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## Portfolio Strategy

# The Best and Worst Assets of the Decade

## A Decade of Rallies, Bubbles and Crashes across Assets

The past decade has seen a wide variety rallies, bubbles and crashes. Now that we're taking the first step into the new decade, we look at the performance of key assets (the same assets we looked at in [Can Inflation Be Hedged?](#)) to determine the winners and losers of the 2000's using a classic risk return approach. The assets we look at span equities, rates, commodities, real estate and currency.

We highlight the following results:

### Gold Is Highest Performing Asset

Out of all the assets we looked at, gold is the best performing in the decade, although also with reasonably high risk. It seems to fall ahead of recessionary periods (2000 and 2007). This decade for gold is in stark contrast to the previous 2 decades, where gold fell 56%.

### Developed Equity Behind Inflation

US & EAFE Equities finish as the flop of the group and actually lost money in real terms. The combined losses incurred during the bursting tech bubble and financial crisis were too much to overcome in the rallies of the mid 2000's and 2009.

### Treasuries, Hedge Funds, Gold Form Efficient Frontier

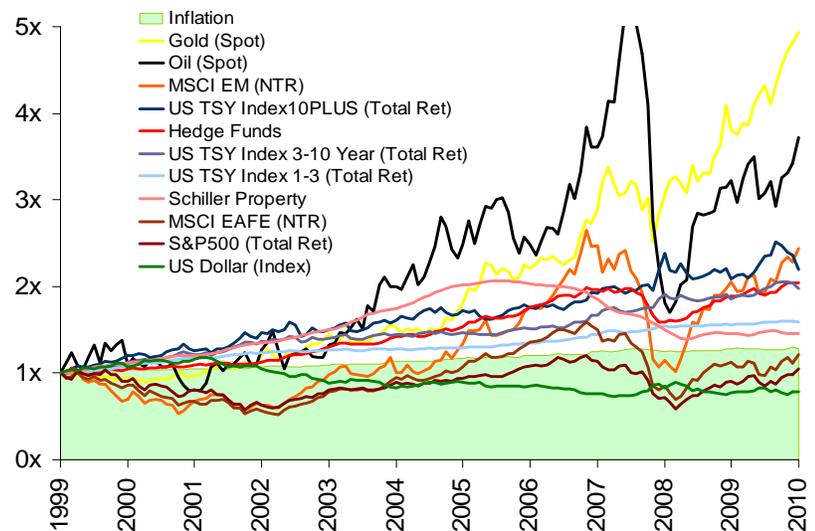
Looking at the risk-return trade-off for the group (exhibit 2), an efficient frontier from the period would sit close to US treasuries, hedge funds and gold – being the best investments for their realized volatility.

What's interesting is that while gold and treasuries are considered "conservative" assets, hedge funds have also had good returns for low risk. While Gold had high returns with quite high volatility (of 17%).

It's no surprise given it's also the cause of the credit crisis, that real properties were the highest risk, and one of the worst returning investments over the decade.

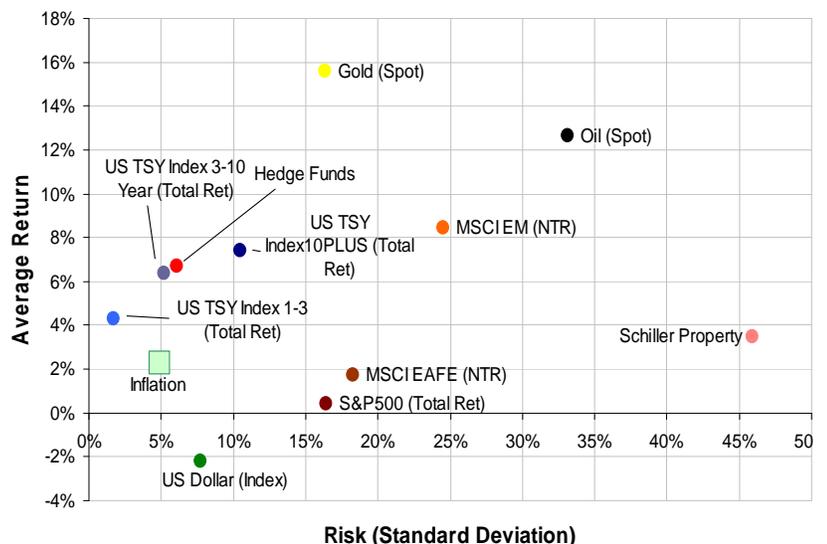
But only the dollar has fallen overall in the period.

Exhibit 1: 10-year asset performance sees gold and oil outperform.



Source: Credit Suisse – Portfolio Strategy

Exhibit 2: Efficient frontier shows best risk-return tradeoff.



Source: Credit Suisse – Portfolio Strategy

## More Analysis & Reports Online: EDGE website

- Our website Edge (<http://www.credit-suisse.com/edge>) contains many analytic tools for traders and PMs
- All Portfolio & Derivatives Strategy reports are available on Edge under Resources>Strategy Library
- You can also reach EDGE from the CS Research & Analytics site, on the Equities tab, under Further Analysis > EDGE (on the right-hand sidebar)

## Credit Suisse Portfolio Strategy

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