

# Quick Take: Benefits of Allocating to Low-Risk Equities

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## Low-Risk Equities Outperformed 60/40 during 2024

- While the traditional 60/40 portfolio has long been favored for stability, shifting market conditions have tested its reliance on bonds for diversification.
- In 2024, low-risk equities outperformed 60/40 with a similar level of risk. MSCI's World Minimum Volatility Index rose 11.5% versus 10.0% for a 60/40 mix of the MSCI World and FTSE World Government Bond indexes. (Top chart, left.)
- In addition, low-risk equities provided superior downside protection. During the July-August selloff, when MSCI World fell -8.2%, the Minimum Volatility index slipped only -1.0% versus -3.7% for 60/40.

## Enhancing Portfolios with Low-Risk Allocations

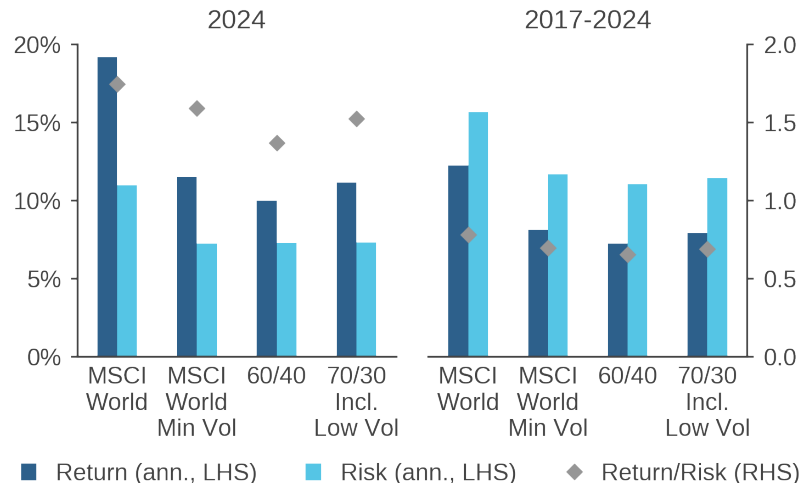
- We can illustrate the benefit of an allocation to low-risk stocks through a hypothetical 70/30 portfolio, where we shift 5% from cap-weighted equities and 10% from fixed income into MSCI World Minimum Volatility.
- Aiming to benefit from both risk-reducing and return-enhancing applications of low-risk equities would have paid off:

During 2024, this 70/30 mix delivered a higher return than a traditional 60/40 portfolio with the same level of risk. (Top and bottom charts.)

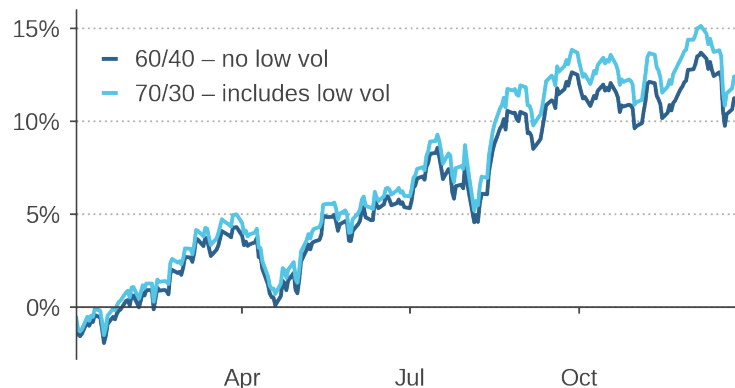
Moreover, this 70/30 portfolio produced higher risk-adjusted returns than 60/40 from 2017-2024, even as soaring equities made this a challenging period for low-risk investing. (Top chart, right.)

- This example highlights benefits of low-risk investing, which allow investors to increase their overall equity exposure whilst maintaining a similar level of risk.

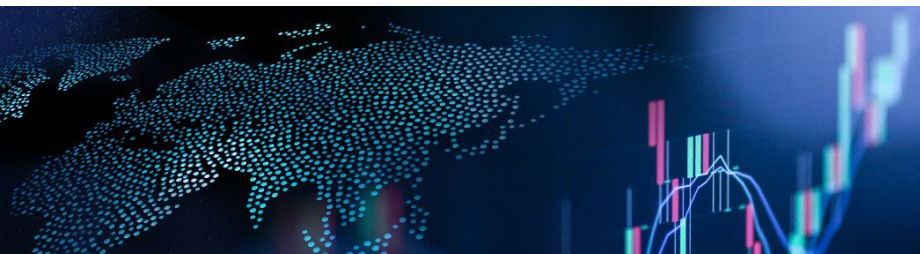
## Performance Comparison: Hypothetical Global Portfolios



## 2024: Cumulative Returns of Hypothetical Global Portfolios



60/40 refers to 60%/40% combination of MSCI World and FTSE World Govt Bond Indexes. 70/30 refers to 55%/15%/30% combination of MSCI World, MSCI World Min Vol, and FTSE WGBI. Sources for both charts: Acadian based on data from MSCI and FTSE. MSCI data copyright MSCI 2025. All Rights Reserved. Unpublished. PROPRIETARY TO MSCI. Exhibits are educational illustrative examples and do not represent investment returns of an actual portfolio. Every investment program has the opportunity for loss as well as profit. Past performance is no guarantee of future returns. It is not possible to invest in any index. For illustrative purposes only.



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