

Why Diversify? Because Winners Rotate.

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

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	
Best ↑	U.S. LARGE CAPS 33.77%	BRIC EQUITIES 33.09%	U.S. LARGE CAPS 39.24%	EUROPEAN EQUITIES 38.36%	BRIC EQUITIES 72.10%	U.S. BONDS 15.52%	U.S. BONDS 15.25%	GLOBAL BONDS 15.32%	BRIC EQUITIES 56.81%	EMERGING MARKETS EQUITIES 16.78%	BRIC EQUITIES 40.84%	BRIC EQUITIES 56.01%	BRIC EQUITIES 34.90%	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%	Canadian Large Caps S&P/TSX 60 TRI
	U.S. SMALL CAPS 24.90%	CANADIAN LARGE CAPS 31.53%	BRIC EQUITIES 37.08%	U.S. LARGE CAPS 38.01%	EMERGING MARKETS EQUITIES 57.23%	CANADIAN BONDS 10.24%	GLOBAL HIGH YIELD BONDS 12.44%	U.S. BONDS 9.12%	CANADIAN SMALL CAPS 42.74%	GLOBAL SMALL CAPS 15.17%	EMERGING MARKETS EQUITIES 31.17%	EUROPEAN EQUITIES 33.84%	EMERGING MARKETS EQUITIES 18.59%	GLOBAL BONDS 31.07%	BRIC EQUITIES 64.34%	U.S. SMALL CAPS 20.24%	CANADIAN BONDS 9.67%	EMERGING MARKETS EQUITIES 16.00%	U.S. LARGE CAPS 41.27%	U.S. BONDS 15.52%	Canadian Small Caps BMO Nesbitt Burns Small Cap TRI
	CANADIAN BONDS 20.67%	CANADIAN SMALL CAPS 28.66%	EUROPEAN EQUITIES 29.67%	GLOBAL EQUITIES 33.94%	CANADIAN LARGE CAPS 34.21%	CANADIAN LARGE CAPS 7.99%	U.S. SMALL CAPS 8.92%	CANADIAN BONDS 8.73%	EMERGING MARKETS EQUITIES 27.83%	CANADIAN SMALL CAPS 14.12%	CANADIAN LARGE CAPS 26.29%	EMERGING MARKETS EQUITIES 32.05%	CANADIAN LARGE CAPS 11.14%	CANADIAN BONDS 6.42%	EMERGING MARKETS EQUITIES 52.03%	GLOBAL SMALL CAPS 20.10%	GLOBAL BONDS 8.26%	GLOBAL SMALL CAPS 16.00%	GLOBAL SMALL CAPS 37.84%	GLOBAL SMALL CAPS 15.01%	U.S. Large Caps S&P 500 TRI
	EUROPEAN EQUITIES 18.75%	U.S. LARGE CAPS 23.57%	U.S. SMALL CAPS 27.75%	FOREIGN EQUITIES 29.16%	GLOBAL SMALL CAPS 22.64%	CANADIAN SMALL CAPS 7.31%	CANADIAN BONDS 8.08%	GLOBAL HIGH YIELD BONDS 2.04%	CANADIAN LARGE CAPS 25.51%	CANADIAN LARGE CAPS 13.84%	CANADIAN SMALL CAPS 19.68%	FOREIGN EQUITIES 26.37%	CANADIAN BONDS 3.68%	GLOBAL HIGH YIELD BONDS -7.65%	CANADIAN LARGE CAPS 31.94%	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%	U.S. Small Caps Russell 2000 TRI
	GLOBAL EQUITIES 17.96%	EUROPEAN EQUITIES 22.17%	GLOBAL EQUITIES 21.35%	GLOBAL BONDS 22.04%	CANADIAN SMALL CAPS 20.29%	GLOBAL BONDS 6.78%	GLOBAL BONDS 7.95%	CANADIAN SMALL CAPS -0.93%	GLOBAL SMALL CAPS 23.75%	EUROPEAN EQUITIES 12.55%	GLOBAL SMALL CAPS 13.01%	GLOBAL SMALL CAPS 20.92%	CANADIAN SMALL CAPS 2.01%	U.S. SMALL CAPS -17.18%	GLOBAL HIGH YIELD BONDS 30.97%	EMERGING MARKETS EQUITIES 12.98%	U.S. LARGE CAPS 4.64%	GLOBAL EQUITIES 13.96%	EUROPEAN EQUITIES 34.41%	CANADIAN LARGE CAPS 12.27%	Global Equities MSCI World GRI
	GLOBAL BONDS 16.35%	U.S. SMALL CAPS 17.08%	CANADIAN LARGE CAPS 19.95%	U.S. BONDS 16.66%	FOREIGN EQUITIES 20.28%	U.S. SMALL CAPS 0.37%	EMERGING MARKETS EQUITIES 3.76%	EMERGING MARKETS EQUITIES -6.97%	U.S. SMALL CAPS 20.45%	FOREIGN EQUITIES 11.91%	FOREIGN EQUITIES 11.16%	GLOBAL EQUITIES 20.19%	EUROPEAN EQUITIES -2.98%	U.S. LARGE CAPS -21.20%	GLOBAL SMALL CAPS 28.49%	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%	Global Small Caps MSCI ACWI Small GRI
	CANADIAN LARGE CAPS 16.13%	GLOBAL EQUITIES 14.57%	GLOBAL HIGH YIELD BONDS 17.59%	GLOBAL SMALL CAPS 9.82%	GLOBAL EQUITIES 18.44%	GLOBAL HIGH YIELD BONDS -1.90%	CANADIAN SMALL CAPS 3.44%	GLOBAL SMALL CAPS -12.37%	FOREIGN EQUITIES 13.84%	U.S. SMALL CAPS 9.71%	GLOBAL EQUITIES 7.27%	CANADIAN LARGE CAPS 19.16%	FOREIGN EQUITIES -5.32%	GLOBAL EQUITIES -25.37%	EUROPEAN EQUITIES 16.18%	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%	Foreign Equities MSCI EAFE GRI
	U.S. BONDS 15.20%	GLOBAL HIGH YIELD BONDS 12.98%	U.S. BONDS 14.48%	CANADIAN BONDS 9.18%	U.S. SMALL CAPS 14.58%	EUROPEAN EQUITIES -4.93%	GLOBAL SMALL CAPS -0.49%	BRIC EQUITIES -13.52%	EUROPEAN EQUITIES 13.82%	BRIC EQUITIES 8.59%	EUROPEAN EQUITIES 7.18%	U.S. SMALL CAPS 17.92%	GLOBAL EQUITIES -7.08%	FOREIGN EQUITIES -28.78%	FOREIGN EQUITIES 12.49%	CANADIAN BONDS 6.74%	EUROPEAN EQUITIES -8.29%	BRIC EQUITIES 12.34%	CANADIAN LARGE CAPS 13.26%	GLOBAL BONDS 9.65%	European Equities MSCI Europe GRI
	GLOBAL HIGH YIELD BONDS 14.14%	CANADIAN BONDS 12.26%	CANADIAN BONDS 9.63%	GLOBAL HIGH YIELD BONDS 7.96%	U.S. LARGE CAPS 14.37%	U.S. LARGE CAPS -5.93%	U.S. LARGE CAPS -6.35%	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%	GLOBAL SMALL CAPS -29.23%	GLOBAL EQUITIES 11.07%	GLOBAL EQUITIES 6.48%	GLOBAL SMALL CAPS -8.75%	GLOBAL HIGH YIELD BONDS 12.17%	CANADIAN SMALL CAPS 7.76%	CANADIAN BONDS 8.79%	Emerging Markets Equities MSCI EM GRI
	CANADIAN SMALL CAPS 13.88%	GLOBAL SMALL CAPS 8.55%	GLOBAL BONDS 8.35%	U.S. SMALL CAPS 4.60%	EUROPEAN EQUITIES 9.82%	GLOBAL SMALL CAPS -7.01%	BRIC EQUITIES -8.62%	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%	CANADIAN LARGE CAPS -31.17%	U.S. SMALL CAPS 8.00%	BRIC EQUITIES 4.05%	CANADIAN LARGE CAPS -9.08%	CANADIAN LARGE CAPS 8.07%	U.S. BONDS 4.55%	EMERGING MARKETS EQUITIES 7.03%	BRIC Equities MSCI BRIC GRI
	FOREIGN EQUITIES 8.47%	FOREIGN EQUITIES 6.89%	CANADIAN SMALL CAPS 6.97%	CANADIAN LARGE CAPS 1.37%	CANADIAN BONDS -1.14%	GLOBAL EQUITIES -9.88%	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%	EUROPEAN EQUITIES -32.55%	U.S. LARGE CAPS 7.39%	FOREIGN EQUITIES 2.56%	FOREIGN EQUITIES -9.55%	CANADIAN BONDS 3.60%	EMERGING MARKETS EQUITIES 4.29%	BRIC EQUITIES 6.22%	Canadian Bonds FTSE TMX Canada Universe Bond Index†
	GLOBAL SMALL CAPS 7.41%	EMERGING MARKETS EQUITIES 6.56%	FOREIGN EQUITIES 6.56%	CANADIAN SMALL CAPS -17.90%	GLOBAL HIGH YIELD BONDS -2.41%	EUROPEAN EQUITIES -10.95%	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%	EMERGING MARKETS EQUITIES -41.44%	CANADIAN BONDS 5.41%	U.S. BONDS 0.98%	CANADIAN SMALL CAPS -14.17%	CANADIAN SMALL CAPS 2.46%	GLOBAL BONDS 3.94%	FOREIGN EQUITIES 4.12%	U.S. Bonds Barclays U.S. Aggregate Bond TRI
	EMERGING MARKETS EQUITIES -7.83%	GLOBAL BONDS 5.43%	GLOBAL SMALL CAPS 2.98%	EMERGING MARKETS EQUITIES -19.86%	U.S. BONDS -6.28%	BRIC EQUITIES -18.48%	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%	CANADIAN SMALL CAPS -46.61%	GLOBAL BONDS -9.19%	GLOBAL BONDS 0.04%	EMERGING MARKETS EQUITIES -16.15%	GLOBAL BONDS 2.01%	BRIC EQUITIES 3.24%	EUROPEAN EQUITIES 2.82%	Global Bonds Barclays Global Aggregate Bond TRI
Worst ↓	BRIC EQUITIES -26.28%	U.S. BONDS 4.15%	EMERGING MARKETS EQUITIES -7.69%	BRIC EQUITIES -40.34%	GLOBAL BONDS -10.40%	EMERGING MARKETS 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%	BRIC EQUITIES -49.14%	U.S. BONDS -10.04%	EUROPEAN EQUITIES -0.96%	BRIC EQUITIES -20.76%	U.S. BONDS 1.91%	CANADIAN BONDS -1.19%	CANADIAN SMALL CAPS -0.09%	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\$)

	1993-1995	1994-1996	1995-1997	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
EMERGING MARKETS EQUITIES	18.42%	15.30%	25.19%	33.52%	39.19%	36.74%	31.24%	24.80%	24.67%	20.03%	17.66%	19.68%	19.69%	28.41%	27.51%	26.66%	19.07%	17.45%	17.59%	14.95%
FOREIGN EQUITIES	15.05%	12.42%	17.21%	25.66%	28.56%	27.21%	23.52%	22.19%	21.69%	17.67%	16.12%	16.80%	16.09%	23.46%	26.37%	26.45%	18.86%	16.40%	14.43%	13.79%
EUROPEAN EQUITIES	12.44%	12.07%	13.85%	19.63%	20.35%	22.93%	21.34%	20.96%	19.75%	17.09%	14.63%	13.99%	14.93%	22.53%	23.06%	23.27%	18.58%	15.58%	14.24%	11.54%
CANADIAN LARGE CAPS	12.00%	11.39%	12.85%	19.33%	20.25%	21.54%	20.94%	20.27%	18.14%	16.56%	13.92%	13.74%	13.03%	17.01%	19.84%	21.37%	17.69%	14.96%	13.31%	11.13%
CANADIAN SMALL CAPS	11.63%	11.33%	12.51%	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%
GLOBAL EQUITIES	10.93%	10.23%	12.22%	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%
U.S. SMALL CAPS	10.51%	9.71%	11.01%	14.16%	14.92%	15.37%	14.72%	16.05%	16.01%	14.27%	11.46%	10.13%	9.33%	15.86%	17.86%	19.85%	15.26%	12.04%	10.76%	8.46%
U.S. LARGE CAPS	8.75%	9.60%	10.31%	13.50%	14.75%	14.94%	13.43%	15.79%	15.86%	14.02%	10.55%	9.69%	9.28%	14.71%	16.42%	18.16%	14.90%	11.50%	10.18%	8.23%
CANADIAN BONDS	6.60%	6.87%	10.30%	12.91%	13.62%	14.68%	13.11%	14.37%	15.36%	13.94%	10.37%	9.43%	9.09%	12.59%	14.56%	15.87%	12.90%	9.78%	8.74%	6.91%
GLOBAL BONDS	5.99%	5.40%	9.69%	12.89%	13.34%	14.27%	12.93%	13.35%	15.13%	11.61%	9.72%	9.00%	8.87%	12.06%	14.41%	15.32%	12.75%	9.70%	8.46%	6.74%
U.S. BONDS	5.66%	5.39%	5.61%	5.96%	7.31%	7.19%	7.44%	8.45%	8.49%	7.54%	7.42%	8.00%	8.63%	11.82%	13.76%	13.48%	11.74%	8.70%	8.05%	6.74%
GLOBAL HIGH YIELD BONDS	4.85%	4.89%	5.30%	5.90%	6.33%	6.14%	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%
			5.13%	5.76%	6.08%	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%
		4.37%	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%	

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

† Formerly DEX Universe Bond Index
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