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News Release

Global Investment Returns Yearbook 2024 – leveraging deep history to navigate the future

London, February 28, 2024 – The Global Investment Returns Yearbook now in its 25th year is the authoritative guide to historical long-run returns. Launched today by UBS Investment Bank and UBS Global Wealth Management's Chief Investment Office, this edition demonstrates the combined strength of UBS and Credit Suisse as the integration of the two banks progresses, and also marks the continuity of a longstanding partnership with the authors, Professor Paul Marsh and Dr Mike Staunton of London Business School and Professor Elroy Dimson of Cambridge University.

This year's edition of the Global Investment Returns Yearbook covers the following key themes:

- Since 1900, equities have outperformed bonds, bills and inflation in all 21 markets for which the Yearbook has a continuous history. Equities have dominated bonds, while bonds have outperformed treasury bills. The same held true for the rest of the 35 Yearbook markets with start dates after 1900.
- The US market now accounts for a staggering 60.5% of total world investable equity market value, dominating Japan (ranked in second place at 6.2%), the UK (third at 3.7%) and Mainland China (2.8%).
- The majority of long-run asset returns are earned during easing cycles. From 1914 to 2023, US markets were in a rising interest rate mode 45% of the time and in a falling mode 55% of the time. The annualized return on US stocks and bonds was 9.4% and 3.6% during easing cycles, compared with just 3.6% and -0.3% during hiking cycles. UK data since 1930 reveals a similar pattern.
- While currencies fluctuate considerably, since 1900, real exchange rate changes have largely reflected relative inflation rates. Most currencies weakened against the US dollar, and only a couple (most notably the Swiss franc) proved perceptibly stronger.
- Markets have transitioned from a low-return world to a higher return world thanks to a sharp increase in the real rate of interest and poor returns back in 2022. Long-run projected returns on stocks and bonds are now some two percentage points higher than two years ago.
- Premiums from factors such as size, value and momentum have experienced long drawdowns. Factors will stay important in explaining returns, but it is unclear whether they will generate future premiums.
- Based on long-run evidence from 1900 for the US and 1860 for the UK, investment grade corporate bonds have offered a significant credit risk premium over equivalent government bonds of around one percentage point per year. The premium from high-yield bonds is some two percentage points higher than this.

The re-emergence of inflation and associated central bank monetary response has meant an historical perspective has been crucial to navigate the investment landscape successfully. The Yearbook provides a rich framework for addressing contemporary issues through the lens of financial history, with this year's focus chapter presenting long-run evidence on corporate bonds and the credit premium.

Dan Dowd, Head of Global Research & Evidence Lab at UBS Investment Bank, said: "Through the acquisition of Credit Suisse, we have created an organization that is stronger than ever before, and better positioned to deliver leading expertise and insights to even more clients. We're incredibly proud to continue the collaboration with the professors and deliver a body of work that carries deep relevance for clients across the firm, helping them navigate the investment challenges and opportunities that 2024 presents."

Mark Haefele, Chief Investment Officer at UBS Global Wealth Management, said: "The Global Investment Returns Yearbook is an authoritative guide to historic asset class performance, and it's only by looking at the rise and fall of various asset classes over time that you can truly understand the importance of diversification and the full value of a disciplined asset allocation approach."

Professor Paul Marsh at London Business School, said: "As markets transition to more "normal" interest rates and levels of inflation, this is the time to reflect on what to expect for the future. The Yearbook provides the historical evidence and perspective needed to underpin future investment strategy."

Links

<https://www.ubs.com/global/en/investment-bank/in-focus/research-focus.html>

About the Global Investment Returns Yearbook

The Global Investment Returns Yearbook is the authoritative guide to historical long-run returns. Most recently published by UBS in collaboration with the London Business School, and prior to this the Credit Suisse Research Institute, it covers all the main asset categories in 35 markets. Most of these markets, as well as the world index have 124 years of data since 1900.

About UBS

UBS is a leading and truly global wealth manager and the leading universal bank in Switzerland. It also provides diversified asset management solutions and focused investment banking capabilities. With the acquisition of Credit Suisse, UBS manages 5.7 trillion dollars of invested assets as per fourth quarter 2023. UBS helps clients achieve their financial goals through personalized advice, solutions and products. Headquartered in Zurich, Switzerland, the firm is operating in more than 50 markets around the globe. UBS Group shares are listed on the SIX Swiss Exchange and the New York Stock Exchange (NYSE).

About London Business School

London Business School's vision is to have a profound impact on the way the world does business and the way business impacts the world. The School is consistently ranked among the best business schools globally and is widely acknowledged as a centre for outstanding research.

As well as its highly ranked degree programmes, the School offers exceptional Executive Education and online programmes to business leaders from around the world.

London Business School has campuses in London and Dubai, and a presence in global business hubs like New York and Shanghai. The School equips its diverse student body with the tools needed to tackle today's business challenges and connects them with many of the world's leading thinkers.

The School has more than 53,000 alumni working in over 156 countries. Together, they are a community defined by a wealth of knowledge, business experience and worldwide networking opportunities.

London Business School's boasts more than 200 faculty members representing more than 30 countries. They cover seven subject areas: accounting, economics, finance, management science and operations, marketing, organisational behaviour and strategy and entrepreneurship.

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