Dimensional

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 2006 (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 (2006–2025)

RETURNS	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
HIGH	ESP	FIN	JPN	NOR	SWE	IRL	BEL	FIN	USA	DNK	CAN	AUT	FIN	NZL	DNK	AUT	PRT	ITA	SGP	ESP
	PRT	HKG	CHE	AUS	DNK	NZL	DNK	IRL	NZL	IRL	NZL	HKG	NZL	IRL	NLD	NLD	HKG	ESP	USA	AUT
	IRL	DEU	USA	SGP	HKG	USA	SGP	USA	DNK	BEL	NOR	SGP	USA	CHE	SWE	USA	DNK	DNK	AUT	IRL
	SGP	NOR	ESP	SWE	SGP	GBR	DEU	DEU	HKG	JPN	AUS	DNK	HKG	NLD	USA	CAN	GBR	USA	IRL	FIN
	NOR	CAN	FRA	HKG	CAN	CHE	NZL	ESP	BEL	AUT	AUT	NLD	NOR	USA	FIN	NOR	AUS	NLD	CAN	ITA
	SWE	SGP	CAN	BEL	JPN	NOR	HKG	NLD	SGP	ITA	USA	FRA	CHE	DNK	NZL	SWE	NOR	IRL	ITA	PRT
	DNK	AUS	DEU	CAN	USA	BEL	AUT	BEL	IRL	FIN	FRA	ITA	SGP	CAN	IRL	FRA	ESP	SWE	DEU	NLD
	BEL	DNK	SGP	NZL	AUS	AUS	AUS	JPN	CAN	NLD	NLD	NOR	PRT	ITA	JPN	CHE	SGP	DEU	ESP	CAN
	AUT	PRT	DNK	ESP	CHE	NLD	SWE	CHE	CHE	PRT	PRT	DEU	AUS	FRA	PRT	DNK	BEL	FRA	BEL	SWE
	DEU	ESP	NLD	GBR	NOR	ESP	FRA	FRA	FIN	USA	DEU	ESP	FRA	PRT	CHE	GBR	CAN	JPN	JPN	BEL
	FRA	NLD	GBR	AUT	FIN	CAN	NLD	DNK	AUS	CHE	JPN	JPN	JPN	AUS	DEU	ITA	FRA	AUT	GBR	DEU
	ITA	FRA	SWE	NLD	AUT	JPN	CHE	SWE	NLD	FRA	HKG	PRT	NLD	SWE	AUS	AUS	NZL	CHE	NDL	GBR
	NLD	NZL	ITA	PRT	GBR	SWE	NOR	GBR	JPN	HKG	SGP	CHE	SWE	GBR	HKG	FIN	ITA	CAN	AUS	HKG
	AUS	GBR	AUS	DNK	DEU	DNK	USA	ITA	ESP	DEU	SWE	FIN	GBR	DEU	CAN	IRL	FIN	AUS	HKG	NOR
	GBR	ITA	HKG	FRA	NZL	HKG	GBR	AUT	GBR	SWE	GBR	GBR	DNK	BEL	FRA	SGP	JPN	GBR	NZL	CHE
	HKG	USA	PRT	ITA	NLD	FRA	FIN	NZL	SWE	NZL	ESP	USA	ESP	JPN	ITA	DEU	CHE	PRT	CHE	SGP
	FIN	CHE	NZL	USA	BEL	SGP	ITA	HKG	ITA	GBR	FIN	SWE	CAN	SGP	NOR	BEL	USA	NZL	SWE	FRA
	CHE	AUT	FIN	CHE	FRA	DEU	CAN	PRT	FRA	AUS	CHE	AUS	ITA	AUT	AUT	JPN	DEU	BEL	NOR	JPN
	CAN	SWE	NOR	DEU	PRT	PRT	JPN	NOR	DEU	NOR	IRL	BEL	DEU	ESP	ESP	ESP	IRL	NOR	FRA	USA
	NZL	BEL	BEL	IRL	ITA	ITA	IRL	CAN	NOR	ESP	BEL	IRL	IRL	NOR	SGP	PRT	AUT	SGP	FIN	AUS
	USA	JPN	AUT	FIN	IRL	FIN	PRT	AUS	AUT	SGP	ITA	CAN	BEL	HKG	BEL	HKG	NLD	FIN	DNK	NZL
LOW	JPN	IRL	IRL	JPN	ESP	AUT	ESP	SGP	PRT	CAN	DNK	NZL	AUT	FIN	GBR	NZL	SWE	HKG	PRT	DNK

ANNUALIZED RETURNS 2006–2025

USA	USA	10.4%
DNK	Denmark	9.2%
NLD	Netherlands	8.5%
SGP	Singapore	7.8%
CHE	Switzerland	7.6%
SWE	Sweden	7.1%
CAN	Canada	6.9%
AUS	Australia	6.6%
HKG	Hong Kong	6.5%
DEU	Germany	6.4%
ESP	Spain	6.1%
FRA	France	5.6%
GBR	United Kingdom	5.4%
NOR	Norway	4.5%
FIN	Finland	4.3%
NZL	New Zealand	4.2%
JPN	Japan	4.2%
ITA	Italy	3.7%
AUT	Austria	2.6%
BEL	Belgium	2.4%
IRL	Ireland	1.8%
PRT	Portugal	0.3%

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 2026, 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 seven 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.

RISKS

Investments involve risks. The investment return and principal value of an investment may fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original value. Past performance is not a guarantee of future results. There is no guarantee strategies will be successful.

Diversification does not eliminate the risk of market loss.

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