



THE ELEMENTS OF INVESTING

Every investor wants to pick the ultimate winning asset classes however, few have the expertise or luck to do so. This chart illustrates a wide variety of annual returns across several asset classes; over the last decade. Consider how a diversified approach could have offered an improved outcome versus investing in only one option.

Equity class returns

Annual returns of varied market indices

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Best performance ↑	Small-Cap Growth 29.09%	Large-Cap Growth 2.64%	Mid-Cap Value 18.51%	Small-Cap Growth 43.30%	Mid-Cap Value 14.75%	Large-Cap Growth 5.67%	Small-Cap Value 31.74%	Large Cap Growth 30.21%	Cash 1.87%	Large Cap Growth 36.39%
	Mid-Cap Growth 26.38%	S&P 500 Index 2.11%	Small-Cap Value 18.05%	Mid-Cap Growth 35.74%	S&P 500 Index 13.69%	S&P 500 Index 1.38%	Mid-Cap Value 20.00%	Mid-Cap Growth 25.27%	Large Cap Growth -1.51%	Mid-Cap Growth 35.47%
	Mid-Cap Value 24.75%	Large-Cap Value 0.39%	Large-Cap Value 17.51%	Small-Cap Value 34.52%	Large-Cap Value 13.45%	Cash 0.05%	Large-Cap Value 17.34%	International 25.03%	S&P 500 Index -4.38%	S&P 500 Index 31.49%
Worst performance ↓	Small-Cap Value 24.50%	Cash 0.10%	International 17.32%	Large-Cap Growth 33.48%	Large-Cap Growth 13.05%	Mid-Cap Growth -0.20%	S&P 500 Index 11.96%	Small-Cap Growth 22.17%	Mid-Cap Growth -4.75%	Small-Cap Growth 28.48%
	Large-Cap Growth 16.71%	Mid-Cap Value -1.38%	S&P 500 Index 16.00%	Mid-Cap Value 33.46%	Mid-Cap Growth 11.90%	International -0.81%	Small-Cap Growth 11.32%	S&P 500 Index 21.83%	Large-Cap Value -8.27%	Mid-Cap Value 27.06%
	Large-Cap Value 15.51%	Mid-Cap Growth -1.65%	Mid-Cap Growth 15.81%	Large-Cap Value 32.53%	Small-Cap Growth 5.60%	Small-Cap Growth -1.38%	Mid-Cap Growth 7.33%	Large-Cap Value 13.66%	Small-Cap Growth -9.31%	Large-Cap Value 26.54%
	S&P 500 Index 15.06%	Small-Cap Growth -2.91%	Large-Cap Growth 15.26%	S&P 500 Index 32.39%	Small-Cap Value 4.22%	Large-Cap Value -3.83%	Large Cap Growth 7.08%	Mid-Cap Value 13.34%	Mid-Cap Value -12.29%	Small-Cap Value 22.39%
	International 7.75%	Small-Cap Value -5.50%	Small-Cap Growth 14.59%	International 22.78%	Cash 0.04%	Mid-Cap Value -4.78%	International 1.00%	Small-Cap Value 7.84%	Small-Cap Value -12.86%	International 22.01%
	Cash 0.13%	International -12.14%	Cash 0.11%	Cash 0.07%	International -4.90%	Small-Cap Value -7.47%	Cash 0.33%	Cash 0.86%	International -13.79%	Cash 2.28%

- Cash is represented by the BofA Merrill Lynch 3-Month U.S. Treasury Bill Index.
- International stocks are represented by the MSCI EAFE Index.
- Large-Cap Growth is represented by the Russell 1000 Growth Index.
- Large-Cap Value is represented by the Russell 1000 Value Index.
- Mid-Cap Growth is represented by the Russell Midcap Growth Index.
- Mid-Cap Value is represented by the Russell Midcap Value Index.
- Small-Cap Growth is represented by the Russell 2000 Growth Index.
- Small-Cap Value is represented by the Russell 2000 Value Index.
- S&P 500 Index is a capitalization-weighted, composite index of 500 stocks designed to measure the performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

Source: Legg Mason. Returns are as of December 31 of specified years. The table above is presented for informational purposes only and does not represent performance of any specific investment. An investor cannot invest directly in an index. Unmanaged index returns do not reflect any fees, expenses or sales charges.

Past performance is no guarantee of future results.

Average annual total return assumes the reinvestments of income dividends and capital gain distributions. Investments in small- and mid-capitalization companies may involve a higher degree of risk and volatility than investments in larger, more established companies. Foreign investments are subject to certain risks of overseas investing, including currency fluctuations and changes in political and economic conditions, which could result in significant market fluctuations. These risks are magnified in emerging markets. **Diversification does not ensure a profit or protect against market loss.**

Fixed income class returns

Annual returns of varied market indices

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Best performance ↑	High-Yield Bonds 15.19%	Municipal Bonds 10.70%	Emerging Markets Debt 18.04%	High-Yield Bonds 7.42%	Municipal Bonds 9.05%	Municipal Bonds 3.30%	High-Yield Bonds 17.49%	Emerging Markets Debt 8.29%	Cash 1.87%	Corporate Bonds 14.54%
	Emerging Markets Debt 11.83%	Emerging Markets Debt 9.20%	High-Yield Bonds 15.58%	Cash 0.07%	Corporate Bonds 7.41%	Emerging Markets Debt 1.82%	Emerging Markets Debt 9.62%	World Gov't Bonds 7.49%	Municipal Bonds 1.28%	Emerging Markets Debt 14.42%
	Corporate Bonds 9.00%	Government Bonds 9.02%	Corporate Bonds 9.82%	Mortgage Bonds -1.41%	Emerging Markets Debt 6.15%	Mortgage Bonds 1.51%	Corporate Bonds 6.11%	High-Yield Bonds 7.48%	Mortgage Bonds 0.99%	High-Yield Bonds 14.41%
	Multi-Sector Fixed Income 6.54%	Corporate Bonds 8.15%	Municipal Bonds 6.78%	Corporate Bonds -1.53%	Mortgage Bonds 6.08%	Government Bonds 0.86%	Multi-Sector Fixed Income 2.65%	Corporate Bonds 6.42%	Government Bonds 0.88%	Multi-Sector Fixed Income 8.72%
Worst performance ↓	Government Bonds 5.52%	Multi-Sector Fixed Income 7.84%	Multi-Sector Fixed Income 4.21%	Multi-Sector Fixed Income 2.02%	Multi-Sector Fixed Income 5.97%	Multi-Sector Fixed Income 0.55%	Mortgage Bonds 1.67%	Municipal Bonds 5.45%	Multi-Sector Fixed Income 0.01%	Municipal Bonds 7.54%
	Mortgage Bonds 5.37%	World Gov't Bonds 6.35%	Mortgage Bonds 2.59%	Municipal Bonds -2.55%	Government Bonds 4.92%	Cash 0.05%	World Gov't Bonds 1.60%	Multi-Sector Fixed Income 3.54%	World Gov't Bonds -0.84%	Government Bonds 6.86%
	World Gov't Bonds 5.17%	Mortgage Bonds 6.23%	Government Bonds 2.02%	Government Bonds -2.60%	High-Yield Bonds 2.50%	Corporate Bonds -0.68%	Government Bonds 1.05%	Mortgage Bonds 2.47%	High-Yield Bonds -2.27%	Mortgage Bonds 6.35%
	Municipal Bonds 2.38%	High-Yield Bonds 4.35%	World Gov't Bonds 1.65%	World Gov't Bonds -4.00%	Cash 0.04%	World Gov't Bonds -3.57%	Cash 0.33%	Government Bonds 2.30%	Corporate Bonds -2.51%	World Gov't Bonds 5.90%
	Cash 0.13%	Cash 0.10%	Cash 0.11%	Emerging Markets Debt -8.31%	World Gov't Bonds -0.48%	High-Yield Bonds -4.64%	Municipal Bonds 0.25%	Cash 0.86%	Emerging Markets Debt -5.33%	Cash 2.28%

- Cash is represented by the BofA Merrill Lynch 3-Month U.S. Treasury Bill Index.
- Government Bonds are represented by the Bloomberg Barclays Government Bond Index.
- Mortgage Bonds are represented by the Bloomberg Barclays Mortgage-Backed Securities Index.
- Corporate Bonds are represented by the Bloomberg Barclays U.S. Corporate Bond Index.
- Municipal Bonds are represented by the Bloomberg Barclays Municipal Bond Index.

- High-Yield Bonds are represented by the Merrill Lynch (ML) High Yield Master II Index.
- Emerging Markets Debt is represented by the JPMorgan Emerging Markets Bond Index Plus.
- World Government Bonds are represented by the FTSE World Government Bond Index.
- Multi-Sector Fixed Income is represented by the Bloomberg Barclays U.S. Aggregate Bond Index.



Need more information?

Speak with your Financial Professional about this and other investment strategies.

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Past performance is no guarantee of future results. All investments involve risk, including loss of principal.

Equity securities are subject to price fluctuation and possible loss of principal. Fixed income investments are subject to interest rate risk. As rates rise, the price of fixed income securities falls. There is also a risk that an issuer will be unable to make principal and/or interest payments. High yield bonds are subject to increased risk of default and greater volatility due to the lower credit quality of the issues. Mortgage-backed securities involve additional risk over more traditional fixed income investments, including: interest rate risk, implied call and extension risks, and the possibility of premature return of principal due to mortgage prepayment, which can reduce expected yield and lead to price volatility.

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