

Benchmarks and Indexes

You want an above-average performance from your investments. But what's average?

Here are key market benchmarks and indexes against which to measure performance:

Dow Jones Industrial Average

This century-old benchmark usually called "the Dow" is the world's most widely followed market average. It's not representative—it tracks only 30 big, well-known, wealthy U.S. corporations. Use it only to guide you in the overall direction of the market.

S&P 500 from Standard & Poor's

It's a far more representative benchmark tracking 500 companies (not always the largest) chosen to reflect all sectors of the U.S. economy. Most professional investors, including mutual fund managers, measure success by whether or not they beat the S&P 500.

Russell 2000

It covers 2,000 small-cap stocks (companies with total stock market values of \$5 billion or less). It's the benchmark against which the performance of smaller-cap mutual funds is measured.

MSCI EAFE

This stands for Morgan Stanley Capital International Europe, Australasia, and Far East. It measures some 1,000 stocks on 21 global stock exchanges. It's the benchmark against which international funds are measured.

Barclays Capital Aggregate Bond Index

It includes more than 5,000 government and corporate bonds. It's the yardstick against which bond-fund performance is measured.

Wilshire 5000

It tracks virtually all U.S. equity securities, making it a benchmark for the entire stock market.

Lipper indexes

Published daily by a research firm, Lipper tracks the performance of virtually all U.S. mutual funds by type, from growth funds to government Treasury funds.

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