

PERSPECTIVES

Which Country Will Outperform? Here's Why It Shouldn't Matter.

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Investment opportunities exist all around the globe, but the randomness of global stock returns makes it exceedingly difficult to figure out which markets are likely to be outperformers. How should investors deal with this kind of uncertainty?

First, they should remember that it's challenging, at best, to predict a country's returns by looking at the past, as shown by the performance of global markets since 2005 (see **Exhibit 1**). In the past 20 years, annual returns in 22 developed markets varied widely from year to year. (Each color represents a different country, and each column is sorted top down, from the highest-performing country to the lowest.)

Exhibit 1

Most Favored Nations

Annual returns for developed markets, ranked (2005-2024)



ANNUALIZED RETURNS (%) 2005-2024

DNK	Denmark	11.2%	AUS	Australia	6.6%	FRA	France	4.7%	ESP	Spain	3.2%	IRL	Ireland	-0.6%
USA	USA	9.8%	CAN	Canada	6.5%	NZL	New Zealand	4.3%	FIN	Finland	2.7%	PRT	Portugal	-1.3%
NLD	Netherlands	7.5%	SWE	Sweden	6.0%	JPN	Japan	4.3%	ITA	Italy	1.6%			
SGP	Singapore	7.0%	HKG	Hong Kong	5.3%	GBR	United Kingdom	4.2%	BEL	Belgium	1.3%			
CHE	Switzerland	6.8%	DEU	Germany	5.3%	NOR	Norway	4.1%	AUT	Austria	0.8%			

Past performance is not a guarantee of future results.

In USD. MSCI country indices (net dividends) for each country listed. Does not include Israel, which MSCI classified as an emerging market prior to May 2010. MSCI data © MSCI 2025, all rights reserved.

Two examples help make the point well:

- New Zealand posted the highest developed markets return in 2019—but the lowest in

2021.

- The US ranked in the top two for annualized returns over the entire 20 years but finished first in the country rankings just once over that period. In eight calendar years, it was in the lower half of performers.

Investors can benefit from understanding that they don't need to predict which countries will deliver the best returns during the next quarter, next year, or next five years. Why? Holding equities from markets around the world—as opposed to those of a few countries or just one—positions investors to potentially capture higher returns where they appear, and outperformance in one market can help offset lower returns elsewhere. Put another way, a globally diversified portfolio can help provide more reliable outcomes over time.

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