

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

- 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 Index¹
- 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



REMINDER: RISK IS MORE PREDICTABLE THAN RETURNS.

INVESTMENT RETURNS FLUCTUATE BUT RELATIVE RISK IS MORE CONSISTENT (as measured by standard deviation in CDN\$)

	1996-1998	1997-1999	1998-2000	1999-2001	2000-2002	2001-2003	2002-2004	2003-2005	2004-2006	2005-2007	2006-2008	2007-2009	2008-2010	2009-2011	2010-2012	2011-2013	2012-2014	2013-2015	2014-2016	2015-2017
Emerging Market Equities	25.66%	28.56%	27.21%	23.52%	22.19%	21.70%	17.67%	16.12%	16.80%	16.10%	23.46%	26.37%	26.66%	18.86%	16.40%	14.43%	13.79%	13.42%	15.09%	14.64%
Canadian Small Caps	19.63%	20.35%	22.93%	21.34%	20.96%	19.75%	17.10%	14.63%	13.99%	14.93%	22.53%	23.06%	23.27%	18.58%	15.58%	14.24%	11.54%	12.71%	14.98%	13.23%
Canadian Large Caps	19.33%	20.25%	21.54%	20.94%	20.27%	18.15%	16.57%	13.92%	13.74%	13.03%	17.01%	19.84%	21.37%	17.69%	14.96%	13.31%	11.13%	12.01%	12.80%	13.05%
U.S. Small Caps	17.19%	17.66%	21.43%	19.21%	19.34%	17.08%	14.48%	13.26%	11.42%	10.63%	16.78%	19.68%	20.35%	17.23%	13.85%	12.39%	11.00%	11.42%	12.80%	12.70%
Foreign Equities	14.27%	15.21%	15.67%	15.27%	16.61%	16.48%	14.47%	11.76%	10.35%	10.37%	16.17%	18.57%	20.23%	15.75%	12.66%	11.10%	9.13%	10.82%	12.08%	12.45%
U.S. Equities	14.16%	14.92%	15.37%	14.72%	16.05%	16.01%	14.28%	11.46%	10.13%	9.33%	15.86%	17.86%	19.85%	15.26%	12.04%	10.76%	8.46%	9.98%	10.79%	11.21%
European Equities	13.50%	14.75%	14.94%	13.43%	15.80%	15.86%	14.02%	10.55%	9.69%	9.28%	14.71%	16.42%	18.16%	14.90%	11.50%	10.18%	8.23%	9.22%	10.68%	11.10%
Global Small Caps	12.91%	13.62%	14.68%	13.11%	14.37%	15.37%	13.94%	10.37%	9.43%	9.09%	12.59%	14.56%	15.87%	12.90%	9.78%	8.74%	6.91%	9.19%	10.23%	11.09%
Global Equities	12.89%	13.34%	14.27%	12.93%	13.36%	15.13%	11.61%	9.72%	9.00%	8.87%	12.06%	14.41%	15.32%	12.75%	9.70%	8.46%	6.74%	9.00%	10.19%	11.05%
Global High Yield Bonds	5.97%	7.31%	7.19%	7.43%	8.40%	8.48%	7.54%	7.42%	8.00%	8.63%	11.82%	13.76%	13.48%	11.74%	8.70%	8.05%	6.74%	8.51%	8.93%	9.40%
Global Bonds	5.96%	6.33%	6.23%	6.69%	6.96%	7.63%	7.41%	7.38%	7.94%	8.22%	11.79%	13.51%	12.87%	9.81%	7.25%	5.61%	5.23%	8.28%	8.50%	9.32%
U.S. Bonds	5.76%	6.28%	6.00%	6.07%	6.51%	7.62%	7.08%	6.85%	7.01%	8.07%	10.50%	12.50%	11.67%	8.72%	5.39%	5.30%	5.20%	8.07%	8.11%	7.47%
Canadian Bonds	4.75%	4.23%	3.95%	4.01%	3.76%	4.17%	3.75%	3.62%	3.13%	3.04%	3.62%	3.60%	3.77%	3.25%	3.00%	3.19%	3.10%	4.14%	4.04%	4.28%

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

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