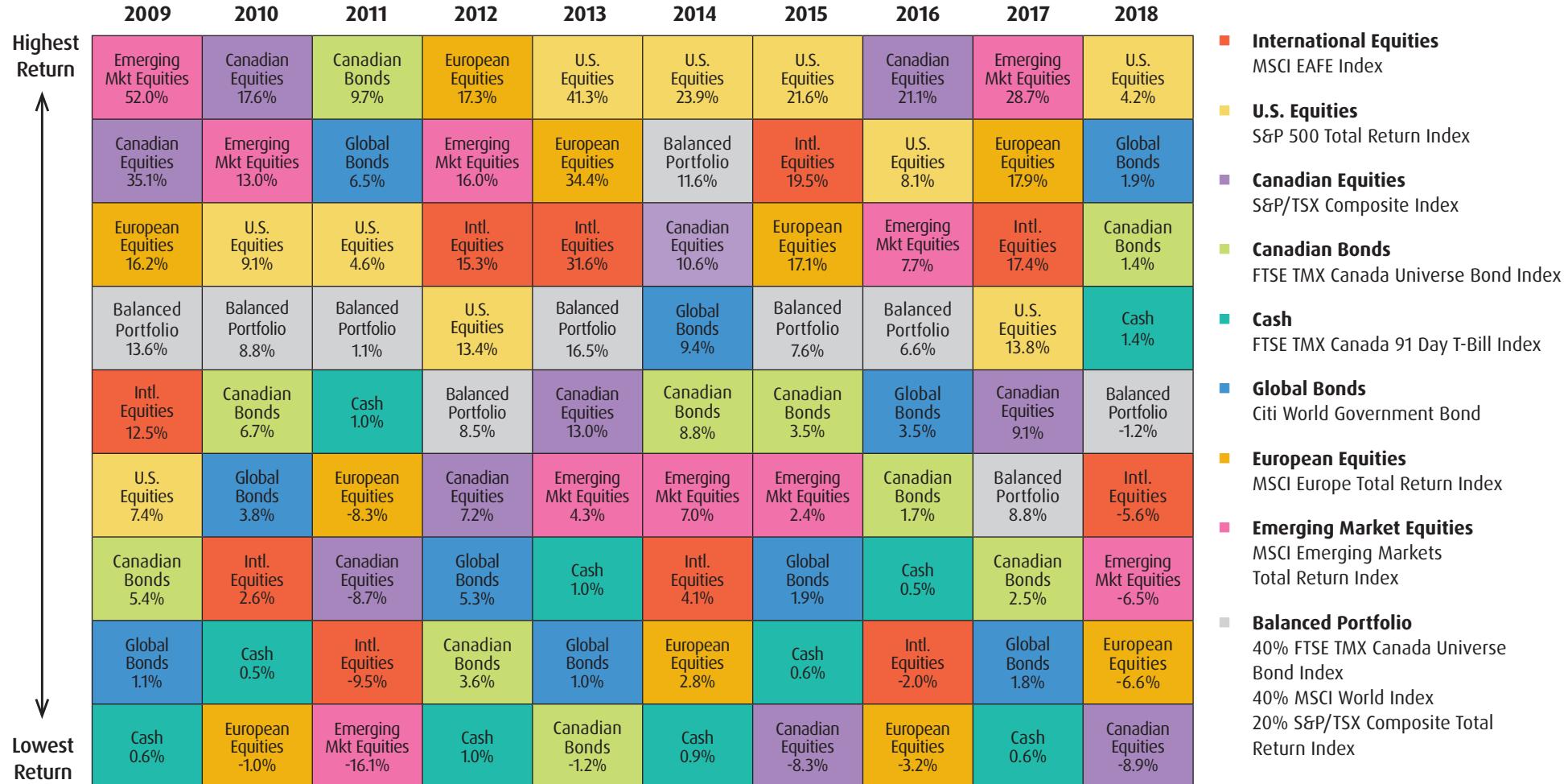


# Benefits of Asset Allocation

**Diversification through asset classes:** By investing in only one asset class you may miss out on potential gains.



Source: Morningstar Direct. All returns in C\$ and are calendar year returns.

Investing Strategy	Ending Value	Annual Return	Standard Deviation
<b>Chasing returns:</b> Always invest in the prior year's <b>top</b> performing asset class	241,234	9.21	9.81
<b>Contrarian view:</b> Always invest in the prior year's <b>worst</b> performing asset class	260,316	10.04	10.43
<b>Diversified:</b> Invest in 60/40 Balanced Portfolio* (rebalanced annually)	217,318	8.07	6.00

A Balanced Portfolio provides more consistent returns with less risk than consistently chasing the best/worst asset classes.

Source: Morningstar Direct, in Canadian dollars, as at December 31, 2018 for a 10-year period

\*60/40 Balanced Portfolio consists of 40% FTSE TMX Canada Universe Bond, 40% MSCI World C\$, 20% S&P/TSX Composite TR

### Historically, it is difficult to predict next year's top performing asset class.

- A key element in helping to achieve your financial goals is strategic asset allocation, which means establishing a mix of equities, fixed income and cash that is best suited to your risk tolerance and investment objectives, and holding this mix consistently.
- Take the guesswork out of trying to always pick the winners by diversifying your portfolio to capitalize on future changes in the market and the performance of each asset class.



**The chart on page 1 illustrates that it is difficult for investors to predict the performance of a particular asset class from year-to-year.**

**A strong tactical asset manager can help ensure that you have exposure to the best performing asset class in any given year.**



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