

Building Blocks Chart

(April 2, 2020)

The Building Blocks Chart is a pictorial depiction of the relative performance of asset classes over calendar-year periods. What's the likelihood that last year's winners will repeat? Should the investor avoid asset classes exhibiting recent poor performance?

Asset Class Building Blocks

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
26.37%	33.71%	19.49%	78.32%	33.90%	35.19%	35.11%	40.28%	10.89%	81.03%	30.32%	8.28%	19.70%	49.71%	28.03%	5.38%	27.98%	37.89%	2.31%	31.49%
10.12%	13.93%	9.84%	61.55%	31.58%	25.17%	35.06%	11.63%	5.06%	61.30%	29.00%	6.35%	18.89%	43.37%	13.69%	2.83%	21.44%	32.09%	0.88%	28.66%
6.27%	13.13%	3.82%	57.16%	28.11%	14.02%	26.86%	10.95%	2.01%	49.42%	27.95%	5.80%	18.60%	32.39%	4.33%	1.38%	11.96%	25.62%	-0.84%	25.43%
1.59%	8.96%	2.02%	51.55%	21.09%	12.16%	24.98%	7.39%	-37.00%	43.43%	22.91%	1.11%	18.33%	27.25%	3.13%	1.07%	10.79%	21.83%	-4.04%	23.14%
-4.52%	3.63%	-2.11%	39.17%	20.70%	6.77%	17.98%	5.49%	-37.56%	32.46%	20.64%	0.18%	17.90%	23.29%	2.42%	0.30%	8.63%	16.67%	-4.38%	22.66%
-9.10%	1.77%	-3.94%	37.13%	16.61%	4.91%	16.10%	5.30%	-37.73%	27.99%	15.06%	-3.86%	17.42%	2.86%	0.12%	-0.39%	5.51%	12.88%	-11.04%	18.09%
-11.06%	-0.99%	-13.86%	26.64%	-10.88%	3.66%	15.79%	4.61%	-41.72%	26.46%	8.21%	-10.44%	16.00%	0.12%	-0.48%	-3.57%	2.08%	8.67%	-11.34%	6.80%
-13.30%	-11.40%	-15.66%	14.91%	10.35%	3.59%	6.12%	0.02%	-43.06%	5.24%	5.89%	-11.73%	3.89%	-0.57%	-1.12%	-6.93%	1.60%	7.49%	-13.36%	5.90%
-13.96%	-11.83%	-21.64%	4.31%	3.04%	1.58%	4.94%	-7.87%	-46.98%	2.55%	5.17%	-13.64%	1.65%	-0.86%	-4.48%	-11.28%	1.51%	2.14%	-14.22%	2.11%
-31.76%	-21.21%	-27.10%	1.25%	1.82%	-6.88%	4.08%	-15.69%	-53.74%	0.47%	0.31%	-19.03%	0.17%	-4.00%	-5.81%	-12.38%	0.60%	1.16%	-18.77%	0.23%

The table depicts ten asset class "building blocks" from which investors can design portfolios. The color coding is as follows:

- 1-Year T-Bills
- Foreign Large Company Stocks
- U.S. Intermediate-term Bonds
- U.S. Large Company Stocks
- Foreign Small Company Stock
- World Government Bonds
- U.S. Small Company Stocks
- Emerging Markets Stock
- U.S. Micro Cap Stocks
- Securitized Real Estate

DISCLAIMER
This report is prepared using index performance data from Morningstar, Inc. and Ibbotson, Inc. Although Schultz Collins believes these data sources to be reliable, Schultz Collins has not independently verified the accuracy of any data reported.

Asset Class Building Blocks

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
	61.51%	11.98%	50.07%	28.14%	79.61%	12.60%	37.58%	35.27%	33.36%	28.58%	67.11%
	31.69%	9.16%	48.83%	17.44%	32.94%	8.06%	33.17%	22.96%	28.01%	20.33%	32.90%
	30.77%	8.05%	39.54%	14.59%	30.82%	5.23%	29.44%	19.29%	23.96%	15.30%	31.44%
	19.23%	-2.20%	35.70%	7.62%	20.25%	3.17%	19.04%	18.04%	20.26%	8.53%	27.30%
	12.77%	-3.10%	30.47%	7.17%	19.65%	2.34%	15.33%	9.37%	7.87%	8.44%	23.08%
	10.80%	-15.35%	15.81%	5.53%	18.37%	1.32%	15.27%	6.84%	5.70%	5.17%	21.04%
	8.84%	-17.78%	14.62%	3.99%	13.27%	-1.46%	11.55%	6.36%	2.06%	0.53%	5.07%
	8.76%	-18.40%	12.50%	3.28%	10.08%	-1.93%	6.13%	5.61%	0.23%	-6.27%	0.39%
	8.17%	-23.20%	6.05%	-11.85%	8.79%	-3.17%	3.52%	4.05%	-10.29%	-17.50%	-4.27%
	4.33%	-27.40%	4.52%	-18.75%	3.49%	-12.01%	-8.41%	3.62%	-14.74%	-22.01%	-4.62%

The table depicts ten asset class "building blocks" from which investors can design portfolios. The color coding is as follows:

- 1-Year T-Bills
- U.S. Large Company Stocks
- U.S. Small Company Stocks
- U.S. Micro Cap Stocks
- Foreign Large Company Stocks
- Foreign Small Company Stock
- Emerging Markets Stock
- Securitized Real Estate
- U.S. Intermediate-term Bonds
- World Government Bonds

As the table illustrates, the relative performance of asset classes can shift dramatically from year to year. Investors have a choice as to whether they will attempt to predict the winning asset classes for the forthcoming year, or maintain exposures to all asset classes so they avoid the possibility of extreme performance results. But, as the chart makes clear, it is difficult to identify any exploitable investment pattern. Winners seem not to persist; and, conversely, a strict contrarian approach – investing in the previous year’s losers – also seems not to assure long-term profitability.