

The case for diversification – 20 years of asset class returns

ASSET CLASS	REPRESENTATIVE INDEX	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Canadian Stocks	S&P/TSX Total Return Index	28.4	15.0	-1.6	31.7	7.4	-12.6	-12.4	26.7	14.5	24.1	17.3	9.8
Canadian Small Caps	BMO Small Cap Blended (Weighted) Index	28.7	7.0	-17.9	20.3	7.3	3.4	-0.9	42.7	14.1	19.7	16.6	2.0
U.S. Stocks	S&P 500 Total Return Index	23.6	39.2	38.0	14.4	-5.9	-6.4	-22.9	5.3	2.8	2.3	15.4	-10.5
U.S. Small Caps	Russell 2000 Total Return Index	17.1	27.8	4.6	14.6	0.4	8.9	-21.3	20.5	9.7	1.9	17.9	-16.5
International Stocks	MSCI EAFE Index	6.9	6.6	29.2	20.3	-11.0	-16.3	-16.5	13.8	11.9	11.2	26.4	-5.3
Canadian Bonds	FTSE TMX Canada Universe Bond Index*	12.3	9.6	9.2	-1.1	10.2	8.1	8.7	6.7	7.2	6.5	4.1	3.7
GICs	Average Five-Year GIC	5.6	4.7	4.4	4.8	5.3	4.1	3.9	3.1	2.9	2.7	3.2	3.3
Inflation	CAN Total Consumer Price Index	1.9	0.9	1.2	2.2	3.2	0.6	4.4	1.6	2.4	2.0	1.4	2.5

ASSET CLASS	REPRESENTATIVE INDEX	2008	2009	2010	2011	2012	2013	2014	2015	Cumulative Return	Annualized Return
Canadian Stocks	S&P/TSX Total Return Index	-33.0	35.1	17.6	-8.7	7.2	13.0	10.6	-8.3	335.0	7.6
Canadian Small Caps	BMO Small Cap Blended (Weighted) Index	-46.6	75.1	38.5	-14.2	2.5	7.8	-0.1	-13.8	266.7	6.7
U.S. Stocks	S&P 500 Total Return Index	-21.2	7.4	9.1	4.6	13.4	41.3	24.0	21.0	389.1	8.3
U.S. Small Caps	Russell 2000 Total Return Index	-17.2	8.0	20.2	-1.8	13.8	48.1	14.3	14.6	377.1	8.1
International Stocks	MSCI EAFE Index	-28.8	12.5	2.6	-9.6	15.3	31.6	4.1	19.5	161.7	4.9
Canadian Bonds	FTSE TMX Canada Universe Bond Index*	6.4	5.4	6.7	9.7	3.6	-1.2	8.8	3.5	242.1	6.3
GICs	Average Five-Year GIC	3.0	2.0	2.0	1.9	1.7	1.6	1.9	1.4	86.5	3.2
Inflation	CAN Total Consumer Price Index	2.0	1.0	2.0	2.9	0.8	0.9	2.0	1.4	44.4	1.9

*Formerly DEX Universe Bond Index

Source: AGF Investments Operations, as of December 31, 2015. All yearly returns are stated in CAD. Index cumulative and annualized returns are shown for illustration purposes only. You cannot invest directly in an index.

The case for diversification

More ups than downs

Notable upon a 20-year review of asset class performance is that positive gain periods exceed negative years. It is also evident that a setback is followed by recovery and greater gains.

Inflation effect

To calculate the “real” return of an investment, deduct the inflation rate from performance. Typically the margin of difference is greater on variable investments rather than guaranteed term investments.

Tax matters for all non-registered investments

It is important to keep these considerations in mind when investing and evaluating return:

- › Interest income, including that earned on GICs¹, is fully taxable at the investor’s marginal tax rate in the year earned.**
- › Capital gains price appreciation as earned on variable investments is taxed only upon disposition and only half of those earnings, net of losses, are fully taxable.
- › Dividends from taxable Canadian corporations qualify for the dividend tax credit, which can reduce the amount of tax you pay.²

** As tax rates vary by province and income level, please consult with a tax expert when investing to determine your own tax situation.

¹ Mutual Funds, unlike GICs, are not insured by the Canadian Deposit Insurance Corporation or any other deposit insurer, nor guaranteed by any entity.

² Source: Canada Revenue Agency. This is not intended to provide tax advice. AGF Investments Inc. strongly urges investors to consult with a tax advisor to discuss their particular circumstances.

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