NOT ALLOCATED in a MARKET CRASH

2008

Every fund and every fund category has its own level of risk. A host of statistical analysis, including beta, alpha, standard deviation, Sharpe ratio, and turnover can reasonably define these risks. However, **most investors ignore all fund risk factors and analysis until there is a large market correction**. During the most recent market crash (October 2007 – February 2009), not all funds and not all fund categories responded the same. The returns ranged from +8% to -53%! Here are the major fund categories, as defined by Thomson Reuters *InvestmentView*, and their response to the fourth largest correction as yet in American stock market history:

Investment Category	Return Oct-07 to Feb-09
US Government Agency	8.01%
US Treasury	5.91%
Bond – US Gov Short-Interm	1.33%
Bond – Muni National	-1.04%
Bond – General Inv-Grade	-4.07%
Bond – Mortgage	-4.26%
Bond – Global	-6.71%
Bond – Corp Inv-Grade	-7.08%
Bond – Corp High-Yield	-19.07%
Loan Participation	-20.38%
Health & Biotechnology	-26.46%
Allocated Portfolio *	-27.92%
Balanced	-28.67%
Precious Metals (Gold)	-29.15%
Utilities	-34.95%
Equity Income	-37.19%
Growth & Income	-37.44%
Bond - Convertible	-37.73%
Growth	-40.73%
S&P 500	-41.85%
Mid Cap	-42.22%
Small Cap	-42.82%
Technology	-43.04%
Global Equity	-43.09%
Energy	-43.17%
International Equity	-47.93%
Emerging Markets	-52.09%
Financial Service	-52.47%
Real Estate	-53.29%

Using an un-weighted allocation of all of these indexes would have produced a less painful loss of 27.92%. Remember, risk is real and allocation works!