Long-Term Performance: Asset Classes and AD Growth Models

Asset Dedication, LLC
2025

PPT Summary of Article

- These slides summarize the following article published in the Retirement Management Journal, Vol. 14, Nov. 1, 2025.

RETIREMENT
MANAGEMENT
JOURNAL

Forthcoming in Volume 14, Number 1, 2025

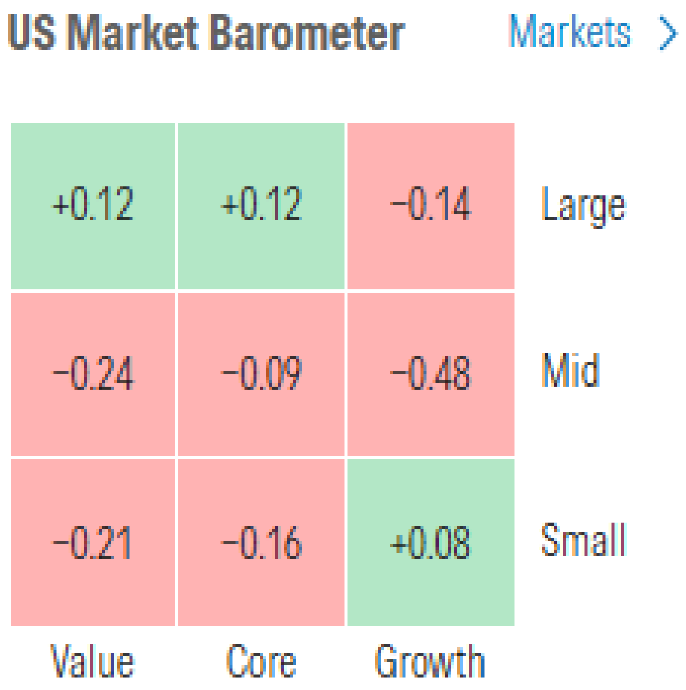
U.S. Asset Class Returns Based on Time Horizons, Size, and Style

By Stephen J. Huxley, PhD, Brent Burns, and Jeremy Fletcher, CFA®

INVESTMENTS & WEALTH INSTITUTE®

Asset Classes

- Research suggests that two of the primary factors that determine a stock's growth are the company size and its price to book ratio
  - High ratio = Growth (a popular stock)
  - Low ratio = Value (not so popular!)
  - Morningstar divides these factors into three sizes and three "styles" leading to its style box or "US Market Barometer"
  - It tracks changes in each asset class continually during the trading day.



US Market Barometer

Value	Core	Growth	
+0.12	+0.12	−0.14	Large
−0.24	−0.09	−0.48	Mid
−0.21	−0.16	+0.08	Small

Example: Downloaded midday Sept. 16, 2025

Long-term Performance by Asset Class

- Long-term performance is available from several sources:
  - Dimensional Fund Advisors (“Returns Web”)
  - Center for Research in Security Prices (CRSP) – Univ. of Chicago
  - Kenneth French Data Library
  - Global Financial Data (Finaeon)
  - Others
- These sources were used develop the slides that led to the publication of “U.S. Asset Class Returns Based on Time Horizons, Size, and Style”

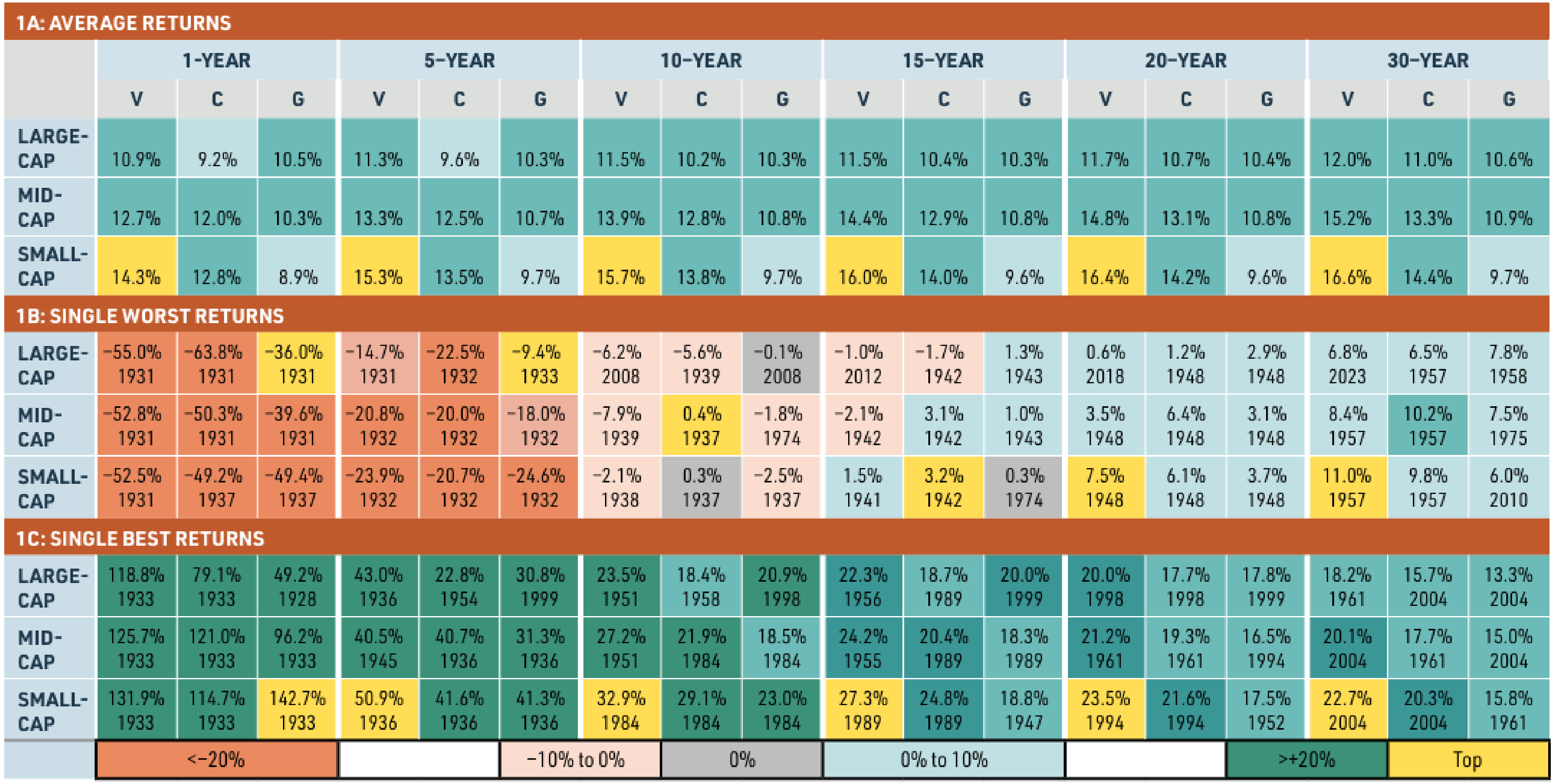
Asset Class Returns: 1928-2023

Compound Annual Growth Rates (CAGR)

V = Value
C = Core
G = Growth

TABLE 1 **Average, Worst, and Best Returns for 1-, 5-, 10-, 15-, 20-, and 30-Year Holding Periods, 1928-2023**

Asset Classes: Value (V), Core (C), Growth (G), Large-cap, Mid-cap, Small-cap



1A: AVERAGE RETURNS

	1-YEAR			5-YEAR			10-YEAR			15-YEAR			20-YEAR			30-YEAR		
	V	C	G	V	C	G	V	C	G	V	C	G	V	C	G	V	C	G
LARGE-CAP	10.9%	9.2%	10.5%	11.3%	9.6%	10.3%	11.5%	10.2%	10.3%	11.5%	10.4%	10.3%	11.7%	10.7%	10.4%	12.0%	11.0%	10.6%
MID-CAP	12.7%	12.0%	10.3%	13.3%	12.5%	10.7%	13.9%	12.8%	10.8%	14.4%	12.9%	10.8%	14.8%	13.1%	10.8%	15.2%	13.3%	10.9%
SMALL-CAP	14.3%	12.8%	8.9%	15.3%	13.5%	9.7%	15.7%	13.8%	9.7%	16.0%	14.0%	9.6%	16.4%	14.2%	9.6%	16.6%	14.4%	9.7%

1B: SINGLE WORST RETURNS

	1-YEAR			5-YEAR			10-YEAR			15-YEAR			20-YEAR			30-YEAR		
	V	C	G	V	C	G	V	C	G	V	C	G	V	C	G	V	C	G
LARGE-CAP	-55.0% 1931	-63.8% 1931	-36.0% 1931	-14.7% 1931	-22.5% 1932	-9.4% 1933	-6.2% 2008	-5.6% 1939	-0.1% 2008	-1.0% 2012	-1.7% 1942	1.3% 1943	0.6% 2018	1.2% 1948	2.9% 1948	6.8% 2023	6.5% 1957	7.8% 1958
MID-CAP	-52.8% 1931	-50.3% 1931	-39.6% 1931	-20.8% 1932	-20.0% 1932	-18.0% 1932	-7.9% 1939	0.4% 1937	-1.8% 1974	-2.1% 1942	3.1% 1942	1.0% 1943	3.5% 1948	6.4% 1948	3.1% 1948	8.4% 1957	10.2% 1957	7.5% 1975
SMALL-CAP	-52.5% 1931	-49.2% 1937	-49.4% 1937	-23.9% 1932	-20.7% 1932	-24.6% 1932	-2.1% 1938	0.3% 1937	-2.5% 1937	1.5% 1941	3.2% 1942	0.3% 1974	7.5% 1948	6.1% 1948	3.7% 1948	11.0% 1957	9.8% 1957	6.0% 2010

1C: SINGLE BEST RETURNS

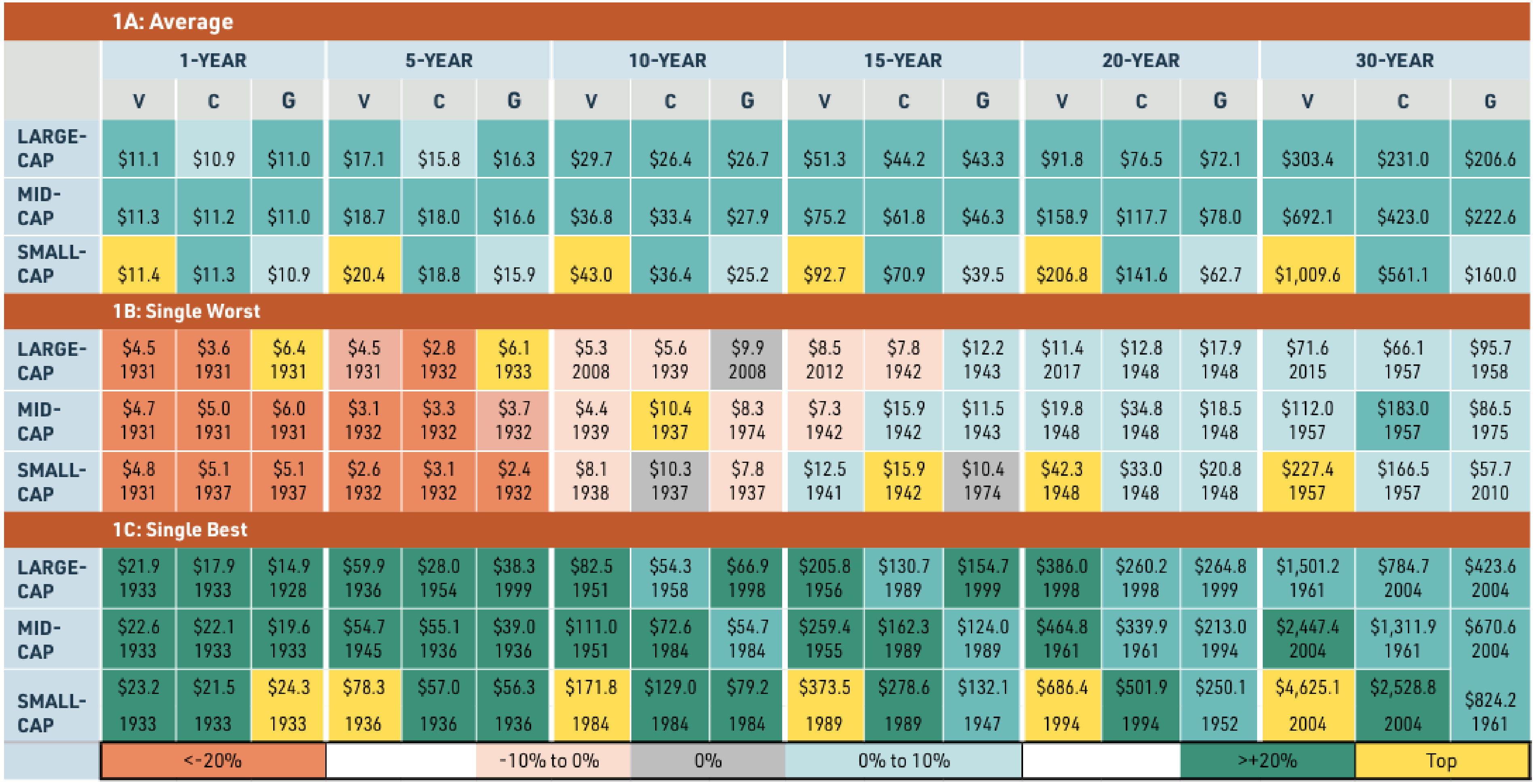
	1-YEAR			5-YEAR			10-YEAR			15-YEAR			20-YEAR			30-YEAR		
	V	C	G	V	C	G	V	C	G	V	C	G	V	C	G	V	C	G
LARGE-CAP	118.8% 1933	79.1% 1933	49.2% 1928	43.0% 1936	22.8% 1954	30.8% 1999	23.5% 1951	18.4% 1958	20.9% 1998	22.3% 1956	18.7% 1989	20.0% 1999	20.0% 1998	17.7% 1998	17.8% 1999	18.2% 1961	15.7% 2004	13.3% 2004
MID-CAP	125.7% 1933	121.0% 1933	96.2% 1933	40.5% 1945	40.7% 1936	31.3% 1936	27.2% 1951	21.9% 1984	18.5% 1984	24.2% 1955	20.4% 1989	18.3% 1989	21.2% 1961	19.3% 1961	16.5% 1994	20.1% 2004	17.7% 1961	15.0% 2004
SMALL-CAP	131.9% 1933	114.7% 1933	142.7% 1933	50.9% 1936	41.6% 1936	41.3% 1936	32.9% 1984	29.1% 1984	23.0% 1984	27.3% 1989	24.8% 1989	18.8% 1947	23.5% 1994	21.6% 1994	17.5% 1952	22.7% 2004	20.3% 2004	15.8% 1961

<-20% | -10% to 0% | 0% | 0% to 10% | >+20% | Top

As published in Retirement Management Journal, Vol. 14, No. 1, 2025

Asset Classes: Growth of $10,000 1928-2023

TABLE 2 Growth of $10,000 (in Thousands of Dollars)



	1-YEAR			5-YEAR			10-YEAR			15-YEAR			20-YEAR			30-YEAR		
	V	C	G	V	C	G	V	C	G	V	C	G	V	C	G	V	C	G
1A: Average																		
LARGE-CAP	$11.1	$10.9	$11.0	$17.1	$15.8	$16.3	$29.7	$26.4	$26.7	$51.3	$44.2	$43.3	$91.8	$76.5	$72.1	$303.4	$231.0	$206.6
MID-CAP	$11.3	$11.2	$11.0	$18.7	$18.0	$16.6	$36.8	$33.4	$27.9	$75.2	$61.8	$46.3	$158.9	$117.7	$78.0	$692.1	$423.0	$222.6
SMALL-CAP	$11.4	$11.3	$10.9	$20.4	$18.8	$15.9	$43.0	$36.4	$25.2	$92.7	$70.9	$39.5	$206.8	$141.6	$62.7	$1,009.6	$561.1	$160.0
1B: Single Worst																		
LARGE-CAP	$4.5 1931	$3.6 1931	$6.4 1931	$4.5 1931	$2.8 1932	$6.1 1933	$5.3 2008	$5.6 1939	$9.9 2008	$8.5 2012	$7.8 1942	$12.2 1943	$11.4 2017	$12.8 1948	$17.9 1948	$71.6 2015	$66.1 1957	$95.7 1958
MID-CAP	$4.7 1931	$5.0 1931	$6.0 1931	$3.1 1932	$3.3 1932	$3.7 1932	$4.4 1939	$10.4 1937	$8.3 1974	$7.3 1942	$15.9 1942	$11.5 1943	$19.8 1948	$34.8 1948	$18.5 1948	$112.0 1957	$183.0 1957	$86.5 1975
SMALL-CAP	$4.8 1931	$5.1 1937	$5.1 1937	$2.6 1932	$3.1 1932	$2.4 1932	$8.1 1938	$10.3 1937	$7.8 1937	$12.5 1941	$15.9 1942	$10.4 1974	$42.3 1948	$33.0 1948	$20.8 1948	$227.4 1957	$166.5 1957	$57.7 2010
1C: Single Best																		
LARGE-CAP	$21.9 1933	$17.9 1933	$14.9 1928	$59.9 1936	$28.0 1954	$38.3 1999	$82.5 1951	$54.3 1958	$66.9 1998	$205.8 1956	$130.7 1989	$154.7 1999	$386.0 1998	$260.2 1998	$264.8 1999	$1,501.2 1961	$784.7 2004	$423.6 2004
MID-CAP	$22.6 1933	$22.1 1933	$19.6 1933	$54.7 1945	$55.1 1936	$39.0 1936	$111.0 1951	$72.6 1984	$54.7 1984	$259.4 1955	$162.3 1989	$124.0 1989	$464.8 1961	$339.9 1961	$213.0 1994	$2,447.4 2004	$1,311.9 1961	$670.6 2004
SMALL-CAP	$23.2 1933	$21.5 1933	$24.3 1933	$78.3 1936	$57.0 1936	$56.3 1936	$171.8 1984	$129.0 1984	$79.2 1984	$373.5 1989	$278.6 1989	$132.1 1947	$686.4 1994	$501.9 1994	$250.1 1952	$4,625.1 2004	$2,528.8 2004	$824.2 1961

🟧 <-20% · ▨ -10% to 0% · ⬜ 0% · 🟦 0% to 10% · 🟩 >+20% · 🟨 Top

The “Horseshoe” Effect:
Small-Cap Value Dominates

Note that small-cap value provides the highest **average** returns for all time spans, the highest **minimum** for 20- and 30 years spans, and the highest **maximum** for all time spans except 1-year.

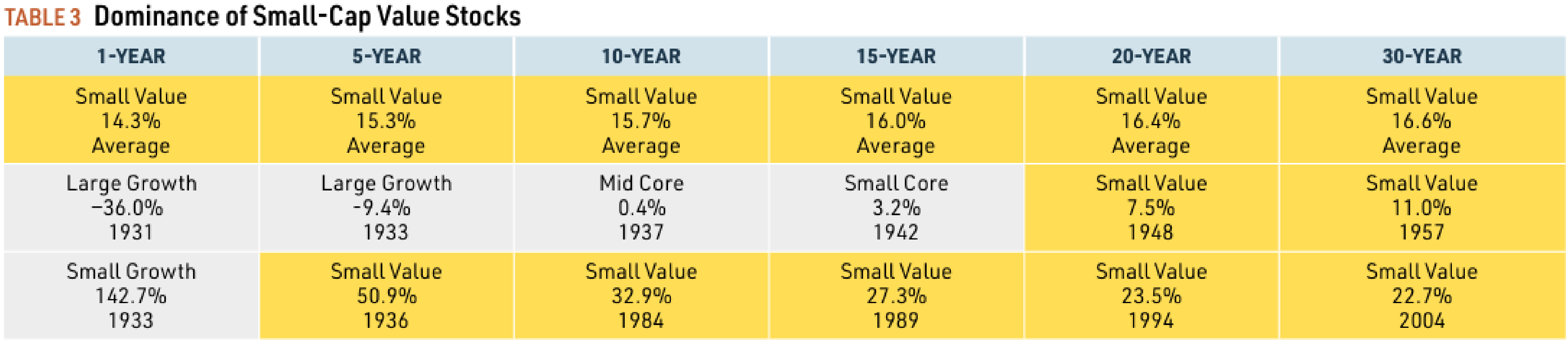


TABLE 3 **Dominance of Small-Cap Value Stocks**

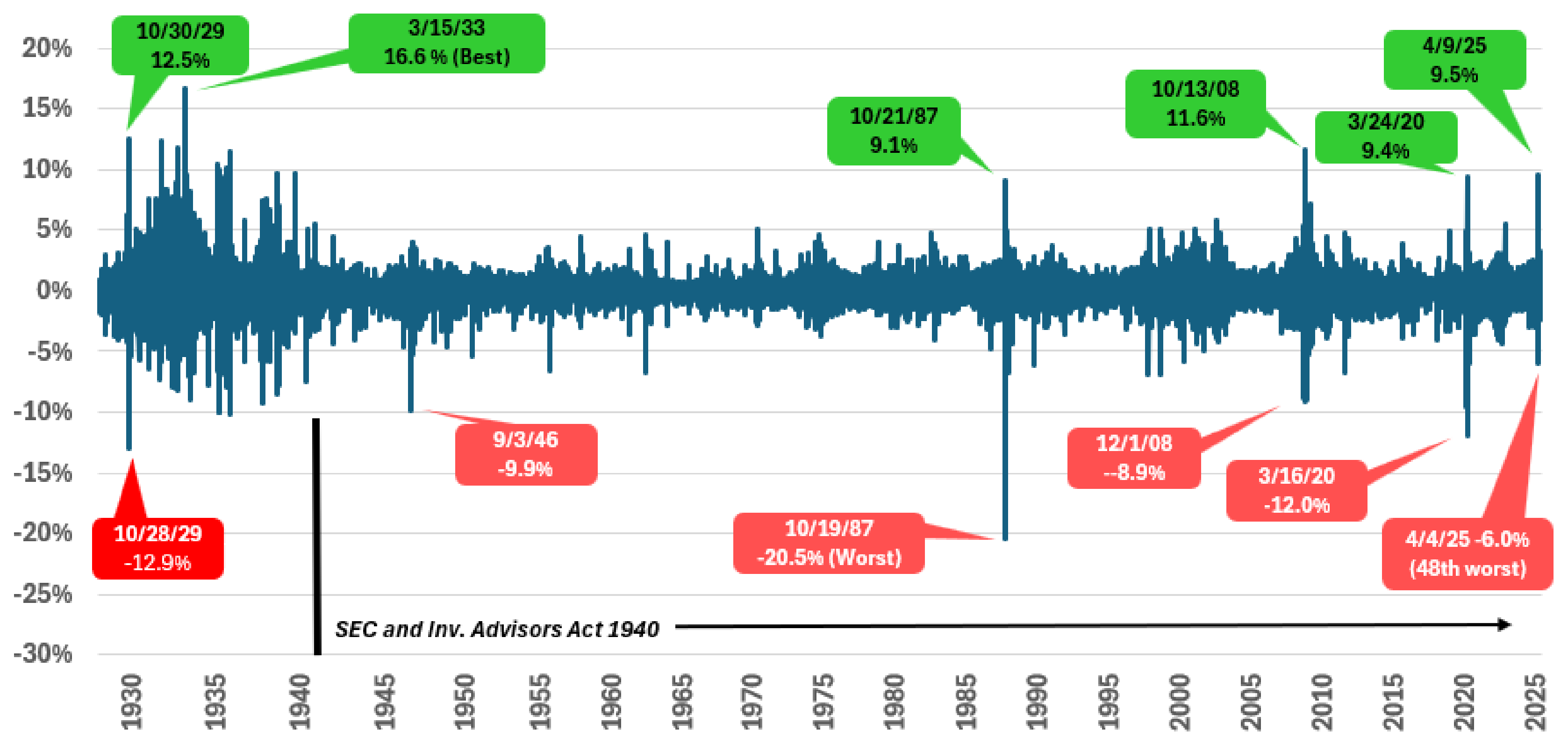
	1-YEAR	5-YEAR	10-YEAR	15-YEAR	20-YEAR	30-YEAR
Average	Small Value 14.3% Average	Small Value 15.3% Average	Small Value 15.7% Average	Small Value 16.0% Average	Small Value 16.4% Average	Small Value 16.6% Average
Minimum	Large Growth −36.0% 1931	Large Growth -9.4% 1933	Mid Core 0.4% 1937	Small Core 3.2% 1942	Small Value 7.5% 1948	Small Value 11.0% 1957
Maximum	Small Growth 142.7% 1933	Small Value 50.9% 1936	Small Value 32.9% 1984	Small Value 27.3% 1989	Small Value 23.5% 1994	Small Value 22.7% 2004

S&P 500: Daily Price Changes – 1928-6/30/25

- Asset Dedication builds its models using data back to 1928 specifically to include the Great Depression and WW 2 – the two most catastrophic events of the 20th century
- Historically, the problems that became obvious during the Great Depression led to federal legislation during the 1930s culminated with the Investment Advisors Act of 1940
- The legislation had a significant impact on the market, reducing its volatility significantly as can be seen on the next slide
- Will another Great Depression happen again? Unlikely, but nobody know for sure.

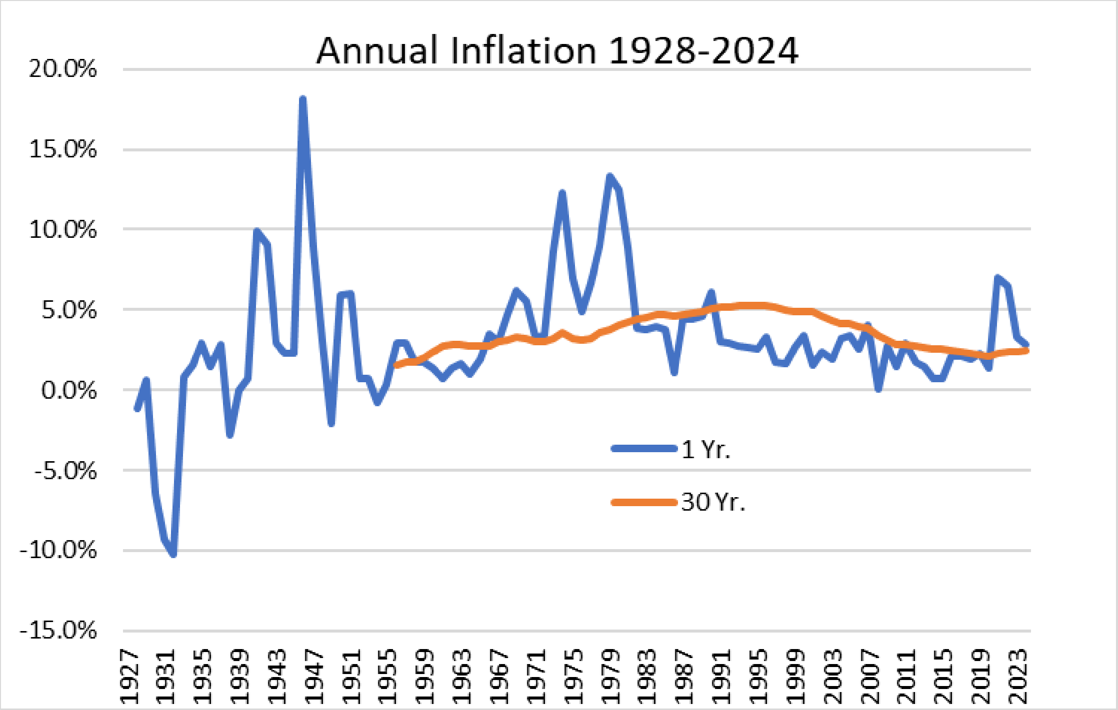
One-Day Fluctuations 1/3/28-6/30/25

25,577 Days – Avg/Max/Min = 0.03%/16.6%/-20.5%



Inflation Over Rolling Time Spans: 1928-2024

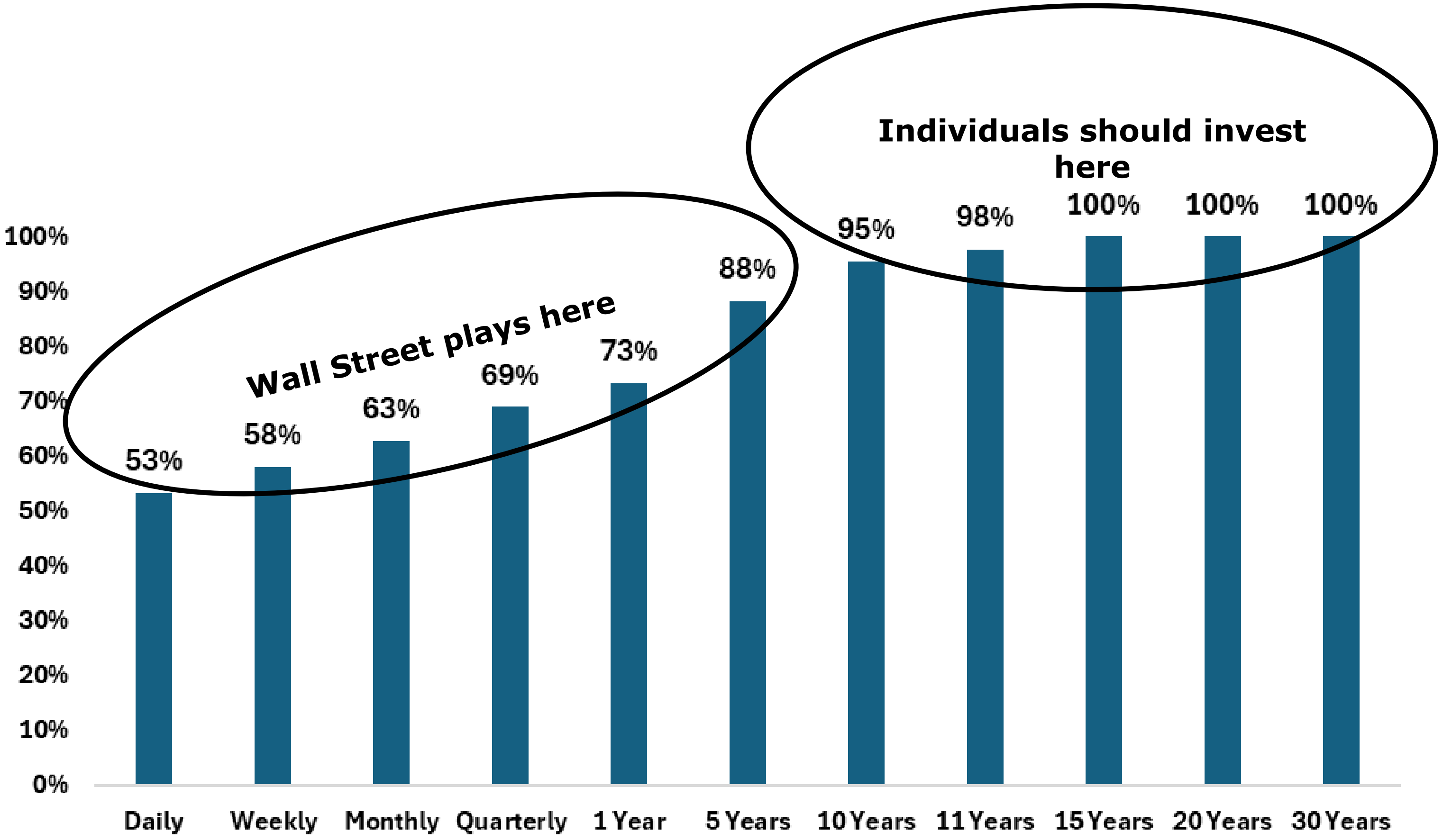
Statistic	1 Yr.	5 Yr.	10 Yr	15 Yr.	20 Yr.	25 Yr.	30 Yr.
Average	3.1%	3.2%	3.4%	3.2%	3.4%	3.5%	3.5%
Max	18.1%	10.1%	8.7%	7.0%	6.2%	5.8%	5.3%
Min	-10.3%	-5.4%	-2.0%	-0.7%	1.1%	1.7%	1.6%



Asset Dedication Long Term Returns

- All Asset Dedication equity Growth Portfolios are built from one time span, the longest term: 1928-2024, 97 years.
- Shorter time spans would exclude the Great Depression (1929-41) and WW 2 (1942-45)
  - 39 out of 58 (67%) 40-year time spans exclude both events
  - 49 out of 68 (72%) 30-year time spans exclude both, 76% of 20-year spans, etc.
- The bottom line: Asset Dedication uses 1928 to be conservative

How Often Are Annual Returns Positive? 1928-2024



Averages, Minimums, and Maximums for Various Time Spans:

- Years covered: 1928-2024
- Yellow denotes best for that time span
- 97-year time span
    - -58 Rolling 40-year time spans
        - -19 Include Great Depression and WW2
        - -39 Exclude Great Depression and WW
    - -68 Rolling 30-year time spans
        - -19 Include Great Depression and WW2
        - -49 Exclude Great Depression and WW2
    - -78 Rolling 20-year time spans
        - -19 Include Great Depression and WW2
        - -59 Exclude Great Depression and WW2
    - Etc.

		Time Span in Years, 1928-2024							
	Growth Portfolio	1	5	10	15	20	30	40	97
Average	**15+ Year**	14.0%	12.6%	12.8%	13.1%	13.3%	13.7%	13.9%	**12.8%**
	7-15 Year	**14.0%**	**12.8%**	**13.0%**	**13.3%**	**13.5%**	**13.9%**	**14.2%**	12.6%
	15+ Year Beta	13.3%	12.2%	12.4%	12.7%	12.9%	13.3%	13.5%	11.8%
	7-15 Year Beta	13.0%	11.9%	12.1%	12.4%	12.6%	13.0%	13.2%	11.5%
	4-6 Year	11.5%	10.6%	10.8%	11.0%	11.2%	11.5%	11.7%	10.4%
	4-6 Year Beta	12.2%	11.2%	11.4%	11.6%	11.7%	12.1%	12.2%	10.4%
	1-3 Year	10.0%	9.3%	9.5%	9.7%	9.8%	10.1%	10.2%	9.2%
	S&P 500	**12.0%**	**10.6%**	**10.7%**	**10.8%**	**10.9%**	**11.1%**	**11.0%**	**10.2%**

		Time Span in Years, 1928-2024							
	Growth Portfolio	1	5	10	15	20	30	40	97
Minimum	**15+ Year**	**-43.7%**	-17.6%	1.7%	3.8%	5.6%	8.1%	10.1%	-41.3%
	7-15 Year	-46.4%	-17.5%	**2.0%**	**4.3%**	**5.9%**	8.3%	**10.3%**	-42.1%
	15+ Year Beta	-43.2%	-16.0%	1.3%	3.4%	5.1%	7.9%	9.7%	-40.5%
	7-15 Year Beta	-42.6%	-15.4%	1.3%	3.4%	4.9%	7.8%	9.5%	-41.3%
	4-6 Year	-41.8%	-13.4%	0.6%	2.9%	3.9%	7.1%	8.3%	-40.6%
	4-6 Year Beta	-41.6%	-13.2%	1.2%	3.3%	4.3%	7.8%	8.9%	**-37.8%**
	1-3 Year	**-39.0%**	-13.2%	-0.1%	2.5%	3.6%	6.2%	7.0%	-39.5%
	S&P 500	**-43.3%**	**-12.5%**	**-1.4%**	**0.6%**	**3.1%**	**8.5%**	**8.9%**	**-43.3%**

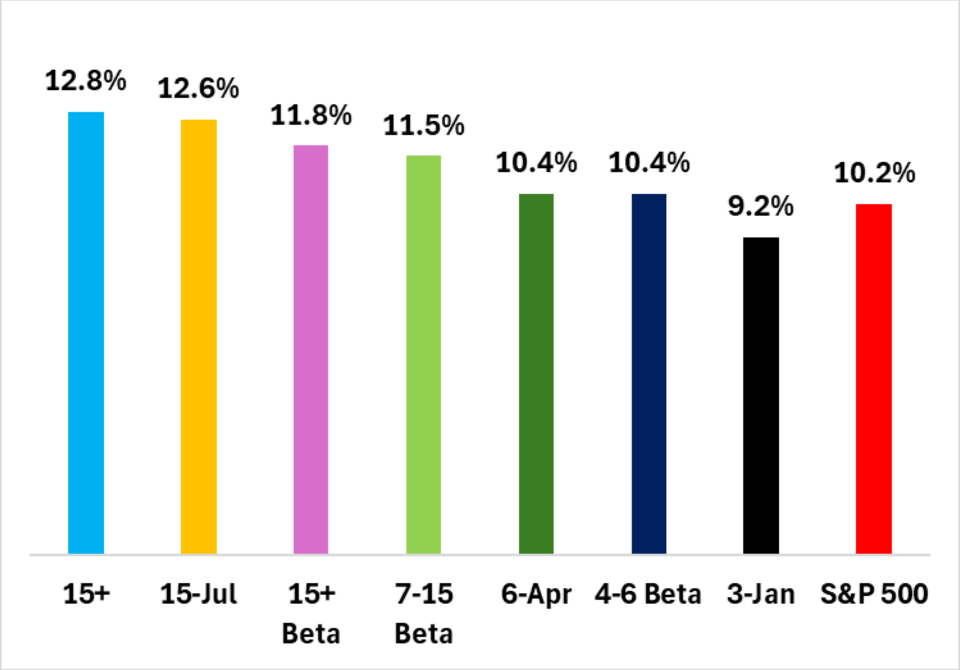
		Time Span in Years, 1928-2024							
	Growth Portfolio	1	5	10	15	20	30	40	97
Maximum	**15+ Year**	116.6%	34.3%	23.0%	23.8%	21.1%	18.5%	16.3%	108.7%
	7-15 Year	**121.0%**	**34.7%**	**23.4%**	**25.0%**	**21.5%**	**18.8%**	**16.8%**	99.6%
	15+ Year Beta	99.0%	31.1%	21.4%	22.8%	20.2%	18.1%	15.8%	**108.8%**
	7-15 Year Beta	93.8%	30.0%	20.5%	22.2%	19.7%	17.5%	15.3%	94.3%
	4-6 Year	72.3%	26.9%	19.4%	19.4%	17.0%	15.0%	13.7%	71.5%
	4-6 Year Beta	76.0%	26.4%	19.5%	19.9%	17.7%	15.7%	14.1%	68.1%
	1-3 Year	63.3%	22.2%	15.9%	16.4%	14.8%	13.1%	11.7%	64.8%
	S&P 500	**54.0%**	**28.6%**	**20.1%**	**18.9%**	**17.9%**	**13.7%**	**12.5%**	**54.0%**

Specific Time Spans

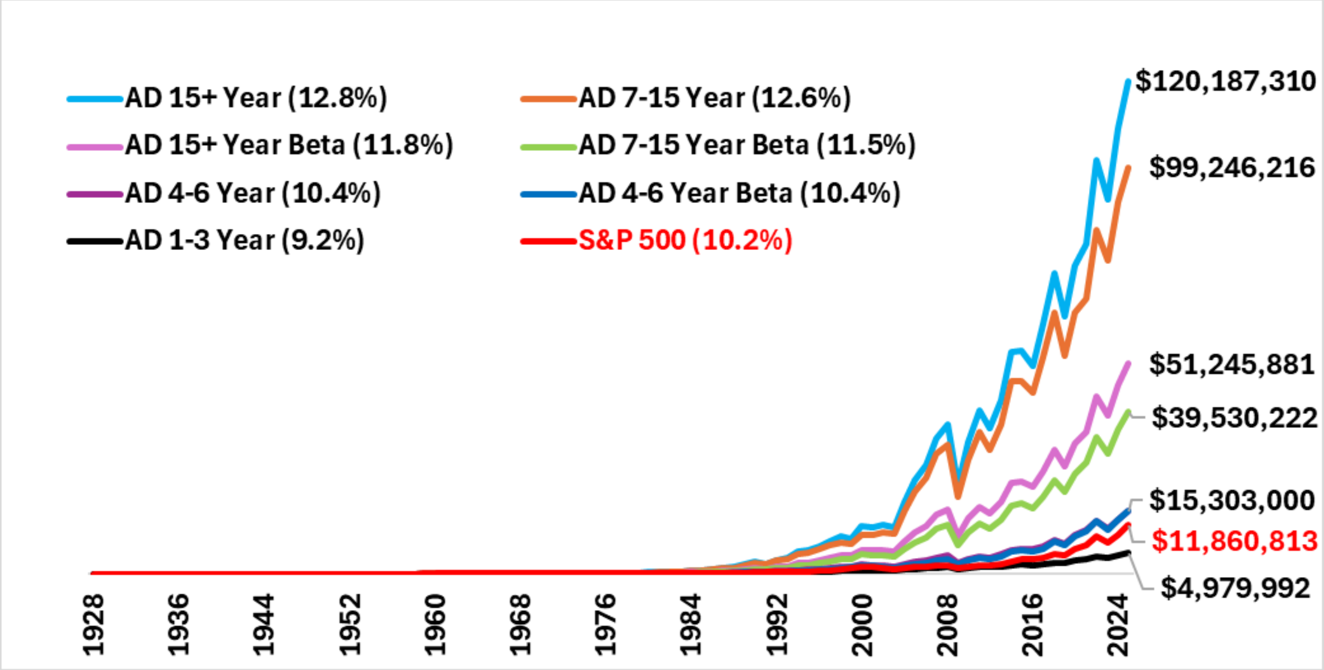
- It is sometimes easier to review results for a specific time span rather than averages for many time spans
- The next slides illustrate AD Growth Portfolio performances for 1928 to 2024, then all the decades beginning with 1940, 1950, etc.
- One slide covers the 2000-2009 when the S&P 500 had a very bad decade – it lost 0.9% per year.
  - It made up for that in 2010-2024, growing 13.9% per year
  - Its overall average for 2000-2024 is 7.7% and 1990-2024 is 10.6%, slightly better than its long-term average of 10.2% since 1928.

AD Growth Portfolios: 1928-2024

Annual Returns. 1928-2024

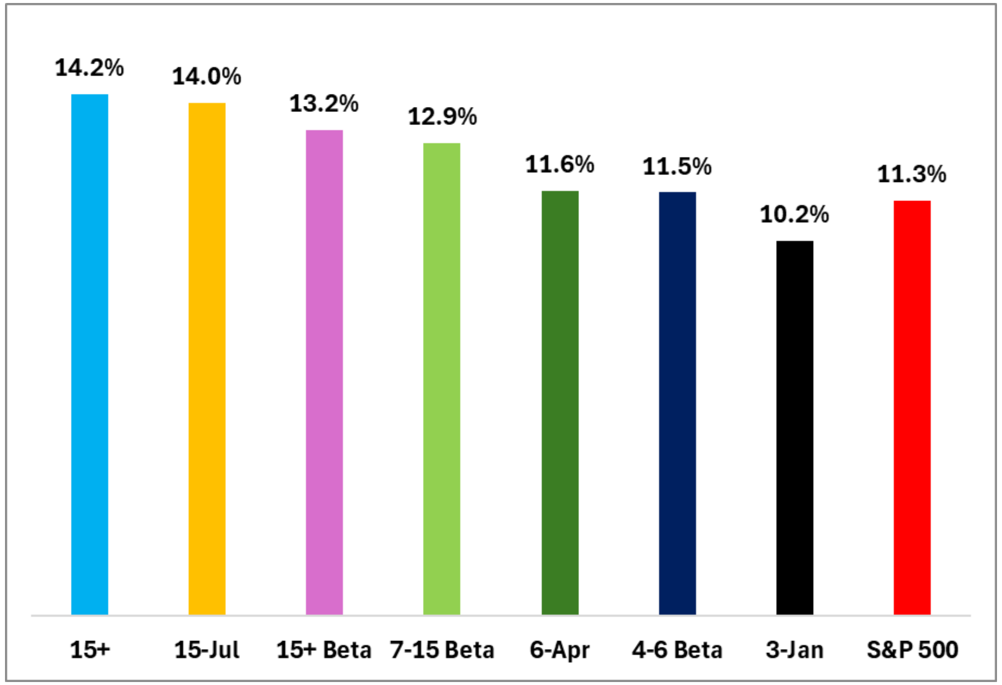


Growth of $1,000 1928-2024

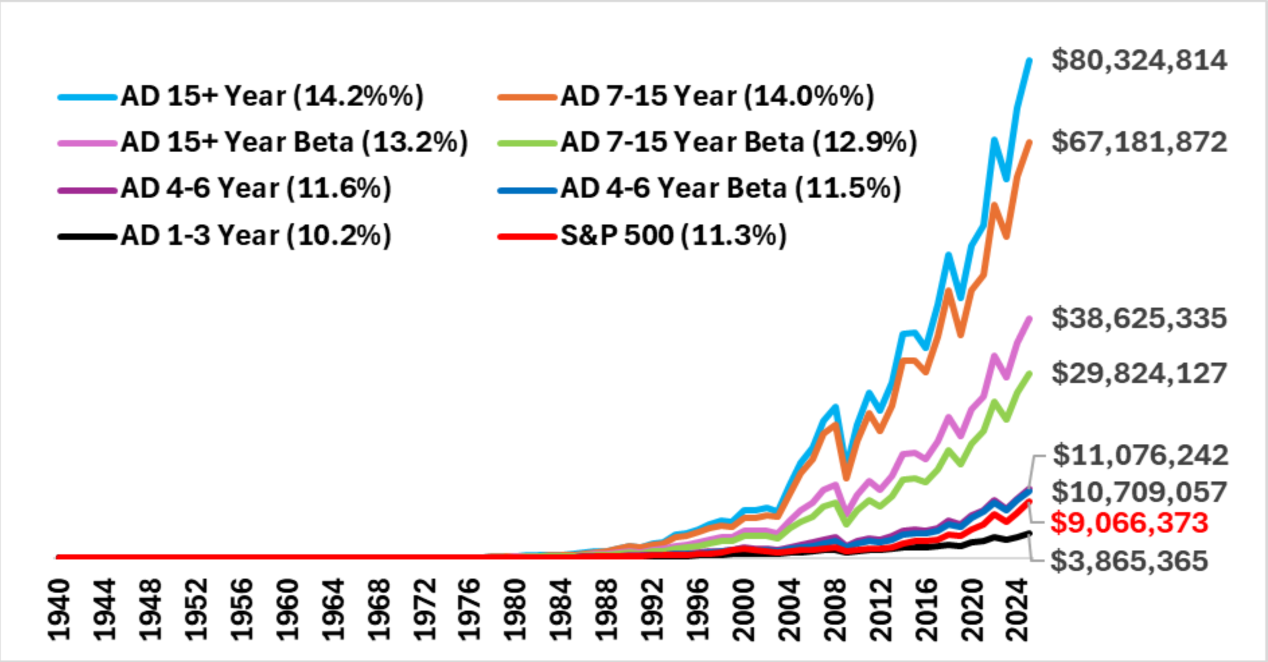


AD Growth Portfolios: 1940-2024

Annual Returns. 1940-2024

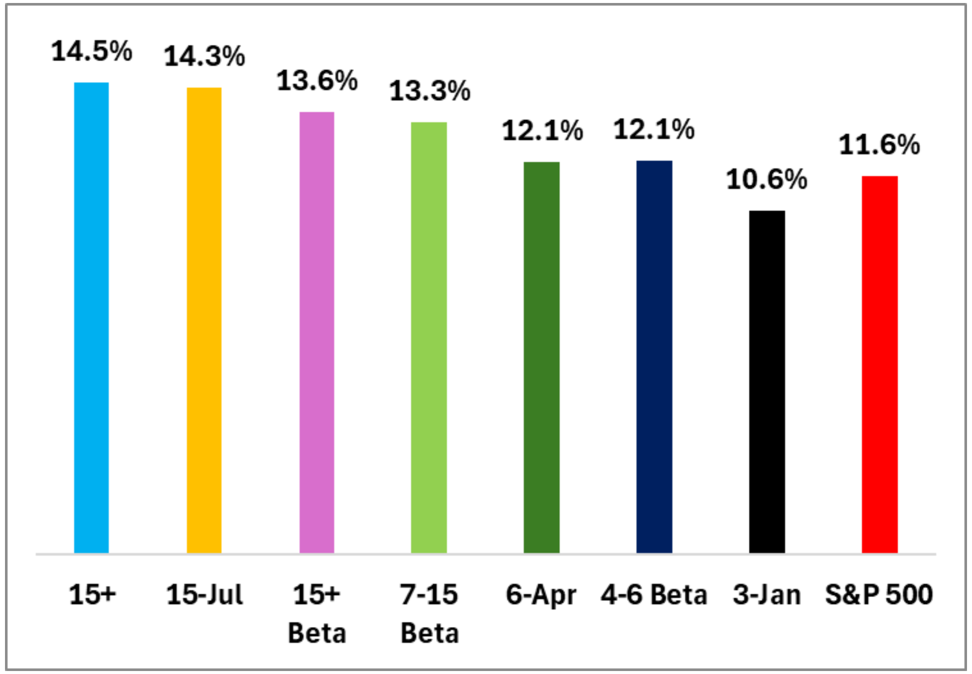


Growth of $1,000 1940-2024

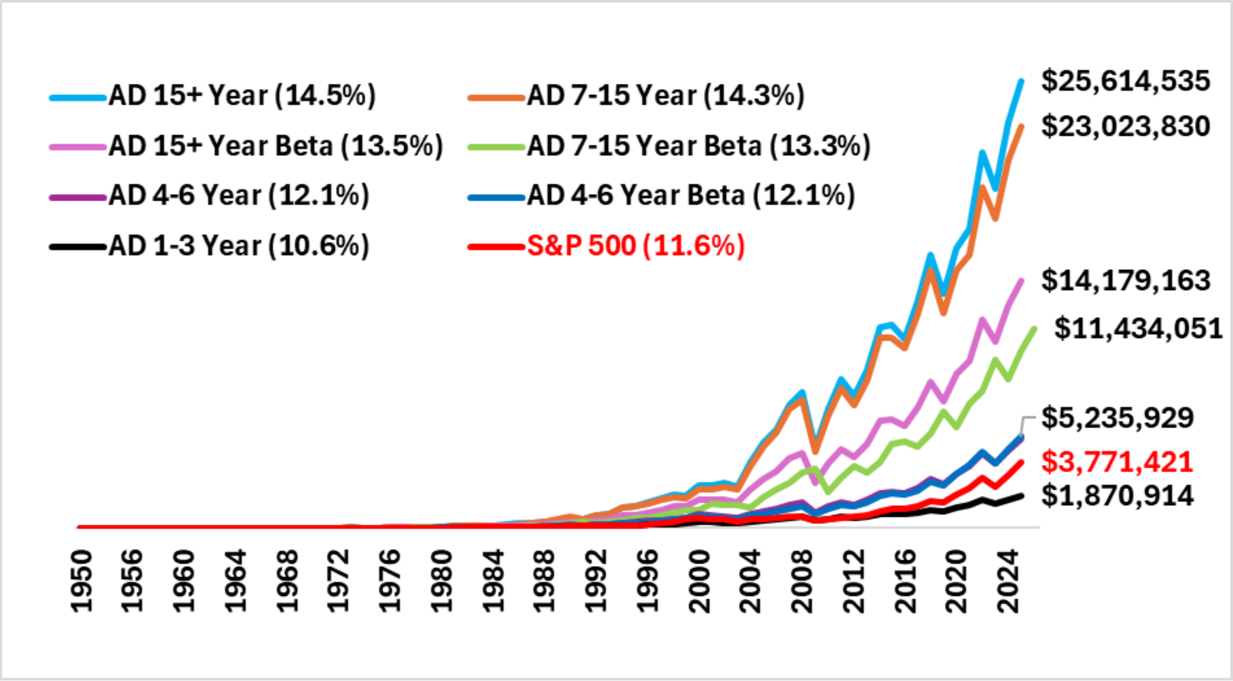


AD Growth Portfolios: 1950-2024

Annual Returns. 1950-2024

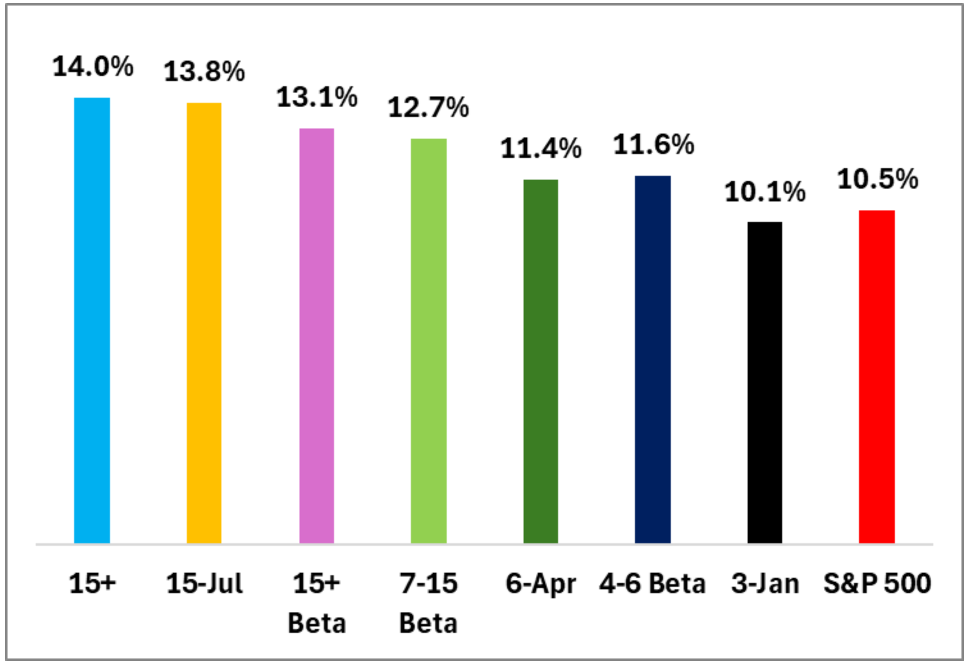


Growth of $1,000 1950-2024

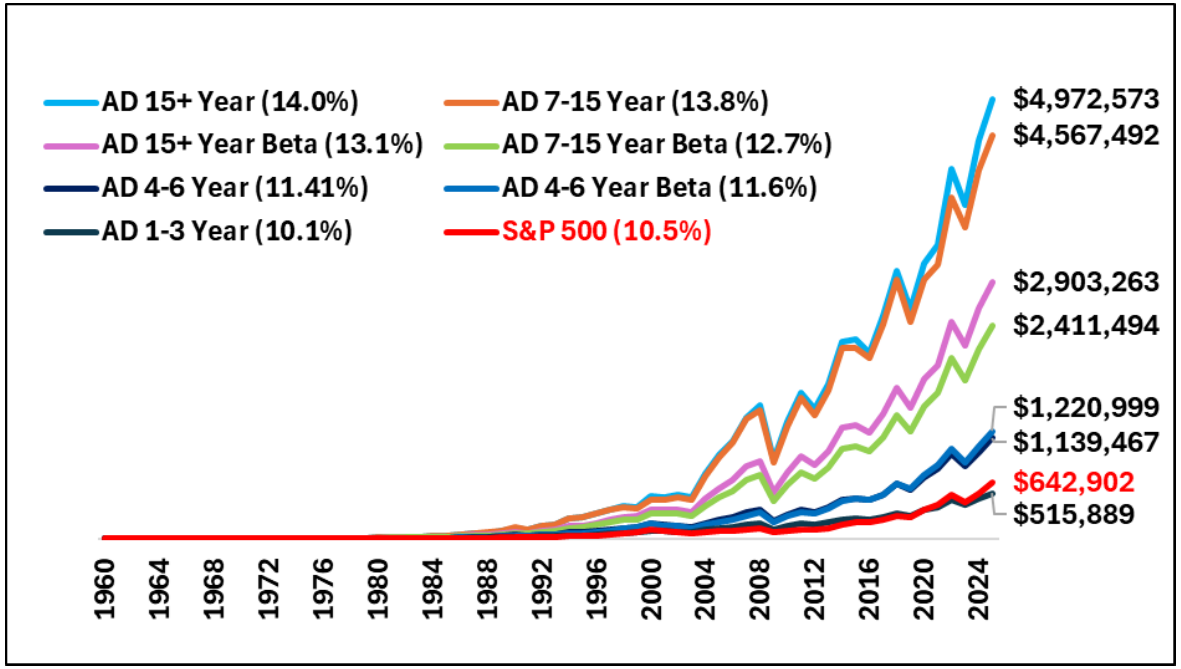


AD Growth Portfolios: 1960-2024

Annual Returns. 1960-2024

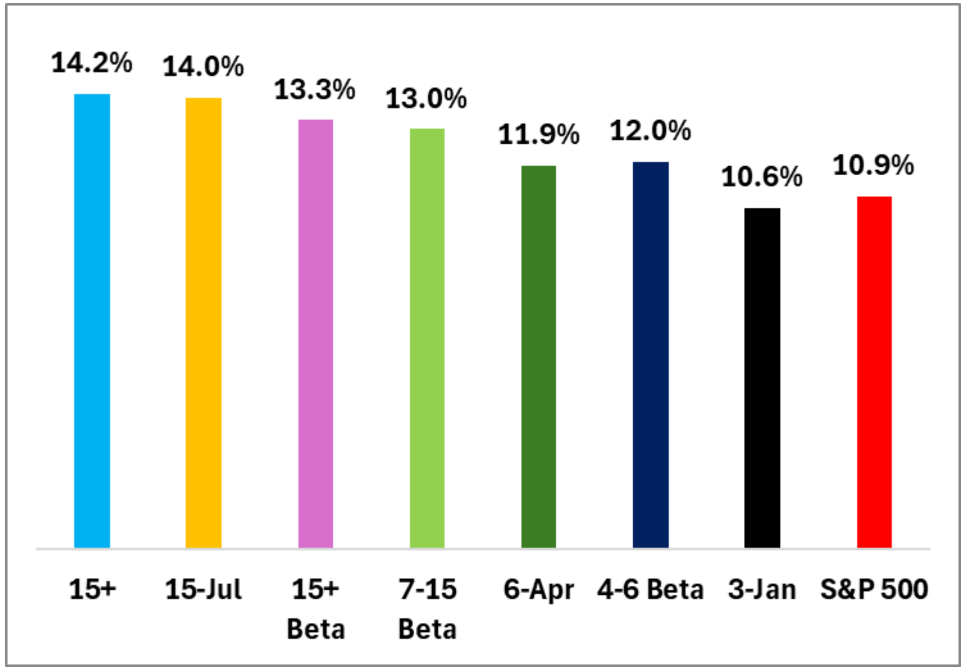


Growth of $1,000 1960-2024

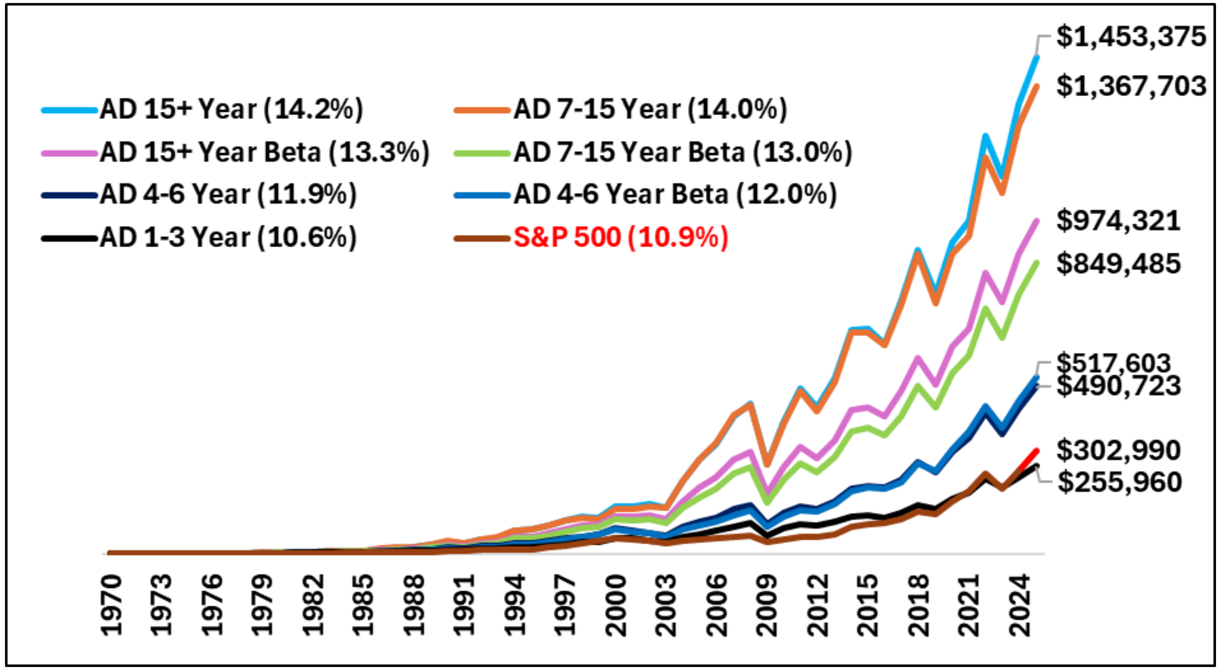


AD Growth Portfolios: 1970-2024

Annual Returns. 1970-2024

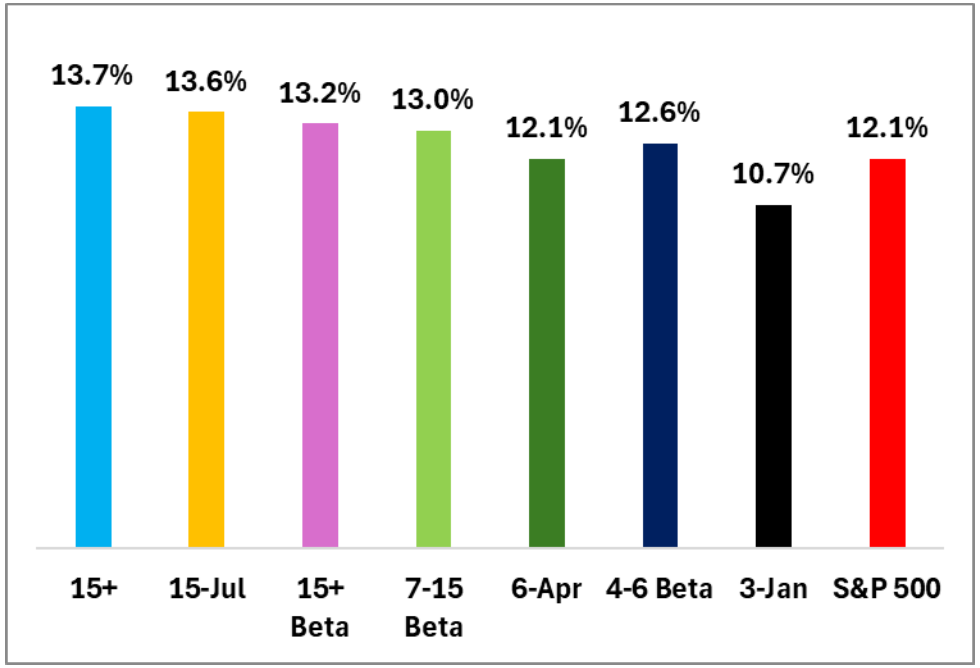


Growth of $1,000 1970-2024

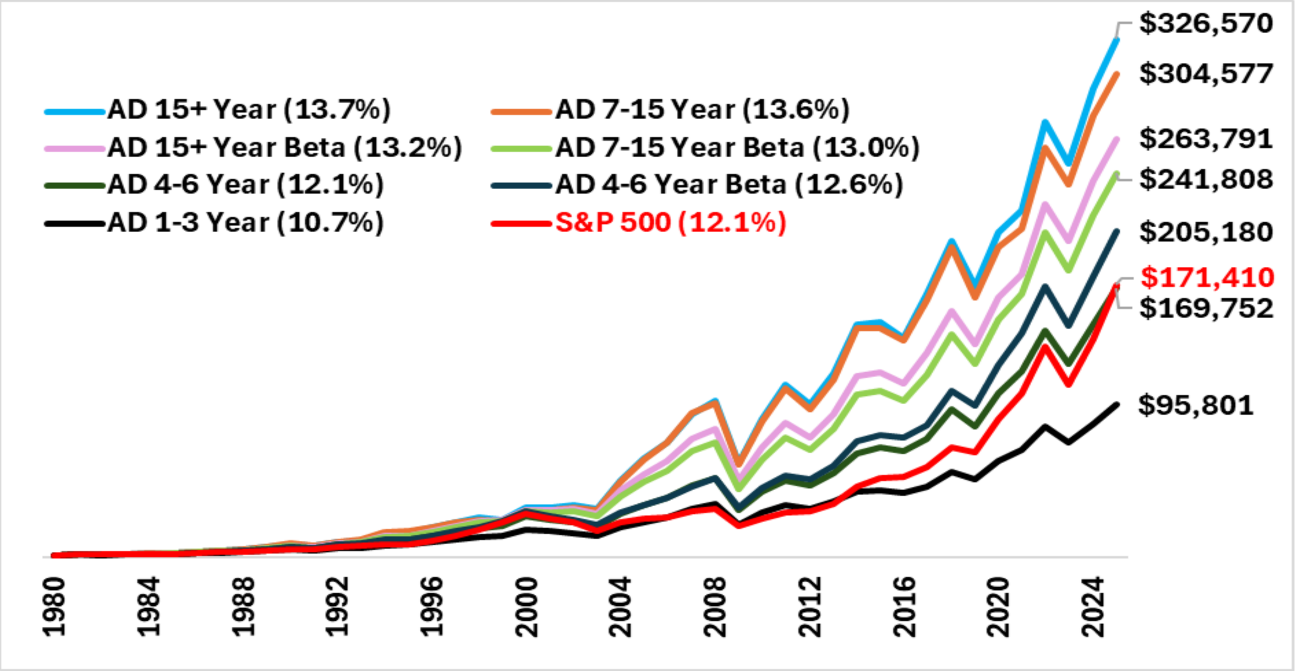


AD Growth Portfolios: 1980-2024

Annual Returns. 1980-2024

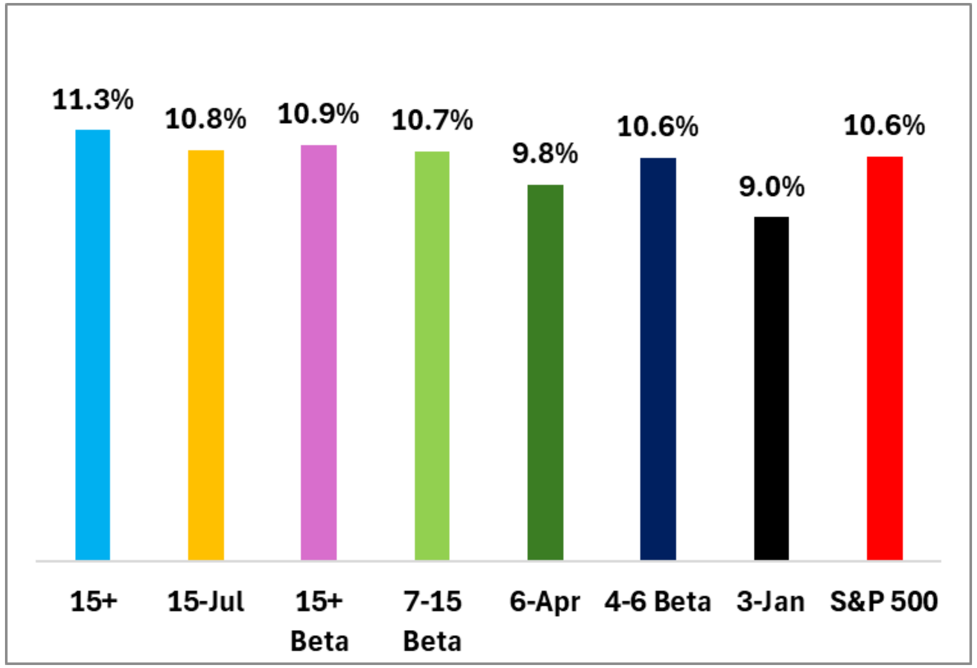


Growth of $1,000 1980-2024

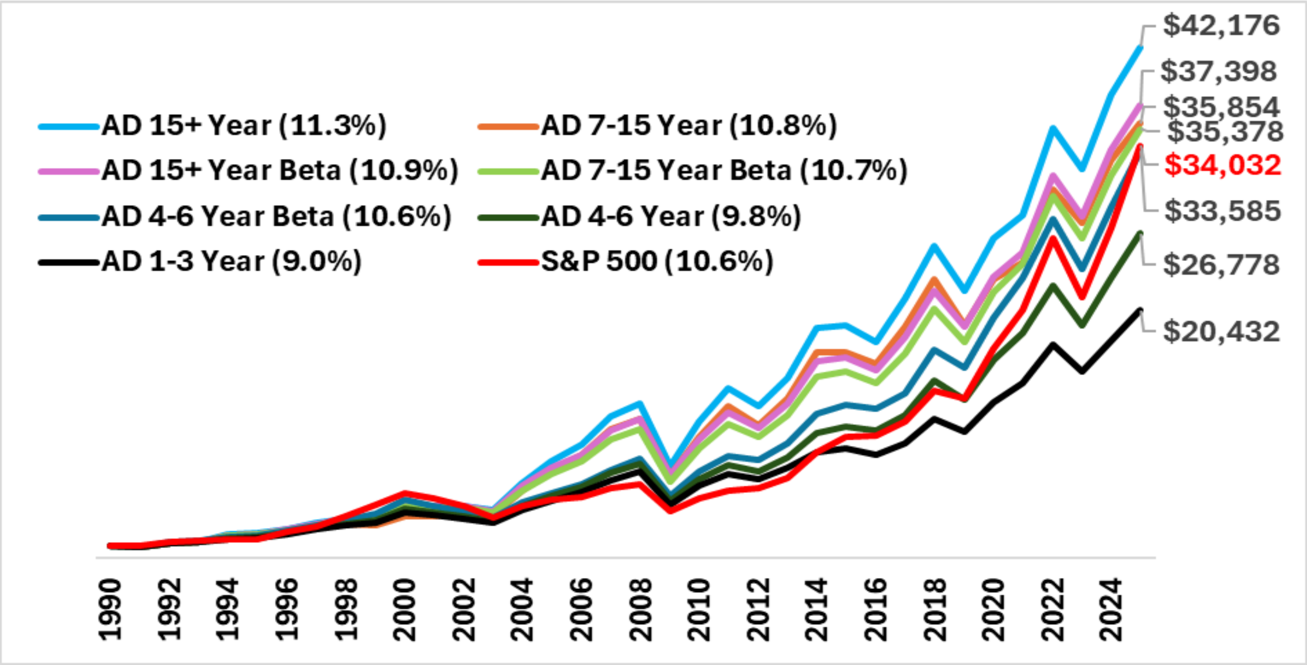


AD Growth Portfolios: 1990-2024

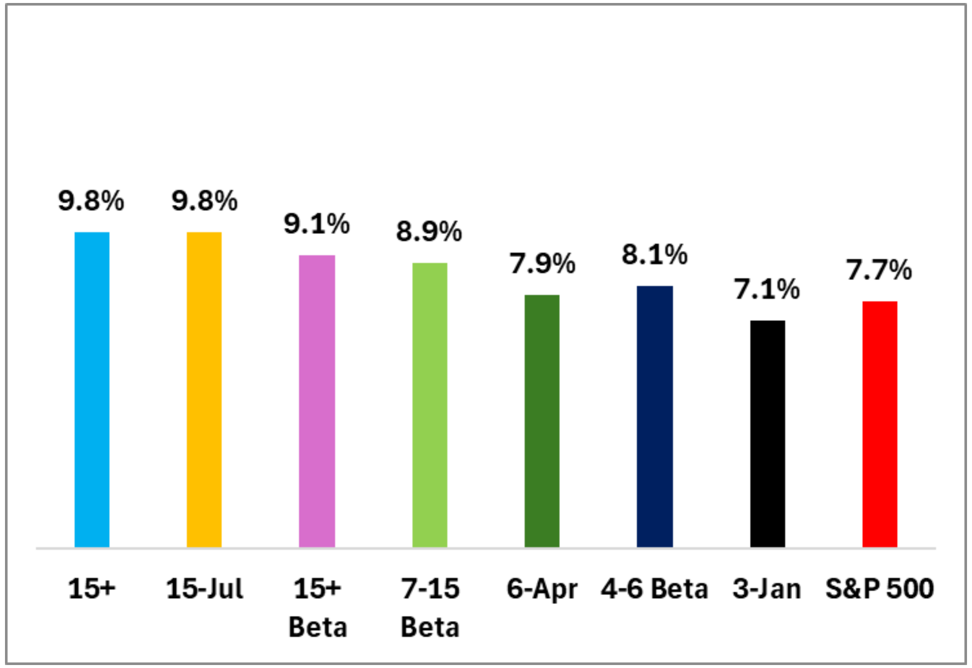
Annual Returns. 1990-2024



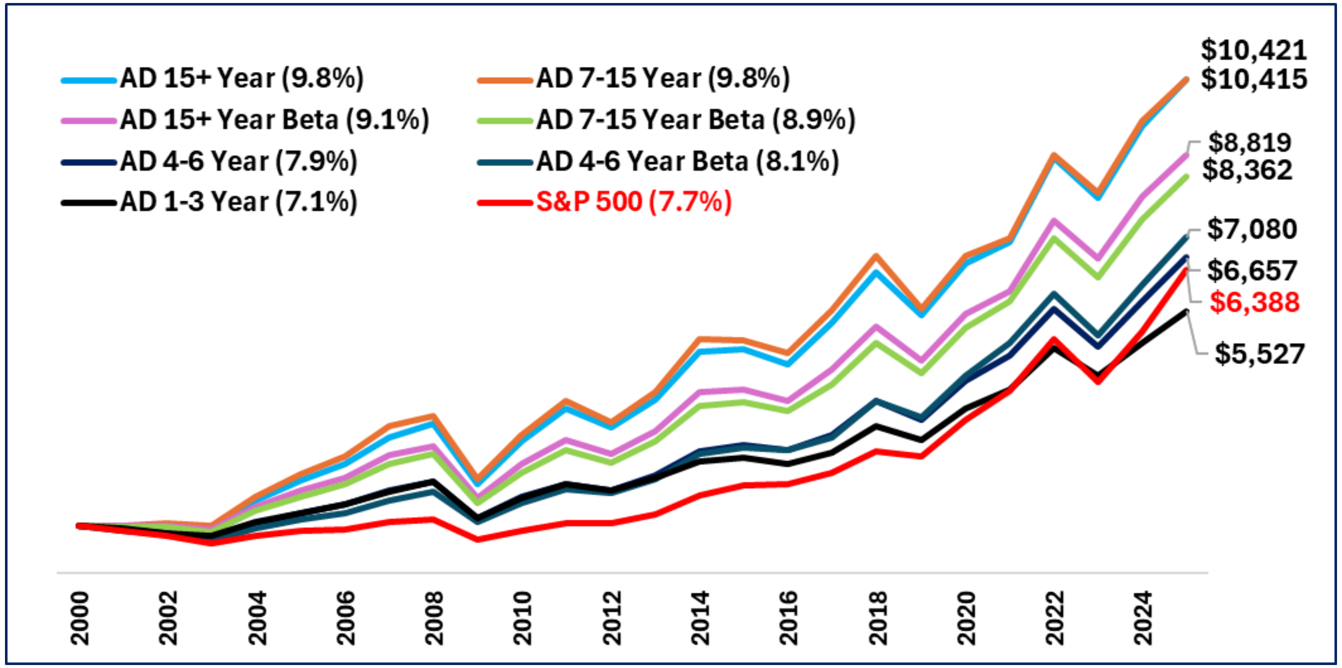
Growth of $1,000 1990-2024



AD Growth Portfolios: 2000-2024



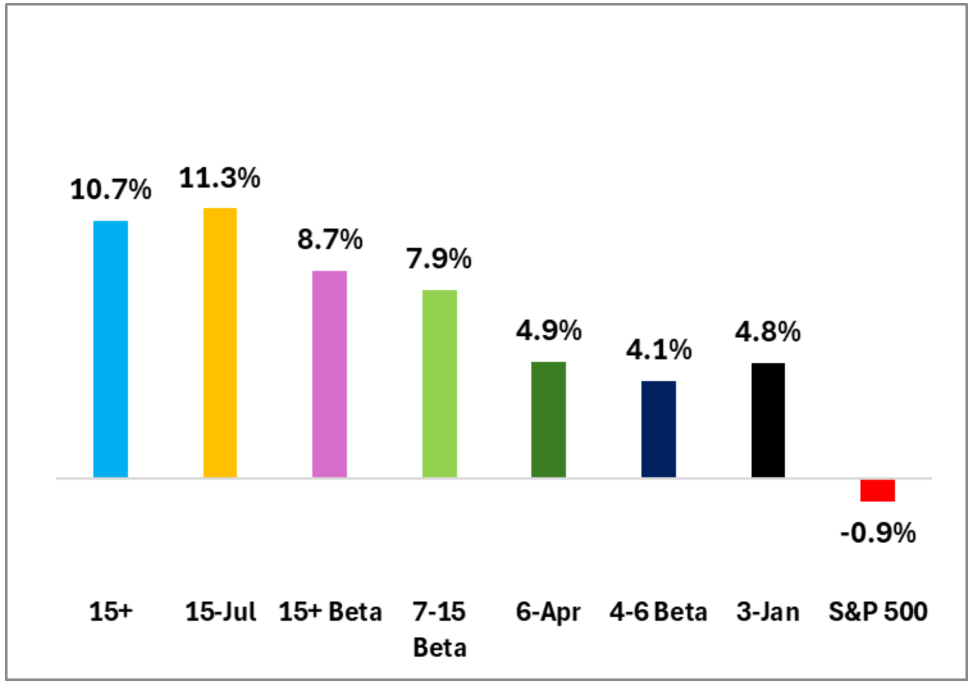
Annual Returns. 2000-2024



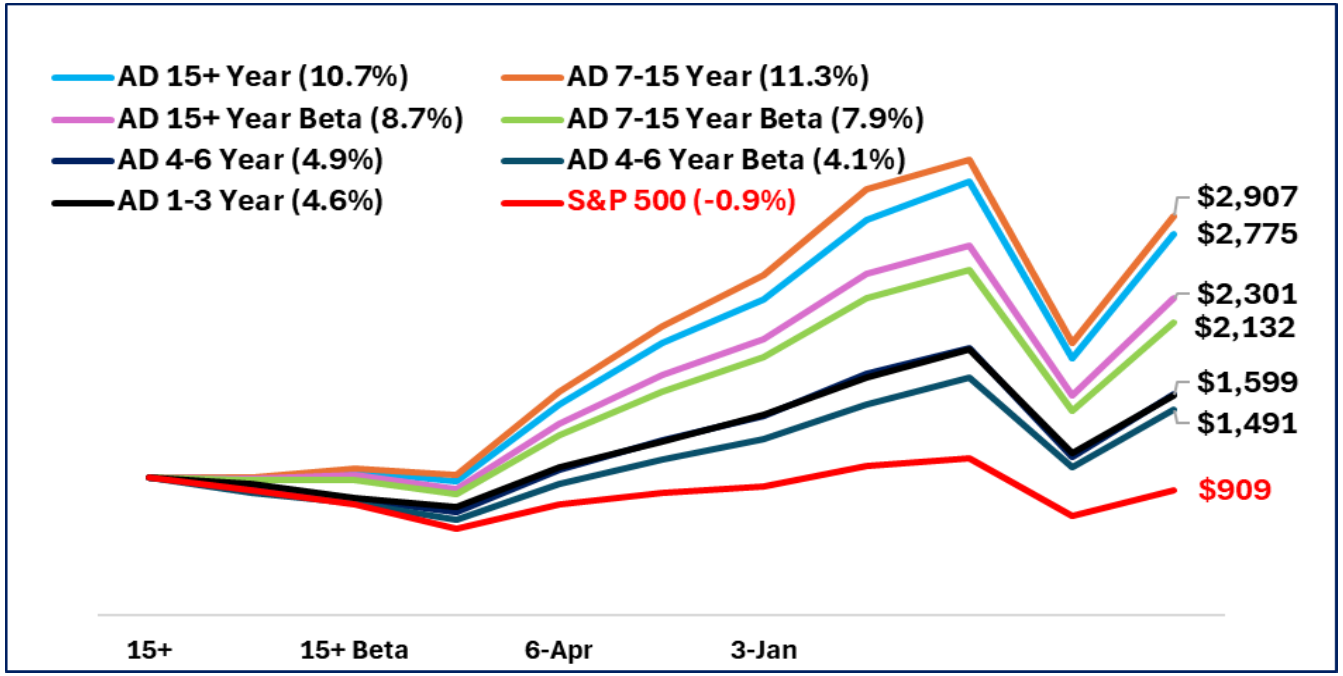
Growth of $1,000 2000-2024

AD Growth Portfolios: 2000-2009
(The “Lost Decade”)

Annual Returns. 2000-2009

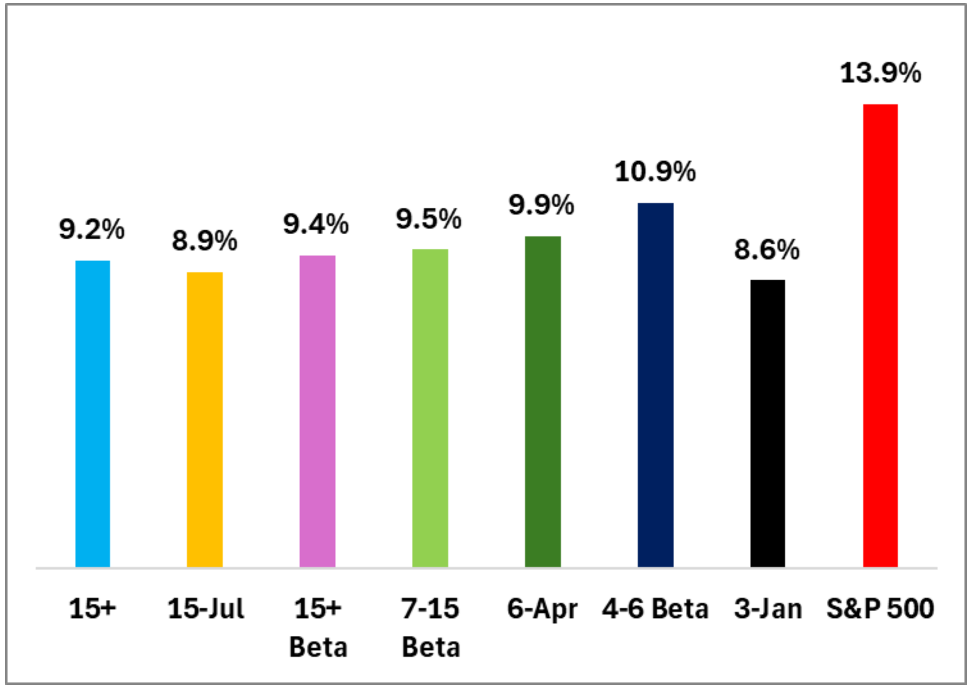


Growth of $1,000 2000-2009

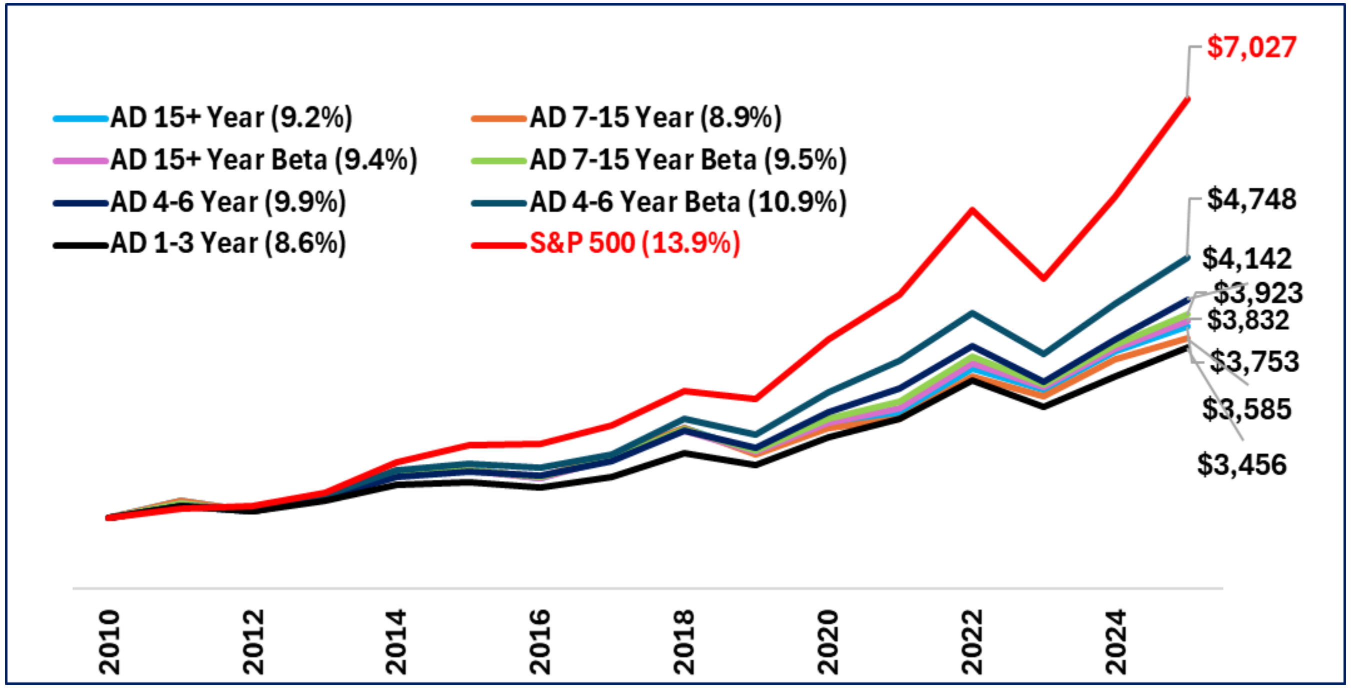


AD Growth Portfolios: 2010-2024

Annual Returns. 2010-2024



Growth of $1,000 2010-2024



Disclosures

About Asset Dedication

Asset Dedication LLC is an SEC-registered investment advisor located in San Francisco, California. Asset Dedication LLC and its investment adviser representatives are in compliance with the current registration and/or notice filing requirements imposed upon SEC-registered advisors by those states in which we maintain clients. Asset Dedication LLC may only transact business in those states in which it is notice filed, or qualifies for an exemption or exclusion from notification requirements.

Past Performance

Past performance is not indicative of future results. Therefore, no current or prospective client should assume that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Asset Dedication LLC) made reference to directly or indirectly by Asset Dedication LLC in its website, or indirectly via a link to an unaffiliated third-party website, will be profitable or equal the corresponding indicated performance level(s).

Risk

Different types of investments and/or investment strategies involve varying levels of risk, and there can be no assurance that any specific investment or investment strategy will be either suitable or profitable for a client's or prospective client's portfolio and may result in a loss of principal. Data for this presentation was obtained from what Asset Dedication believes to be reliable sources but has not independently verified via any separate investigation.

Questions?

Visit Asset Dedication for additional articles

Email info@assetdedication.com

for more information