

# As Markets Shift, Diversification Has Helped Smooth the Ride

Because markets historically move in cycles, with some asset classes having outperformed others one year and then underperforming them the next, diversification could help reduce the volatility of a portfolio's returns.

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	5 Year (2021-2025)	10 Year (2016-2025)
Calendar Year Returns	US Sm Value 31.7%	EM Growth 46.8%	US Lg Growth -1.5%	US Lg Growth 36.4%	US Lg Growth 38.5%	US Sm Value 28.3%	Intl Lg Value -5.6%	US Lg Growth 42.7%	US Lg Growth 33.4%	Intl Lg Value 42.2%	US Lg Growth 15.3%	US Lg Growth 18.1%
	US Lg Value 17.3%	Intl Sm Growth 33.6%	Global Growth -6.7%	Global Growth 33.7%	US Sm Growth 34.6%	US Lg Growth 27.6%	Global Value -6.5%	Global Growth 37.0%	Global Growth 25.9%	EM Growth 34.3%	Intl Lg Value 13.4%	Global Growth 14.7%
	EM Value 14.9%	US Lg Growth 30.2%	US Lg Value -8.3%	US Sm Growth 28.5%	Global Growth 33.8%	US Lg Value 25.2%	US Lg Value -7.5%	Intl Lg Value 19.0%	US Sm Growth 15.2%	EM Value 32.7%	Global Growth 12.4%	US Lg Value 10.5%
	Global Value 12.3%	Intl Sm Value 29.7%	US Sm Growth -10.0%	Intl Lg Growth 27.9%	EM Growth 31.3%	Global Value 21.9%	Intl Sm Value -13.6%	US Sm Growth 18.7%	US Lg Value 14.4%	Intl Sm Value 32.4%	Global Value 11.3%	US Sm Growth 9.5%
	US Sm Growth 11.3%	Intl Lg Growth 28.9%	EM Value -10.7%	US Lg Value 26.5%	Intl Sm Growth 23.7%	Global Growth 21.2%	US Sm Value -14.5%	Intl Lg Growth 17.6%	Global Value 11.5%	Intl Sm Growth 26.2%	US Lg Value 11.3%	US Sm Value 9.3%
	Intl Sm Value 8.2%	EM Value 28.1%	Global Value -10.8%	EM Growth 25.1%	Intl Lg Growth 18.3%	Intl Sm Value 14.2%	EM Value -15.8%	Intl Sm Value 17.2%	EM Growth 10.3%	Global Growth 21.1%	Intl Sm Value 9.6%	Global Value 9.2%
	EM Growth 7.6%	Global Growth 28.0%	Intl Lg Growth -12.8%	Intl Sm Growth 24.6%	EM Value 5.5%	Intl Sm Growth 11.5%	Intl Lg Growth -22.9%	US Sm Value 14.6%	US Sm Value 8.1%	Global Value 20.8%	US Sm Value 8.9%	EM Growth 8.8%
	US Lg Growth 7.1%	US Sm Growth 22.9%	US Sm Value -12.9%	US Sm Value 22.4%	Intl Sm Value 4.7%	Intl Lg Growth 11.3%	EM Growth -24.0%	EM Value 14.2%	Intl Lg Value 5.7%	Intl Lg Growth 20.8%	EM Value 6.8%	Intl Lg Value 8.7%
	Intl Lg Value 5.0%	Intl Lg Value 21.4%	Intl Lg Value -14.8%	Global Value 21.7%	US Sm Value 4.6%	Intl Lg Value 10.9%	Intl Sm Growth -26.1%	Intl Sm Growth 14.1%	EM Value 4.5%	US Lg Growth 18.6%	Intl Lg Growth 4.4%	Intl Sm Value 8.7%
	Global Growth 2.8%	Global Value 17.1%	Intl Sm Value -18.2%	Intl Sm Value 20.3%	US Lg Value 2.8%	EM Value 4.0%	US Sm Growth -26.4%	Global Value 11.5%	Intl Sm Value 3.6%	US Lg Value 15.9%	Intl Sm Growth 4.1%	EM Value 8.0%
	Intl Sm Growth -0.3%	US Lg Value 13.7%	EM Growth -18.3%	Intl Lg Value 16.1%	Global Value -1.2%	US Sm Growth 2.8%	US Lg Growth -29.1%	US Lg Value 11.5%	Intl Sm Growth 3.1%	US Sm Growth 13.0%	US Sm Growth 3.2%	Intl Sm Growth 7.5%
	Intl Lg Growth -3.0%	US Sm Value 7.8%	Intl Sm Growth -18.3%	EM Value 11.9%	Intl Lg Value -2.6%	EM Growth -8.4%	Global Growth -29.2%	EM Growth 5.8%	Intl Lg Growth 2.0%	US Sm Value 12.6%	EM Growth 1.8%	Intl Lg Growth 7.4%
Annualized Returns												

CALENDAR YEAR AND ANNUALIZED RETURNS BY ASSET CLASS AS OF DECEMBER 31, 2025 | Source: FactSet. It is not possible to invest directly in an index. Reinvestment of dividends and capital gains assumed. **Past performance is not a guarantee of future results.** EM Growth: MSCI Emerging Markets Growth Index; EM Value: MSCI Emerging Markets Value Index; Int'l Lg Value: MSCI EAFE Value Index; Intl Lg Growth: MSCI EAFE Growth Index; Intl Small Value: MSCI ACWI ExUSA Small Cap Value Index; Intl Small Growth: MSCI ACWI ExUSA Small Cap Growth Index; U.S. Sm Value: Russell 2000 Value Index; US Sm Growth: Russell 2000 Growth Index; Global Value: MSCI World Value Index; Global Growth: MSCI World Growth Index; US Lg Value: Russell 1000 Value Index; US Lg Growth: Russell 1000 Growth Index.

The MSCI Emerging Markets Growth Index with gross dividends captures large and mid cap securities exhibiting growth style characteristics, defined using long-term forward earnings per share (EPS) growth rate, short-term forward EPS growth rate, current internal growth rate, long-term historical EPS growth trend, and long-term historical sales per share growth trend.

The MSCI Emerging Markets Value Index with gross dividends captures large and mid cap securities exhibiting value style characteristics, defined using book value to price, 12-month forward earnings to price, and dividend yield.

The MSCI EAFE Growth Index with net dividends captures large and mid cap securities across developed market countries, excluding the United States and Canada, exhibiting growth style characteristics, defined using long-term forward earnings per share (EPS) growth rate, short-term forward EPS growth rate, current internal growth rate, long-term historical EPS growth trend, and long-term historical sales per share growth trend.

The MSCI EAFE Value Index with net dividends captures large and mid cap securities across developed market countries, excluding the United States and Canada, exhibiting value style characteristics, defined using book value to price, 12-month forward earnings to price, and dividend yield.

The MSCI ACWI ex USA Small Cap Value Index with net dividends measures small-cap equity market performance of developed and emerging markets excluding the United States. The attributes for value index construction are book value-to-price ratio, 12-months forward earnings-to-price ratio, and dividend yield.

The MSCI ACWI ex USA Small Cap Growth Index with net dividends measures small-cap equity market performance of developed and emerging markets excluding the United States. The attributes for growth index construction are long-term forward earnings per share (EPS) growth rate, short-term forward EPS growth rate, current internal growth rate, long-term historical EPS growth trend, and long-term historical sales per share growth trend.

The MSCI World Growth Index with net dividends captures large and mid cap securities across developed market countries exhibiting growth style characteristics, defined using long-term forward earnings per share (EPS) growth rate, short-term forward EPS growth rate, current internal growth rate, long-term historical EPS growth trend, and long-term historical sales per share growth trend.

The MSCI World Value Index with net dividends captures large and mid cap securities across developed market countries exhibiting value style characteristics, defined using book value to price, 12-month forward earnings to price, and dividend yield.

The Russell 1000 Growth Index with gross dividends measures performance of the large cap growth segment of the U.S. equity universe. Securities are categorized as growth or value based on their relative book-to-price ratios, historical sales growth, and expected earnings growth.

The Russell 1000 Value Index with gross dividends measures performance of the large cap segment of the U.S. equity universe. Securities are categorized as growth or value based on their relative book-to-price ratios, historical sales growth, and expected earnings growth.

The Russell 2000 Value Index with gross dividends measures performance of the small cap segment of the U.S. equity universe. Securities are categorized as growth or value based on their relative book-to-price ratios, historical sales growth, and expected earnings growth.

The Russell 2000 Growth Index with gross dividends measures performance of the small-cap segment of the U.S. equity universe. It includes those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values. Not all investment strategies are suitable for all investors.

MSCI has not approved, reviewed or produced this report, makes no express or implied warranties or representations and is not liable whatsoever for any data in the report. You may not redistribute the MSCI data or use it as a basis for other indices or investment products.

This material is intended for informational purposes only. The information provided in this presentation should not be considered a recommendation to purchase or sell any particular security. It should not be assumed that any security transactions, holdings, or sectors discussed were or will be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance discussed herein. Strategies discussed herein are subject to change at any time by the investment manager in its discretion due to market conditions or opportunities. Market conditions may impact performance. Diversification does not assure a profit or protect against loss.

International and emerging markets investing is subject to certain risks such as currency fluctuation and social and political changes, differences in financial reporting standards and less stringent regulation of securities markets which may result in greater share price volatility. Stocks of small-sized and mid-sized companies tend to have limited liquidity and usually experience greater price volatility than stocks of larger companies.

The foregoing reflects the thoughts and opinions of Brandes Investment Partners® exclusively and is subject to change without notice. Brandes Investment Partners® is a registered trademark of Brandes Investment Partners, L.P. in the United States and Canada.

**United States:** Issued by Brandes Investment Partners, L.P., 4275 Executive Square, 5th Floor, La Jolla, CA 92037.

**Singapore/Asia:** FOR INSTITUTIONAL/ACCREDITED INVESTOR USE ONLY. Issued by Brandes Investment Partners (Asia) Pte Ltd., The Gateway West, 150 Beach Road, #35-51, Singapore 189720. Company Registration Number 201212812M. ARBN:164 952 710. This document is for "institutional investors" or "accredited investors" as defined under the Securities and Futures Act, Chapter 289 of Singapore and may not be distributed to any other person. This document is being provided for information purposes only. Incorporated in Singapore in 2012, Brandes Investment Partners (Asia) Pte Ltd (Brandes Asia) provides portfolio management services to clients in Asia (as permitted under local law). Brandes Investment Partners, L.P., a U.S. registered investment adviser and a sister entity to Brandes Asia, provides research, portfolio construction and other support to Brandes Asia.

**Ireland/Europe:** FOR PROFESSIONAL INVESTOR USE ONLY. Issued by Brandes Investment Partners (Europe) Limited (Brandes Europe), Alexandra House, The Sweepstakes, Ballsbridge, Dublin, D04 C7H2, Ireland. Registered in Ireland Number 510203. Authorised and regulated by the Central Bank of Ireland. This report is being provided for information purposes only, no representation or warranty is made, whether express or implied as to the accuracy or completeness of the information provided. To the fullest extent permitted by law Brandes Europe shall not be liable for any loss or damage suffered by any person as a result of the receipt of this report. Recipients of this report should obtain their own professional advice. The distribution of this report may be restricted by law. No action has been or will be taken by Brandes Europe to permit the possession or distribution of this report in any jurisdiction where action for that purpose may be required. Accordingly, this report may not be used in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons to whom this report is communicated should inform themselves about and observe any such restrictions. This information is being issued only to, and/or is directed only at (i) persons who have professional experience in matters relating to investments or (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or to whom it may otherwise lawfully be communicated (all such persons together being referred to as "Relevant Persons"). This communication must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this communication relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. This report is a confidential communication to, and solely for the use of, the persons to whom it is distributed to by Brandes Europe.