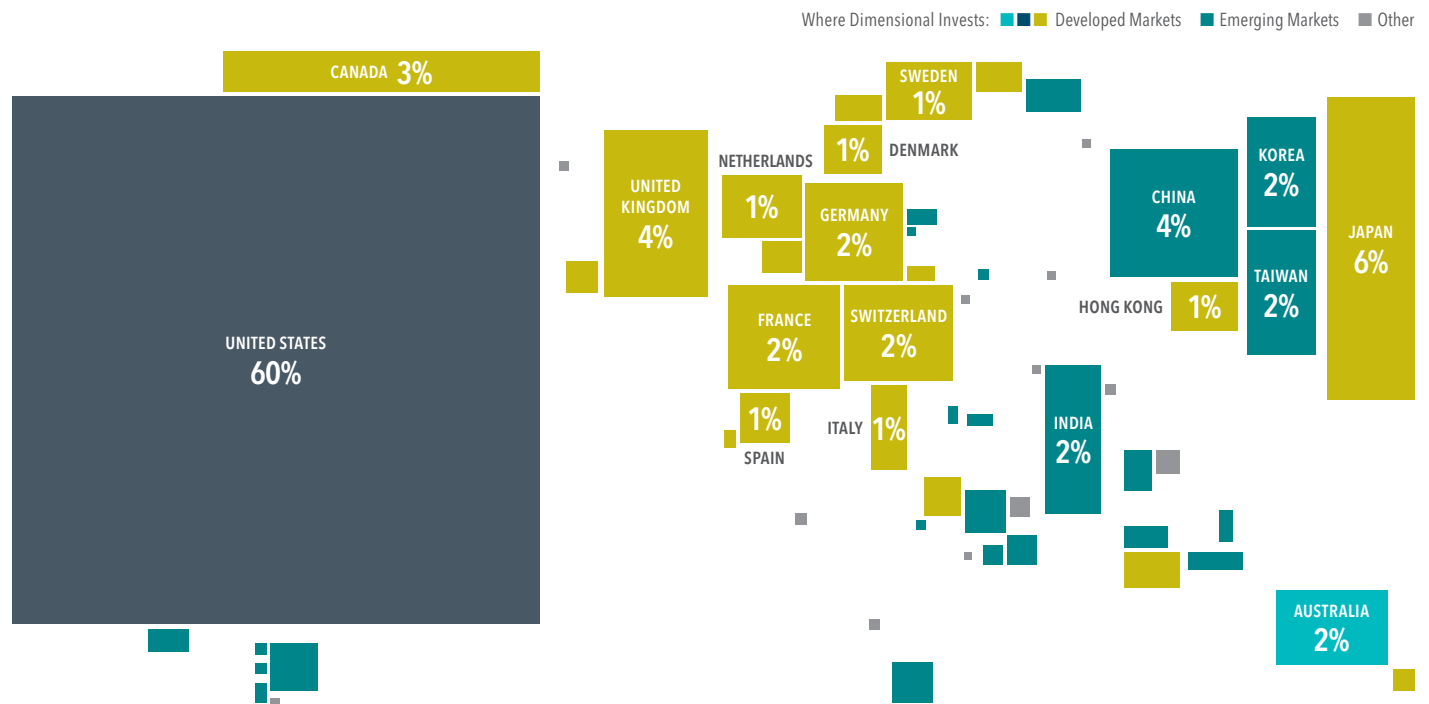


# Global Diversification Can Make a World of Difference

PERCENT OF WORLD EQUITY MARKET CAPITALISATION<sup>1</sup>  
as at 31 December 2021



## BY ASSET CLASS

<b>Australia</b> - 644 companies - \$2 trillion - 2% of world market cap	<b>United States</b> - 4,013 companies - \$72 trillion - 60% of world market cap	<b>Developed ex US &amp; Australia</b> - 6,852 companies - \$31 trillion - 26% of world market cap	<b>Emerging</b> - 9,250 companies - \$14 trillion - 12% of world market cap	<b>Other</b> - 1,731 companies - \$626 billion - 0.5% of world market cap
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Investors all around the world tend to overweight their home markets, but investors who ignore other global markets may miss out on a wealth of opportunity.

- Stocks of roughly 21,000 companies trading outside of Australia represent around 98% of the world's nearly \$120 trillion equity market.
- When determining where to invest, a country's size, population, or gross domestic product may not be a primary consideration. Japan, for instance, is relatively small in landmass but accounts for 6% of the world's equity market value, representing more than 2,500 companies, including familiar names like Toyota and Sony. Even a tiny country like Switzerland is home to publicly traded giants like Nestlé and two of the world's biggest pharmaceutical firms.
- A strategy focused on global diversification captures returns from thousands of companies around the globe and can potentially offset weak performance in one market with stronger returns elsewhere.

*Investing in multiple countries can deliver more reliable outcomes over time, helping investors stay on track toward achieving their long-term goals.*

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1. In AUD. Market cap data is free-float adjusted and meets minimum liquidity and listing requirements. Dimensional makes case-by-case determinations about the suitability of investing in each emerging market, making considerations that include local market accessibility, government stability and property rights before making investments. China A-shares that are available for foreign investors through the Hong Kong Stock Connect program are included in China. 30% foreign ownership limit and 25% inclusion factor are applied to China A-shares. Many nations not displayed. Totals may not equal 100% due to rounding. For educational purposes; should not be used as investment advice. Data provided by Bloomberg.

**Diversification neither assures a profit nor guarantees against loss in a declining market.**

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