

No Asset Class Wins All the Time

Creating a winning portfolio is not easy. Just look at the chart below. We know, there are a lot of colors! But as they say, a picture tells a thousand words.



Motley Fool
Wealth Management

In order of best to worst performing, this chart ranks all the asset classes for the last 15 years through December 31, 2025.*

2010–2024		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	YTD
Ann.	Vol.	REITs	REITs	REITs	Small Cap	REITs	REITs	Small Cap	EM Equity	Cash	Large Cap	Small Cap	REITs	Comdty.	Large Cap	Large Cap	Comdty.
Large Cap	Small Cap	27.9%	8.3%	19.7%	38.8%	28.0%	2.8%	21.3%	37.8%	1.8%	31.5%	20.0%	41.3%	16.1%	26.3%	25.0%	8.9%
13.9%	20.6%																
Small Cap	EM Equity	26.9%	7.8%	19.6%	32.4%	13.7%	1.4%	14.3%	25.6%	0.0%	28.7%	18.7%	28.7%	1.5%	18.9%	11.5%	7.0%
10.3%	17.9%																
REITs	REITs	19.2%	3.1%	18.6%	23.3%	6.0%	0.5%	12.0%	21.8%	-4.0%	25.5%	18.4%	27.1%	High Yield	Small Cap	Asset Alloc.	EM Equity
9.4%	16.8%																
Asset Alloc.	DM Equity	16.8%	2.1%	17.9%	14.9%	5.2%	0.0%	11.8%	14.6%	-4.1%	22.7%	10.6%	14.8%	-13.0%	14.1%	9.2%	2.8%
7.2%	16.5%																
High Yield	Comdty.	15.1%	0.1%	16.3%	7.3%	4.9%	-0.4%	11.6%	14.6%	-4.4%	19.5%	8.3%	13.5%	-13.9%	14.0%	8.1%	2.8%
5.9%	16.1%																
DM Equity	Large Cap	14.8%	-0.7%	16.0%	2.9%	0.0%	-2.0%	8.6%	10.4%	-5.8%	18.9%	7.5%	11.8%	-14.0%	11.4%	5.4%	1.8%
5.7%	15.1%																
EM Equity	Asset Alloc.	13.3%	-4.2%	12.2%	0.0%	0.0%	-2.7%	8.3%	8.7%	-11.0%	12.6%	7.0%	1.0%	-18.1%	10.3%	5.3%	1.0%
3.4%	10.4%																
Fixed Income	High Yield	8.2%	-11.7%	4.2%	Fixed Income	EM Equity	Small Cap	Fixed Income	Fixed Income	Comdty.	Fixed Income	Cash	Cash	EM Equity	Fixed Income	REITs	Asset Alloc.
2.4%	9.4%				-2.0%	-1.8%	-4.4%	2.6%	3.5%	-11.2%	8.7%	0.5%	0.0%	-19.7%	5.5%	4.9%	0.6%
Cash	Fixed Income	Fixed Income	Comdty.	Cash	EM Equity	DM Equity	EM Equity	DM Equity	Comdty.	DM Equity	Comdty.	Comdty.	Fixed Income	Small Cap	Cash	DM Equity	Large Cap
1.2%	4.7%	6.5%	-13.3%	0.1%	-2.3%	-4.5%	-14.6%	1.5%	1.7%	-13.4%	7.7%	-3.1%	-1.5%	-20.4%	5.1%	4.3%	-4.3%
Comdty.	Cash	Cash	EM Equity	Comdty.	Comdty.	Comdty.	Comdty.	Cash	Cash	EM Equity	Cash	REITs	EM Equity	REITs	Comdty.	Fixed Income	Small Cap
-1.0%	0.9%	0.1%	-18.2%	-1.1%	-9.5%	-17.0%	-24.7%	0.3%	0.8%	-14.2%	2.2%	-5.1%	-2.2%	-24.9%	-7.9%	1.3%	-9.5%

No, your eyes are not deceiving you! Asset class winners are all over the map.

That’s because market leadership is not static.

For example, in 2018, cash was king, but in 2019, it was in the basement. REITs won in 2021, sandwiched between two years of bottom performance—2020 and 2022.

The takeaway? There’s no discernable pattern.

So, how can your investment manager help to construct a portfolio that has the potential to perform well despite asset class rotation and market volatility?

Since asset class returns are over the map, we don’t try to chase them from year to year.

Instead, we construct your portfolio based on your wealth goals. We consider the amount of risk you are willing and able to take on, the timing of your cash needs, and your overall goals to establish a well-diversified asset allocation. That way, we’re not following last year’s winners down the chart.

Source:

*Bloomberg, FactSet, MSCI, NAREIT, Russell, Standard & Poor's, JP Morgan Guide to the Markets. Data through March 31, 2025. See Notes in disclosure.

Disclosure

The MSCI High Dividend Yield Index aims to offer a higher-than-average dividend yield relative to the parent index that passes dividend sustainability and persistence screens. The MSCI Minimum Volatility Index optimizes the MSCI USA Index using an estimated security co-variance matrix to produce low absolute volatility for a given set of constraints. The MSCI Defensive Sectors Index includes: Consumer Staples, energy, Health Care and Utilities. The MSCI Cyclical Sectors Index contains: Consumer Discretionary, Communication Services, Financials, Industrials, Information Technology and Materials. Securities within the MSCI Momentum Index are selected based on a momentum value of 12-month and 6-month price performance. Constituents of the MSCI Sector Neutral Quality Index are selected based on stronger quality characteristics to their peers within the same GICS sector by using three main variables: high return on equity, low leverage and low earnings variability. Constituents of the MSCI Enhanced Value Index are based on three variables: price-to-book value, price-to-forward earnings and enterprise value to cash flow from operations. The Russell 2000 is used for small cap. The MSCI USA Diversified Multiple Factor Index aims to maximize exposure to four factors—Value, Momentum, Quality, and Size

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