

The perils of chasing investment performance

History shows us that the relative performance of various asset categories changes from year to year. More importantly, these changes are not predictable. That's why an investor's biggest allies are staying invested and diversifying according to their comfort level with market volatility.

The chart shows that, in many instances, the top-performing asset category changes every year. As well, asset categories that are among the best one year could be among the worst the next.

By diversifying across different asset classes and investment styles, investors can offset risk and increase portfolio returns by balancing exposure in both positive and negative market environments.



A diversified portfolio provides clear expectations

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Emerging Markets 57.3%	Canadian Bond 10.2%	US Small Cap 8.8%	Global Bond 18.5%	Canadian Small Cap 42.7%	Emerging Markets 17.3%	Emerging Markets 30.3%	European Equity 33.7%	Emerging Markets 19.1%	Global Bond 35.8%	Canadian Small Cap 75.1%
Canadian Large Cap 31.7%	Canadian Large Cap 7.4%	Canadian Bond 8.1%	Canadian Bond 8.7%	Emerging Markets 27.9%	Canadian Large Cap 14.5%	Canadian Large Cap 24.1%	Emerging Markets 32.6%	Canadian Large Cap 9.8%	Canadian Bond 6.4%	Emerging Markets 54.5%
Canadian Small Cap 20.3%	Canadian Small Cap 7.3%	Global Bond 5.1%	Canadian Small Cap -0.9%	Canadian Large Cap 26.7%	Canadian Small Cap 14.1%	Canadian Small Cap 19.7%	Foreign Equity 26.4%	Canadian Bond 3.7%	Moderate Portfolio -16.0%	Canadian Large Cap 35.1%
Foreign Equity 19.8%	Global Bond 5.6%	Emerging Markets 3.6%	Moderate Portfolio -6.1%	US Small Cap 20.5%	European Equity 12.6%	Moderate Portfolio 10.5%	Global Equity 20.1%	Canadian Small Cap 2.0%	US Small Cap -18.9%	Moderate Portfolio 18.2%
Global Equity 17.8%	Moderate Portfolio 4.7%	Canadian Small Cap 3.4%	Emerging Markets -6.8%	Moderate Portfolio 13.9%	Foreign Equity 12.0%	Foreign Equity 10.0%	US Small Cap 18.4%	Moderate Portfolio 1.7%	US Large Cap -22.8%	European Equity 17.2%
US Small Cap 14.3%	US Small Cap 0.8%	Moderate Portfolio -2.5%	Canadian Large Cap -12.4%	Foreign Equity 13.4%	US Small Cap 10.2%	Canadian Bond 6.5%	Canadian Large Cap 17.3%	European Equity -3.0%	Global Equity -27.4%	Foreign Equity 13.7%
US Large Cap 14.1%	European Equity -4.8%	US Large Cap -6.5%	Foreign Equity -16.6%	European Equity 13.4%	Moderate Portfolio 9.1%	Global Equity 6.0%	Canadian Small Cap 16.6%	Foreign Equity -5.3%	Foreign Equity -30.7%	Global Equity 12.9%
Moderate Portfolio 12.2%	US Large Cap -5.5%	Global Equity -11.7%	European Equity -19.0%	Global Equity 8.9%	Canadian Bond 7.1%	European Equity 6.0%	US Large Cap 15.8%	Global Bond -5.5%	Canadian Large Cap -33.0%	US Small Cap 9.8%
European Equity 9.3%	Global Equity -9.8%	Canadian Large Cap -12.6%	Global Equity -20.5%	Canadian Bond 6.7%	Global Equity 6.8%	US Large Cap 1.6%	Moderate Portfolio 13.3%	Global Equity -7.1%	European Equity -34.4%	US Large Cap 9.2%
Canadian Bond -1.1%	Foreign Equity -10.8%	European Equity -15.0%	US Small Cap -21.1%	US Large Cap 5.3%	US Large Cap 3.3%	US Small Cap 1.3%	Global Bond 6.1%	US Large Cap -10.1%	Emerging Markets -42.7%	Canadian Bond 5.4%
Global Bond -9.7%	Emerging Markets -28.0%	Foreign Equity -16.6%	US Large Cap -22.7%	Global Bond -6.0%	Global Bond 2.8%	Global Bond -9.8%	Canadian Bond 4.1%	US Small Cap -16.1%	Canadian Small Cap -46.6%	Global Bond -11.5%



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