

Investment Managers Performance Cycle

CHRIS GRECO, CEO

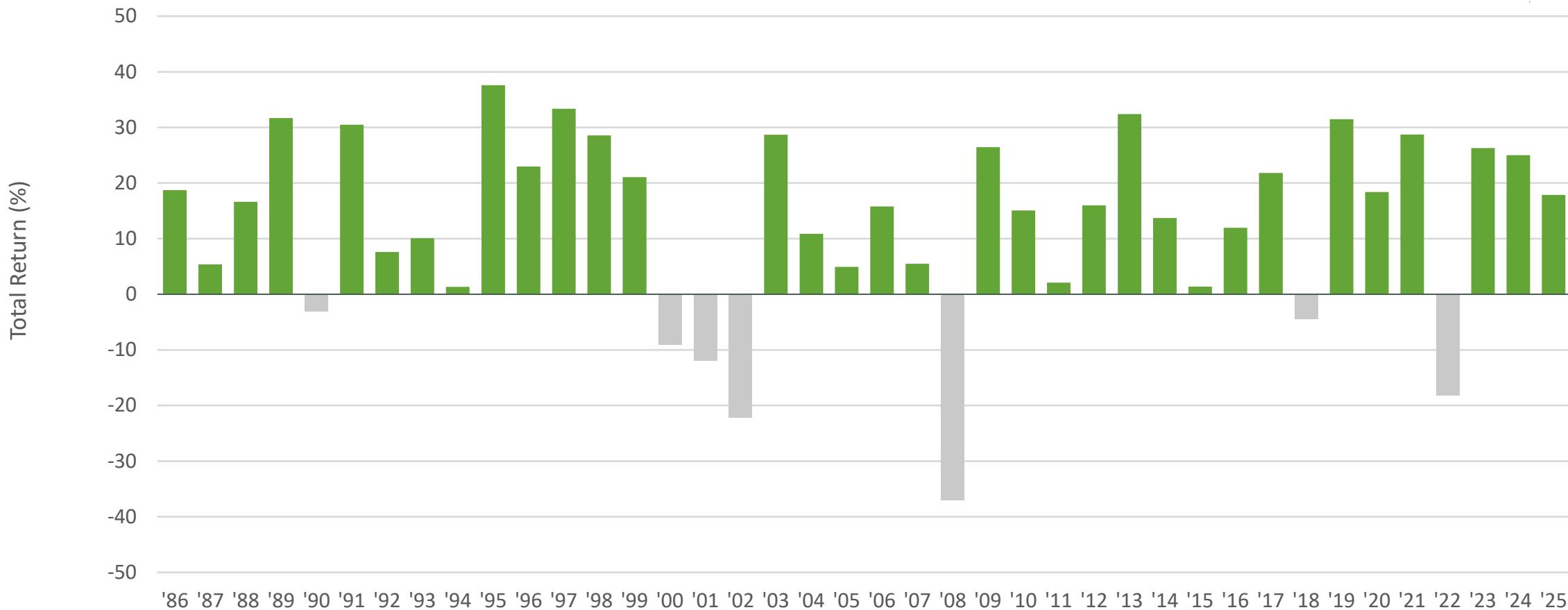


What is your Timeframe?

- Pension funds are invested for the long run
- Actuarial smoothing of 3 to 5 years
- Does the Fiscal Year result even matter?
- What is a market cycle for Manager evaluation?

S&P 500 Calendar Year Total Returns

Positive returns 33 out of 40 years



Source: Slickcharts; S&P 500 total return data, 1986–2025.

Asset Class Returns Over Time

The Callan Periodic Table of Investment Returns

Annual Returns for Key Indices Ranked in Order of Performance (2006–2025)

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Real Estate 42.12%	Emerging Market Equity 39.38%	U.S. Fixed Income 5.24%	Emerging Market Equity 78.51%	Small Cap Equity 26.85%	U.S. Fixed Income 7.84%	Real Estate 27.73%	Small Cap Equity 38.82%	Real Estate 15.02%	Large Cap Equity 1.38%	Small Cap Equity 21.31%	Emerging Market Equity 37.28%	Cash Equivalent 1.87%	Large Cap Equity 31.49%	Small Cap Equity 19.96%	Large Cap Equity 28.71%	Cash Equivalent 1.46%	Large Cap Equity 26.29%	Large Cap Equity 25.02%	Emerging Market Equity 33.57%
Emerging Market Equity 32.17%	Developed ex-U.S. Fixed Income 12.44%	Global ex-U.S. Fixed Income 4.39%	High Yield 58.21%	Real Estate 19.63%	High Yield 4.98%	Emerging Market Equity 18.23%	Large Cap Equity 32.39%	Large Cap Equity 13.69%	U.S. Fixed Income 0.55%	High Yield 17.13%	Developed ex-U.S. Fixed Income 24.21%	U.S. Fixed Income 0.01%	Small Cap Equity 25.52%	Large Cap Equity 18.40%	Real Estate 26.09%	High Yield -11.19%	Developed ex-U.S. Equity 17.94%	Small Cap Equity 11.54%	Developed ex-U.S. Equity 31.85%
Developed ex-U.S. Equity 25.71%	Global ex-U.S. Fixed Income 11.03%	Cash Equivalent 2.06%	Real Estate 37.13%	Emerging Market Equity 18.88%	Global ex-U.S. Fixed Income 4.36%	Developed ex-U.S. Fixed Income 16.41%	Developed ex-U.S. Fixed Income 21.02%	U.S. Fixed Income 5.97%	Cash Equivalent 0.05%	Large Cap Equity 11.96%	Large Cap Equity 21.83%	High Yield -2.08%	Developed ex-U.S. Fixed Income 22.49%	Emerging Market Equity 18.31%	Small Cap Equity 14.82%	U.S. Fixed Income -13.01%	Small Cap Equity 16.93%	High Yield 8.19%	Large Cap Equity 17.88%
Small Cap Equity 18.37%	U.S. Fixed Income 6.97%	High Yield -26.16%	Developed ex-U.S. Equity 33.67%	High Yield 15.12%	Large Cap Equity 2.11%	Small Cap Equity 16.35%	High Yield 7.44%	Small Cap Equity 4.89%	Real Estate -0.79%	Emerging Market Equity 11.19%	Small Cap Equity 14.65%	Global ex-U.S. Fixed Income 21.91%	Real Estate -2.15%	Developed ex-U.S. Fixed Income 12.62%	Developed ex-U.S. Equity -14.29%	High Yield 13.44%	Emerging Market Equity 7.50%	Small Cap Equity 12.81%	
Large Cap Equity 15.79%	Large Cap Equity 5.49%	Small Cap Equity -33.79%	Small Cap Equity 27.17%	Large Cap Equity 15.06%	Cash Equivalent 0.10%	Large Cap Equity 16.00%	Real Estate 3.67%	High Yield 2.45%	Developed ex-U.S. Equity -3.04%	Real Estate 4.06%	Large Cap Equity 10.51%	Large Cap Equity -4.38%	Emerging Market Equity 18.44%	Developed ex-U.S. Equity 7.59%	Large Cap Equity 5.28%	Emerging Market Equity -18.11%	Cash Equivalent 9.83%	Real Estate 5.25%	Real Estate 9.58%
High Yield 11.85%	Cash Equivalent 5.00%	Large Cap Equity -37.00%	Large Cap Equity 26.47%	Small Cap Equity 8.95%	High Yield -4.18%	Small Cap Equity 15.81%	Cash Equivalent 0.07%	Cash Equivalent 0.03%	Small Cap Equity -4.41%	Developed ex-U.S. Equity 2.75%	Real Estate 10.36%	Real Estate -5.63%	High Yield 14.32%	U.S. Fixed Income 7.51%	Cash Equivalent 0.05%	Global ex-U.S. Fixed Income -18.70%	Real Estate 9.67%	Developed ex-U.S. Equity 4.70%	Global ex-U.S. Fixed Income 8.85%
Global ex-U.S. Fixed 8.16%	High Yield 1.87%	Developed ex-U.S. Equity -43.56%	Global ex-U.S. Fixed Income 7.53%	U.S. Fixed Income 6.54%	Real Estate -6.46%	U.S. Fixed Income 4.21%	U.S. Fixed Income -2.02%	Emerging Market Equity -2.19%	High Yield -4.47%	U.S. Fixed Income 2.65%	High Yield 7.50%	Small Cap Equity -11.01%	U.S. Fixed Income 8.72%	High Yield 7.11%	U.S. Fixed Income -1.54%	Emerging Market Equity -20.09%	Global ex-U.S. Fixed Income 5.72%	U.S. Fixed Income 1.25%	High Yield 8.62%
Cash Equivalent 4.85%	Small Cap Equity -1.57%	Real Estate -48.21%	U.S. Fixed Income 5.93%	Global ex-U.S. Fixed Income 4.95%	Developed ex-U.S. Equity -12.21%	Emerging Market Equity 4.09%	Global ex-U.S. Fixed Income -2.60%	Global ex-U.S. Fixed Income -3.09%	Global ex-U.S. Fixed Income 1.49%	U.S. Fixed Income 3.54%	Developed ex-U.S. Fixed Income 5.09%	Global ex-U.S. Fixed Income 0.67%	Cash Equivalent -2.54%	Emerging Market Equity -20.44%	Small Cap Equity 5.53%	U.S. Fixed Income 0.94%	Real Estate 7.30%	U.S. Fixed Income 4.18%	
U.S. Fixed Income 4.33%	Real Estate -7.39%	Emerging Market Equity -53.33%	Cash Equivalent 0.21%	Cash Equivalent 0.13%	Emerging Market Equity -18.42%	Cash Equivalent 0.11%	Global ex-U.S. Fixed Income -3.08%	Developed ex-U.S. Equity -4.32%	Emerging Market Equity -14.92%	Cash Equivalent 0.33%	Emerging Market Equity 0.86%	Cash Equivalent 2.28%	Real Estate -9.04%	Global ex-U.S. Fixed Income -7.05%	Real Estate -25.10%	Cash Equivalent 5.01%	Global ex-U.S. Fixed Income -4.22%	Cash Equivalent 4.18%	

The Callan Periodic Table of Investment Returns conveys the strong **case for diversification** across asset classes (stocks vs. bonds), capitalizations (large vs. small), and equity markets (U.S. vs. global ex-U.S.). The Table highlights the uncertainty inherent in all capital markets. Rankings change every year. Also noteworthy is the difference between absolute and relative performance, as returns for the top-performing asset class span a wide range over the past 20 years.

A printable copy of *The Callan Periodic Table of Investment Returns* is available on our website at callan.com/periodic-table.

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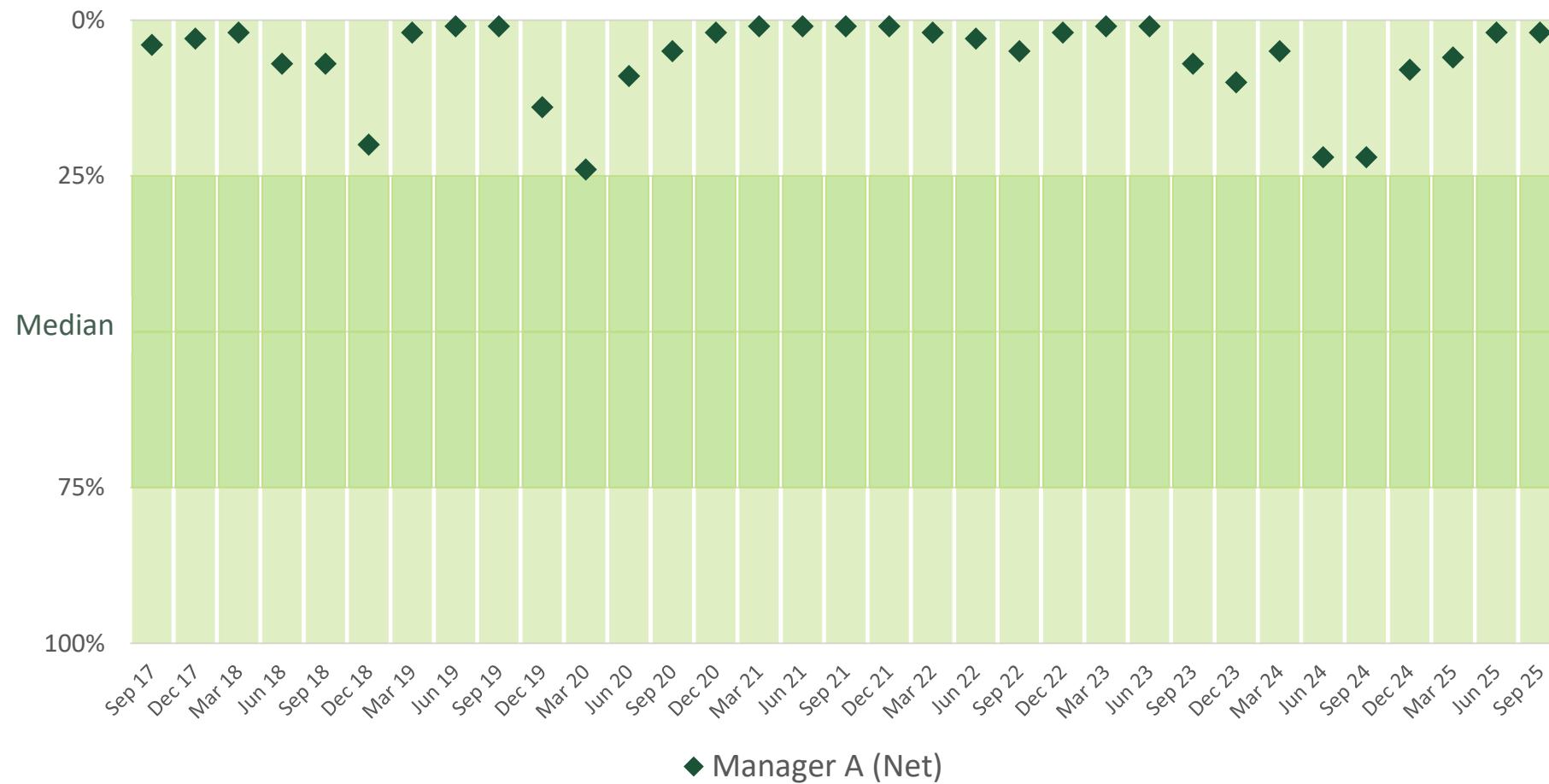
Performance Measurements

- 1,3,5,10-year performance vs benchmark
- 3- or 5-year rolling returns vs the peer universe
- Standard Deviation
- Upside capture
- Downside Capture

Question to ask:

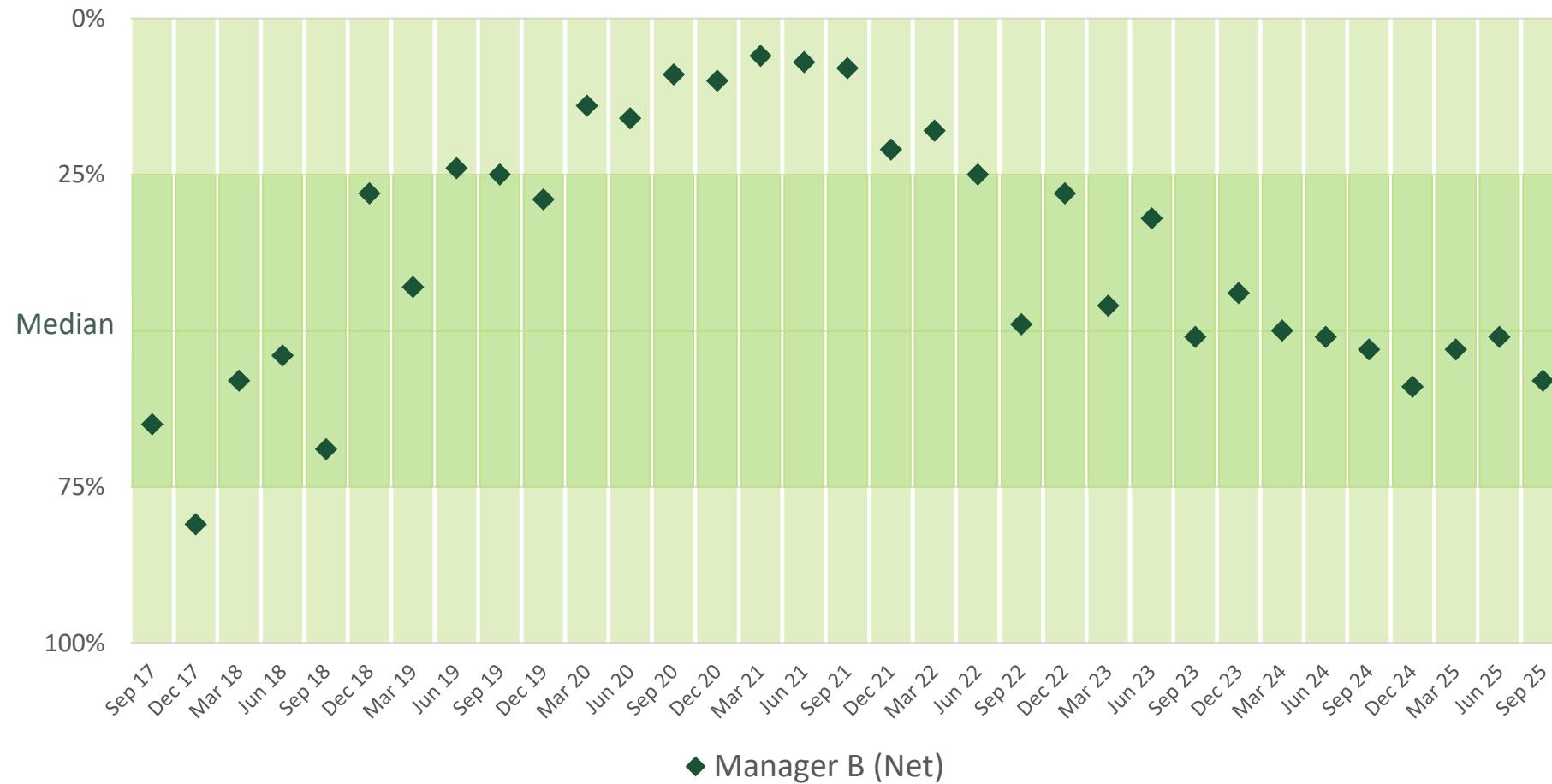
Have these relative measures changed over time?

Manager "A" Rolling 3 Year Rank



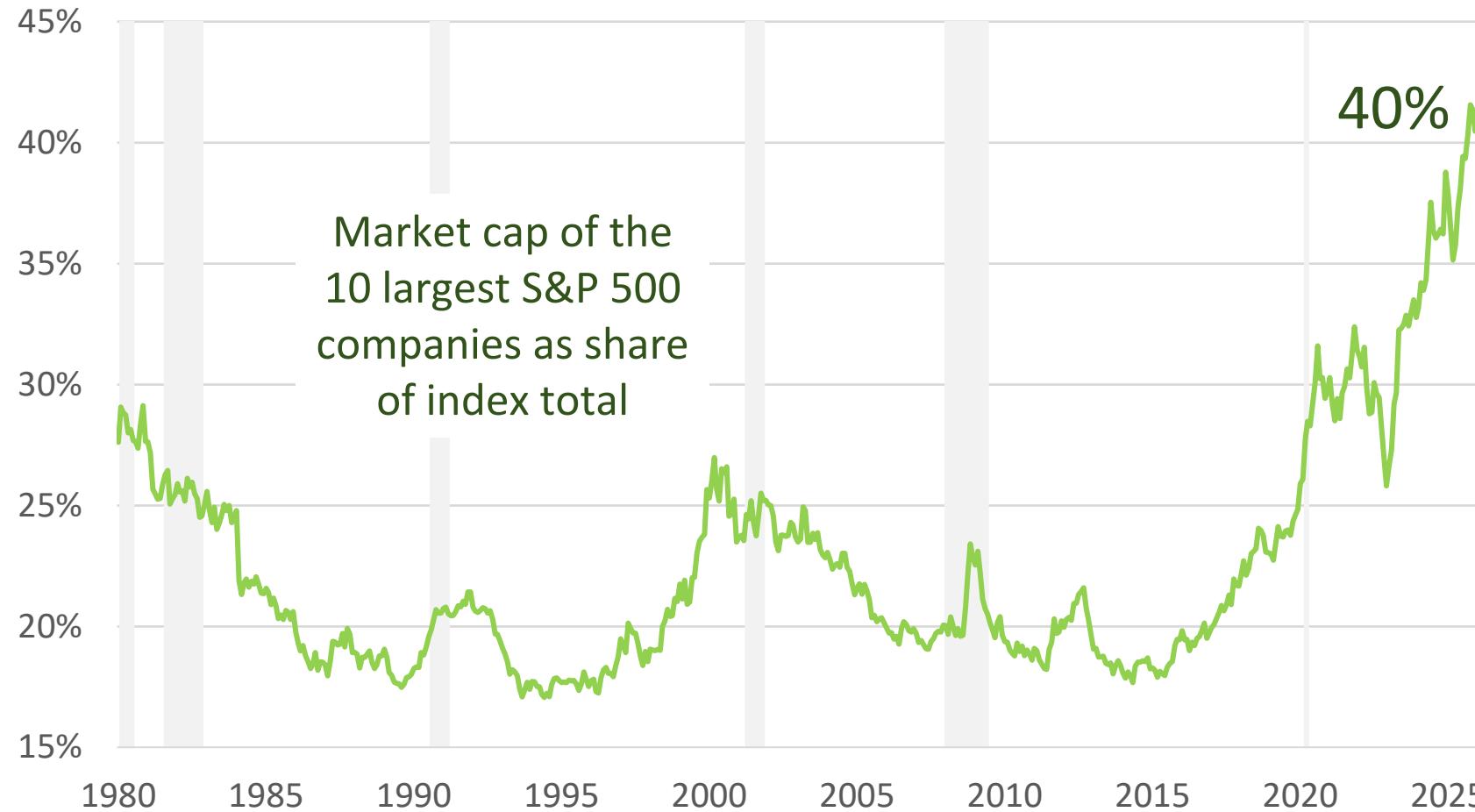
Source: eVestment. US Large Cap Core Equity Universe. The strategy shown herein represents the performance of a **hypothetical manager** and is provided for **illustrative and informational purposes only**. The performance returns illustrated in this commentary reflect the reinvestment of dividends, interest and capital gains. Performance is time-weighted total return calculated monthly.

Manager "B" Rolling 3 Year Rank



Source: eVestment. US Large Cap Core Equity Universe. The strategy shown herein represents the performance of a **hypothetical manager** and is provided for **illustrative and informational purposes only**. The performance returns illustrated in this commentary reflect the reinvestment of dividends, interest and capital gains. Performance is time-weighted total return calculated monthly.

Passive is now Aggressive



Source: FactSet, Compustat, Goldman Sachs Global Investment Research.

Questions to Ask your Manager

If you see a performance trending downward:

- Have any members of your investment team changed over the past 5 years?
- Has your firm ownership structure changed?
- Did the portfolio style change? Growth/Value or Large/Small cap
- Has the index changed its style or makeup?

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