



Why Diversify? Because Winners Rotate.

ANNUAL RETURNS OF KEY ASSET CLASSES RANKED IN ORDER OF PERFORMANCE FROM BEST TO WORST (CDN\$)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Best	European Equities 38.36%	Emerging Market Equities 57.23%	U.S. Bonds 15.52%	U.S. Bonds 15.25%	Global Bonds 15.32%	Canadian Small Caps 42.74%	Emerging Market Equities 16.78%	Emerging Market Equities 31.17%	European Equities 33.84%	Emerging Market Equities 18.55%	U.S. Bonds 31.64%	Canadian Small Caps 75.10%	Canadian Small Caps 38.53%	U.S. Bonds 10.51%	European Equities 17.27%	U.S. Small Caps 48.14%	U.S. Large Caps 23.93%	U.S. Large Caps 21.59%	Canadian Small Caps 35.39%	Emerging Market Equities 28.70%
	U.S. Large Caps 38.01%	Canadian Large Caps 34.21%	Canadian Bonds 10.24%	Global High Yield Bonds 12.83%	U.S. Bonds 9.12%	Emerging Market Equities 27.83%	Global Small Caps 15.17%	Canadian Large Caps 26.29%	Emerging Market Equities 32.08%	Canadian Large Caps 11.14%	Global Bonds 31.07%	Emerging Market Equities 52.03%	U.S. Small Caps 20.24%	Canadian Bonds 9.67%	Emerging Market Equities 16.00%	U.S. Large Caps 41.27%	U.S. Bonds 15.52%	U.S. Bonds 20.59%	Canadian Large Caps 21.36%	European Equities 17.94%
	Global Equities 33.94%	Global Small Caps 22.64%	Canadian Large Caps 7.99%	U.S. Small Caps 8.92%	Canadian Bonds 8.73%	Canadian Large Caps 25.51%	Canadian Small Caps 14.12%	Canadian Small Caps 19.68%	Foreign Equities 26.37%	Canadian Bonds 3.68%	Canadian Bonds 6.42%	Canadian Large Caps 31.94%	Global Small Caps 20.10%	Global Bonds 8.26%	Global Small Caps 16.00%	Global Small Caps 37.84%	Global Equities 15.01%	Global Equities 19.55%	U.S. Small Caps 17.11%	Foreign Equities 17.36%
	Foreign Equities 29.16%	Canadian Small Caps 20.29%	Canadian Small Caps 7.31%	Canadian Bonds 8.08%	Global High Yield Bonds 2.04%	Global Small Caps 23.75%	Canadian Large Caps 13.84%	Global Small Caps 13.01%	Global Small Caps 20.92%	Canadian Small Caps 2.01%	Global High Yield Bonds -7.65%	Global High Yield Bonds 30.97%	Canadian Large Caps 13.84%	Global High Yield Bonds 8.08%	Foreign Equities 15.29%	Global Equities 35.91%	U.S. Small Caps 14.35%	Foreign Equities 19.46%	Global High Yield Bonds 14.17%	Global Small Caps 16.15%
	Global Bonds 22.04%	Foreign Equities 20.28%	Global Bonds 6.78%	Global Bonds 7.95%	Canadian Small Caps -0.93%	U.S. Small Caps 20.45%	European Equities 12.55%	Foreign Equities 11.16%	Global Equities 20.19%	European Equities -2.98%	U.S. Small Caps -17.18%	Global Small Caps 28.49%	Emerging Market Equities 12.98%	U.S. Large Caps 4.64%	Global Equities 13.96%	European Equities 34.41%	Canadian Large Caps 12.27%	Global Small Caps 19.18%	Global Small Caps 8.22%	Global Equities 14.99%
	U.S. Bonds 16.66%	Global Equities 18.44%	U.S. Small Caps 0.37%	Emerging Market Equities 3.75%	Emerging Market Equities -6.97%	Foreign Equities 13.84%	Foreign Equities 11.91%	Global Equities 7.27%	Canadian Large Caps 19.16%	Foreign Equities -5.32%	U.S. Large Caps -21.20%	European Equities 16.18%	U.S. Large Caps 9.06%	U.S. Small Caps -1.80%	U.S. Small Caps 13.77%	Foreign Equities 31.57%	Global Small Caps 11.41%	European Equities 17.12%	U.S. Large Caps 8.09%	U.S. Large Caps 13.83%
	Global Small Caps 9.82%	U.S. Small Caps 14.58%	Global High Yield Bonds -2.36%	Canadian Small Caps 3.44%	Global Small Caps -12.37%	European Equities 13.82%	U.S. Small Caps 9.71%	European Equities 7.18%	U.S. Small Caps 17.92%	Global Equities -7.08%	Global Equities -25.37%	Foreign Equities 12.49%	Global High Yield Bonds 8.45%	Global Equities -2.67%	U.S. Large Caps 13.43%	Global High Yield Bonds 14.75%	Global High Yield Bonds 11.04%	Global Bonds 16.15%	Emerging Market Equities 7.74%	Canadian Large Caps 9.78%
	Canadian Bonds 9.18%	U.S. Large Caps 14.37%	European Equities -4.93%	Global Small Caps -0.49%	Canadian Large Caps -14.00%	Global Equities 9.41%	Canadian Bonds 7.15%	Canadian Bonds 6.46%	Canadian Small Caps 16.64%	Global Bonds -7.15%	Foreign Equities -28.78%	Global Equities 11.07%	Canadian Bonds 6.74%	European Equities -8.29%	Global High Yield Bonds 12.17%	Canadian Large Caps 13.26%	Global Bonds 9.65%	U.S. Small Caps 14.64%	Global Equities 4.41%	U.S. Small Caps 7.12%
	Global High Yield Bonds 7.92%	European Equities 9.82%	U.S. Large Caps -5.93%	U.S. Large Caps -6.35%	Foreign Equities -16.53%	Canadian Bonds 6.69%	Global Equities 6.85%	U.S. Large Caps 2.29%	U.S. Large Caps 15.35%	Global Small Caps -9.09%	Global Small Caps -29.23%	U.S. Small Caps 8.00%	Global Equities 6.48%	Global Small Caps -8.75%	Canadian Large Caps 8.07%	Canadian Small Caps 7.76%	Canadian Bonds 8.79%	Global High Yield Bonds 14.02%	Canadian Bonds 1.66%	Canadian Small Caps 6.38%
	U.S. Small Caps 4.60%	Canadian Bonds -1.14%	Global Small Caps -7.01%	Global Equities -11.28%	European Equities -18.94%	U.S. Large Caps 5.26%	Global High Yield Bonds 3.80%	U.S. Small Caps 1.94%	Global High Yield Bonds 11.49%	U.S. Bonds -9.28%	Canadian Large Caps -31.17%	U.S. Large Caps 7.39%	Foreign Equities 2.56%	Canadian Large Caps -9.08%	Canadian Bonds 3.60%	U.S. Bonds 4.55%	Emerging Market Equities 7.03%	Canadian Bonds 3.52%	U.S. Bonds -0.90%	Canadian Bonds 2.52%
	Canadian Large Caps 1.37%	Global High Yield Bonds -2.12%	Global Equities -9.88%	European Equities -14.59%	Global Equities -20.37%	Global High Yield Bonds 4.65%	U.S. Large Caps 2.81%	U.S. Bonds -0.14%	Global Bonds 6.23%	U.S. Large Caps -10.53%	European Equities -32.55%	Canadian Bonds 5.41%	U.S. Bonds 0.98%	Foreign Equities -9.55%	Canadian Small Caps 2.46%	Emerging Market Equities 4.29%	Foreign Equities 4.12%	Emerging Market Equities 2.42%	Global Bonds -1.45%	Global Bonds 0.34%
	Canadian Small Caps -17.90%	U.S. Bonds -6.28%	Foreign Equities -10.95%	Canadian Large Caps -14.82%	U.S. Small Caps -21.31%	Global Bonds -7.97%	Global Bonds 1.31%	Global High Yield Bonds -0.30%	Canadian Bonds 4.06%	Global High Yield Bonds -12.94%	Emerging Market Equities -41.44%	Global Bonds -9.19%	Global Bonds 0.04%	Canadian Small Caps -14.17%	Global Bonds 2.01%	Global Bonds 3.94%	European Equities 2.82%	Canadian Large Caps -7.76%	Foreign Equities -2.00%	Global High Yield Bonds -0.01%
Worst	Emerging Market Equities -19.86%	Global Bonds -10.40%	Emerging Market Equities -28.19%	Foreign Equities -16.26%	U.S. Large Caps -22.91%	U.S. Bonds -14.84%	U.S. Bonds -3.26%	Global Bonds -6.88%	U.S. Bonds 3.94%	U.S. Small Caps -16.52%	Canadian Small Caps -46.61%	U.S. Bonds -10.04%	European Equities -0.96%	Emerging Market Equities -16.15%	U.S. Bonds 1.91%	Canadian Bonds -1.19%	Canadian Small Caps -0.09%	Canadian Small Caps -13.75%	European Equities -3.24%	U.S. Bonds -3.26%

Perhaps nothing better illustrates the need for an asset allocation plan than this chart, which shows how various asset classes performed on a year-by-year basis from 1998 through 2017. The best-performing asset class for each calendar year is at the top of each column. A well-balanced portfolio invested across all asset classes allows investors to participate in the gains of each year's "winners".

Franklin Templeton Investments offers a variety of professionally managed mutual funds that cover every major asset class. For more information on how to diversify your portfolio, speak to your investment advisor or visit franklintempleton.ca/whydiversify

- Canadian Large Caps
S&P/TSX 60 TRI
- Canadian Small Caps
BMO Nesbitt Burns Small Cap TRI
- U.S. Large Caps
S&P 500 TRI
- U.S. Small Caps
Russell 2000 TRI
- Global Equities
MSCI World GRI
- Global Small Caps
MSCI ACWI Small GRI
- Foreign Equities
MSCI EAFE GRI
- European Equities
MSCI Europe GRI
- Emerging Markets Equities
MSCI EM GRI
- Canadian Bonds
FTSE TMX Canada Universe Bond Index
- U.S. Bonds
Barclays U.S. Aggregate Bond TRI
- Global Bonds
Barclays Global Aggregate Bond TRI
- Global High Yield Bonds
Credit Suisse First Boston High Yield Return Index

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