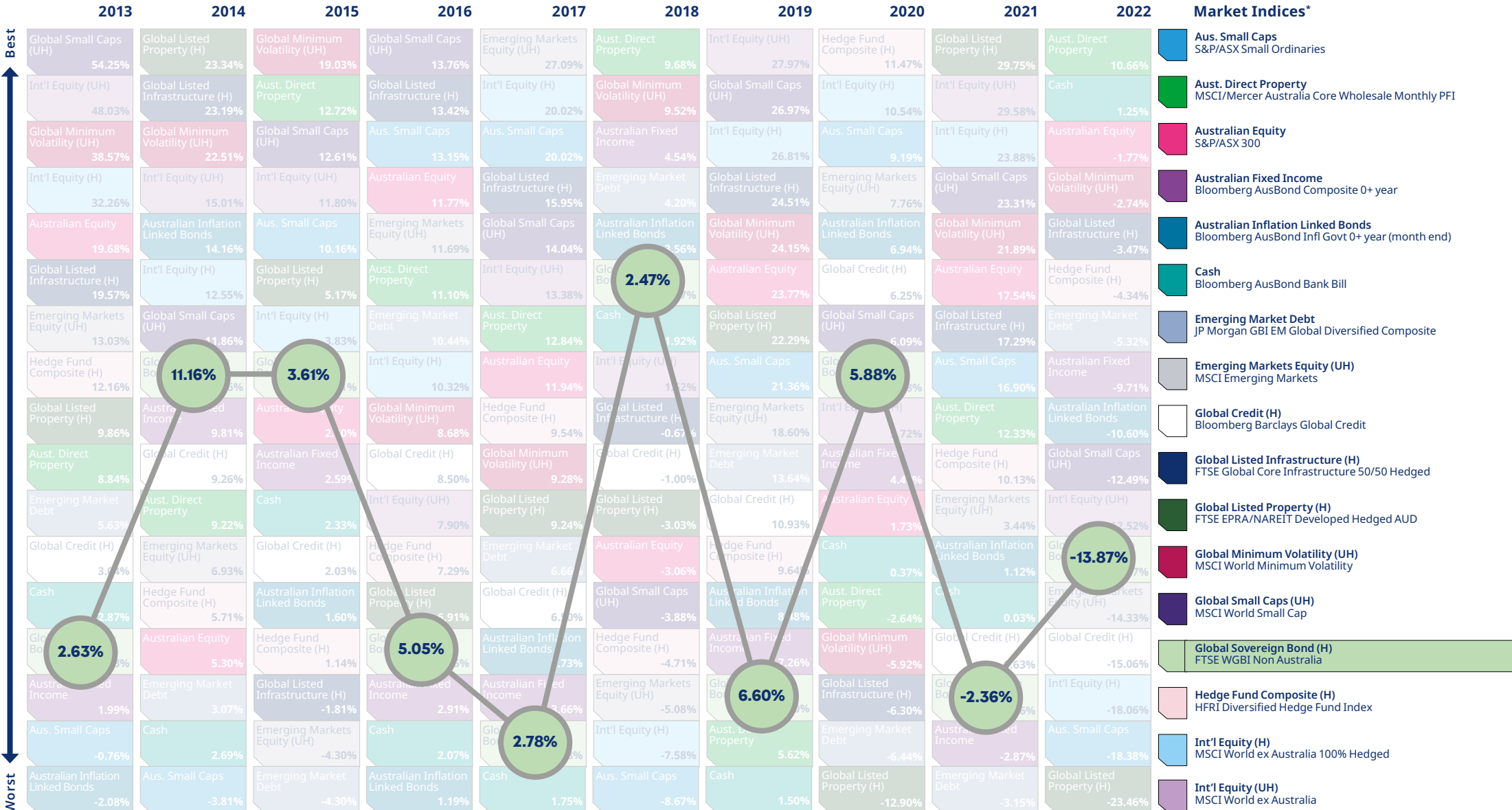
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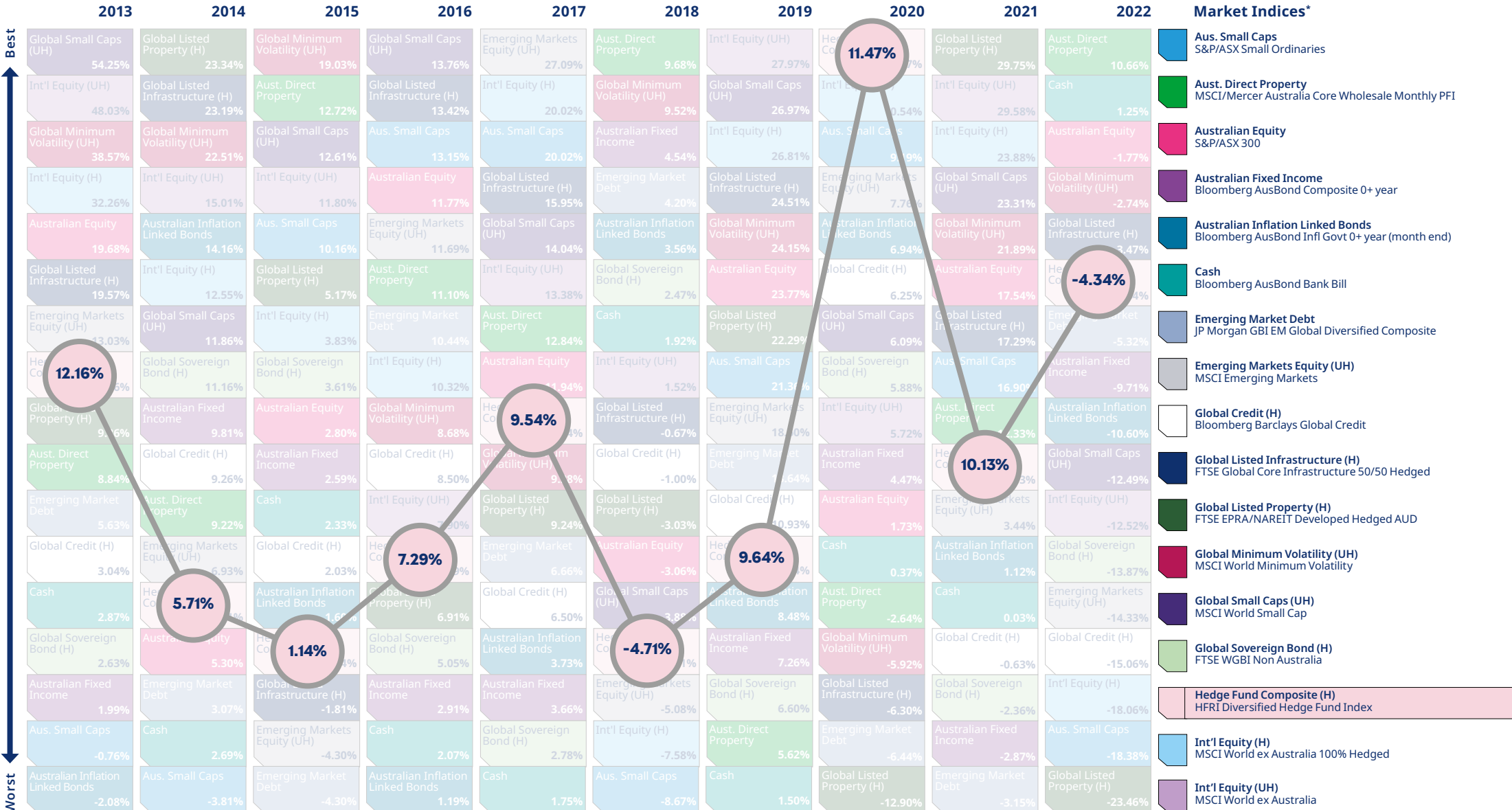
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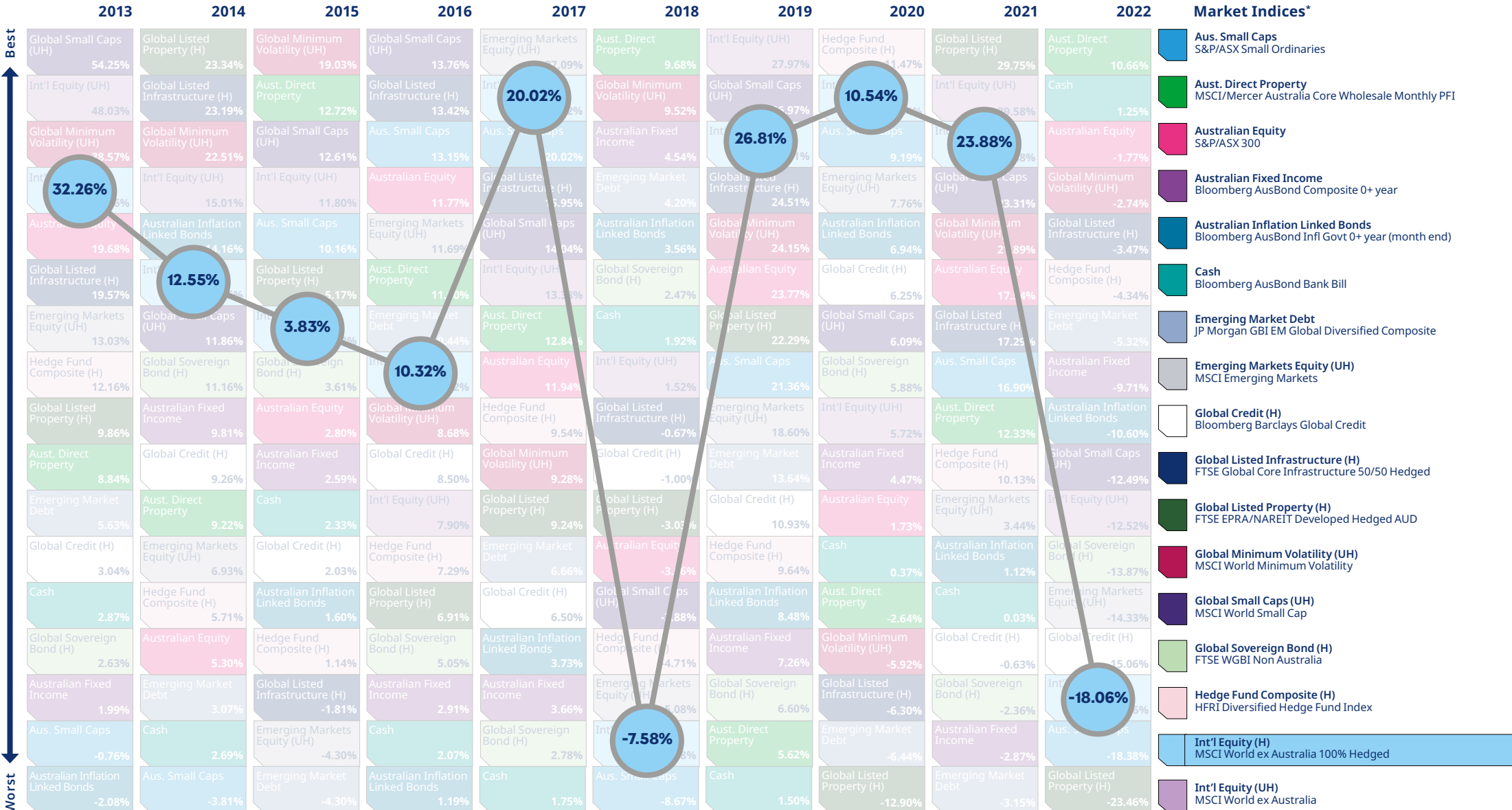
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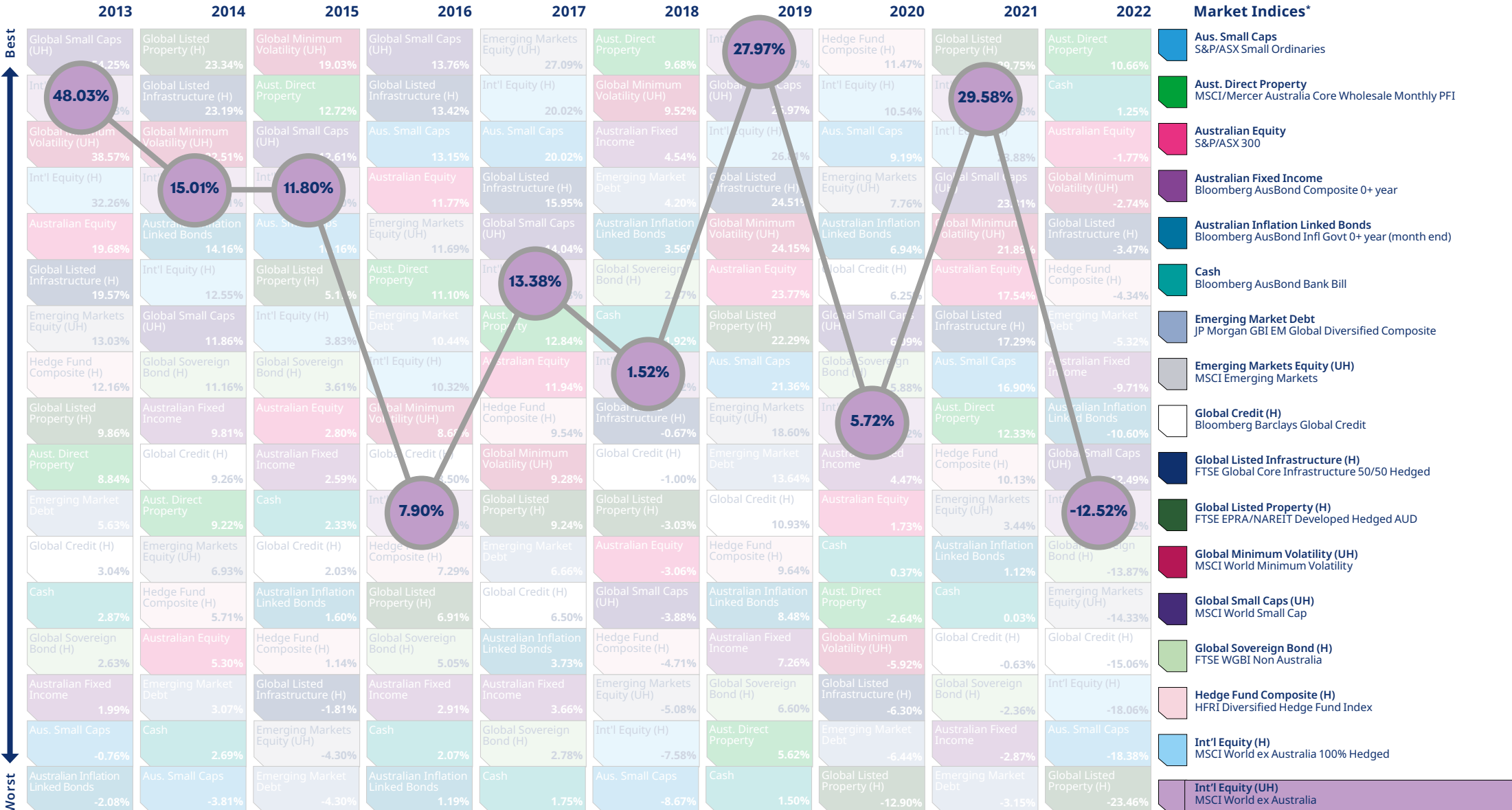
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2022: a year to forget and a year to remember

Financial markets were challenged in 2022; most notably by the war in the Ukraine, the aftermath of the pandemic, rising inflation and central banks hiking interest rates. 2022 was an unusual year, where both equity and bond markets sold off at the same time. Nevertheless, we believe this was a healthy correction and that rising interest rates play a role in preventing inflation. Witnessing the “red ink” generated by most asset classes in 2022, it can be easy to forget how well investors may fare over longer periods.

The volatile nature of financial markets can be highlighted by Mercer’s Periodic Table (‘our Table’) of investment returns. Produced annually, it colour-codes 17 major asset classes and ranks how each performed, on an annual basis, over the last 10 years. Attached is an interactive version and printable version of our Table for the 2022 calendar year.

Taking a glance at the Table, with its scattered palette, highlights how difficult it is to unearth patterns or at least patterns that could be of use going forward. Last year’s stars may prove to be a winner again the next year or may sink to occupy lower ranks. If only investing were easy!

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Demystifying the Mosaic

Looking across 2022 and the past decade, the following observations can be made from our Table:

- Fifteen of the 17 asset classes generated a negative return last year, compared to only four asset classes in 2021, showing the breadth of financial market correction in 2022.
- Leading the positive returns in 2022 was Australian Direct Property, with a stellar positive return of 10.7%, reflecting that investors sought out alternative inflation linked sources of return.
- Cash featured in second place in 2022, with a positive return of 1.3%, as confidence in risky assets declined with the tightening of monetary policy.
- Australian equity declined 2.7%, which was relatively moderate compared to other asset classes, as Australia benefitted from elevated commodity prices and the eventual re-opening of China in November 2022. Australian Small Caps on the other hand, down 18.4%, underperformed the broader index.
- International Equity (H) declined 18.1%, with a re-pricing of (especially) US and Growth style equities; as did Global Listed Property (H), down 23.5%, in anticipation of the impact of rising interest rates.

Key takeaways: 2022 was a difficult year, but helped return markets to healthy valuations for the longer term

Looking at 2022, funds with a growth orientation, particularly those focusing on offshore asset classes, generally underperformed. Meanwhile, funds with a conservative and/or domestic orientation produced less negative returns.

However, our Table also helps in reminding us that investment markets are inherently volatile and that we can never predict with a high degree of confidence what the future will hold over the short to medium-term. Therefore, for most individuals, the power of investing may well be harnessed through securing asset class diversification, taking on the risk they can tolerate and adopting a longer-term perspective. As the old adage goes, *“Diversification is the only free lunch in investing”*.