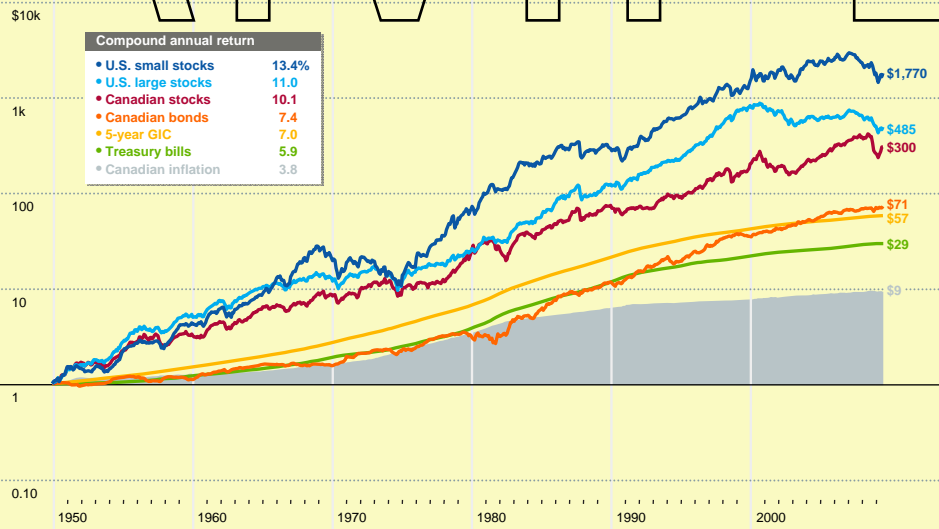


Principles of Investing

Canadian and Foreign Markets

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Canadian Market Perspective Jan 1950–June 2009



All values are represented in CAD. Past performance is no guarantee of future results. Hypothetical value of \$1 invested at the beginning of 1950. Assumes reinvestment of income and no transaction costs or taxes. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. © 2009 Morningstar, Inc. All rights reserved. 9/1/2009



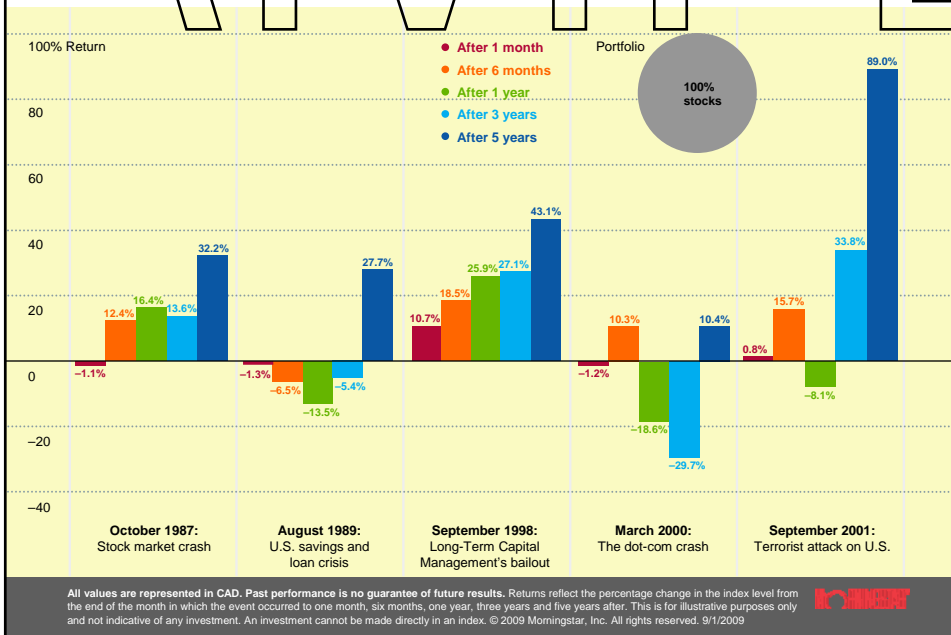
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Market Downturns and Recoveries Jan 1970–June 2009

Downturn	% Loss		Recovery
6 months	-19.1%	Jan 1970–Jun 1970 Jul 1970–Mar 1971	9 months
7 months	-11.4%	Apr 1971–Oct 1971 Nov 1971–Dec 1971	2 months
11 months	-35.0%	Nov 1973–Sep 1974 Oct 1974–Apr 1978	43 months
1 month	-17.6%	Mar 1980–Mar 1980 Apr 1980–Jul 1980	4 months
12 months	-39.2%	Jul 1981–Jun 1982 Jul 1982–Apr 1983	10 months
7 months	-14.4%	Jan 1984–Jul 1984 Aug 1984–Jan 1985	6 months
4 months	-25.4%	Aug 1987–Nov 1987 Dec 1987–Jul 1989	20 months
10 months	-20.1%	Jan 1990–Oct 1990 Nov 1990–Mar 1993	29 months
5 months	-10.6%	Feb 1994–Jun 1994 Jul 1994–May 1995	11 months
4 months	-27.5%	May 1998–Aug 1998 Sep 1998–Nov 1999	15 months
25 months	-43.2%	Sep 2000–Sep 2002 Oct 2002–Jul 2005	34 months
9 months	-43.3%	Jun 2008–Feb 2009 TBD	TBD

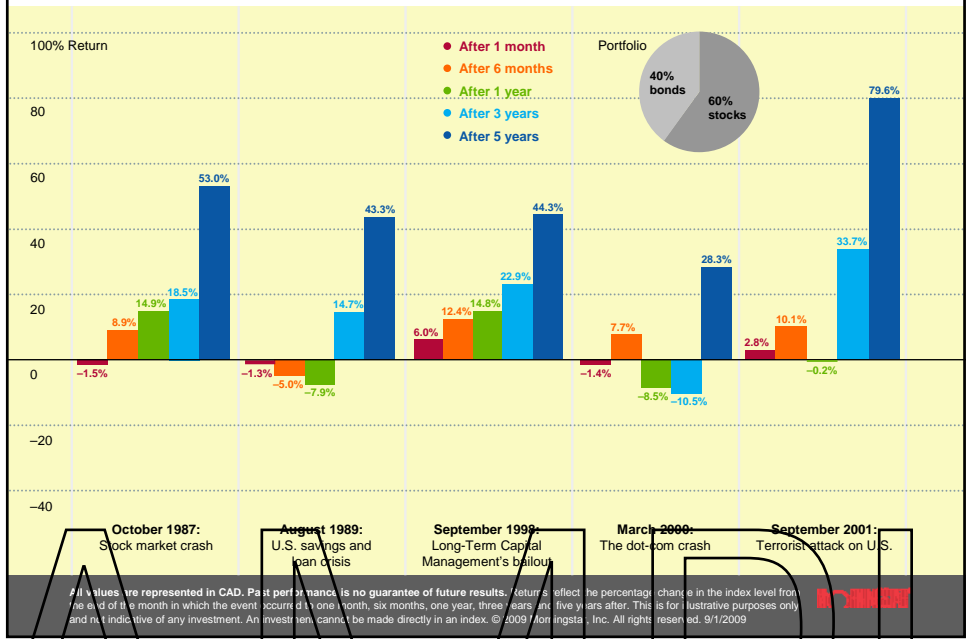
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Canadian Market Recovery After Financial Crises Cumulative return of all-stock portfolio after various events

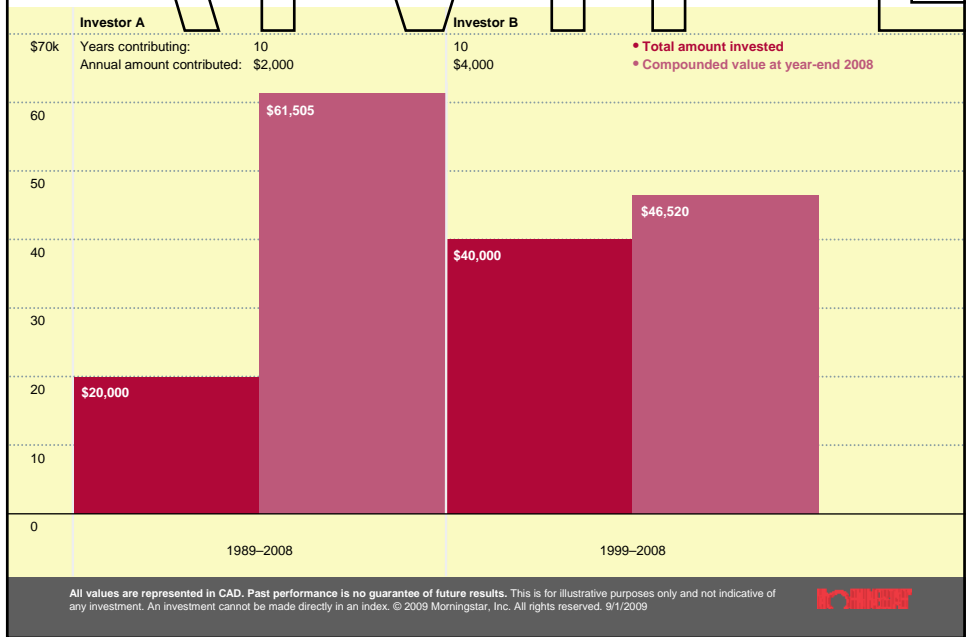


All values are represented in CAD. Past performance is no guarantee of future results. Returns reflect the percentage change in the index level from the end of the month in which the event occurred to one month, six months, one year, three years and five years after. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. © 2009 Morningstar, Inc. All rights reserved. 9/1/2009

Canadian Market Recovery After Financial Crises Cumulative return of balanced portfolio after various events



Power of Compounding Hypothetical investment in stocks

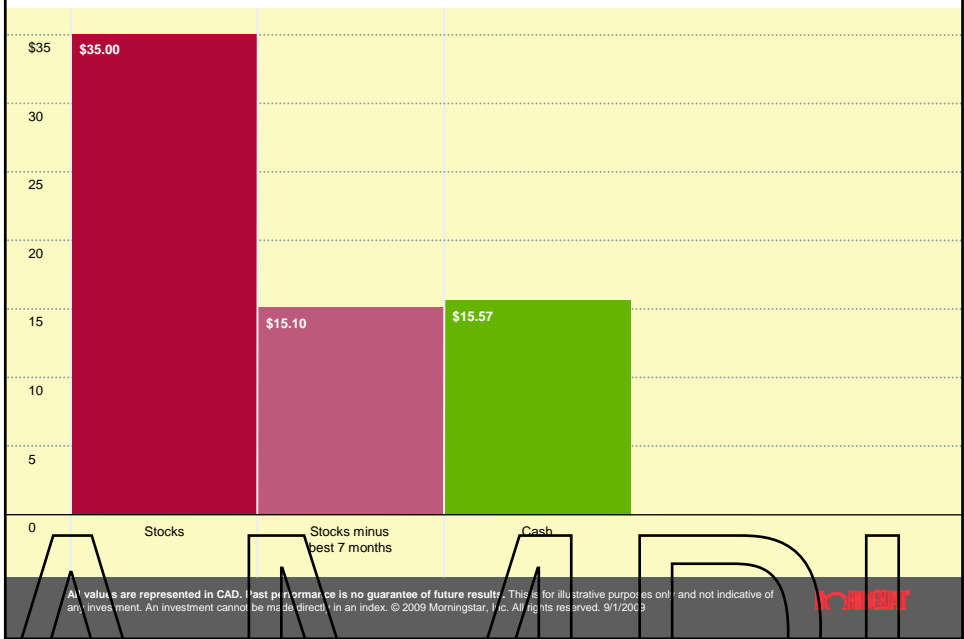


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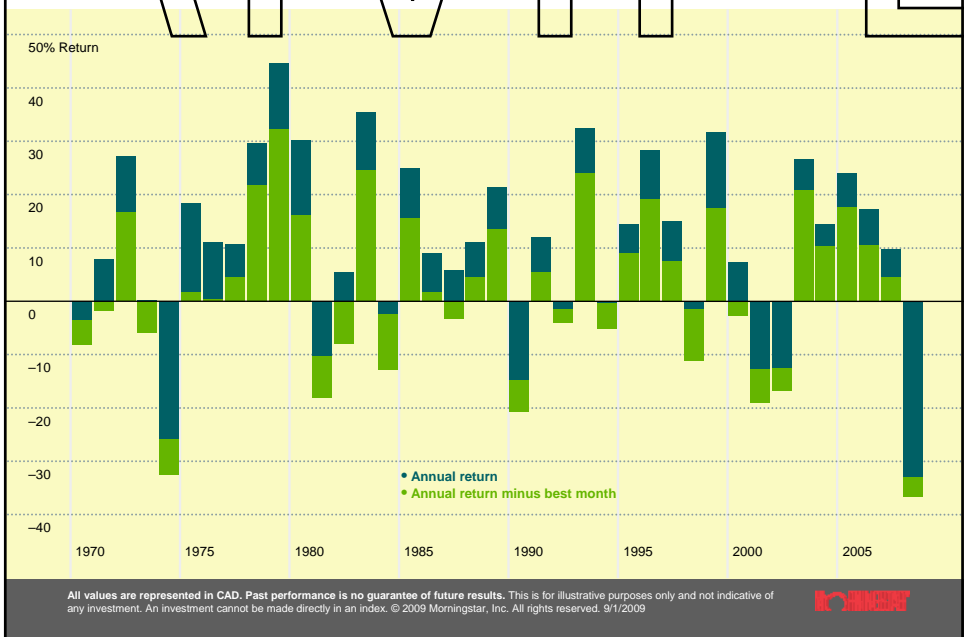
Dangers of Market Timing

Hypothetical value of \$1 invested from Jan 1970–June 2009



Market-Timing Risk

The effects of missing the best month of annual returns 1970–2008



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Asset-Class Winners and Losers Jan 1994–June 2009

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Jan-June 2009
Highest return	14.6%	33.9	28.3	39.2	37.8	31.7	13.0	6.1	11.1	26.7	14.5	24.1	27.1	9.8	2.7	17.6
	7.5	26.3	23.6	18.5	29.0	19.8	7.4	3.8	2.6	14.4	11.9	13.8	17.3	4.2	2.3	8.4
	5.7	14.5	14.2	15.0	12.8	13.9	5.6	-6.4	-12.4	9.1	10.3	10.3	16.0	3.4	-22.6	2.6
	-0.2	8.6	6.9	6.5	4.8	4.8	-5.6	-12.6	-16.5	5.8	2.8	2.8	4.1	-5.0	-30.0	0.2
Lowest return	-7.4	7.3	4.3	3.2	-1.6	-6.0	-10.6	-16.3	-22.8	2.9	2.2	1.5	4.1	-10.3	-33.0	-1.5

• Domestic stocks
• U.S. stocks
• International stocks
• Domestic bonds
• Cash

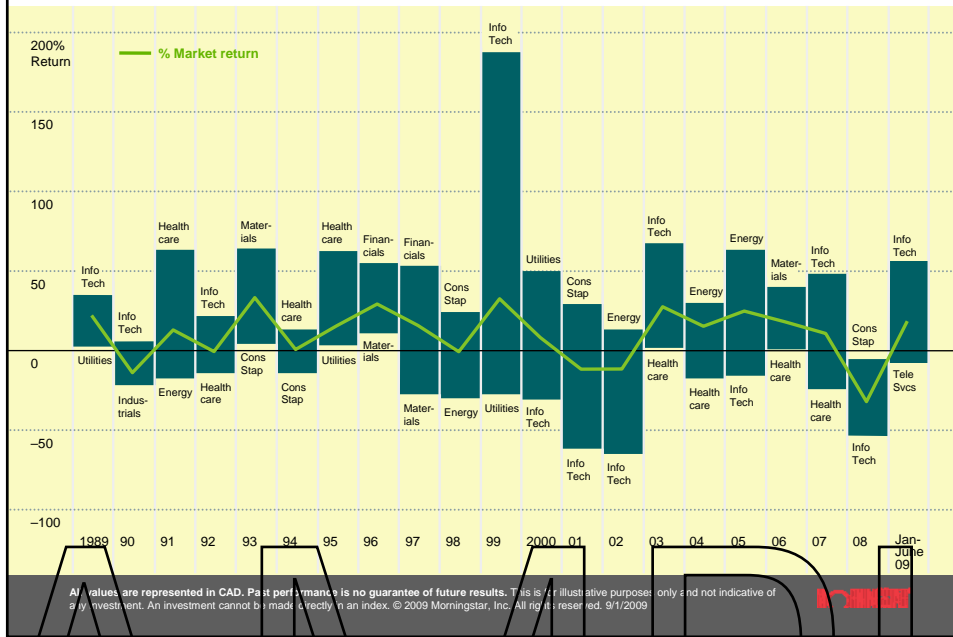
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Risk of Stock Market Loss Over Time 1950–2008

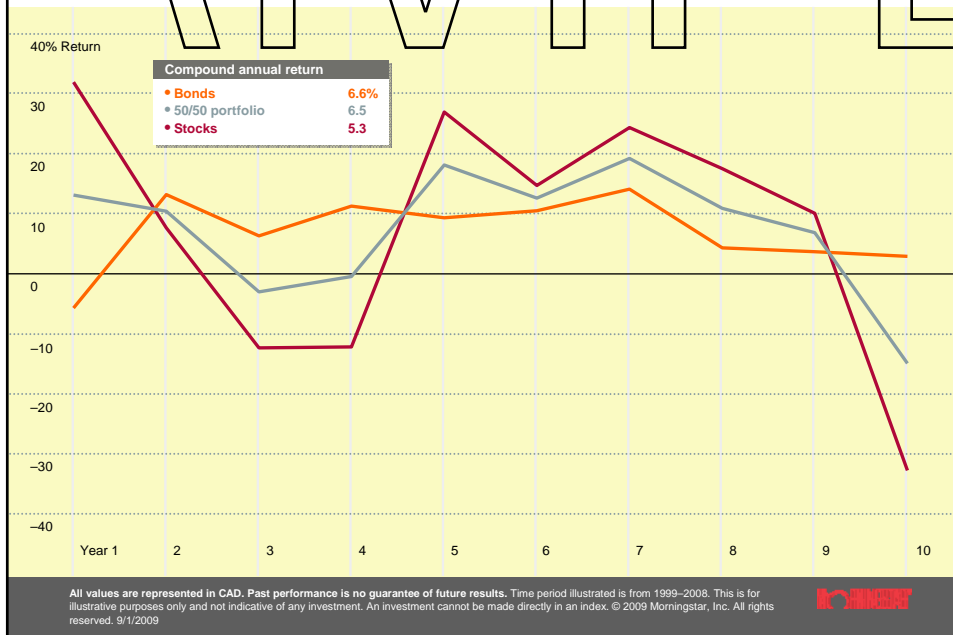


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Sector Performance Jan 1989–June 2009



The Case for Diversifying 1999–2008

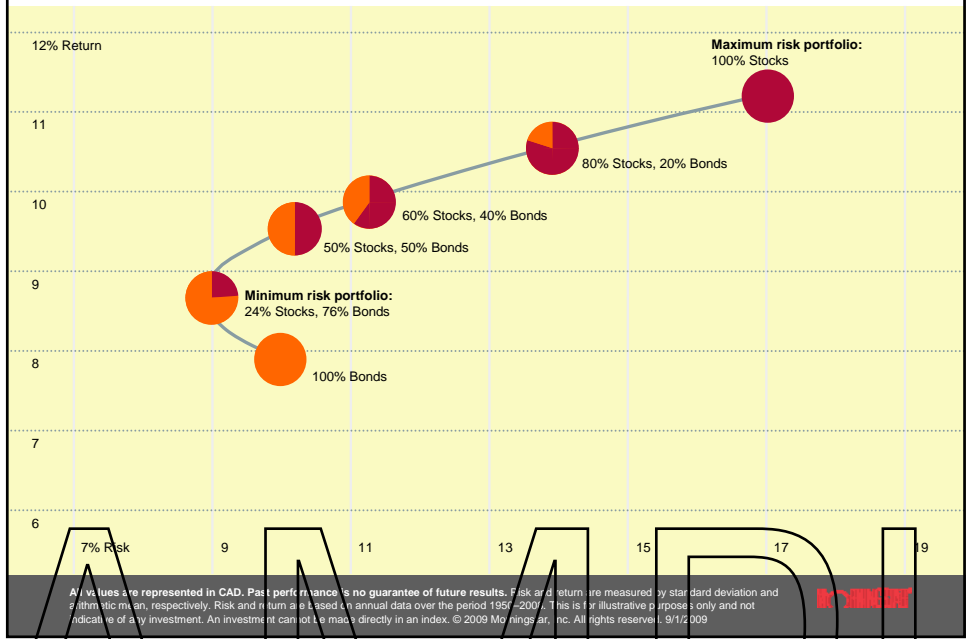


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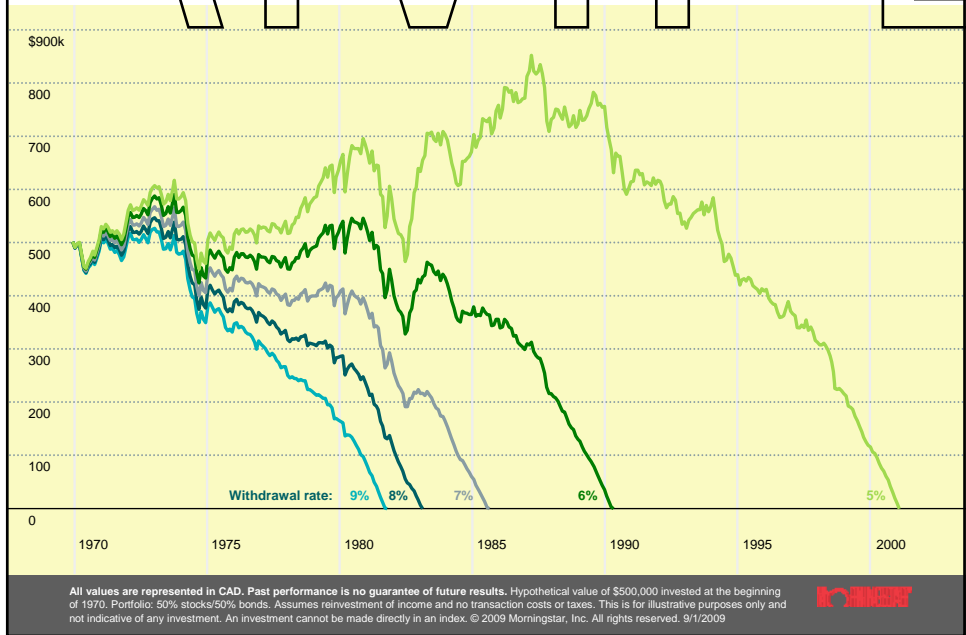
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Stocks and Bonds: Risk Versus Return 1950–2008



Potential Shortfall: The Risk of High Withdrawal Rates Annual inflation-adjusted withdrawal as a % of initial portfolio wealth

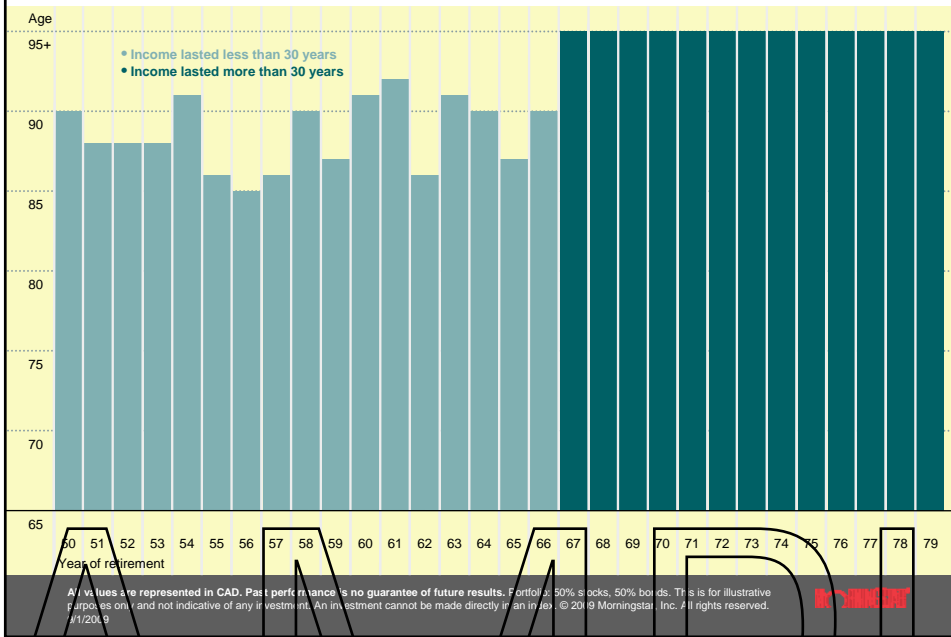


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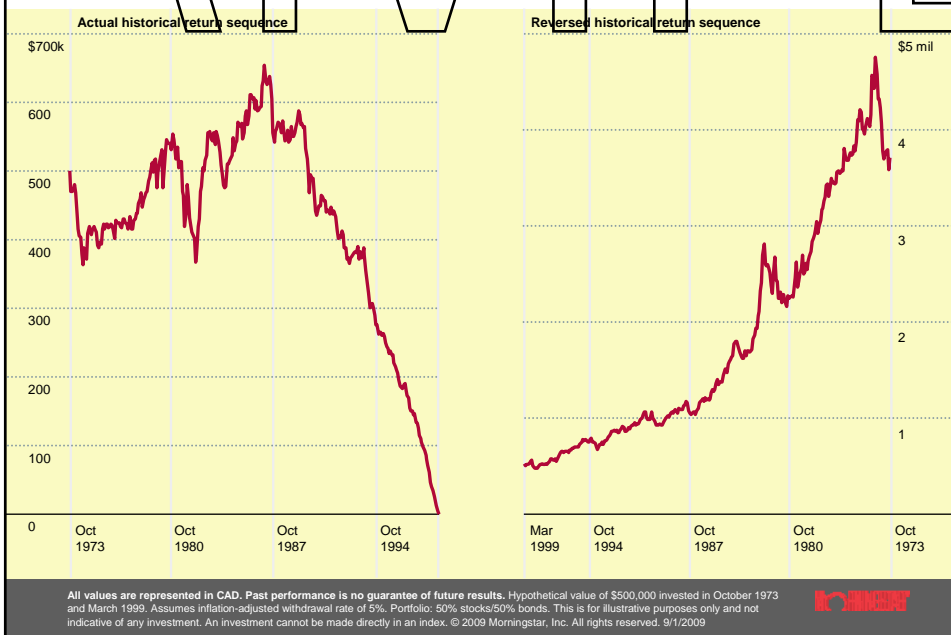
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Potential to Outlive Your Portfolio
Based on year of retirement 1950–2008



The Sequence of Returns Can Significantly Affect Your Retirement
Sequence of returns matters



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Probability of Meeting Income Needs

Various withdrawal rates and portfolio allocations over a 25-year retirement

83%	93%	94%	90%	85%	4% Withdrawal rate
52%	67%	74%	73%	68%	5%
23%	33%	44%	51%	51%	6%
8%	11%	20%	29%	35%	7%
2%	3%	7%	15%	22%	8%
100% Bonds	75% B 25% S	50% B 50% S	25% B 75% S	100% Stocks	

All values are represented in CAD. **DISCLAIMER:** Projections generated by Morningstar regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not a guarantee of future results. Results may vary over time and with each simulation. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. © 2009 Morningstar, Inc. 9/1/2009

Domestic and Foreign Strength Jan 1999–June 2009

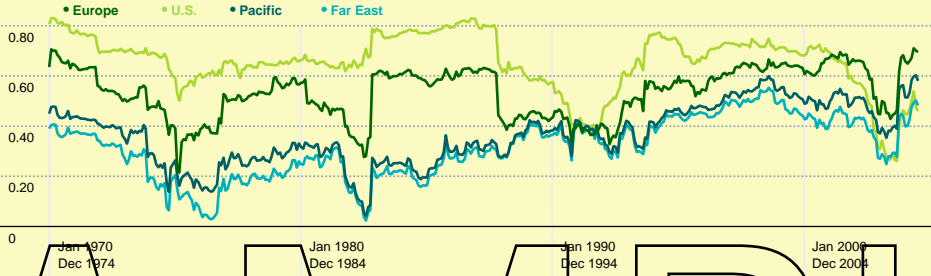
	1st	2nd	3rd	Canadian rank
Jan–June 2009	Hong Kong	Singapore	Norway	6
2008	Japan	Switzerland	United States	6
2007	Finland	Hong Kong	Germany	6
2006	Spain	Portugal	Ireland	21
2005	Canada	Japan	Norway	1
2004	Austria	Norway	Greece	14
2003	Greece	Sweden	Germany	7
2002	New Zealand	Austria	Australia	9
2001	New Zealand	Australia	Ireland	12
2000	Switzerland	Canada	Denmark	2
1999	Finland	Singapore	Sweden	6

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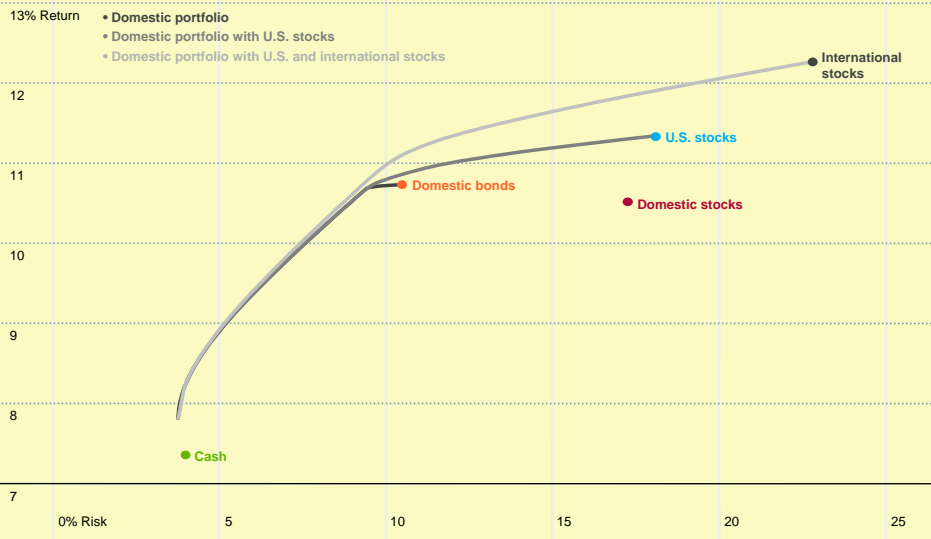
Correlation by Region
60-month rolling correlation, Jan 1970–June 2009

Correlation matrix	Canada	Europe	Pacific	Far East	U.S.
Canada	1.00				
Europe	0.55	1.00			
Pacific	0.37	0.54	1.00		
Far East	0.32	0.51	0.99	1.00	
U.S.	0.66	0.62	0.37	0.34	1.00



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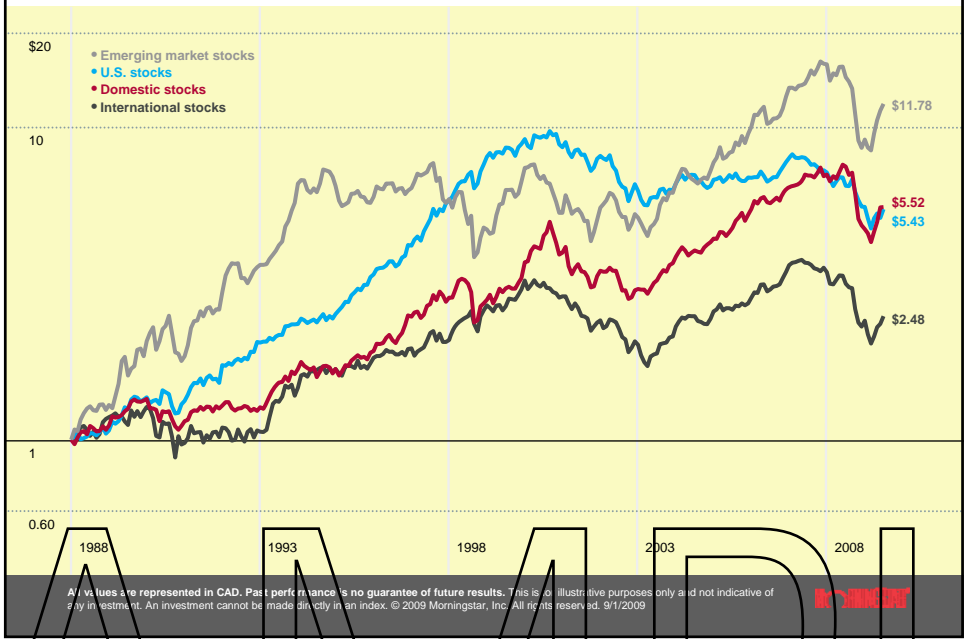
International Investments Expand Opportunities
1970–2008



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SAMPLE

Global Investing with Emerging Markets Jan 1988–June 2009



SAMPLE