



Historical asset class returns

Performance reaffirms the need for diversification

The following tables demonstrate the challenges investors face when attempting to predict the next top-performing asset class. Given the volatility in today's market, no one can know which one will be this year's success story. However, investors may reduce downside risk and increase upside potential by investing in a diversified group of asset classes based on individual risk tolerance and financial goals.

Asset class returns have varied by economic environment (%)

		Time frame											
		1929-1941 (13-years)	1942-1965 (24-years)	1966-1981 (16-years) ¹	1973-1981 (9-years) ¹	1982-1999 (18-years)	2000-2015 (16-years)						
		Market environment											
		Deflation	Low-inflationary growth	Inflation	Inflation	Low-inflationary growth	Deflation-like ²						
Highest return (%) ↑ ↓ Lowest return (%)	Corporate Bonds	6.06	Stocks	15.70	Inflation	7.00	Commodities	12.81	Stocks	18.52	Long-Term Gov't Bonds	7.83	
	Long-Term Gov't Bonds	4.55	Inflation	3.06	T-bills	6.83	Inflation	9.22	Corporate Bonds	12.17	Corporate Bonds	7.75	
	T-bills	0.79	Corporate Bonds	2.45	Stocks	5.95	T-bills	8.23	Long-Term Gov't Bonds	12.08	Stocks	4.06	
	Inflation	-0.79	Long-Term Gov't Bonds	2.11	Corporate Bonds	2.89	Stocks	5.16	Commodities	9.00	Inflation	2.18	
	Stocks	-2.43	T-bills	1.70	Long-Term Gov't Bonds	2.53	Corporate Bonds	2.49	T-bills	6.23	T-bills	1.73	
	Commodities	N/A	Commodities	N/A	Commodities	N/A	Long-Term Gov't Bonds	2.49	Inflation	3.29	Commodities	-1.51	

1 In the inflationary years from 1966 to 1981, Treasury bills outperformed stocks, and both of those asset classes trailed the inflation rate. Data for the commodities index became available in 1973, in the midst of that inflationary period. Starting then, commodities outperformed other asset classes for nine years as the only asset class that provided outpaced inflation.

2 This period did not represent a true deflationary period because consumer prices did not fall. However, the reductions in credit supply that occurred in the early and later part of the decade led to economic contractions similar to what would be experienced in a deflationary environment.

Sources: Morningstar Inc., FactSet Research Systems Inc., Bloomberg LP, Invesco. Data as of Dec. 31, 2015. Stocks are represented by the **S&P 500 Index**; inflation by the **Consumer Price Index**; commodities by the **S&P GSCI Index**; long-term government bonds by the **Ibbotson U.S. Long-Term Government Bond Index**; T-Bills by the **Ibbotson U.S. 30-Day T-Bill Index**; and corporate bonds by the **Ibbotson U.S. Long-Term Corporate Bond Index**. An investment cannot be made directly in an index.

Past performance is not a guarantee of future results. Asset Allocation/diversification does not guarantee a profit or eliminate the risk of loss. Commodities may subject an investor to greater volatility than traditional securities such as stocks and bonds and can fluctuate significantly based on weather, political, tax, and other regulatory and market developments.

About risk

Prices of equity securities change in response to many factors, including the historical and prospective earnings of the issuer, the value of its assets, general economic conditions, interest rates, investor perceptions and market liquidity. Fixed income investments have interest rate risk, which refers to the risk that bond prices generally fall as interest rates rise and vice versa. An issuer may be unable to meet interest and/or principal payments, thereby causing its instruments to decrease in value and lowering the issuer's credit rating.

Foreign securities have additional risks, including exchange rate changes, political and economic upheaval, relative lack of information, relatively low market liquidity, and the potential lack of strict financial and accounting controls and standards.

The **S&P 500 Index** is an unmanaged index considered representative of the U.S. stock market. The **Consumer Price Index (CPI)** is a measure of change in consumer prices as determined by the U.S. Bureau of Labor Statistics. The **S&P GSCI Index** is an unmanaged world production-weighted index composed of the principal physical commodities that are the subject of active, liquid futures markets. The **Ibbotson U.S. Long-Term Government Bond Index** is an unmanaged index representative of long-term U.S. government bonds. The **Ibbotson U.S. 30-Day T-Bill Index** is an unmanaged index representative of 30-day Treasury bills. The **Ibbotson U.S. Long-Term Corporate Bond Index** is an unmanaged index representative of long-term U.S. corporate bonds. The **Barclays U.S. Aggregate Bond Index** is an unmanaged index considered representative of the U.S. investment-grade, fixed-rate bond market. The **Russell 1000® Growth Index** is an unmanaged index considered representative of large-cap growth stocks. The **Russell 1000® Value Index** is an unmanaged index considered representative of large-cap value stocks. The **Russell Midcap® Index** is an unmanaged index considered representative of mid-cap stocks. The **Russell 2000® Index** is an unmanaged index considered representative of small-cap stocks. The **MSCI EAFE® Index** is an unmanaged index considered representative of stocks of Europe, Australasia and the Far East. The index is computed using the net return, which withholds applicable taxes for non-resident investors. The **FTSE NAREIT All Equity REITs Index** is an unmanaged index considered representative of U.S. REITs. The Russell 1000 Growth Index, Russell 1000 Value Index, Russell 2000 Growth Index and Russell 2000 Value Index, Russell Midcap Growth Index and Russell Midcap Value Index are trademarks/service marks of the Frank Russell Co. Russell® is a trademark of the Frank Russell Co.

Equity asset class returns

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
Best performers (%)	Real Estate	Large Cap Value	Large Cap Growth	Comm.	Comm.	Real Estate	Comm.	Small Caps	Real Estate	Comm.	Real Estate	Comm.	Fixed Income	Mid Caps	Real Estate	Real Estate	Real Estate	Small Caps	Real Estate	Large Cap Growth	
	35.27	35.18	38.71	40.92	49.74	13.93	32.07	47.25	31.58	25.55	35.06	32.67	5.24	40.48	27.95	8.28	19.70	38.82	28.03	5.67	
	Comm.	Large Cap Growth	Int'l	Large Cap Growth	Real Estate	Fixed Income	Fixed Income	Mid Caps	Int'l	Int'l	Int'l	Large Cap Growth	Cash	Large Cap Growth	Small Caps	Fixed Income	Large Cap Value	Mid Caps	Large Cap Value	Real Estate	
	33.92	30.49	20.00	33.16	26.37	8.44	10.25	40.06	20.25	13.54	26.34	11.81	1.37	37.21	26.85	7.84	17.51	34.76	13.45	2.83	
	Large Cap Growth	Mid Caps	Large Cap Value	Int'l	Mid Caps	Cash	Real Estate	Int'l	Mid Caps	Mid Caps	Large Cap Value	Int'l	Div. Port.	Int'l	Mid Caps	Large Cap Growth	Int'l	Large Cap Growth	Mid Caps	Mid Caps	Fixed Income
	23.12	29.01	15.63	26.96	8.25	3.43	3.82	38.59	20.22	12.65	22.25	11.17	-30.17	31.78	25.48	2.64	17.32	33.48	13.22	0.55	
	Large Cap Value	Small Caps	Mid Caps	Small Caps	Fixed Income	Small Caps	Cash	Real Estate	Small Caps	Real Estate	Small Caps	Fixed Income	Small Caps	Real Estate	Large Cap Growth	Large Cap Value	Mid Caps	Large Cap Value	Large Cap Growth	Large Cap Growth	Cash
	21.64	22.36	10.09	21.26	7.69	2.49	1.60	37.13	18.33	12.16	18.37	6.97	-33.79	27.99	16.71	0.39	17.28	32.53	13.05	0.05	
	Mid Caps	Real Estate	Fixed Income	Mid Caps	Div. Port.	Large Cap Value	Div. Port.	Large Cap Value	Comm.	Div. Port.	Mid Caps	Div. Port.	Div. Port.	Large Cap Value	Small Caps	Large Cap Value	Cash	Small Caps	Int'l	Fixed Income	Int'l
	19.00	20.26	8.69	18.23	7.25	-5.59	-5.36	30.03	17.28	9.59	15.26	6.13	-36.85	27.17	15.51	0.05	16.35	22.78	5.97	-0.81	
Worst performers (%)	Div. Port.	Div. Port.	Cash	Div. Port.	Large Cap Value	Mid Caps	Large Cap Value	Large Cap Growth	Large Cap Value	Large Cap Value	Div. Port.	Mid Caps	Real Estate	Div. Port.	Div. Port.	Div. Port.	Large Cap Growth	Div. Port.	Small Caps	Mid Caps	
	18.24	15.52	4.77	16.34	7.01	-5.62	-15.52	29.75	16.49	7.05	13.37	5.60	-37.73	22.65	15.11	0.02	15.26	18.01	4.89	-2.44	
	Small Caps	Fixed Income	Div. Port.	Large Cap Value	Cash	Div. Port.	Int'l	Div. Port.	Div. Port.	Large Cap Growth	Large Cap Growth	Cash	Large Cap Growth	Large Cap Value	Comm.	Comm.	Div. Port.	Real Estate	Div. Port.	Large Cap Value	
	16.49	9.65	4.68	7.35	5.79	-6.30	-15.94	27.63	15.13	5.26	9.07	4.38	-38.44	19.69	9.03	-1.18	11.98	2.86	4.52	-3.83	
	Int'l	Cash	Small Caps	Cash	Small Caps	Large Cap Growth	Mid Caps	Comm.	Large Cap Growth	Small Caps	Cash	Large Cap Value	Mid Caps	Comm.	Int'l	Mid Caps	Fixed Income	Cash	Cash	Div. Port.	
	6.05	5.06	-2.55	4.63	-3.02	-20.42	-16.19	20.72	6.30	4.55	4.71	-0.17	-41.46	13.48	7.75	-1.55	4.22	0.06	0.03	-3.92	
	Cash	Int'l	Real Estate	Fixed Income	Int'l	Int'l	Small Caps	Fixed Income	Fixed Income	Cash	Fixed Income	Small Caps	Int'l	Fixed Income	Fixed Income	Small Caps	Cash	Comm.	Int'l	Small Caps	
	5.05	1.78	-17.50	-0.82	-14.17	-21.44	-20.48	4.10	4.34	3.13	4.33	-1.57	-43.38	5.93	6.54	-4.18	0.09	-1.22	-4.90	-4.41	
	Fixed Income	Comm.	Comm.	Real Estate	Large Cap Growth	Comm.	Large Cap Growth	Cash	Cash	Fixed Income	Comm.	Real Estate	Comm.	Cash	Cash	Int'l	Comm.	Fixed Income	Comm.	Comm.	
	3.63	-14.07	-35.75	-4.62	-22.42	-31.93	-27.88	1.01	1.37	2.43	-15.09	-15.69	-46.49	0.15	0.14	-12.14	0.08	-2.02	-33.06	-32.86	

- Real Estate – FTSE NAREIT All Equity REITs Index
- Large-Cap Value – Russell 1000® Value Index
- Diversified Portfolio (Div. Port.) – equally weighted between all mentioned indexes
- Mid Caps – Russell Midcap Index
- International – Morgan Stanley Capital International (MSCI) EAFE Index
- Large-Cap Growth – Russell 1000® Growth Index
- Fixed Income – Barclays U.S. Aggregate Bond Index
- Small Caps – Russell 2000 Index
- Commodities (Comm.) – S&P GSCI Index
- Cash – T-Bill 3 Month Index

Sources: Invesco, Bloomberg LP, Lipper Inc.

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The above table is presented for information purposes only. It depicts annual returns for various asset classes and a hypothetical diversified portfolio (equally weighted between all mentioned indexes) over the past 20 years as of 12/31/2015, ranked from best to worst each year. Each asset class is color coded for easy tracking. Well-known, industry-standard indexes are used as proxies for each asset class. The indexes and their returns are not representative of any Invesco portfolio. The various asset classes are subject to certain risks, please see the specific risk disclosures below. Performance of all cited indexes is calculated on a total return basis with dividends reinvested. The indexes do not include any expenses, fees or charges and are unmanaged and should not be considered investments. It is not possible to invest directly in an index. See front for index definitions. Past performance is no guarantee of future results. Investing in smaller companies involves risks not associated with investing in more established companies, such as business risk, stock price fluctuations and illiquidity. Investments in narrow sectors such as real estate or commodities may be subject to more volatility than more diversified investments. Growth stocks tend to be more sensitive to changes in their earnings and can be more volatile. Value stocks tend to be inexpensive relative to their earnings or assets compared to other types of stocks and may never realize their full value.