

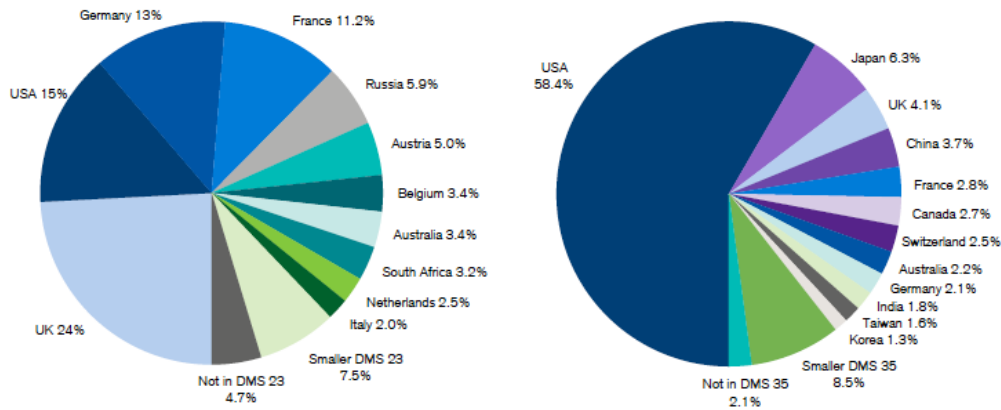
# Credit Suisse Global Investment Returns Yearbook 2023 Summary Edition

Leading perspectives to navigate the future

Elroy Dimson, Paul Marsh, Mike Staunton

...  
[p. 10]

**Figure 2: Relative sizes of world stock markets, end-1899 (left) versus start-2023 (right)**

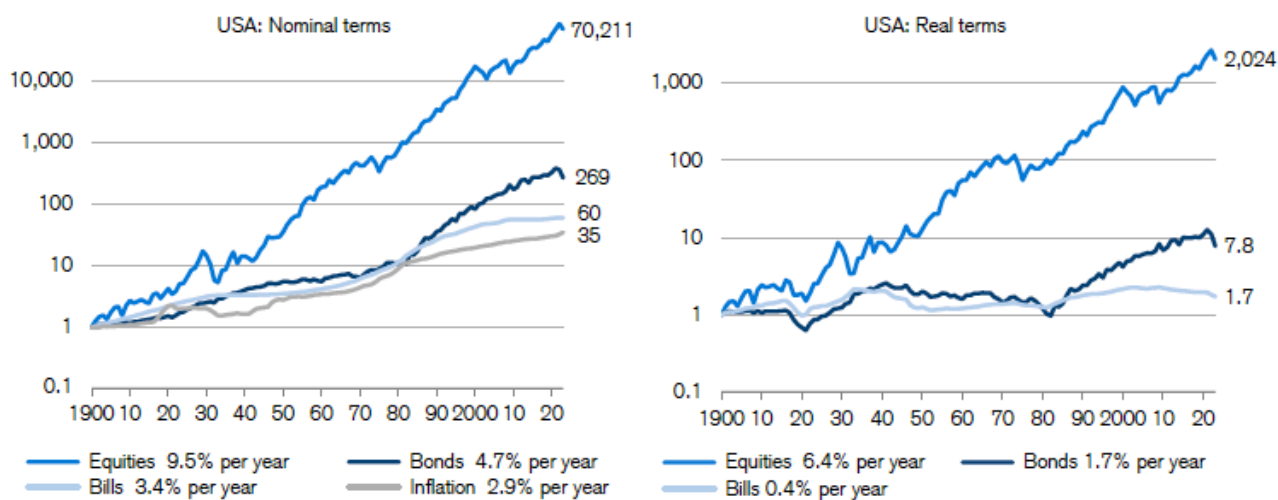


Sources: Elroy Dimson, Paul Marsh and Mike Staunton, DMS Database 2023, Morningstar; data for the right-hand chart from FTSE Russell All-World Index Series Monthly Review, December 2022. Not to be reproduced without express written permission from the authors.

10

...  
[p. 14]

**Figure 10: Cumulative returns on US and UK asset classes in nominal terms (left); real terms (right), 1900–2022**



...  
[p. 15]

Equities were the best-performing asset class everywhere. Furthermore, bonds outperformed bills in every country except Portugal. This overall pattern, of equities outperforming bonds and bonds beating bills, is what we would expect over the long haul since equities are riskier than bonds, while bonds are riskier than cash.

...  
[p. 16]

However, these are local currency real returns. As we show in Chapter 3, in common currency terms, US equities ranked second in the world (after Australia), while US bonds ranked fifth. This confirms our earlier conjecture that US returns would be high as the US economy has been such an obvious success story, making it unwise for investors around the world to base future projections solely on US evidence.

The 6.4% annualized real return on US equities contrasts with the 4.3% real USD return on the World-ex USA index. This difference of 2.1%, when compounded over 123 years, leads to a large difference in terminal wealth. A dollar invested in US equities in 1900 resulted in a terminal value of USD 2,024 in terms of real purchasing power

(see **Figure 10**). The same investment in stocks from the rest of the world gave a terminal value of USD 176, less than a tenth of the US value.

A common factor among the best-performing equity markets over the last 123 years is that they tended to be resource-rich and/or New World countries. The worst-performing markets were afflicted by international or civil wars.

### Long-run real equity returns

**Table 1** provides statistics on long-run real equity returns. The top panel shows the 21 countries and five composite indexes for which we have continuous histories from 1900 to 2022. The geometric means in the third column show the 123-year annualized returns and these are the