

Why diversification matters

No single asset class is consistently among the top performers year over year. The table below demonstrates how much the best and worst performers can change from one year to the next. A diversified portfolio of asset classes provides the opportunity to participate in potential gains of each year's top asset classes while lowering overall volatility.

Calendar year returns (CAD)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Highest	FTSE Bond 10.2%	Small Cap 8.9%	Global Bond 9.5%	High Yield 29.5%	Emerging 16.8%	Emerging 31.2%	Europe 33.8%	Emerging 18.5%	Global Bond 5.3%	High Yield 55.8%	Small Cap 20.2%	FTSE Bond 9.7%	Europe 17.3%	Small Cap 48.1%	S&P 500 23.9%	S&P 500 21.6%	S&P/TSX 21.1%	Emerging 28.7%	S&P 500 4.2%	S&P 500 24.8%	Asia Pac 18%	S&P 500 27.6%	S&P/TSX (5.8%)	S&P 500 22.9%	S&P 500 36.4%
	Global Bond 9.7%	FTSE Bond 8.1%	FTSE Bond 8.7%	Emerging 27.8%	S&P/TSX 14.5%	S&P/TSX 24.1%	Emerging 32.1%	S&P/TSX 9.8%	FTSE Bond 6.4%	Emerging 52.0%	S&P/TSX 17.6%	Global Bond 6.6%	High Yield 16.2%	S&P 500 41.3%	Small Cap 14.3%	Asia Pac 17.9%	Small Cap 17.1%	Asia Pac 23.4%	FTSE Bond 1.4%	S&P/TSX 22.9%	Small Cap 17.9%	S&P/TSX 25.1%	Europe (8.3%)	Europe 17.4%	Small Cap 21.7%
	S&P/TSX 7.4%	Global Bond 7.8%	High Yield (0.0%)	S&P/TSX 26.7%	Europe 12.5%	Asia Pac 20.7%	Small Cap 17.9%	Global Bond 4.6%	Bal Port (10.8%)	S&P/TSX 35.1%	High Yield 14.9%	S&P 500 4.6%	Emerging 16.0%	Europe 34.4%	Bal Port 10.9%	Europe 17.1%	High Yield 17.0%	Europe 17.9%	Global Bond 1.0%	Small Cap 19.2%	Emerging 16.6%	Europe 16.0%	Bal Port (10.3%)	Small Cap 13.8%	S&P/TSX 21.7%
	Bal Port 3.7%	High Yield 4.8%	Bal Port (4.2%)	Small Cap 20.5%	High Yield 11.7%	Bal Port 9.9%	S&P/TSX 17.3%	FTSE Bond 3.7%	Small Cap (17.2%)	Asia Pac 17.1%	Emerging 13.0%	High Yield 4.5%	Asia Pac 14.5%	Asia Pac 19.7%	S&P/TSX 10.6%	Small Cap 14.6%	S&P 500 8.1%	S&P 500 13.8%	Bal Port (1.1%)	Europe 18.3%	S&P 500 16.3%	Small Cap 13.8%	Asia Pac (10.9%)	High Yield 12.5%	Asia Pac 20.0%
	Small Cap 0.4%	Emerging 3.8%	Emerging (7.0%)	Asia Pac 15.3%	Asia Pac 10.0%	Europe 7.2%	Asia Pac 16.4%	Bal Port 1.3%	S&P 500 (21.2%)	Europe 16.2%	Asia Pac 11.1%	Bal Port 2.4%	Small Cap 13.8%	Bal Port 13.2%	Asia Pac 9.3%	Bal Port 6.5%	Emerging 7.7%	S&P/TSX 9.1%	Small Cap (3.0%)	Bal Port 14.3%	Bal Port 9.3%	Bal Port 9.7%	High Yield (11.7%)	Bal Port 11.8%	Emerging 17.9%
	Europe (4.9%)	Bal Port (1.8%)	Asia Pac (9.3%)	Europe 13.8%	Small Cap 9.7%	FTSE Bond 6.5%	S&P 500 15.4%	High Yield 1.3%	Asia Pac (27.0%)	Bal Port 12.5%	S&P 500 9.1%	Small Cap (1.8%)	S&P 500 13.4%	S&P/TSX 13.0%	FTSE Bond 8.8%	FTSE Bond 3.5%	Bal Port 5.9%	Bal Port 7.8%	High Yield (3.1%)	Asia Pac 13.7%	FTSE Bond 8.7%	High Yield 5.2%	FTSE Bond (11.7%)	S&P/TSX 11.8%	Bal Port 14.6%
	S&P 500 (5.9%)	S&P 500 (6.4%)	S&P/TSX (12.4%)	Bal Port 11.3%	Bal Port 8.5%	Global Bond 3.7%	Bal Port 11.7%	Asia Pac (2.8%)	High Yield (28.3%)	Small Cap 8.0%	Bal Port 8.6%	Europe (8.3%)	Bal Port 7.6%	High Yield 8.2%	Global Bond 8.8%	Emerging 2.4%	Global Bond 3.7%	Small Cap 7.1%	Asia Pac (5.4%)	High Yield 13.3%	Global Bond 5.7%	Global Bond (1.6%)	S&P 500 (12.2%)	Asia Pac 8.8%	Europe 11.7%
	High Yield (6.0%)	S&P/TSX (12.6%)	Europe (18.9%)	FTSE Bond 6.7%	FTSE Bond 7.1%	S&P 500 2.3%	High Yield 9.6%	Europe (3.0%)	Europe (32.6%)	S&P 500 7.4%	FTSE Bond 6.7%	S&P/TSX (8.7%)	S&P/TSX 7.2%	Emerging 4.3%	Emerging 7.0%	Global Bond 1.6%	FTSE Bond 1.7%	High Yield 6.9%	Emerging (6.5%)	Emerging 12.9%	S&P/TSX 5.6%	Asia Pac (2.0%)	Global Bond (12.8%)	Emerging 7.3%	High Yield 7.3%
	Asia Pac (25.9%)	Europe (14.6%)	Small Cap (21.3%)	S&P 500 5.3%	Global Bond 5.7%	High Yield 2.1%	FTSE Bond 4.1%	S&P 500 (10.5%)	S&P/TSX (33.0%)	FTSE Bond 5.4%	Global Bond 5.2%	Asia Pac (12.8%)	Global Bond 6.5%	Global Bond 0.4%	High Yield 3.3%	High Yield (4.6%)	Asia Pac 1.6%	Global Bond 2.6%	Europe (6.6%)	Global Bond 7.5%	High Yield 4.7%	FTSE Bond (2.5%)	Emerging (13.9%)	FTSE Bond 6.7%	FTSE Bond 4.2%
Lowest	Emerging (28.2%)	Asia Pac (15.8%)	S&P 500 (22.9%)	Global Bond 4.9%	S&P 500 2.8%	Small Cap 1.9%	Global Bond 2.6%	Small Cap (16.5%)	Emerging (41.4%)	Global Bond 5.2%	Europe (1.0%)	Emerging (16.1%)	FTSE Bond 3.6%	FTSE Bond (1.2%)	Europe 2.8%	S&P/TSX (8.3%)	Europe (3.2%)	FTSE Bond 2.5%	S&P/TSX (8.9%)	FTSE Bond 6.9%	Europe 4.1%	Emerging (3.1%)	Small Cap (14.7%)	Global Bond 5.8%	Global Bond 1.4%

S&P/TSX S&P/TSX composite
 Bal Port Balanced Portfolio (50% FTSE CUBI/18.75% TSX/10% S&P 500/10% MSCI EAFE/11.25% MSCI World)
 Emerging MSCI Emerging Markets
 FTSE Bond FTSE Canada Universe
 Europe MSCI Europe
 Small Cap Russell 2000
 S&P 500 S&P 500
 High Yield ICE BofA US High Yield Constrained
 Global Bond ICE BofA Global Broad Market
 Asia Pac MSCI AC Asia Pacific

Source: Morningstar Direct

For more information, please contact your financial advisor.

Customer Relations Centre

Toll free: 1-800-268-8186
 Tel: 514-908-3212
 Email: service@dynamic.ca

dynamic.ca

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