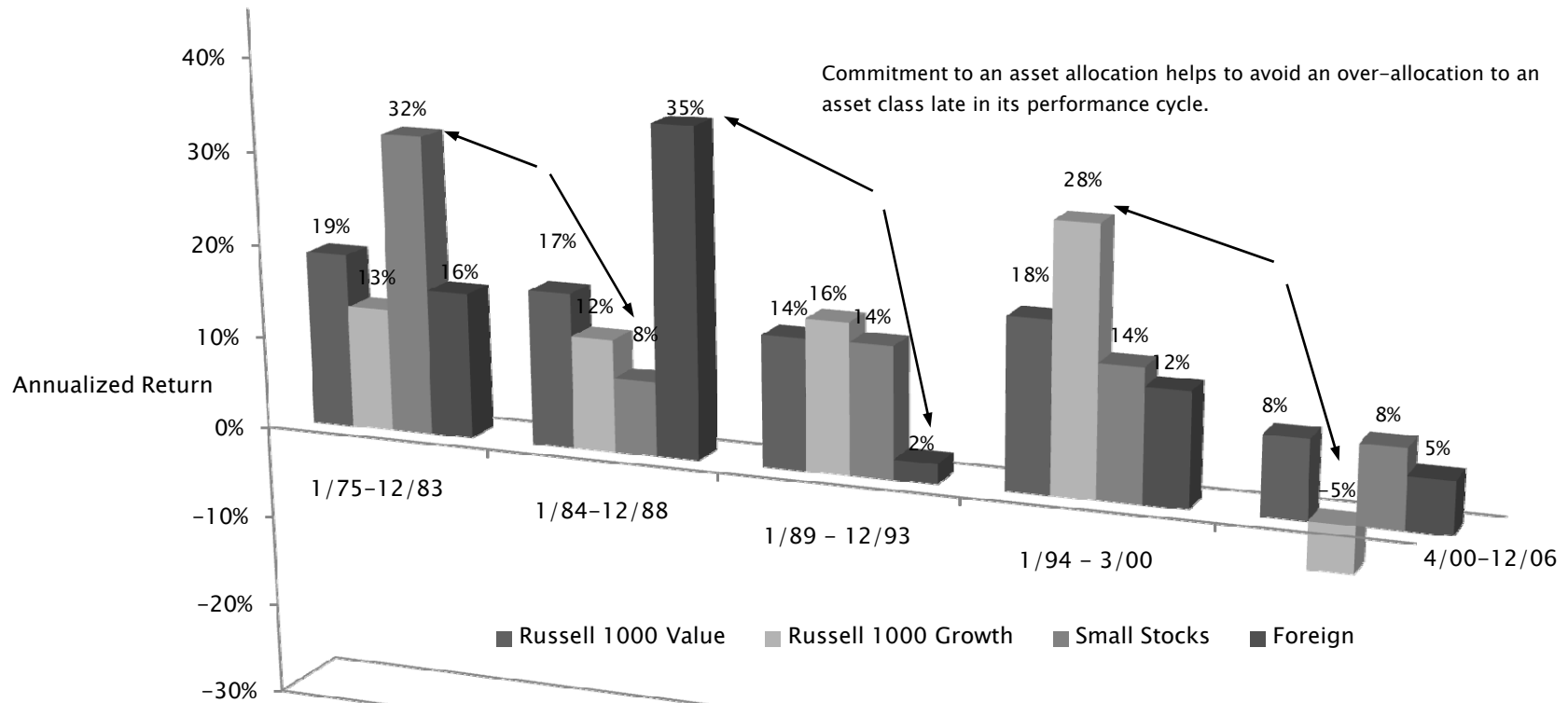


ASSET CLASS RETURN CYCLES: ANNUALIZED RETURNS



There have been many asset class return cycles during which investors became overly excited about a certain asset class due to its impressive performance – too often, late in the game. Compelling reasons seemed to support the enthusiasm that often led to valuation extremes. Ultimately, reality sets in and the asset class underperformed in the following cycle, as shown here with small cap stocks after the 1975–83 run-up, international stocks after the late '80s run, and most recently with large cap stocks.