

# The Importance of Diversification: Manage Risk and Reward

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	10 Yr. Avg	10 Yr. Vol
Canadian Equity Large Cap	17.8%	8.9%	15.3%	34.4%	27.9%	31.2%	41.8%	18.5%	31.1%	62.4%	35.1%	9.7%	25.8%	48.1%	26.3%	21.6%	38.5%	28.7%	7.7%	24.8%	16.0%	14.7%
Canadian Equity Small Cap	10.2%	8.1%	8.7%	28.1%	16.8%	24.1%	32.1%	9.8%	6.4%	57.5%	20.2%	8.3%	16.0%	41.3%	23.9%	20.0%	21.1%	17.4%	4.2%	22.9%	14.2%	14.1%
US Equity Large Cap	7.4%	7.9%	1.8%	27.8%	14.5%	12.5%	26.4%	3.7%	-17.2%	52.0%	17.6%	4.6%	15.6%	31.6%	14.3%	19.5%	17.5%	13.8%	3.8%	19.2%	11.6%	12.8%
US Equity Small Cap	6.8%	4.5%	-1.9%	26.7%	11.9%	11.2%	17.9%	2.2%	-18.3%	35.1%	15.2%	4.4%	15.3%	17.2%	12.0%	16.1%	17.1%	9.1%	1.4%	16.8%	8.7%	11.7%
International Equity	4.7%	4.2%	-3.5%	20.5%	10.9%	10.6%	17.3%	0.9%	-21.2%	17.4%	14.1%	-0.4%	13.8%	13.0%	10.6%	14.6%	8.3%	8.5%	-1.3%	16.5%	8.3%	11.1%
Emerging Markets Equity	1.6%	3.8%	-7.0%	15.1%	9.7%	9.7%	15.4%	-2.3%	-26.4%	17.1%	13.0%	-1.8%	13.4%	11.4%	9.7%	8.2%	8.1%	7.5%	-2.3%	15.9%	7.5%	9.8%
Global Real Estate	0.4%	2.2%	-8.0%	13.8%	9.3%	6.5%	15.3%	-5.3%	-28.8%	12.5%	10.2%	-3.5%	10.3%	7.6%	8.8%	3.5%	7.7%	7.1%	-3.0%	15.8%	6.9%	9.5%
Canadian Fixed Income	-5.1%	-2.7%	-12.4%	12.6%	7.1%	2.7%	11.8%	-7.0%	-33.0%	8.0%	9.1%	-8.7%	7.2%	7.4%	7.0%	2.4%	1.7%	4.1%	-5.6%	14.4%	6.3%	7.5%
Global Fixed Income	-5.9%	-6.4%	-16.5%	6.7%	6.5%	2.3%	11.6%	-10.5%	-34.6%	7.4%	6.7%	-9.5%	3.6%	4.3%	4.1%	-4.6%	1.4%	2.8%	-6.5%	12.9%	4.7%	5.9%
High Yield Fixed Income	-11.0%	-12.6%	-21.3%	5.3%	2.8%	1.9%	6.2%	-16.5%	-41.4%	5.4%	2.6%	-16.1%	2.0%	3.9%	2.5%	-8.3%	-1.4%	2.5%	-8.9%	6.9%	4.3%	5.8%
Balanced Portfolio	-28.2%	-16.3%	-22.9%	-8.0%	1.3%	-6.9%	4.1%	-21.1%	-45.5%	-9.2%	0.0%	-16.4%	-2.2%	-1.2%	-2.3%	-13.3%	-2.0%	0.3%	-18.2%	1.4%	3.1%	3.6%

Source: Morningstar. As at December 31, 2019. Balanced Portfolio is based on 18.5% Canadian Equity Large Cap (S&P/TSX Composite TR), 2.5% Canadian Equity Small Cap (S&P/TSX Small Cap TR), 17.9% U.S. Large Cap (S&P 500 TR CAD), 3.1% U.S. Equity Small Cap (Russell 2000 TR CAD), 2% Emerging Markets (MSCI EM GR CAD), 16% International Equity (MSCI EAFE GR CAD), 8% High-Yield Fixed Income (ICE BofAML U.S. High Yield TR USD), 18% Canadian Fixed Income (FTSE Canada Universe Bond), 5% Global Real Estate (FTSE EPRA/NAREIT Developed TR), and 9% Global Fixed Income (BBgBarc Global Aggregate TR CAD).