

Investment essentials

The latest returns for the major asset classes, charts and tables illustrating the fundamentals of long-term wealth creation.

December 2023



About this pack _____ 3

Part one – Investment market performance _____ 4

› Australian shares _____ 5

› Global shares _____ 6

› Australian fixed interest _____ 7

› Global fixed interest _____ 8

› Australian property securities _____ 9

› Major global indices _____ 10

› Best and worst performing companies _____ 11

› The latest information on global markets _____ 12

Part two – Key investment principles _____ 13

› Diversification can create more consistent returns _____ 14

› Diversification across asset classes _____ 15

› Short-term versus long-term investing _____ 16

› Why switching to cash can be risky _____ 17

› Time in the market, not timing the market _____ 18

› The benefits of dollar cost averaging _____ 19

› Shares versus term deposits _____ 20

› A world of investment opportunity _____ 21

› Long-term performance of Australian and global markets _____ 22

Additional resources for advisers _____ 23

About this pack



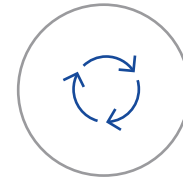
This library of charts and tables is designed to:

- Help you explain key investment principles to clients;
- Keep clients up to date with the latest market information and performance.



The information is intended to be used as a client meeting aid.

This pack is not to be distributed for standalone client use.



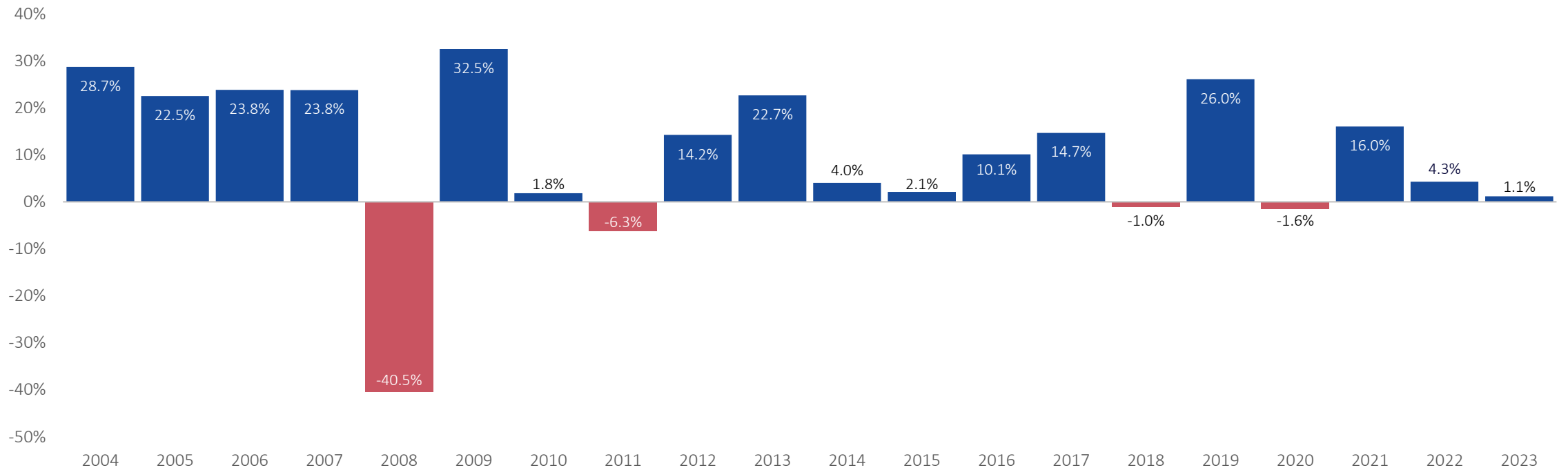
Performance is updated where applicable.

Investment market performance



Australian shares

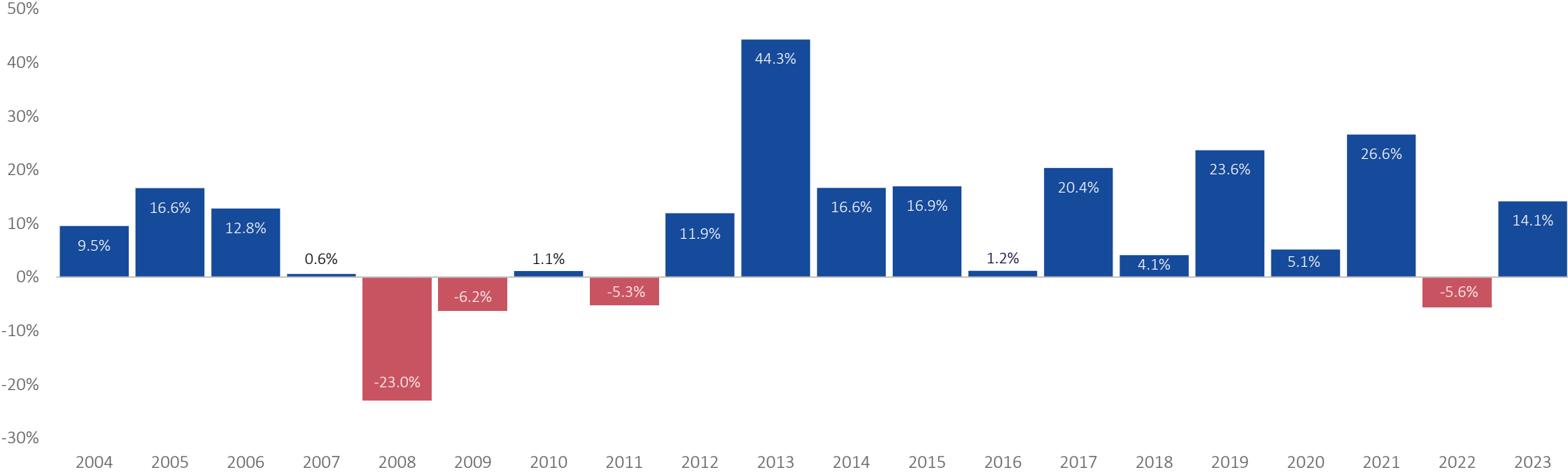
Annualised return: 8.52%*



Source: RIMES, Colonial First State. *Data from 30 November 2004 to 30 November 2023. Percentage return over rolling one year. S&P/ASX 300 Accumulation index. The index returns cannot be directly compared to an individual Colonial First State fund's return for many reasons such as they do not include allowances for fees or taxation and do not reflect the asset allocation or stocks held now or over time. **Past performance is no indication of future performance.**

Global shares

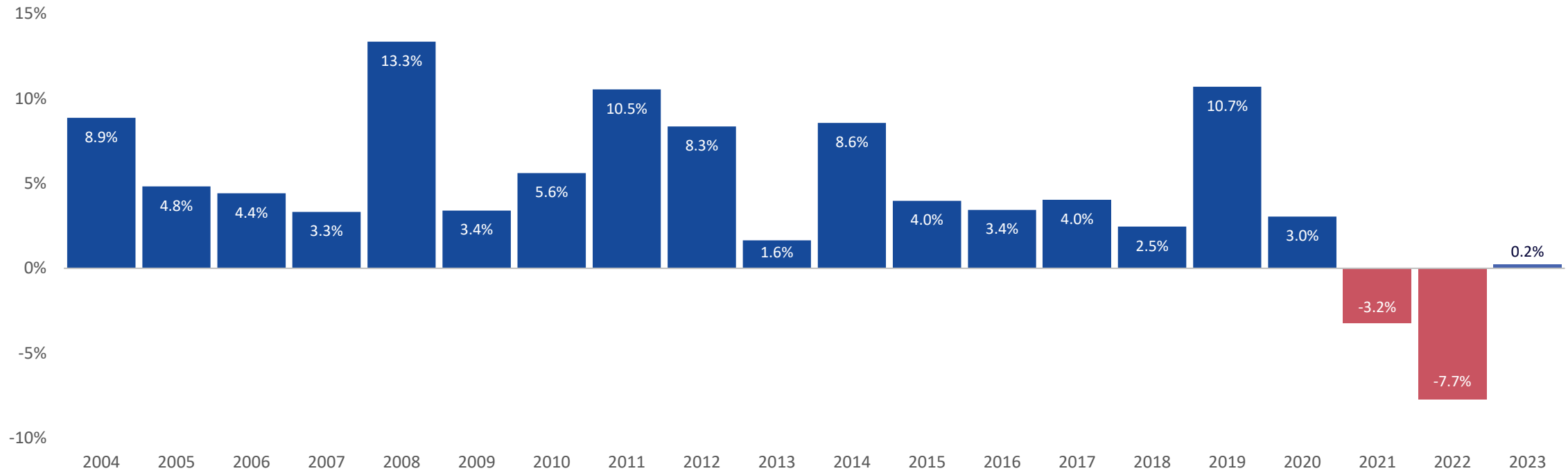
Annualised return: 8.33%*



Source: RIMES, Colonial First State. *Data from 30 November 2004 to 30 November 2023. Percentage return over rolling one year. MSCI World Net index (\$A). The index returns cannot be directly compared to an individual Colonial First State fund's return for many reasons such as they do not include allowances for fees or taxation and do not reflect the asset allocation or stocks held now or over time. **Past performance is no indication of future performance.**

Australian fixed interest

Annualised return: 4.37%*

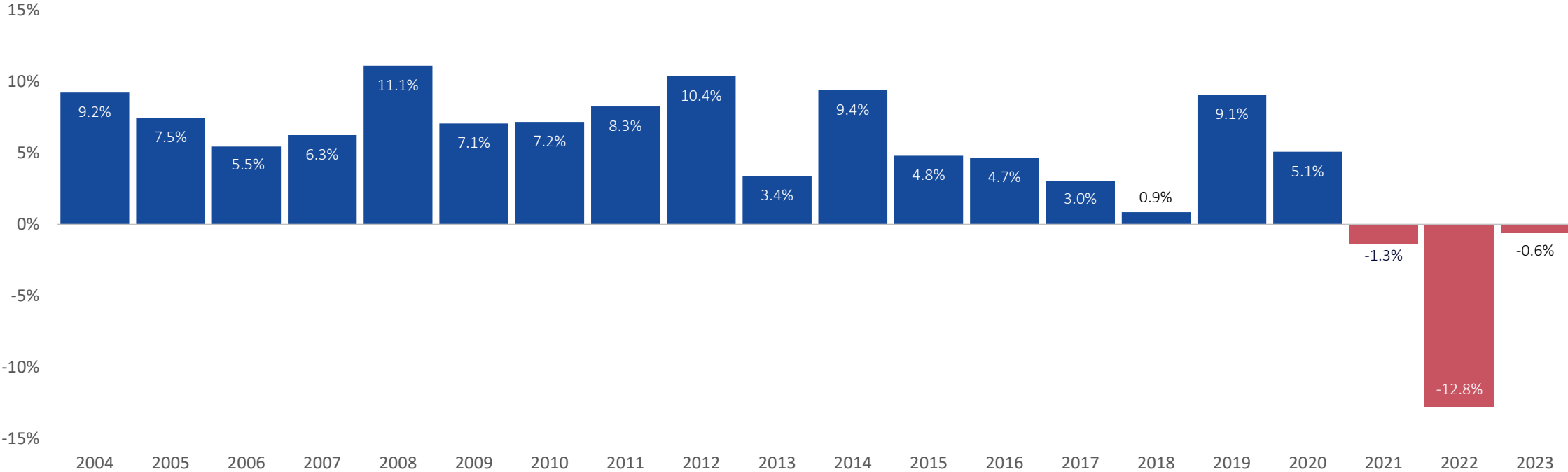


Source: RIMES, Colonial First State. *Data from 30 November 2004 to 30 November 2023. Percentage return over rolling one year. MSCI World Net index (\$A). The index returns cannot be directly compared to an individual Colonial First State fund's return for many reasons such as they do not include allowances for fees or taxation and do not reflect the asset allocation or stocks held now or over time. **Past performance is no indication of future performance.**

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Global fixed interest

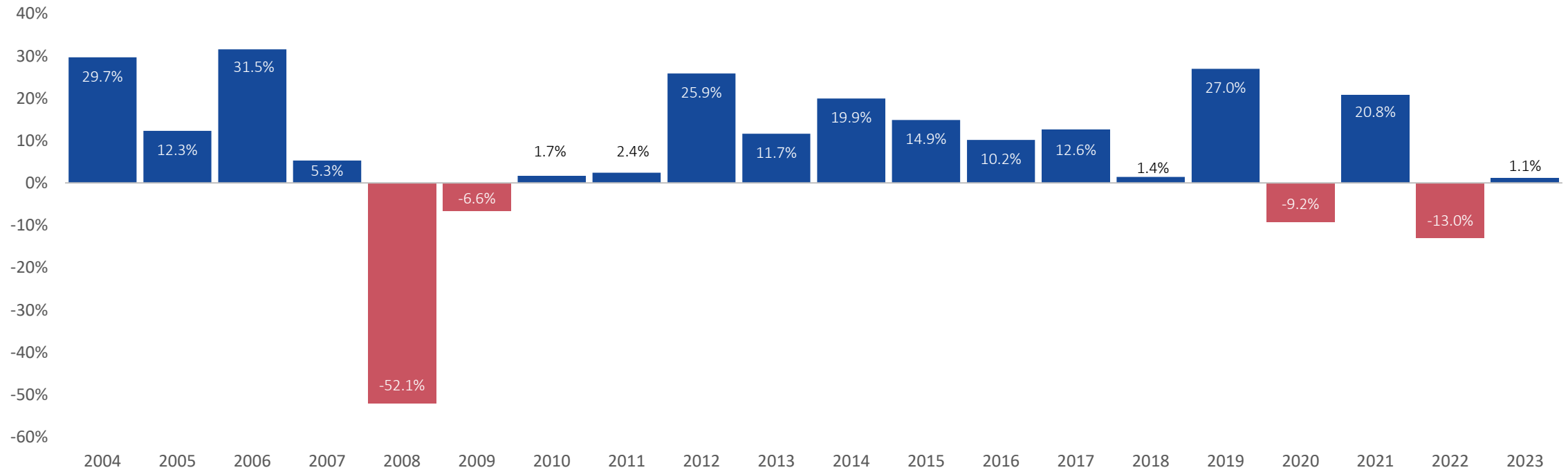
Annualised return: 4.76%*



Source: RIMES Colonial First State. *Data from 30 November 2004 to 30 November 2023. Percentage return over rolling one year. Citigroup World Government Bond Index ex Australia AUD Hedged. The index returns cannot be directly compared to an individual Colonial First State fund's return for many reasons such as they do not include allowances for fees or taxation and do not reflect the asset allocation or stocks held now or over time. **Past performance is no indication of future performance.**

Australian property securities

Annualised return: 5.31%*



Source: RIMES Colonial First State. *Data from 30 November 2004 to 30 November 2023. Percentage return over rolling one year. S&P/ASX 200 - A-REIT Accumulation Index. The index returns cannot be directly compared to an individual Colonial First State fund's return for many reasons such as they do not include allowances for fees or taxation and do not reflect the asset allocation or stocks held now or over time. **Past performance is no indication of future performance.**
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Major global indices

Asset class	6 months	1 year	3 years	5 years	10 years	20 years
Australian shares	1.96%	1.14%	6.96%	8.69%	7.25%	8.52%
Global shares	6.12%	14.12%	10.87%	12.12%	11.84%	8.33%
Australian property securities	1.41%	1.14%	2.04%	4.14%	7.83%	5.31%
Australian fixed interest	-1.18%	0.20%	-3.64%	0.41%	2.42%	4.37%
International fixed interest	-0.84%	-0.62%	-5.08%	-0.39%	2.03%	4.76%
Cash	2.08%	3.76%	1.59%	1.35%	1.76%	3.46%
Global property	0.22%	-0.58%	3.84%	2.73%	6.96%	N/A
Global resources	7.21%	-2.52%	17.36%	10.54%	7.75%	N/A
Global emerging markets	2.09%	5.26%	-0.60%	4.34%	5.45%	7.47%
Global listed infrastructure	-0.72%	-5.37%	2.98%	3.73%	7.08%	N/A



Actual index returns across asset classes as at 30 November 2023

Actual index returns as at 30 November 2023. Source: S&P/ASX 300 Accumulation Index, (ASX All Ordinaries Accumulation Index pre April 2000), MSCI World Net Index (\$A), S&P/ASX 200 Property Accumulation Index (ASX Property Trusts Accumulation Index pre April 2000), Bloomberg AusBond Australian Composite Bond Index 0+ Years, FTSE World Government Bond Index ex Australia AUD Hedged, Bloomberg AusBond Bank Bill Index, FTSE EPRA/NAREIT Global Developed Index, HSBC Global Mining Accumulation Index, MSCI Emerging Markets Net Index, FTSE Global Core Infrastructure 50/50 Index -AUD hedged (UBS Global 50-50 Infrastructure & Utilities Net TR Index -AUD hedged pre May 2015). **Past performance is no indication of future performance.**

Best and worst performing companies

Best performing stocks	%	Worst performing stocks	%
James Hardie Industries Plc	66.85	Alumina Ltd	-51.82
Seven Group Holdings Limited	56.07	Igo Ltd	-41.10
Evolution Mining Ltd	53.99	Allkem Ltd	-37.00
Xero Limited Npv	45.88	The A2 Milk Company Ltd	-36.77
Fortescue Ltd	40.21	Iluka Resources Ltd	-29.98
NEXTDC Ltd	33.25	Liontown Resources Ltd	-28.94
Reliance Worldwide Corporation Limited	30.48	Mineral Resources	-28.37
Cochlear Ltd	29.31	Amp Ltd	-28.17
Ampol Ltd	29.13	Endeavour Group Ltd	-26.75
Reece Ltd	27.88	Resmed Inc	-26.53
Average	41.3	Average	-33.54



S&P/ASX 100 for the year ended 30 November 2023

Top 100 companies by market capitalisation percentage returns for the year ended 30 November 2023.

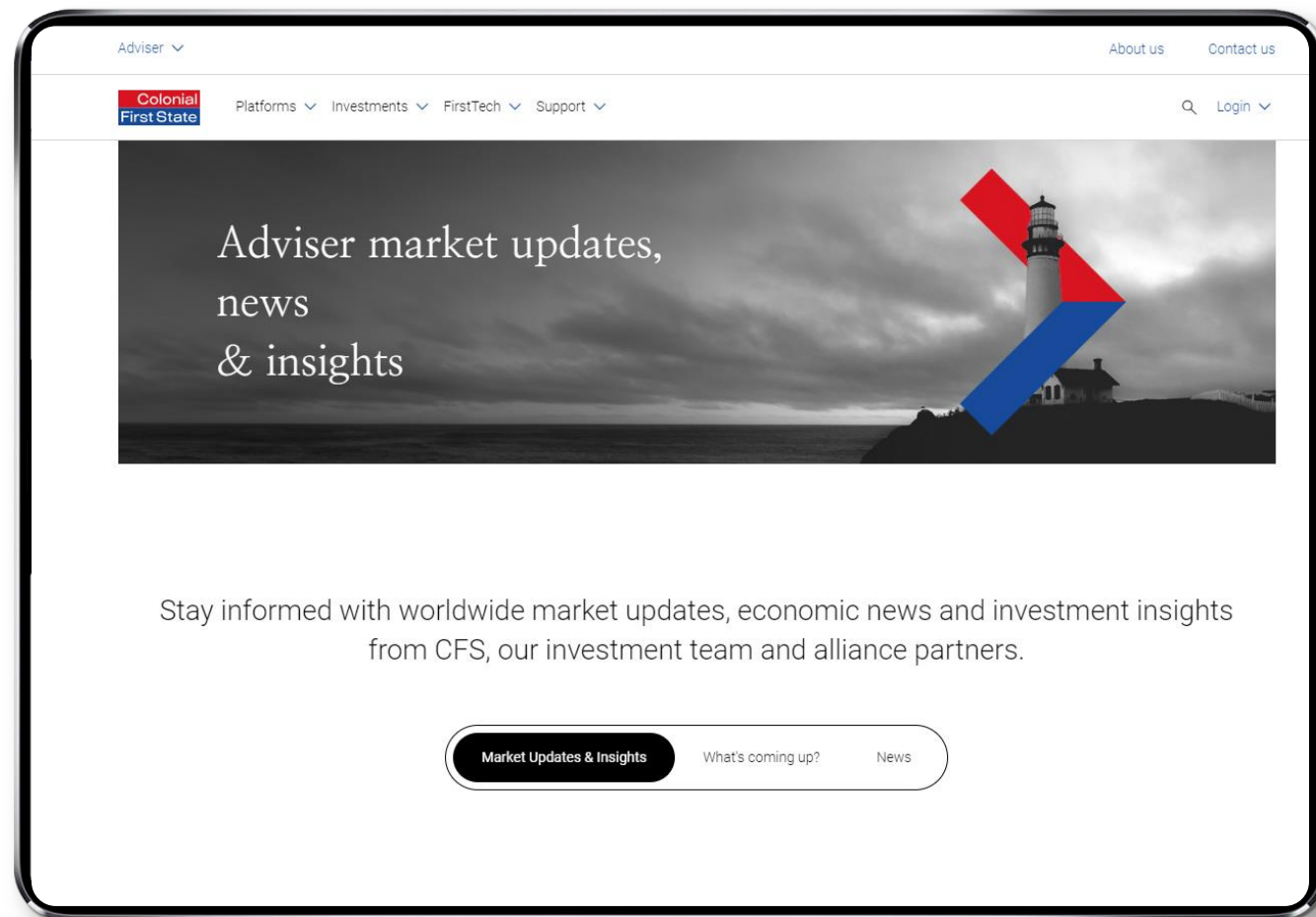
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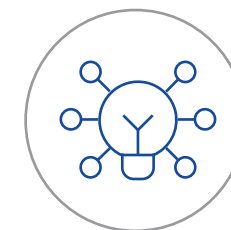
Key investment principles

Charts and tables to demonstrate the benefits of diversification, importance of holding a long-term view, and investment principles.



Diversification can create more consistent returns

Year	Australian shares*	Global shares*	Australian property securities*	Australian fixed interest*	Cash*	Diversified
Annualised last 20 years	8.5%	8.3%	5.3%	4.4%	3.5%	7.2%
Nov-2004	28.7%	9.5%	29.7%	8.9%	5.6%	17.6%
Nov-2005	22.5%	16.6%	12.3%	4.8%	5.7%	14.7%
Nov-2006	23.8%	12.8%	31.5%	4.4%	6.0%	15.9%
Nov-2007	23.8%	0.6%	5.3%	3.3%	6.7%	10.0%
Nov-2008	-40.5%	-23.0%	-52.1%	13.3%	7.8%	-24.0%
Nov-2009	32.5%	-6.2%	-6.6%	3.4%	3.6%	9.7%
Nov-2010	1.8%	1.1%	1.7%	5.6%	4.6%	3.0%
Nov-2011	-6.3%	-5.3%	2.4%	10.5%	5.0%	-0.3%
Nov-2012	14.2%	11.9%	25.9%	8.3%	4.1%	13.0%
Nov-2013	22.7%	44.3%	11.7%	1.6%	2.9%	20.1%
Nov-2014	4.0%	16.6%	19.9%	8.6%	2.7%	10.0%
Nov-2015	2.1%	16.9%	14.9%	4.0%	2.4%	7.6%
Nov-2016	10.1%	1.2%	10.2%	3.4%	2.1%	6.0%
Nov-2017	14.7%	20.4%	12.6%	4.0%	1.8%	12.5%
Nov-2018	-1.0%	4.1%	1.4%	2.5%	1.9%	1.6%
Nov-2019	26.0%	23.6%	27.0%	10.7%	1.6%	20.4%
Nov-2020	-1.6%	5.1%	-9.2%	3.0%	0.4%	1.7%
Nov-2021	16.0%	26.6%	20.8%	-3.2%	0.0%	13.1%
Nov-2022	4.3%	-5.6%	-13.0%	-7.7%	1.0%	-2.8%
Nov-2023	1.1%	14.1%	1.1%	0.2%	3.8%	4.4%



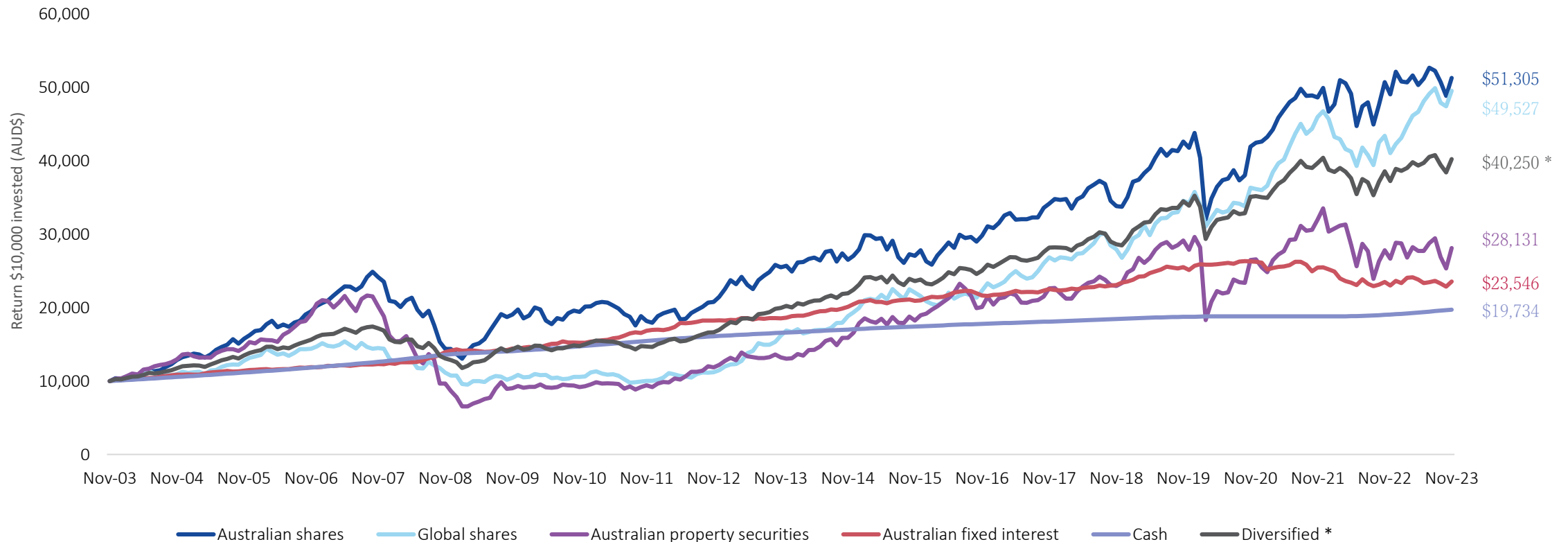
- Best annual performer
 - Worst annual performer
- Non actual returns#

*Actual indices returns (Annualised returns are calculated on a rolling monthly basis from 30 November 2004 to 30 November 2023). This table is based on the standard indices used by investment professionals to measure performance of asset classes. Percentage return over rolling 1 year. Source: RIMES Colonial First State Bloomberg AusBond Bank Bill Index, Bloomberg Australian Composite Bond Index 0+ Years, S&P/ASX 200 - A-REIT Accumulation Index, S&P/ASX 300 Accumulation Index, MSCI World Net Index (A\$). All dividends reinvested excluding fees and charges.

#Non actual returns. The Diversified Portfolio is a portfolio constructed from the returns of these market indices with the asset allocation of: 35% in Australian shares, 25% in international shares, 25% in fixed interest, 10% in Australian property securities, 5% in cash. The Diversified Portfolio does not represent any Colonial First State portfolio nor the actual returns that this portfolio achieved because it does not exist. The constructed Diversified Portfolio illustrates how such a portfolio has performed based on the new market indices. Each Colonial First State portfolio has a different asset allocation from the illustrated diversified portfolio used above. **Past performance is no indication of future performance.** The above actual index returns and non actual returns for the Diversified portfolio also cannot be directly compared to an individual Colonial First State fund's return for many reasons such as they do not include allowances for fees or taxation and do not reflect the asset allocation or stocks held now or over time. The index returns cannot be directly compared to an individual Colonial First State fund's return for many reasons such as they do not include allowances for fees or taxation and do not reflect the asset allocation or stocks held now or over time.

Diversification across asset classes

The accumulated value of \$10,000 invested in each major asset class 20 years ago



Actual indices returns: This table is based on the standard indices used by investment professionals to measure performance of asset classes.

Source: RIMES Colonial First State Bloomberg AusBond Bank Bill Index, UBS Australian Composite Bond Index, S&P/ASX 200 - A-REIT Accumulation Index, S&P/ASX 300 Accumulation Index, MSCI World Net Index (A\$). All dividends reinvested excluding fees and charges.
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Short-term versus long-term investing

The percentage of each rolling period up to 30 November 2023 in which an asset class has shown a negative return.

The red box illustrates the lower likelihood of negative returns over longer time periods.

	6 months	1 year	3 years	5 years	7 years	10 years	20 years
Australian shares	27.1%	22.8%	8.1%	3.9%	0.0%	0.0%	0.0%
Global shares	29.4%	23.8%	17.3%	20.6%	14.6%	11.9%	0.0%
Australian property securities	22.2%	16.3%	10.8%	12.5%	16.2%	1.0%	0.0%
Australian fixed interest	10.8%	8.1%	4.4%	0.2%	0.0%	0.0%	0.0%
Cash	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: RIMES Colonial First State S&P/ASX 300 Accumulation Index, MSCI World Net Index (\$A), S&P/ASX 200 - A-REIT Accumulation Index, Bloomberg Australian Composite Bond Index 0+ Years, Bloomberg AusBond Bank Bill Index. The index returns cannot be directly compared to an individual Colonial First State fund's return for many reasons such as they do not include allowances for fees or taxation and do not reflect the asset allocation or stocks held now or over time.

Past performance is no indication of future performance.

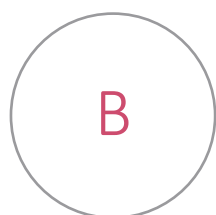
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Why switching to cash can be risky

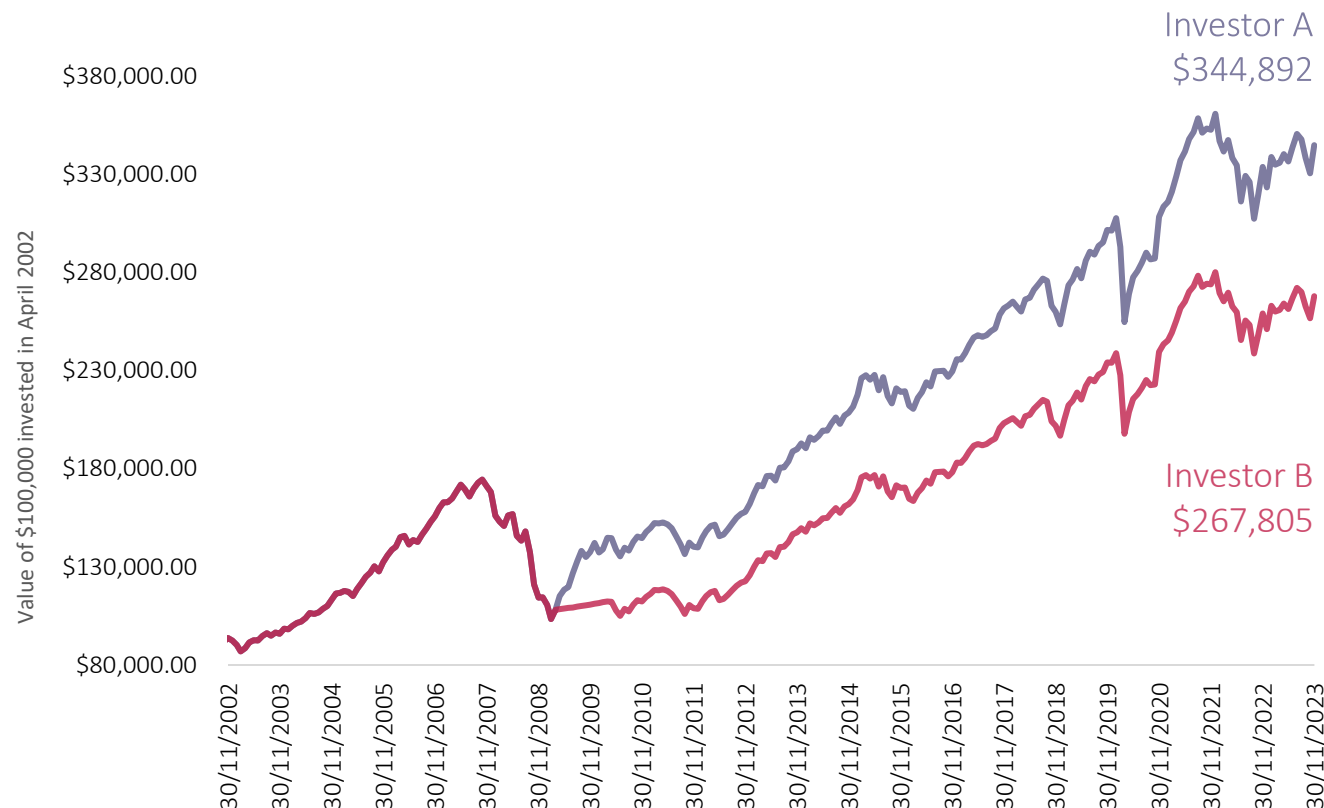
Two people each invest \$100,000 in a growth investment option in 2002.



Investor A remains in the growth option throughout the Global Financial Crisis (GFC) correction and subsequent market recovery.

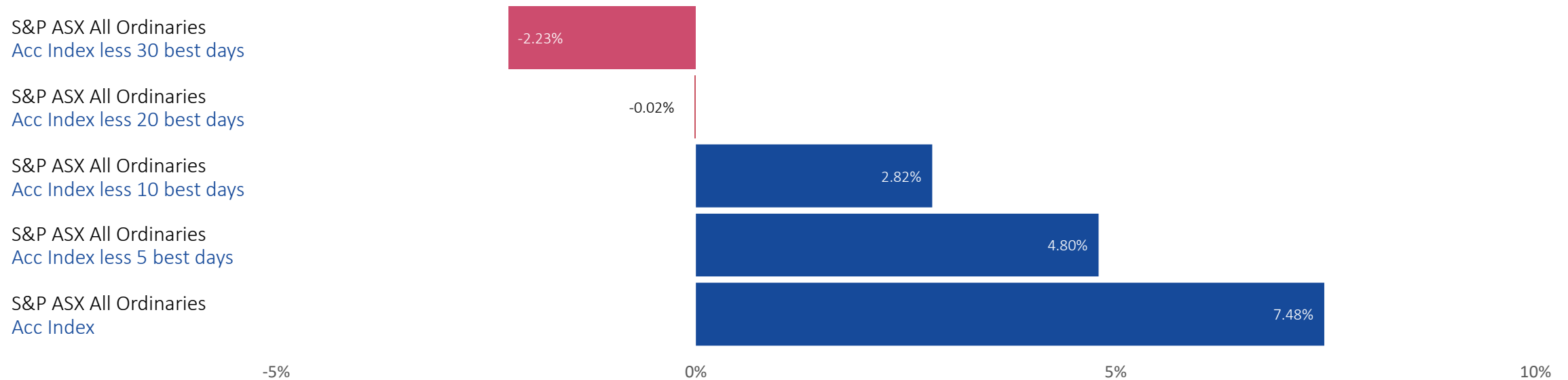


Investor B becomes increasingly nervous as markets fall during the GFC and eventually switches to cash near what turns out to be the low point of the decline. Now wary of share market investing, they keep their cash for 12 months until they're confident markets are recovering. They then switch back into the growth option.



Time in the market, not timing the market

The effect on the annualised returns of Australian shares over 10 years to 30 November 2023 if the best trading days are missed. The chart also shows the current value of \$10,000 invested ten years ago for each scenario.



The benefits of dollar cost averaging

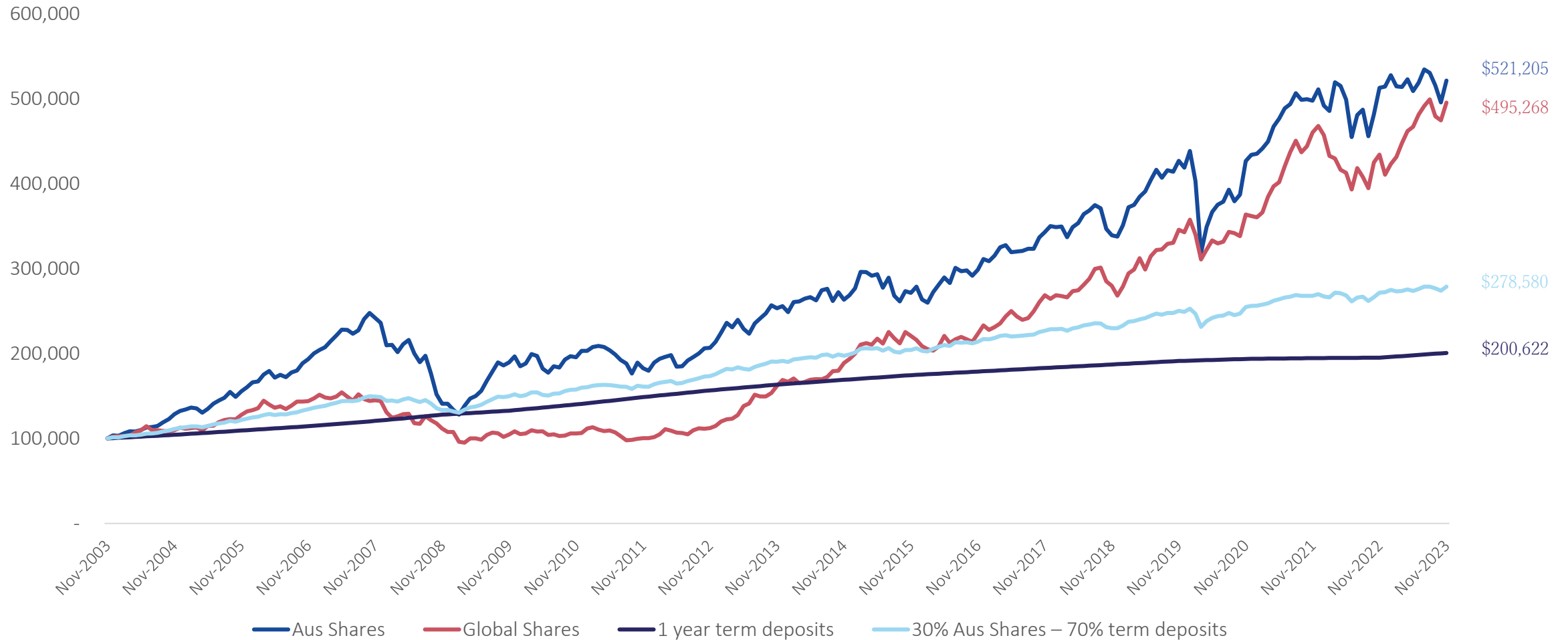
Here, we compare the outcomes for two investors, one who invests \$6,000 as a one-off lump sum and the other who invests \$1,000 per month over six months.

Even though the unit price falls over the six months, Investor B's portfolio has grown to \$7,072 whereas Investor A's has fallen to \$4,800.

Month	Unit price	Investor A – Lump sum		Investor B – Dollar cost averaging	
		Investment	Units bought	Investment	Units bought
1	\$10	\$6,000	600	\$1,000	100
2	\$8	\$0	0	\$1,000	125
3	\$6	\$0	0	\$1,000	167
4	\$5	\$0	0	\$1,000	200
5	\$6	\$0	0	\$1,000	167
6	\$8	\$0	0	\$1,000	125
Average price	\$7.17	Total investment: \$6,000	Total units bought: 600	Total investment: \$6,000	Total units bought: 884
			Value after six months: \$4,800	Value after six months: \$7,072	

Shares versus term deposit

Comparing the 20-year returns of shares and 12-month term deposits

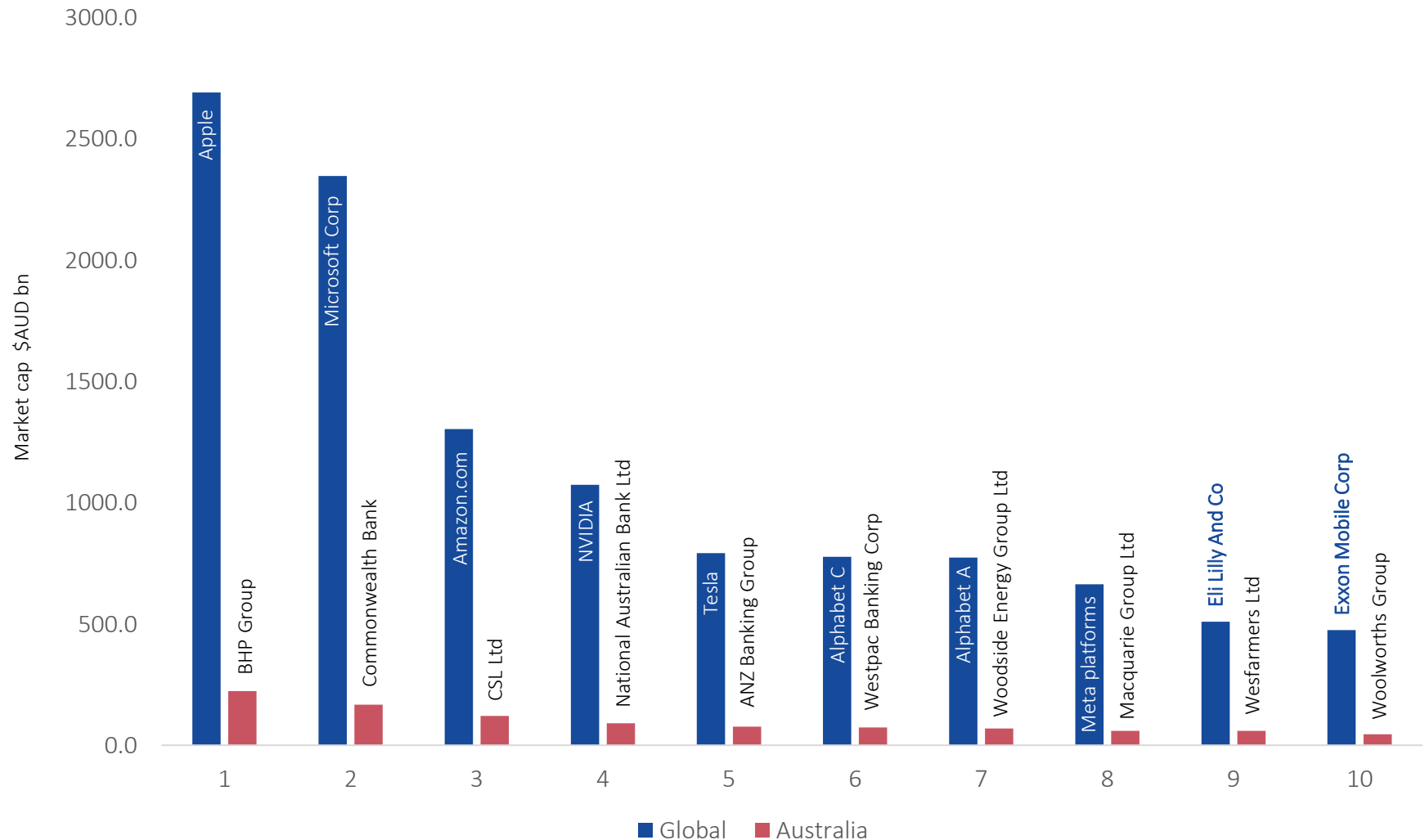


Source: RIMES RBA. S&P/ASX All Ordinaries, RBA 12 month Term Deposit, MSCI World ex Australia – Net. Data from 30 November 2003 to 30 November 2023. Past performance is no indication of future performance. Adviser use only

A world of investment opportunity

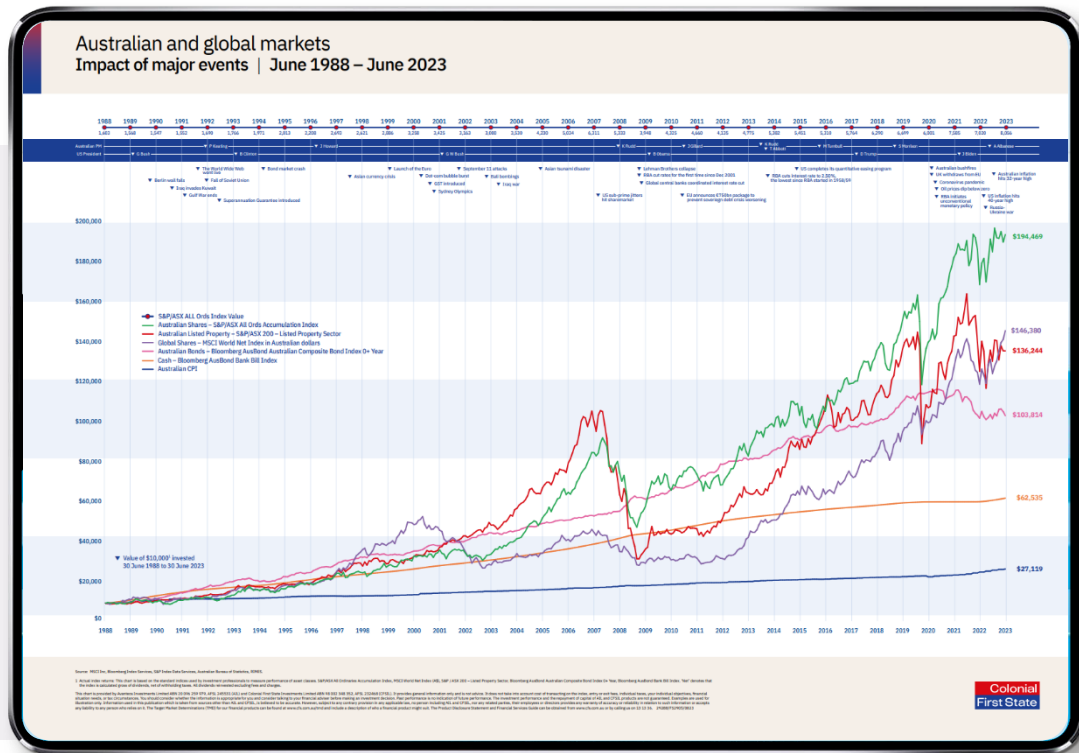
The top 10 biggest companies in the ASX300 have a combined market cap of \$990.3bn.

By comparison, the top 10 in the MSCI Americas Index have a combined value of \$16197.7bn – over 16 times bigger.*



*Both figures shown in AUD terms. Updated quarterly.
Source: Bloomberg, MSCI. Data as at 30 November 2023.
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Long-term performance of Australian and global markets



Impact of major events 1988 – 2023
Value of \$10,000 invested June 1988 – June 2023



[View chart online](#)

Actual index returns: This chart is based on the standard indices used by investment professionals to measure performance of asset classes. S&P/ASX All Ordinaries Accumulation Index, MSCI World Net Index (A\$). 'Net' denotes that the index is calculated gross of dividends, net of withholding taxes. All dividends reinvested excluding fees and charges. This chart is provided by Colonial First State Investments Limited ABN 98 002 348 352, AFSL 232468 (CFSIL). It provides general information only and is not advice. It does not take into account cost of transacting on the index, entry or exit fees, individual taxes, your individual objectives, financial situation needs, or tax circumstances. You should consider whether the information is appropriate for you and consider talking to your financial adviser before making an investment decision. Past performance is no indication of future performance. Source: IRESS, Morgan Stanley Capital International, RIMES. The investment performance and the repayment of capital of CFSIL products are not guaranteed. Examples are used for illustration only. Information used in this publication which is taken from sources other than CFSIL, is believed to be accurate. However, subject to any contrary provision in any applicable law, no person including CFSIL, nor any related parties, their employees or directors provides any warranty of accuracy or reliability in relation to such information or accepts any liability to any person who relies on it.

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