The benefits of diversification

By spreading your money across different types of assets, it is possible to avoid exposing your investments to undue risk.

The jumble of colours below – with each colour representing a different type of asset – shows how varied the performance of equities (company shares), bonds, and property has been over the past 10 years. There is no guarantee that the investment that is top in one year will perform well in the next.

Return (%)	2013 - 2014	2014 - 2015	2015 - 2016	2016 - 2017	2017 - 2018	2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022	2022 - 2023
Best	Europe ex UK equities	China equities	US equities	China equities	China equities	US equities	China equities	US equities	UK property	Europe ex UK equities
	UK equities	Japan equities	Global equities	Europe ex UK equities	US equities	Global equities	US equities	Emerging markets equities	UK equities	US equities
	UK property	US equities	Global bonds	Asia Pacific ex Japan equities	Global equities	Europe ex UK equities	Japan equities	Global equities	Cash	Japan equities
	US equities	UK property	Japan equities	Emerging markets equities	Japan equities	Global bonds	Global equities	Asia Pacific ex Japan equities	US equities	Global equities
	Global equities	Global equities	Asia Pacific ex Japan equities	Japan equities	UK equities	Emerging markets equities	Global bonds	Europe ex UK equities	Global equities	UK equities
	Global bonds	Asia Pacific ex Japan equities	Europe ex UK equities	Global equities	Asia Pacific ex Japan equities	Asia Pacific ex Japan equities	Asia Pacific ex Japan equities	UK equities	Japan equities	Cash
	Asia Pacific ex Japan equities	Emerging markets equities	Emerging markets equities	US equities	Emerging markets equities	UK equities	Europe ex UK equities	China equities	Global bonds	Global bonds
	China equities	Global bonds	UK equities	UK equities	UK property	UK property	Cash	Japan equities	Europe ex UK equities	Emerging markets equities
	Emerging markets equities	Europe ex UK equities	Cash	UK property	Europe ex UK equities	Cash	Emerging markets equities	UK property	Asia Pacific ex Japan equities	Asia Pacific ex Japan equities
	Cash	Cash	UK property	Cash	Cash	Japan equities	UK property	Cash	Emerging markets equities	UK property
Worst	Japan equities	UK equities	China equities	Global bonds	Global bonds	China equities	UK equities	Global bonds	China equities	China equities

Key takeaways

- Spread your money across a range of different investments to reduce risk.
- Don't assume that the past performance of an investment will reflect its future performance.
- Investing in a range of assets is likely to be more successful than trying to pick just one or two.

Source: *Quilter Investors as at 30 June 2023. Total return, percentage growth in pounds sterling. Discrete annual returns over period 1 July 2013 to 30 June 2023. Global bonds is represented by the Bloomberg Global Aggregate Index; UK equities is represented by the MSCI United Kingdom; UK property is represented by the IA UK Direct Property sector average; Global equities is represented by the MSCI All Country World Index; China equities is represented by the MSCI China Index; Emerging markets equities is represented by the MSCI EM (Emerging Markets) Index; Europe ex UK equities is represented by the MSCI Europe Ex UK Index; Japan equities is represented by the MSCI Japan Index; US equities is represented by the MSCI North America Index; Asia Pacific ex Japan equities is represented by the MSCI AC Asia Pacific Ex Japan Index; and Cash is represented by the Bank of England Base Rate. The information provided is for illustrative purposes only and doesn't represent the past performance of any particular investment. It is not possible to invest directly into an index.*