

# Single vs. multi

## Comparing single-asset to multi-asset portfolios

Multiple asset classes can help smooth  
out your ride.



# Comparing single-asset to multi-asset portfolios

Investing in a single asset class is risky when you consider no one asset class consistently outperforms on a regular basis.

Don't play the guessing game with your financial future.

Returns represent past index performance and should not be viewed as a guarantee of future index or investment performance. Indexes and strategies are unmanaged and cannot be invested in directly.

An asset allocation strategy does not assure a profit or protect against loss in a declining market.

Standard deviation is a statistical measure of the degree to which an individual value in a probability distribution tends to vary from the mean of the distribution. The greater the degree of dispersion, the greater the risk.

See last page for source data.

## Individual asset classes

|   | LARGE CAP | SMALL CAP | BONDS | REAL ESTATE | INT'L  |
|---|-----------|-----------|-------|-------------|--------|
| 1976                                    | 23.93     | 57.38     | 15.60 | 47.59       | 2.54   |
| 1977                                    | -7.16     | 25.38     | 3.04  | 22.42       | 18.06  |
| 1978                                    | 6.57      | 21.42     | 1.39  | 10.34       | 32.62  |
| 1979                                    | 22.33     | 43.07     | 1.93  | 35.86       | 4.75   |
| 1980                                    | 31.87     | 38.60     | 2.71  | 24.37       | 22.58  |
| 1981                                    | -5.10     | 2.03      | 6.25  | 6.00        | -2.28  |
| 1982                                    | 20.31     | 24.95     | 32.62 | 21.60       | -1.86  |
| 1983                                    | 22.13     | 29.13     | 8.36  | 30.64       | 23.69  |
| 1984                                    | 4.75      | -7.30     | 15.15 | 20.93       | 7.38   |
| 1985                                    | 32.26     | 31.05     | 22.10 | 19.10       | 56.16  |
| 1986                                    | 17.87     | 5.68      | 15.26 | 19.16       | 69.44  |
| 1987                                    | 2.93      | -8.80     | 2.76  | -3.64       | 24.63  |
| 1988                                    | 17.26     | 25.02     | 7.89  | 13.49       | 28.27  |
| 1989                                    | 30.43     | 16.26     | 14.53 | 8.84        | 10.54  |
| 1990                                    | -4.21     | -19.48    | 8.96  | -15.35      | -23.45 |
| 1991                                    | 33.04     | 46.04     | 16.00 | 35.70       | 12.13  |
| 1992                                    | 8.93      | 18.41     | 7.40  | 14.59       | -12.17 |
| 1993                                    | 10.18     | 18.88     | 9.75  | 19.65       | 32.56  |
| 1994                                    | 0.39      | -1.82     | -2.92 | 3.17        | 7.78   |
| 1995                                    | 37.77     | 28.45     | 18.47 | 15.27       | 11.21  |
| 1996                                    | 22.45     | 16.49     | 3.63  | 35.27       | 6.05   |
| 1997                                    | 32.85     | 22.36     | 9.65  | 20.26       | 1.78   |
| 1998                                    | 27.02     | -2.55     | 8.69  | -17.50      | 20.00  |
| 1999                                    | 20.91     | 21.26     | -0.82 | -4.62       | 26.96  |
| 2000                                    | -7.79     | -3.02     | 11.63 | 26.37       | -14.17 |
| 2001                                    | -12.45    | 2.49      | 8.44  | 13.93       | -21.44 |
| 2002                                    | -21.65    | -20.48    | 10.26 | 3.82        | -15.94 |
| 2003                                    | 29.89     | 47.25     | 4.10  | 37.13       | 39.59  |
| 2004                                    | 11.40     | 18.33     | 4.34  | 31.58       | 20.25  |
| 2005                                    | 6.27      | 4.55      | 2.43  | 11.80       | 13.54  |
| 2006                                    | 15.46     | 18.37     | 4.33  | 41.81       | 26.34  |
| 2007                                    | 5.77      | -1.57     | 6.97  | -7.39       | 11.17  |
| 2008                                    | -37.60    | -33.79    | 5.24  | -48.16      | -43.38 |
| 2009                                    | 28.43     | 27.17     | 5.93  | 37.13       | 31.78  |
| 2010                                    | 16.10     | 26.85     | 6.54  | 19.63       | 7.75   |
| 2011                                    | 1.50      | -4.18     | 7.84  | -6.46       | -12.14 |
| 2012                                    | 16.42     | 16.35     | 4.21  | 27.73       | 17.32  |
| 2013                                    | 33.11     | 38.82     | -2.02 | 3.67        | 22.78  |
| 2014                                    | 13.24     | 4.89      | 5.97  | 15.02       | -4.90  |
| 2015                                    | 0.92      | -4.41     | 0.55  | -0.79       | -0.81  |
| 2016                                    | 12.05     | 21.31     | 2.65  | 4.06        | 1.00   |
| 2017                                    | 21.69     | 14.65     | 3.54  | 10.36       | 25.03  |
| 2018                                    | -4.78     | -11.01    | 0.01  | -5.63       | -13.79 |
| 2019                                    | 31.43     | 25.52     | 8.72  | 21.91       | 22.01  |
| 2020                                    | 20.96     | 19.96     | 7.51  | -9.04       | 7.82   |
| 2021                                    | 26.45     | 14.82     | -1.54 | 26.09       | 11.26  |
| Annualized Return 1976-2021             | 12.14     | 13.02     | 7.11  | 12.21       | 9.13   |
| Annualized Standard Deviation 1976-2021 | 15.11     | 20.16     | 5.19  | 15.61       | 16.68  |

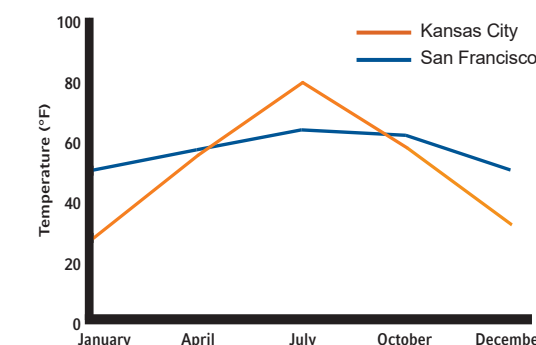
## Asset allocation strategies (S=Stocks / B=Bonds)

|   | 100% S | 80% S/20% B | 60% S/40% B | 40% S/60% B | 20% S/80% B |
|---|--------|-------------|-------------|-------------|-------------|
| 1976                                    | 18.49  | 18.13       | 17.71       | 17.22       | 16.23       |
| 1977                                    | 8.41   | 7.34        | 6.27        | 5.20        | 4.10        |
| 1978                                    | 20.40  | 16.40       | 12.48       | 8.64        | 5.08        |
| 1979                                    | 17.05  | 13.99       | 10.98       | 8.01        | 4.80        |
| 1980                                    | 28.40  | 23.24       | 18.08       | 12.93       | 7.78        |
| 1981                                    | -2.22  | -0.46       | 1.28        | 2.99        | 4.59        |
| 1982                                    | 10.98  | 15.23       | 19.55       | 23.93       | 28.12       |
| 1983                                    | 24.23  | 20.94       | 17.72       | 14.56       | 11.40       |
| 1984                                    | 5.83   | 7.83        | 9.78        | 11.67       | 13.38       |
| 1985                                    | 41.76  | 37.58       | 33.49       | 29.49       | 25.93       |
| 1986                                    | 38.05  | 33.18       | 28.43       | 23.79       | 19.70       |
| 1987                                    | 10.97  | 9.96        | 8.57        | 6.83        | 5.07        |
| 1988                                    | 23.00  | 19.86       | 16.76       | 13.71       | 10.85       |
| 1989                                    | 19.00  | 18.21       | 17.36       | 16.46       | 15.53       |
| 1990                                    | -14.42 | -9.95       | -5.37       | -0.67       | 4.05        |
| 1991                                    | 25.12  | 23.46       | 21.74       | 19.95       | 17.89       |
| 1992                                    | 0.63   | 2.04        | 3.46        | 4.87        | 6.00        |
| 1993                                    | 21.53  | 19.13       | 16.74       | 14.36       | 12.11       |
| 1994                                    | 3.66   | 2.35        | 1.04        | -0.29       | -1.58       |
| 1995                                    | 23.45  | 22.52       | 21.56       | 20.57       | 19.52       |
| 1996                                    | 15.26  | 12.95       | 10.66       | 8.39        | 5.86        |
| 1997                                    | 16.88  | 15.56       | 14.19       | 12.78       | 11.14       |
| 1998                                    | 17.97  | 16.39       | 14.61       | 12.65       | 10.96       |
| 1999                                    | 22.11  | 17.20       | 12.43       | 7.79        | 3.57        |
| 2000                                    | -8.01  | -4.18       | -0.25       | 3.77        | 7.45        |
| 2001                                    | -13.64 | -9.25       | -4.80       | -0.29       | 3.87        |
| 2002                                    | -17.47 | -12.16      | -6.71       | -1.11       | 4.41        |
| 2003                                    | 35.92  | 29.08       | 22.48       | 16.12       | 10.00       |
| 2004                                    | 17.23  | 14.64       | 12.06       | 9.50        | 6.85        |
| 2005                                    | 9.70   | 8.28        | 6.84        | 5.38        | 3.92        |
| 2006                                    | 22.02  | 18.36       | 14.78       | 11.26       | 7.70        |
| 2007                                    | 6.60   | 6.72        | 6.80        | 6.84        | 7.02        |
| 2008                                    | -40.35 | -32.73      | -24.41      | -15.35      | -5.44       |
| 2009                                    | 30.50  | 25.70       | 20.83       | 15.91       | 10.89       |
| 2010                                    | 13.76  | 12.71       | 11.47       | 10.04       | 8.32        |
| 2011                                    | -5.65  | -2.81       | -0.02       | 2.70        | 5.28        |
| 2012                                    | 17.58  | 14.98       | 12.34       | 9.68        | 6.91        |
| 2013                                    | 27.26  | 20.85       | 14.70       | 8.82        | 3.37        |
| 2014                                    | 4.31   | 4.73        | 5.13        | 5.50        | 5.65        |
| 2015                                    | -0.37  | -0.04       | 0.21        | 0.40        | 0.51        |
| 2016                                    | 7.59   | 6.72        | 5.80        | 4.81        | 3.74        |
| 2017                                    | 21.78  | 17.89       | 14.11       | 10.44       | 7.01        |
| 2018                                    | -9.37  | -7.40       | -5.46       | -3.57       | -1.80       |
| 2019                                    | 26.16  | 22.65       | 19.14       | 15.65       | 12.17       |
| 2020                                    | 13.18  | 12.60       | 11.71       | 10.53       | 9.24        |
| 2021                                    | 18.50  | 14.32       | 10.25       | 6.26        | 2.24        |
| Annualized Return 1976-2021             | 11.22  | 10.59       | 9.86        | 9.03        | 8.10        |
| Annualized Standard Deviation 1976-2021 | 14.47  | 11.80       | 9.27        | 7.04        | 5.48        |

## Understanding risk: Standard deviation

When you think of the weather in San Francisco and Kansas City, do you think it's the same? While the two cities have a similar average annual temperature of 57° and 54° respectively, they experience dramatically different ranges in temperature. This spread in temperature is the standard deviation. Generally, the weather in San Francisco varies 5° from the average (52° to 62°). However, there is a greater fluctuation in temperature for Kansas City, where the temperature can vary as much as 18° from the average (36° to 72°).

Now, consider what this means if applied to your investment portfolio. Although two portfolios can have similar annualized returns, the ride along the way can be significantly different. One portfolio may have a higher standard deviation, reflecting more ups and downs while the other portfolio could have a lower standard deviation, indicating a smoother ride 1976-2021.



|                      | KANSAS CITY | SAN FRANCISCO |
|----------------------|-------------|---------------|
| Average temperature: | 54          | 57            |
| Standard deviation:  | 18          | 5             |

Source: National Oceanic & Atmospheric Administration. (1971-2000). Normal Daily Mean Temperature, Degrees F. Retrieved May 22, 2006 from the World Wide Web: <http://www.ncdc.noaa.gov/oa/climate/online/ccd/nrmavg.txt>.

Annualized Return 1976-2021  
Annualized Standard Deviation 1976-2021

#### SOURCE DATA:

Individual asset classes represented by the following indices:

large cap = S&P 500® Index (1976-1978), Russell 1000® Index (1979-2021)

small cap = Ibbotson U.S. Small Stock Index (1976-1978), Russell 2000® Index (1979-2021)

bonds = Bloomberg Barclays U.S. Aggregate Bond Index (1976-2021)

international = MSCI® EAFE Index (1976-2021)

real estate = FTSE NAREIT Equity REITs Index (1976-2004), FTSE EPRA/NAREIT Developed Index (2005-2021)

Asset allocated mixes employ the same indices listed above and are rebalanced annually. They are represented by the following asset class breakdowns:

100% stock = 40% large cap, 10% small cap, 6% real estate, 44% international

80% stock/20% bond = 32% large cap, 8% small cap, 5% real estate, 35% international, 20% bonds

60% stock/40% bond = 24% large cap, 6% small cap, 26% international, 4% real estate, 40% bonds

40% stock/60% bond = 16% large cap, 4% small cap, 17% international, 3% real estate, 60% bonds

20% stock/80% bond = 8% large cap, 2% small cap, 8% international, 1% real estate, 80% bonds

#### IMPORTANT RISK DISCLOSURES

Small capitalization (small cap) investments involve stocks of companies with smaller levels of market capitalization (generally less than \$2 billion) than larger company stocks (large cap). Small cap investments are subject to considerable price fluctuations and are more volatile than large company stocks. Investors should consider the additional risks involved in small cap investments.

Bond investors should carefully consider risks such as interest rate, credit, default and duration risks. Greater risk, such as increased volatility, limited liquidity, prepayment, non-payment and increased default risk, is inherent in portfolios that invest in high-yield (“junk”) bonds or mortgage-backed securities, especially mortgage-backed securities with exposure to sub-prime mortgages. Generally, when interest rates rise, prices of fixed income securities fall. Interest rates in the United States are at, or near, historic lows, which may increase a Fund’s exposure to risks associated with rising rates. Investment in non-U.S. and emerging market securities is subject to the risk of currency fluctuations and to economic and political risks associated with such foreign countries.

Specific sector investing such as real estate can be subject to different and greater risks than more diversified investments. Declines in the value of real estate, economic conditions, property taxes, tax laws and interest rates all present potential risks to real estate investments. Fund investments in non-U.S. markets can involve risks of currency fluctuation, political and economic instability, different accounting standards and foreign taxation.

Non-U.S. markets entail different risks than those typically associated with U.S. markets, including currency fluctuations, political and economic instability, accounting changes, and foreign taxation. Securities may be less liquid and more volatile.

**Fund objectives, risks, charges, and expenses should be carefully considered before investing. A summary prospectus, if available, or a prospectus containing this and other important information can be obtained by calling 800-787-7354 or by visiting russellinvestments.com. Please read the prospectus carefully before investing.**

The S&P 500 Index is an index, with dividends reinvested, of 500 issues representative of leading companies in the U.S. large cap securities market (representative sample of leading companies in leading industries).

Ibbotson U.S. Small Stock Index comprises the fifth-capitalization quintile of stocks on the New York Stock Exchange.

Russell 1000® Index measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000® Index and includes approximately 1,000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000 represents approximately 92% of the U.S. market.

The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index, representative of the U.S. small capitalization securities market.

Bloomberg Barclays U.S. Aggregate Bond Index, with income reinvested, is generally representative of intermediate-term government bonds, investment grade corporate debt securities, and mortgage-backed securities.

The MSCI EAFE Index, with dividends reinvested, is representative of the securities markets of 20 developed market countries in Europe, Australasia, and the Far East.

The FTSE NAREIT Equity REITs Index measures the performance of the commercial real estate space across the U.S. economy offering exposure to all investment and property sectors.

Large capitalization (large cap) investments involve stocks of companies generally having a market capitalization between \$10 billion and \$200 billion. The value of securities will rise and fall in response to the activities of the company that issued them, general market conditions and/or economic conditions.

The FTSE EPRA/NAREIT Developed Index is a global market capitalization weighted index composed of listed real estate securities in the North American, European and Asian real estate markets.

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