Winners and losers since the GFC*:

A DECADE OF COUNTRY RETURNS (% $)

Past winners

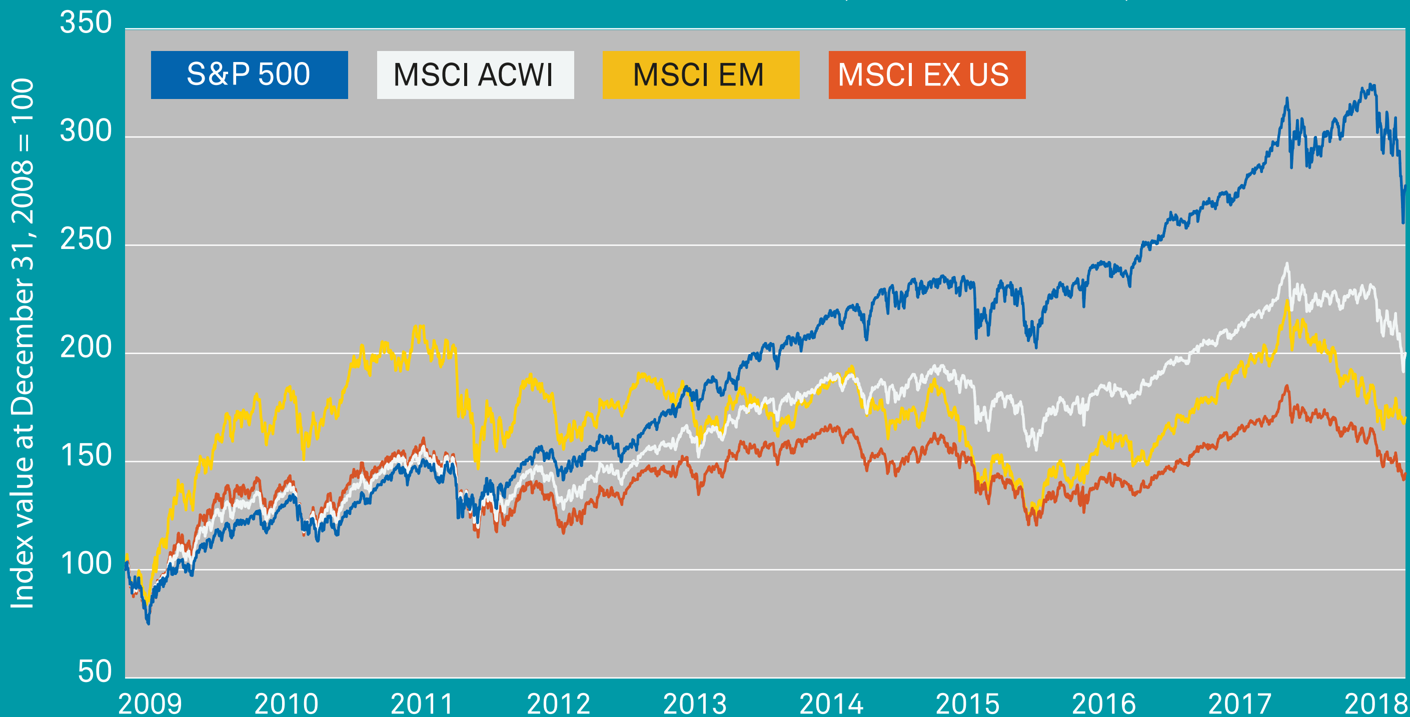
Country	Return
NEW ZEALAND	271%
THAILAND	271%
PHILIPPINES	261%
PAKISTAN	260%
INDONESIA	245%
DENMARK	191%
U.S.	178%
FINLAND	170%
NORWAY	168%
ARGENTINA	157%

Past losers

Country	Return
ITALY	-24%
KAZAKHSTAN	-26%
BAHRAIN	-26%
JORDAN	-31%
PORTUGAL	-39%
UKRAINE	-40%
BERMUDA	-43%
NIGERIA	-62%
GREECE	-86%
CYPRUS	-95%

Source: Oxford Metrica, December 31, 2018
* Global Financial Crisis.

U.S. EQUITIES VERSUS THE REST OF THE WORLD AND EMERGING MARKETS (US$ RETURNS)



Source: Oxford Metrica, December 31, 2018

Past performance is not indicative of future results.

A decade can feel like eternity in financial markets. It can be hard to remember the mood back in early 2009 when the Global Financial Crisis (GFC) first struck. There was talk of the end of capitalism and that many of our great financial institutions were potentially worthless. What we got, in my opinion, were revolutionary, well-coordinated responses from the world's central banks: first, the aggressive cutting of interest rates, followed by successive rounds of quantitative easing (QE). And it worked, to an extent. The world avoided a second great depression. Economies began to grow again, although that growth has been pretty anemic in some countries.

In my opinion we can draw three broad conclusions from the performance data in the 10 years since the end of 2008: 1) The winners have been those who suffered least from the banking crisis, or formulated strong policies to counter it; (2) The losers have been the ones with the weakest banks and/or the poorest policies; 3) Most markets saw a negative return in dollar terms.

And three implications for investors: 1) Think hard about how, where, when and why monetary policy is likely to change; 2) Avoid domestic bias – maintain a geographically diverse portfolio; and 3) Think hard about managing currency risk – and dollar exposure in particular.

Note: Country returns represent local market indices priced in USD. The returns are calculated as the total return between 12/31/08-12/31/18. Charts are provided for illustrative purposes and are not indicative of the past or future performance of any Dreyfus product. Investors cannot invest directly in an index.

Shamik Dhar, Chief Economist, BNY Mellon Investment Management

Index definitions:

S&P 500: The Standard & Poor's 500 is a US stock market index based on the market capitalizations of 500 large companies having common stock listed on the NYSE or NASDAQ. Its components and their weightings are determined by S&P Dow Jones Indices.

MSCI ACWI: The MSCI ACWI Index captures large and mid cap representation across 23 Developed Markets (DM) and 24 Emerging Markets (EM) countries. With 2,499 constituents, the index covers approximately 85% of the global investable equity opportunity set.

MSCI EM: The MSCI Emerging Markets Index (net of foreign withholding taxes) is a free float-adjusted market capitalization weighted index designed to measure the equity performance in the global emerging markets. The index consists of 23 MSCI emerging market national indices.

MSCI EX US: The Morgan Stanley Capital International All Country World ex U.S. Free Index is a free float-adjusted market capitalization weighted index that is designed to track the performance of both developed and emerging market countries, excluding the United States. The index consists of 48 MSCI national market indices. MSCI Free Indices reflect investable opportunities for global investors by taking into account local market restrictions on share ownership by foreigners.

All investments involve risk, including the possible loss of principal.

Equities are subject to market, market sector, market liquidity, issuer, and investment style risks to varying degrees.

Diversification cannot assure a profit or protect against loss.

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