BMO Nesbitt Burns Portfolio Advisory Team

The Investment Handbook

Guiding you Through the Investment Process

The purpose of this document is to introduce you to the world of investing and the three major asset classes: stocks, bonds and cash. We focus on the first two and explain the different potential risks and returns associated with each. Understanding what these instruments are can help you make an informed decision about the type of investor you are and how to allocate your assets.

Using historical data, you will be presented with both facts and opinions about the different asset classes as we go into detail explaining the risks associated with investing. Ultimately, the goal of this publication is to inform your discussions with your investment advisor about how to begin investing in the markets, with the hopes of generating returns in a way that suits your style. The right asset allocation can minimize remorse associated with volatility across the different asset classes, which is the key to structuring a portfolio that is right for you. We provide specific considerations relating to the equity and bond portions of your portfolio so you can be more informed about the factors behind your asset allocation.

Please use this handbook with your BMO Nesbitt Burns Investment Advisor to craft an investment strategy that will help you achieve your financial goals.

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Part 1: Understanding the Asset Classes

Welcome to the exciting world of investing! In this section, we provide a brief overview of the major asset classes, the potential risks and returns associated with each one, and ways to help you understand which mix between cash, stocks and bonds suits your needs and goals.

You can invest your money in one (or all) of the major asset classes. Your decision on how much to allocate to each, known as your asset mix, will depend on your risk tolerance, your time horizon, and your overall goals as an investor.

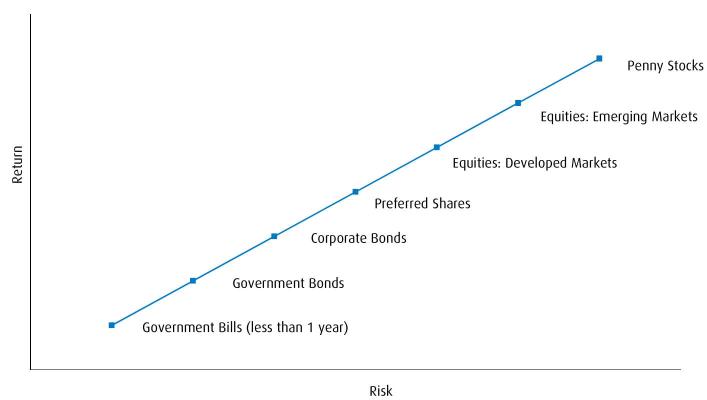
A Brief Overview: Bonds versus Stocks

Before determining your asset mix, it is important to understand the differences between the two major asset classes: stocks and bonds. We do not cover cash in this report. Bonds – commonly referred to as fixed income – are typically lower-risk investments; while stocks – otherwise known as equities – are assumed to carry higher risk. When a government or company needs to raise funds, they may turn to the capital markets to raise that money in the form of debt, **borrowing** from investors by issuing bonds. At the time of its issuance, the bond will have three major components: the **price** you pay for it (i.e. the amount loaned), the **maturity** (i.e. when you get your money back) and the **coupon** (i.e. the interest you are paid in return for loaning money). Should the issuer go bankrupt, bondholders are paid before equity shareholders because bonds are contracts that give them priority in these situations.

Comparatively, stocks are rights to **ownership** in a company, with buyers and sellers trading these ownership positions on a daily basis. Stockholders, as a part owner of the company, are last to be paid out in the event of bankruptcy.

Between these two broad categories, there are many different breakdowns. For example, not all stocks or bonds carry the same level of risk. The risks and returns associated with each depend on the institution in question, the overall economy, and several other factors (see Figure 1).

Figure 1: A Spectrum of Risk



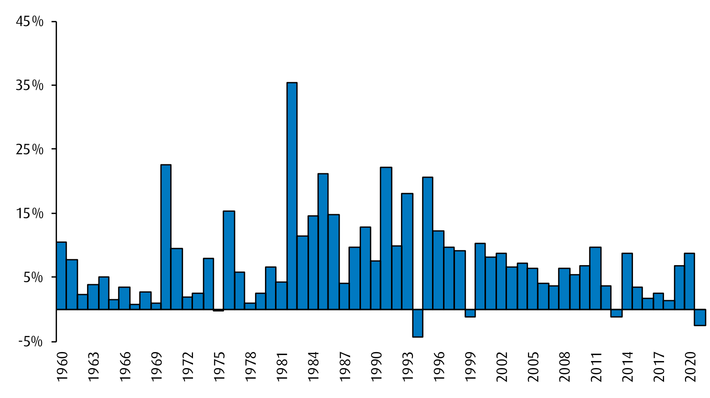
Source: BMO Nesbitt Burns

How Risky is Risk?

Unfortunately, there are no truly risk-free investments; however, some securities have risks that are so small they are considered to be "risk-free." Such investments are typically short-term **government bills** (i.e. a maturity of less than one year). Aside from these bills, **Federal and provincial bonds** (maturities greater than one year) are usually considered to have the lowest amount of risk, as the chances of the federal or provincial governments going bankrupt over the investment term are low. Of course, not all government bonds are created equal, as evidenced by the European Sovereign Bond Crisis in the early 2010's, and investors should conduct the appropriate due diligence before investing.

As you can see in Figure 2, from 1960-2021, Canadian bonds only had five calendar years with a loss.

Figure 2: Universe Bond Index – Annual Total Returns



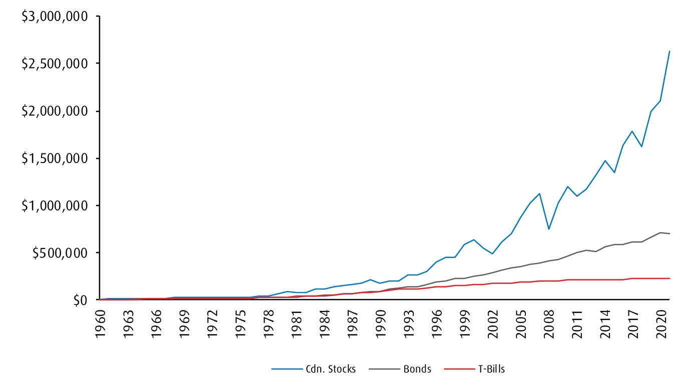
Source: FTSE-TMX

Corporate bonds are normally thought of as the next level up in terms of risk. Investors loan corporations money via bonds and, in return, the company pays a fixed level of interest over the life of the bond. As a bond investor, you're legally entitled to interest and the return of your principal upon the bond's maturity. There are also **high-yield bonds** that carry an additional risk premium above corporate bonds. These will not be covered in this publication, but these instruments are also known as "junk" bonds due to their higher probability of default.

Stocks carry a higher potential return, but also higher potential risk. Shareholders are part-owners of the company and, as such, investors have no guarantees on their investments: should the company go bankrupt, shareholders are paid last, after all other creditors (like bond investors) have been paid. Investors are compensated for the higher risk of owning shares in the form of higher returns.

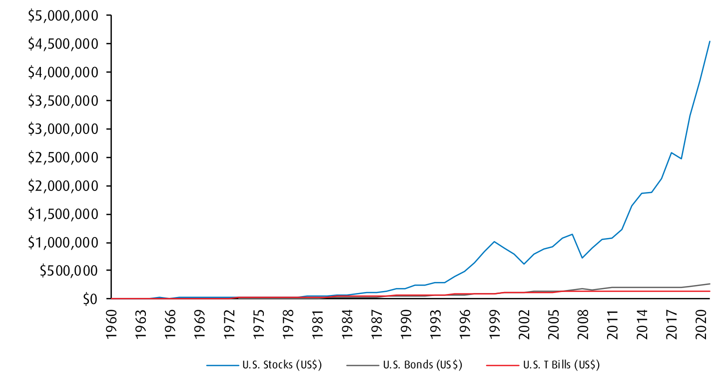
As shown in Figures 3 and 4, stocks have provided the highest returns over the long run compared to bonds and government treasury bills in both the U.S. and Canada.

Figure 3: Historical Returns for Canadian Asset Classes (December 31, 1960 = $10,000; Based on Total Returns)



Source: Bloomberg, Bank of Canada

Figure 4: Historical Returns for U.S. Asset Classes (December 31, 1960 = $10,000; Based on Total Returns)

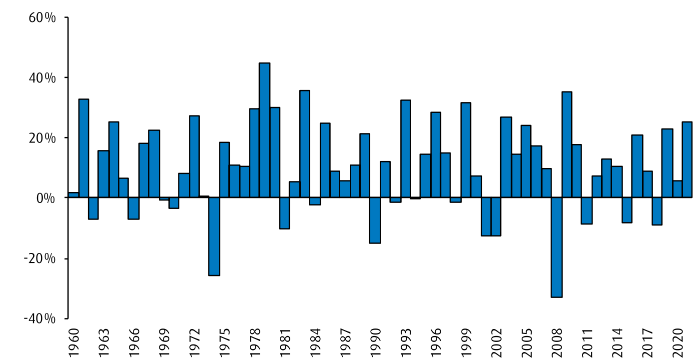


Source: Bloomberg, Federal Reserve, Barclays

Based on this information, you may ask why anyone would invest in government or corporate bonds when the returns for stocks are clearly superior?

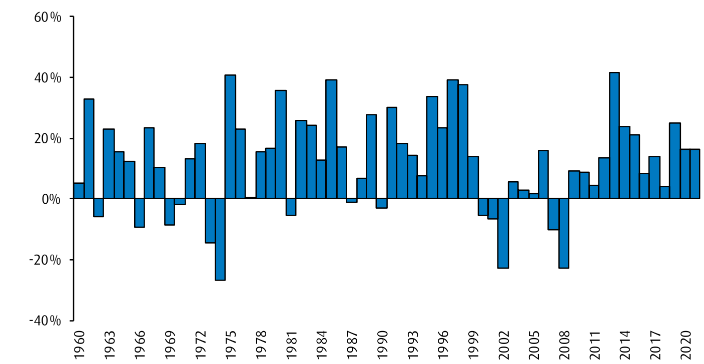
One major reason is **volatility**. When investing in stocks, the ride is not typically very smooth. It is bumpy, filled with upswings and downturns, as shown in Figures 5 and 6. So, when you're determining your asset mix, you need to think about how well you will be able to handle a potentially wild ride, in addition to any potential needs you may have for the money. If the thought of losing money scares you to a point of distress, perhaps you should consider a higher allocation towards less volatile investments such as government bonds and cash.

Figure 5: S&P/TSX Composite Index (Canada): Annual Total Returns



Source: Bloomberg

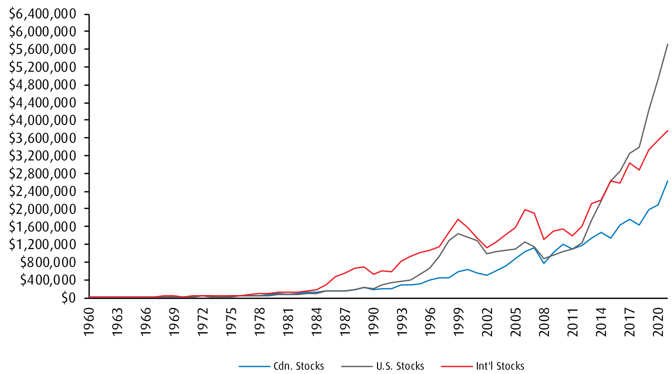
Figure 6: S&P 500 Index (U.S.): Annual Total Returns (in Canadian Dollars)



Source: Bloomberg

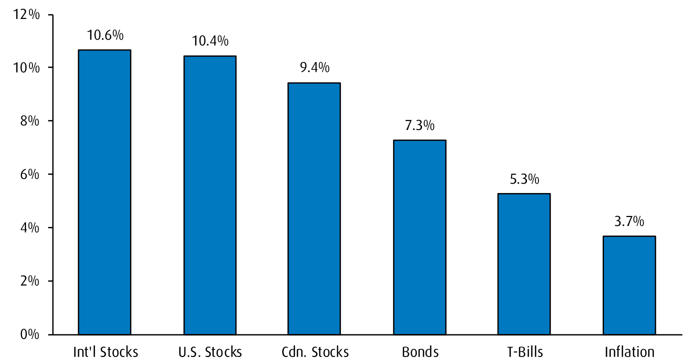
Furthermore, it is important to note that the different regions around the globe experience different levels of volatility, driven by the political and economic climates in their respective countries. As you'll see, investors can also buy **international assets** for access to potentially superior returns. However, with higher potential returns comes higher potential risk. Figure 7 and 8 show that international stocks have outperformed those in Canada, but it has generally been more closely aligned with the U.S. market, which is generally more diversified and liquid.

Figure 7: Canadian vs. U.S. vs. International Stocks



Source: Bloomberg

Figure 8: Asset Class Comparison – Average Annual Total Return 1960-2021



Source: Bloomberg

Investment Risks

Below we discuss specific risks that apply to stocks and bonds. In general, once you begin investing, you are exposed to general market risk (i.e. the risk of your asset values moving up and down due to broad factors such as government policy; also known as **systemic risk**).

Type of Risk	Description
Interest Rate Risk	When interest rates rise, bond prices fall and, conversely, when interest rates fall, bond prices rise. This is a risk if you need to sell a bond before its maturity date. You may end up selling the bond at a **discount** relative to what you paid for it, but the interest payments received over the term of the bond may help offset these losses. Conversely, you may receive a **premium** if the interest rates move in your favour. Interest rates affect equity investors as well, as some sectors (i.e. utilities, telecommunications, and some REITs) may underperform when interest rates rise. Higher interest rates also result in decreased valuations among stocks.
Inflation Risk	The risk of a loss in your **purchasing power** because the value of your investments does not keep up with inflation. Inflation erodes the purchasing power of money over time – in other words, the same amount of money will buy fewer goods and services. Inflation risk is particularly relevant if you own cash or debt investments like bonds. Shares may offer some protection against inflation because many companies can simply increase the prices they charge to their customers.
Currency Risk	The risk of losing money because of a change in the exchange rate. For example, if the U.S. dollar becomes less valuable relative to the Canadian dollar, your U.S. stocks will be decrease in value when measured in Canadian dollars. Another example is a Canadian company that has operations in Europe. If the Canadian dollar increases in value relative to the Euro, this would pose a negative impact because the company receives payment in Euros. When they have to exchange the Euros, they will receive less Canadian dollars since the Euro is no longer as valuable.
Liquidity Risk	The risk of being unable to sell your investment when you want to, at a fair price. If an asset has low liquidity, you may have to sell at a discount.
Concentration Risk	The risk of loss because your money is concentrated in one type of investment (i.e. in one sector, one stock, one bond etc). **Diversification** is a way to mitigate this risk.
Credit Risk	The risk that the government entity or company invested in will have issues paying their bills, also known as **default risk**. For bonds, the risk is that the entity will not be able to pay the interest or repay the principal at maturity. One way to evaluate a bond's credit risk is through its credit rating. For example, typically long-term government bonds (such as those in Canada) have a credit rating of AAA, the lowest possible credit risk. Another way to assess credit risk is to review the entity's balance sheet and ensure that the company has enough liquid assets to cover its debt obligations.
Reinvestment Risk	The risk of loss from reinvesting money at a different interest rate. For example, you bought a bond paying 5% interest two years ago, and now that the bond is maturing, rates dropped to 4%. Now, you can't get the same 5% payments and must settle for the lower 4%. The reverse is true as well, rates can go up which allows you to reinvest in higher rates. This can help offset some of the negative effects of interest rate risk.
Time Horizon Risk	The risk that your investment horizon may be shortened because of an unexpected event, such as the loss of your job or an expensive home repair. This may force you to sell investments that you were expecting to hold for the long term too early and at a lower price than you had anticipated.

Source: BMO Nesbitt Burns, Ontario Securities Council

To determine the type of investor you are, it is important to consider both your **ability** and **willingness** to take on risk. What this boils down to is how well you can handle an investment loss.

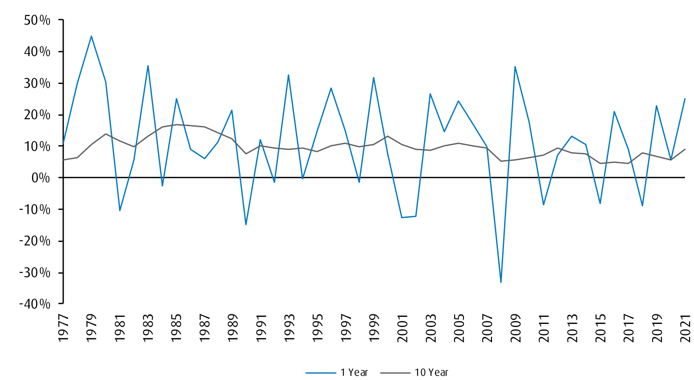
Can You Handle Risk?

Your **ability** – also known as **risk capacity** – to take on risk depends on your wealth. Wealth refers to both your financial wealth (investments and savings) and your ability to generate income from work. This future income, called your "human capital," can help you make up for investment losses.

Your **willingness** – also known as **risk tolerance** – to take on risk has more to do with the emotional component of investing. If the level of investment risk in your portfolio causes you stress, you may have accepted more risk than you are willing to tolerate. To reduce your stress levels, you might consider de-risking your portfolio. To be sure, it is easy to overestimate your willingness to tolerate risk. In fact, research shows that an investor's stated belief in risk-taking is not the same as risk-taking behavior! Behavior is more influenced by past investment experience and beliefs about the future, so it's best to think about the last time you dealt with an investment loss – how did you react? If you had trouble accepting the loss, then perhaps high-risk investing is not for you.

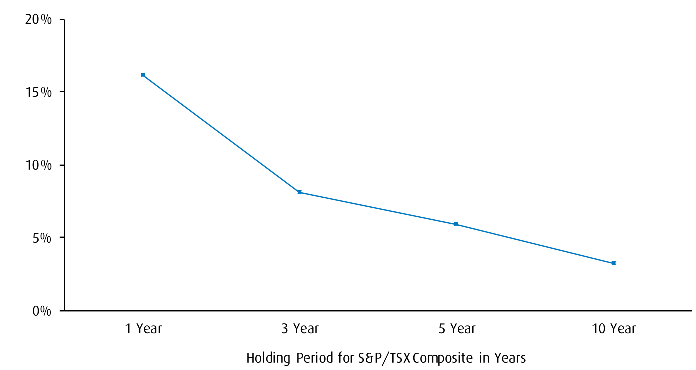
Finally, keep in mind your **time horizon**. Empirical evidence shows that volatility's effects smooth out over time as the daily ups and downs net each other out. We recommend that equity investors have a time horizon of at least five years. As shown in Figures 9 through 12, the longer your holding period, the lower the volatility.

Figure 9: Volatility Decreases with Time: S&P/TSX Composite Index Annualized Total Returns



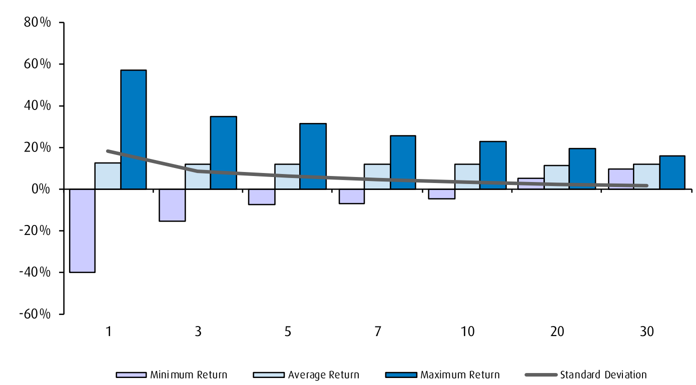
Source: Bloomberg

Figure 10: Volatility Decreases With Time



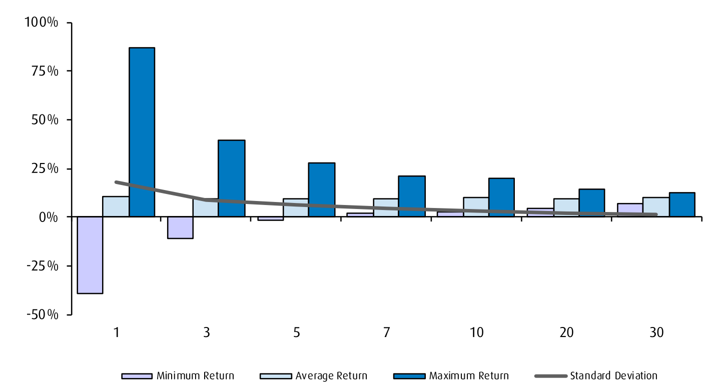
Source: Bloomberg

Figure 11: S&P 500 Index 1960-2021 (Rolling Returns): Annualized Performance



Source: Bloomberg

Figure 12: S&P/TSX Composite Index 1960-2021 (Rolling Returns): Annualized Performance

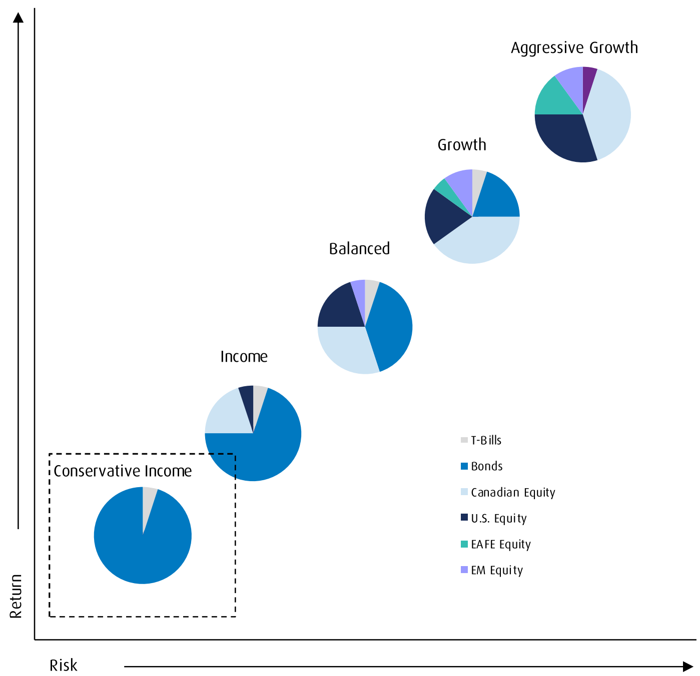


Source: Bloomberg

Part 2: Creating a Diversified Portfolio

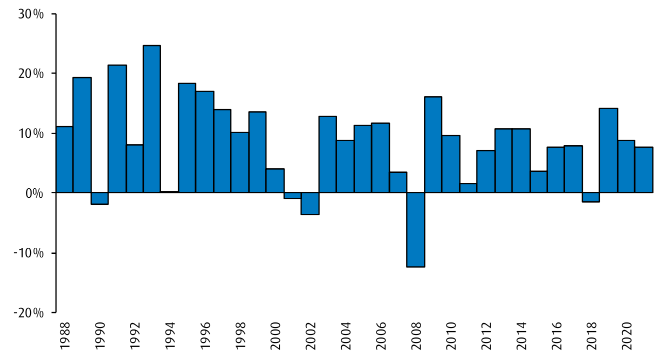
We have four investor profiles to broadly cover the different types of investors: **Income**, **Balanced**, **Growth**, and **Aggressive Growth**. While we do not officially have a Conservative Income profile, it is shown in Figure 13 as an even lower-risk way of being invested. Please note that the allocation for each profile is as of November 2022 (the time of writing). Together with your Investment Advisor, you will determine which profile suits you along with any minor changes that may be required.

Figure 13: Investor Profiles



Source: BMO Nesbitt Burns

Figure 14: Balanced Investor Portfolio – Annual Total Returns



Source: Bloomberg

Risk can be managed with diversification, which can be achieved by (i) dividing your assets among the different classes, (ii) your investment style, and (iii) specific security selection. In general, investors who have a longer time horizon have the goal of growing their capital, and, a longer time horizon typically allows for the investor to take greater risks by investing in equity securities.

But why should investors diversify? After all, if one of your investments goes up by 20% but another only goes up by 5%, you've underperformed compared to if you had been more heavily invested in the one that went up by 20%! Of course, it's easy to see that the reverse is also true, and different investments perform well at different points in the economic cycle. A past example is the classic Tech bubble of the late 1990s. If you invested only in the Technology sector in March of 1999, the return on your portfolio in March of 2000 would've been an outstanding 80%. Hold another year, to March of 2001, and your initial investment would be down 30%. If you had a diversified portfolio and rebalanced in March of 2000, you would've seen less volatility and a greater ending return in your portfolio.

Different sectors are leveraged to changes in various economic factors such as interest rates, exchange rates, and inflation. By building a diversified portfolio, investors minimize the risks associated with their individual holdings without sacrificing return.

Depending on where you fit in the mix, your allocation to stocks versus bonds may change over time. Furthermore, as you expand your investing horizon, we recommend some exposure to foreign equities such as those in Europe and emerging markets. These asset mix recommendations are based on our macroeconomic views which incorporate a variety of factors including, but not limited to: fundamental analysis on individual stocks; earnings growth; economic cyclicality; general economic growth; inflation; and technical analysis.

A well-diversified portfolio provides reasonable protection under normal market conditions. Diversification works because, in general, asset prices do not move perfectly together. However, diversification becomes less effective in extreme market conditions, or when something unexpected occurs such as a political or financial event. While relatively rare, when this happens, markets can become illiquid and the prices of most investments drop in tandem.

Figure 15: BMO Nesbitt Burns Investment Strategy Committee's Recommended Asset Allocation (%)

	Income		Balanced		Growth		Aggressive Growth	
	Recommended Asset Mix	Benchmark Weights	Recommended Asset Mix	Benchmark Weights	Recommended Asset Mix	Benchmark Weights	Recommended Asset Mix	Benchmark Weights
Cash	5	5	5	5	5	5	5	5
Fixed Income	70	70	40	45	20	25	0	0
Equity	25	25	55	50	75	70	95	95
Canadian Equity	20	15	30	25	40	35	45	40
U.S. Equity	5	5	20	15	20	20	30	30
EAFE Equity	0	5	0	5	5	10	10	15
Emerging Equity	0	0	5	5	10	5	10	10

As of November 2022
Benchmarks: Canadian Equity: S&P/TSX Composite Index; U.S. Equity: S&P 500; EAFE: MSCI EAFE (we specifically recommend Continental European Equity); Emerging Equity: MSCI Emerging Markets.
Source: BMO Nesbitt Burns Private Client Strategy Committee

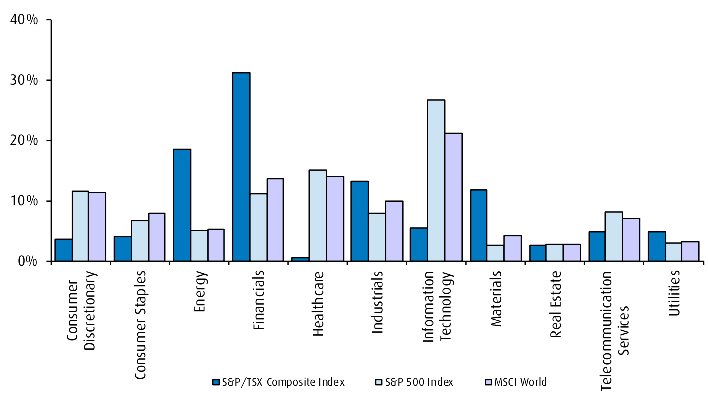
The Equity Portion of a Portfolio

When constructing an equity portfolio, the sector weights of broad market indices can act as a guide to industry weights within the portfolio.

It is important to include a number of different industries to reduce the portfolio's reliance on, and therefore sensitivity to, any given segment of the market. We recommend that investors do not use the S&P/TSX Composite Index sector weights as a guide for industry exposure when building a stock portfolio, as the index is very concentrated, with roughly 65% of its market capitalization in just three sectors: Financials, Energy, and Industrials. Because of this, an equity investor who does not diversify into other global equity markets is exposed to higher potential portfolio volatility and the potential for unsatisfactory returns if the Financial, Energy, and Industrials sectors do not fully participate in an equity bull market.

As shown in Figure 16, the dark blue bars show the weighting of the S&P/TSX across sectors compared to the S&P 500 (light blue) and the MSCI World Index (purple). As you can see, the Canadian market is clearly quite concentrated compared to other equity markets. International diversification can help control the effect of being exposed to potential weakness in the Canadian market. It also provides exposure to market sectors, industries and companies that are simply not available domestically. Please note that international markets outside of the U.S. and Western Europe are considered to carry higher risk because of less developed economies and political instability.

Figure 16: Sector Weight Breakdown Comparison



Source: Bloomberg, MSCI, (as of October 2022)

The Bond Portion of a Portfolio

Typically, investors turn to bonds when they are looking for a predictable income stream while protecting the principal amount invested, unlike equity investors who are typically looking for capital appreciation. However, investors still need to consider diversifying the bond allocation of their portfolio across issuers, as the level of financial protection will vary depending on the general credit worthiness of the borrower (i.e. issuer of the bond).

For example, governments (federal, provincial, and municipal) are considered the most creditworthy borrowers due to their ability to collect and raise taxes or even print money to honour their obligation. Other important factors that determine a government's ability to repay debt include the size of its tax base and the stability and growth potential of its economy. In times of market turmoil, government bonds typically outperform other investments as investors seek a safe haven for their money. For corporations, the level of protection provided to investors is based on financial factors such as liquidity, cash flow, earnings, guarantees (if they exist), and interest coverage ratios, as well as its ability to withstand adverse economic cycles. In Canada, different rating agencies such as Dominion Bond Rating Service (DBRS), Standard & Poor's (S&P) and Moody's Investors Service use these factors to determine issuers' credit ratings. The credit rating assigned overall should reflect an objective opinion as to the ability of the issuer to pay back their debts to bondholders.

Figure 17: Standard & Poor's Issuer Credit Ratings

Rating	Description
AAA AA A	The issuer has an extremely strong capacity to meet its financial commitments.
BBB BB B	The issuer has adequate capacity to meet its financial commitments.
CCC CC C	The issuer is currently vulnerable and dependent upon a number of factors in order to meet its financial obligations.
R	The issuer is under regulatory review owing to its financial condition.
SD/D	Selective default or default: the issuer has failed to make timely payments of interest and/or principal on one or more of its debt obligations, or the issuer has filed bankruptcy petition.

Source: Standard & Poor's

Broadly, this is all referred to as "credit risk" and this risk will vary over time depending on economic conditions and other factors. Like equities, all fixed income investments should be continuously monitored to ensure they remain suitable investments for your portfolio. While defaults are rare for **investment grade bonds** (those rated BBB or higher), over time, some issuers' credit quality can decline as their situations worsen. Ratings agencies may issue downgrades to sub-investment grade as the potential for default increases. Even governments can default on their debt, as seen by Puerto Rico in 2016, and Argentina's US$93 billion default of foreign debt in 2001.

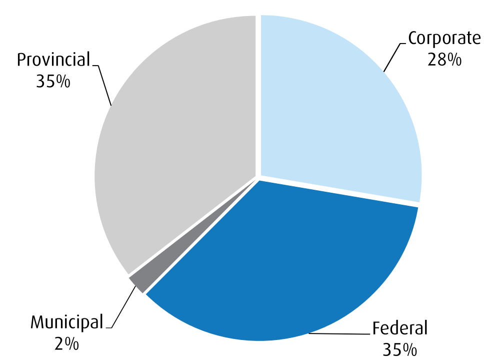
The bonds with the highest credit risk are those that are **sub-investment grade**, known as High Yield or Junk bonds. These are issued by entities with low credit ratings (i.e. BB and lower). They pay higher interest, but there is a higher risk you will not receive your interest payments or get back your original investment.

The common benchmark used for fixed income investments in Canada is the FTSE TMX Canada Bond Universe Index. Just like the S&P 500 in the U.S. and the S&P/TSX Composite Index in Canada, it is divided into major weightings: Federal, Provincial, Corporate, and Municipal. Their relative weights are illustrated in Figure 18.

The maturity of a bond is another key factor to consider. A bond's time to maturity is the primary factor determining its sensitivity to interest rate movements, with longer bonds generally being more sensitive than shorter bonds. Maturities range from **short term** (one to five years), **medium term** (five to ten years) and **long term** (over ten years). A bond's maturity dictates when the full principal (and any outstanding interest) is expected to be repaid.

The final factor to consider is the yield environment. Different maturities have different yields as investors demand higher rates to be compensated for holding longer-dated bonds. The added interest rate risk is reflected through these higher yields.

Figure 18: FTSE TMX Sector Weights



Source: FTSE TMX, as of June 2019

Again, diversification is your friend because by choosing a mix of bonds with different features, you increase the chance that some of your bonds will perform well at times when others do not. Consider buying a mix of bonds that fit your financial goals and tolerance for risk. This could include a mix of government and corporate bonds, bonds that mature at different times, or more complex bonds.

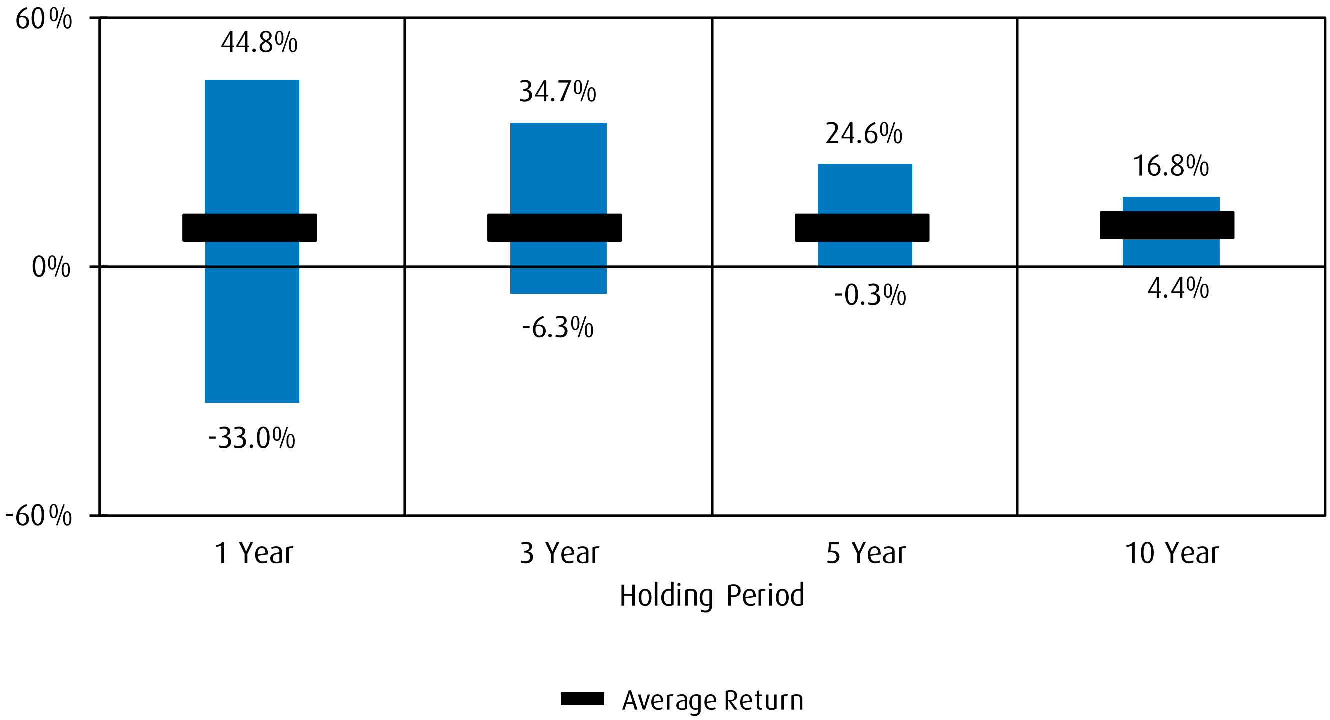
The Bottom Line

It is important to consider the mix that is right for you in terms of how much risk you can tolerate, your personal circumstances at the time of investing, and your overall financial goals; which should be outlined in a financial plan. Your mix can certainly change over time as your circumstances change and you should assess whether it is right for you as you enter different life stages.

There are other factors to consider that are not covered in this publication such as taxes, legal, and other unique circumstances that are specific to you.

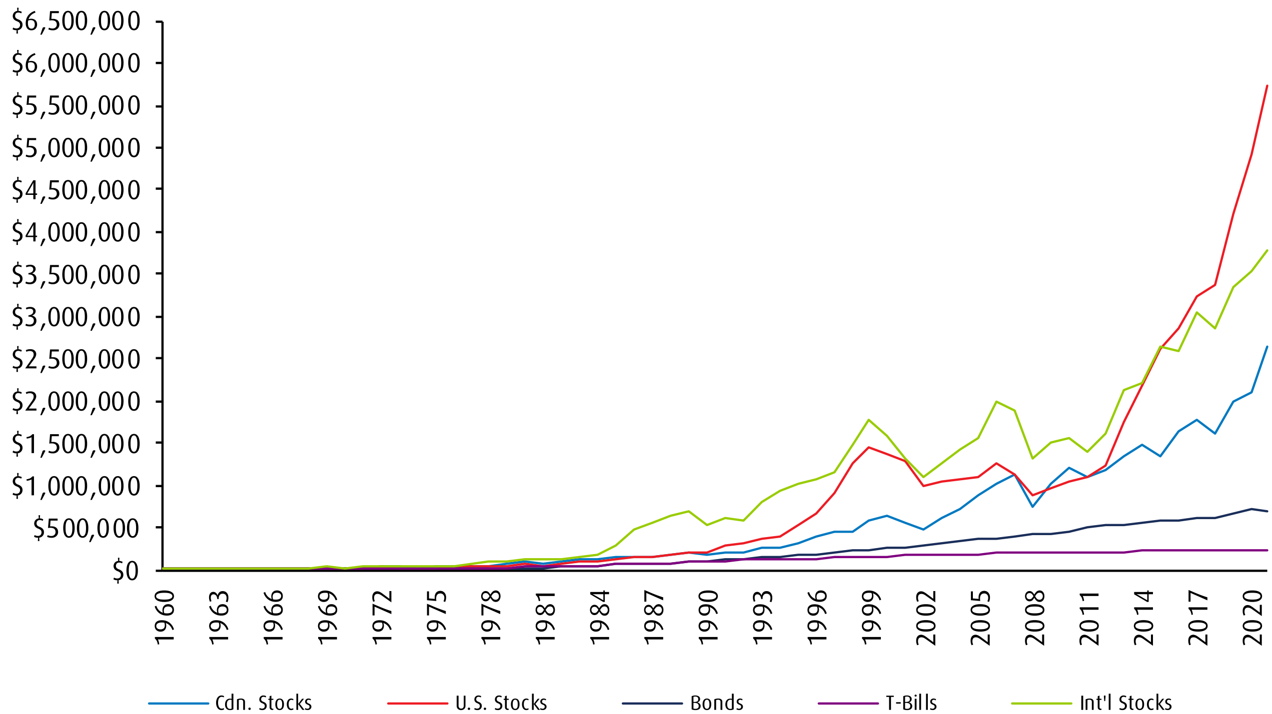
Please speak with your BMO Nesbitt Burns Investment Advisor to outline your financial goals.

Appendix A: Historical Volatility – S&P/TSX Composite Index Average Annual Compound Returns



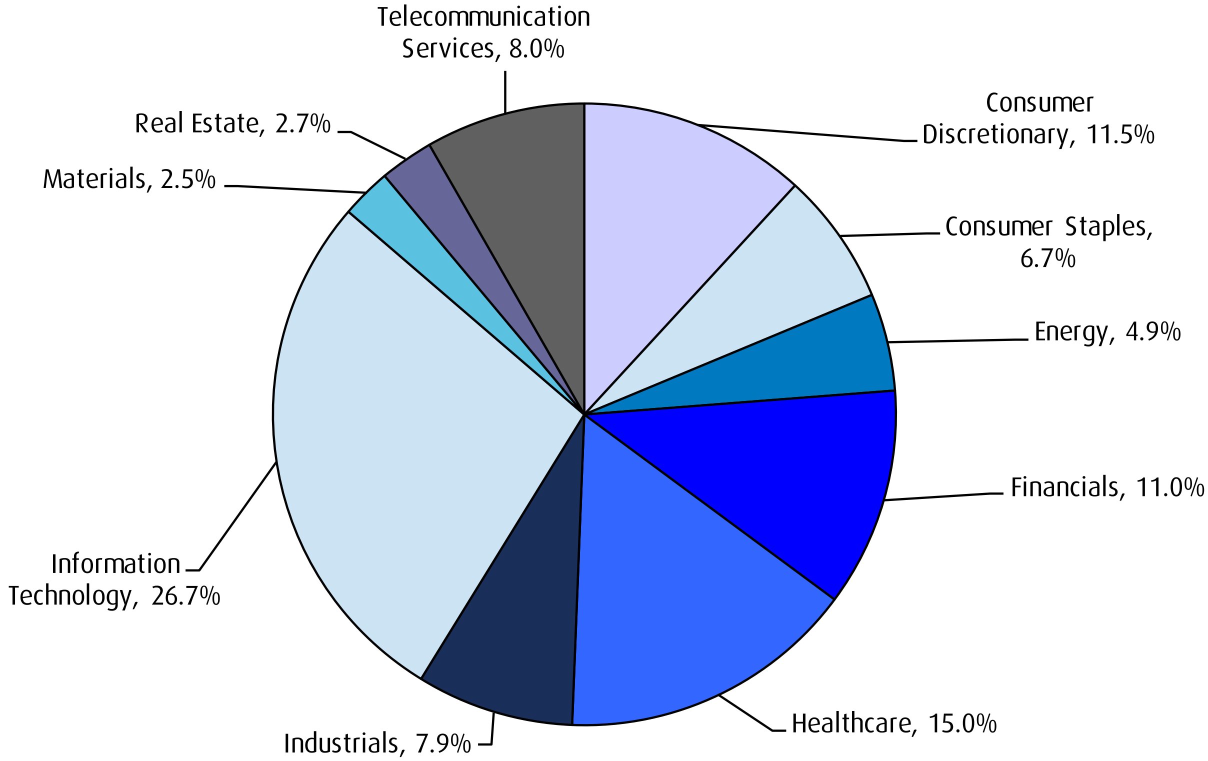
Source: Bloomberg

Appendix B: Asset Allocation Comparison



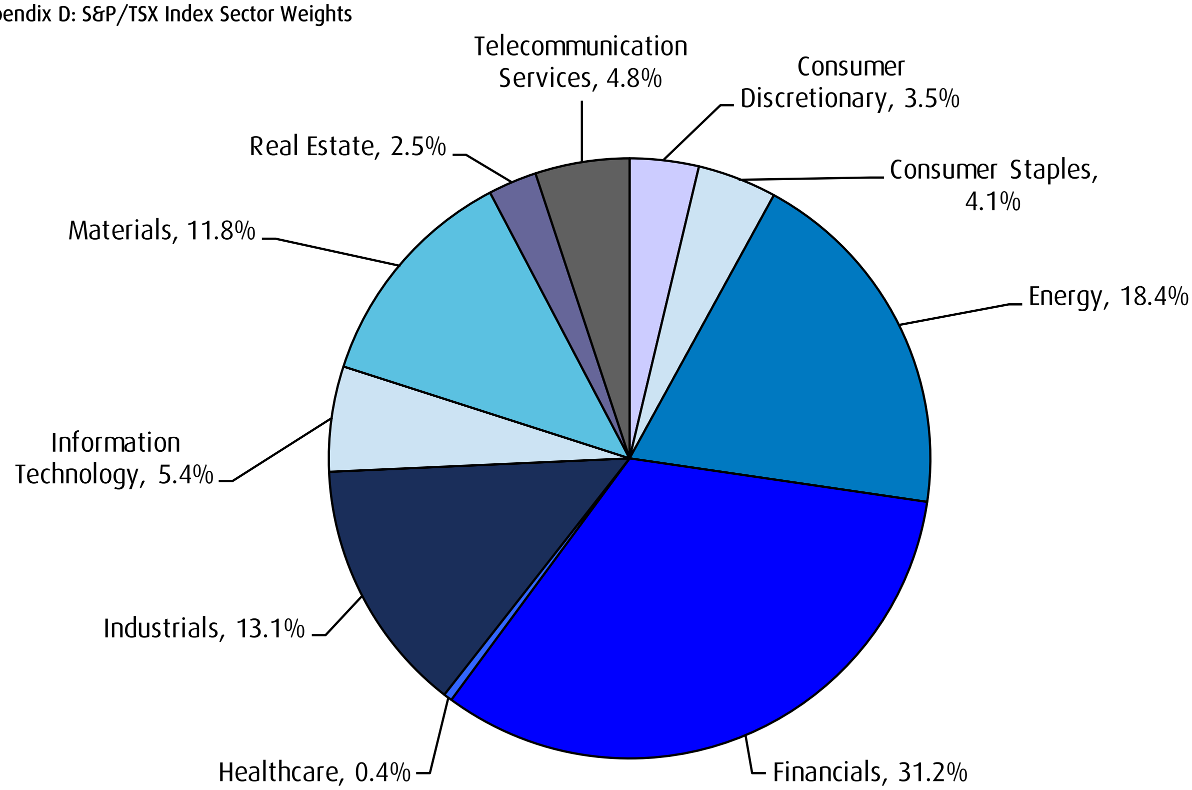
Source: Bloomberg

Appendix C: S&P 500 Index Sector Weights



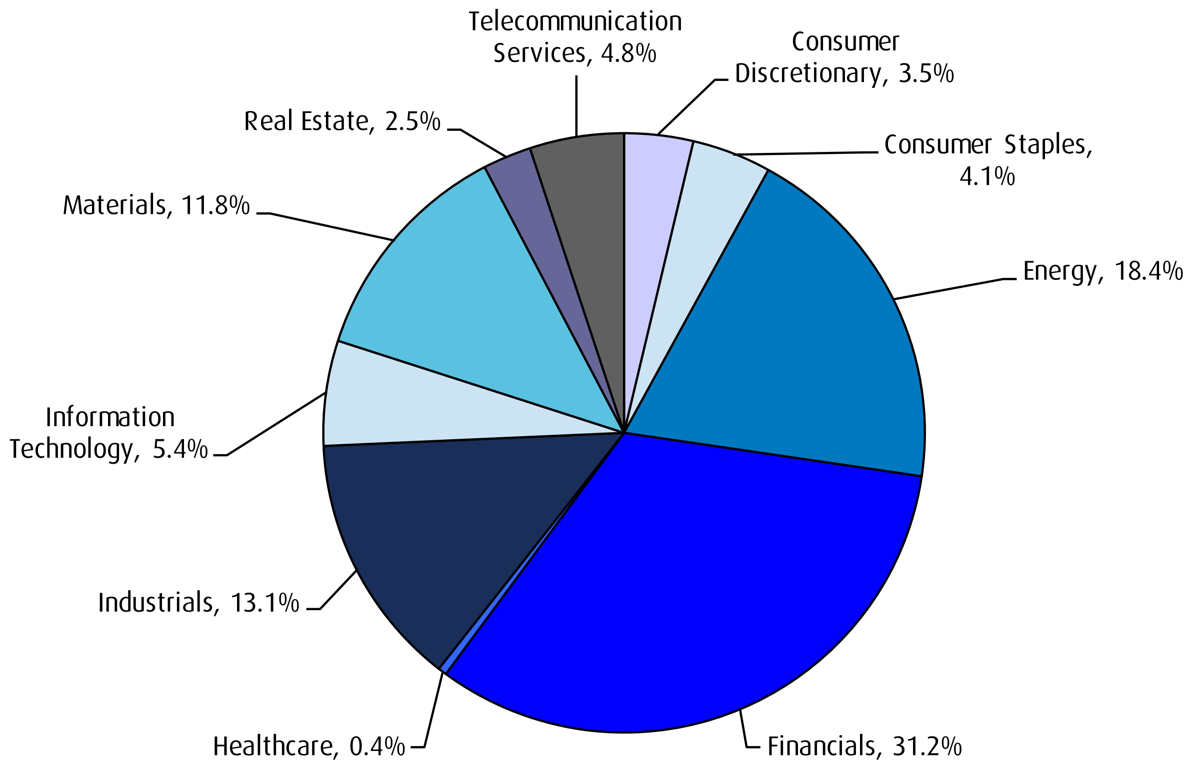
Source: Bloomberg

Appendix D: S&P/TSX Index Sector Weights



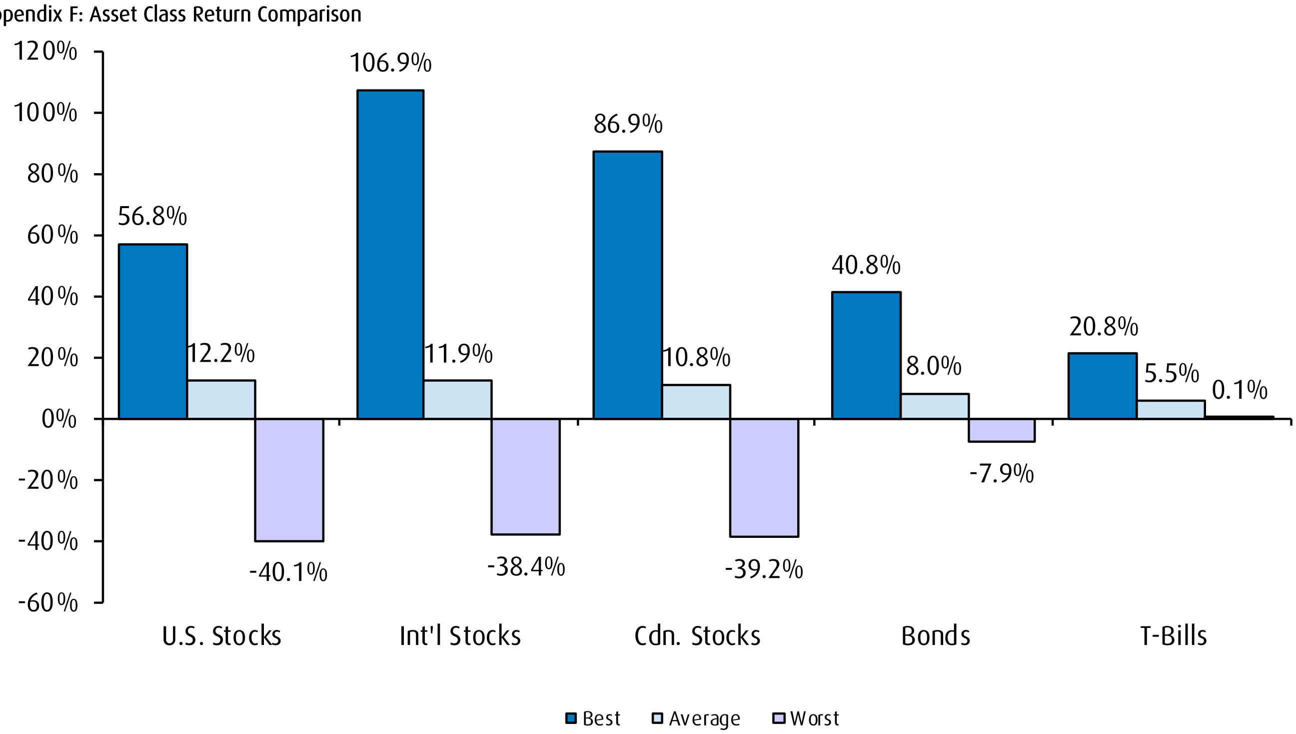
Source: Bloomberg

Appendix E: MSCI World Index Sector Weights



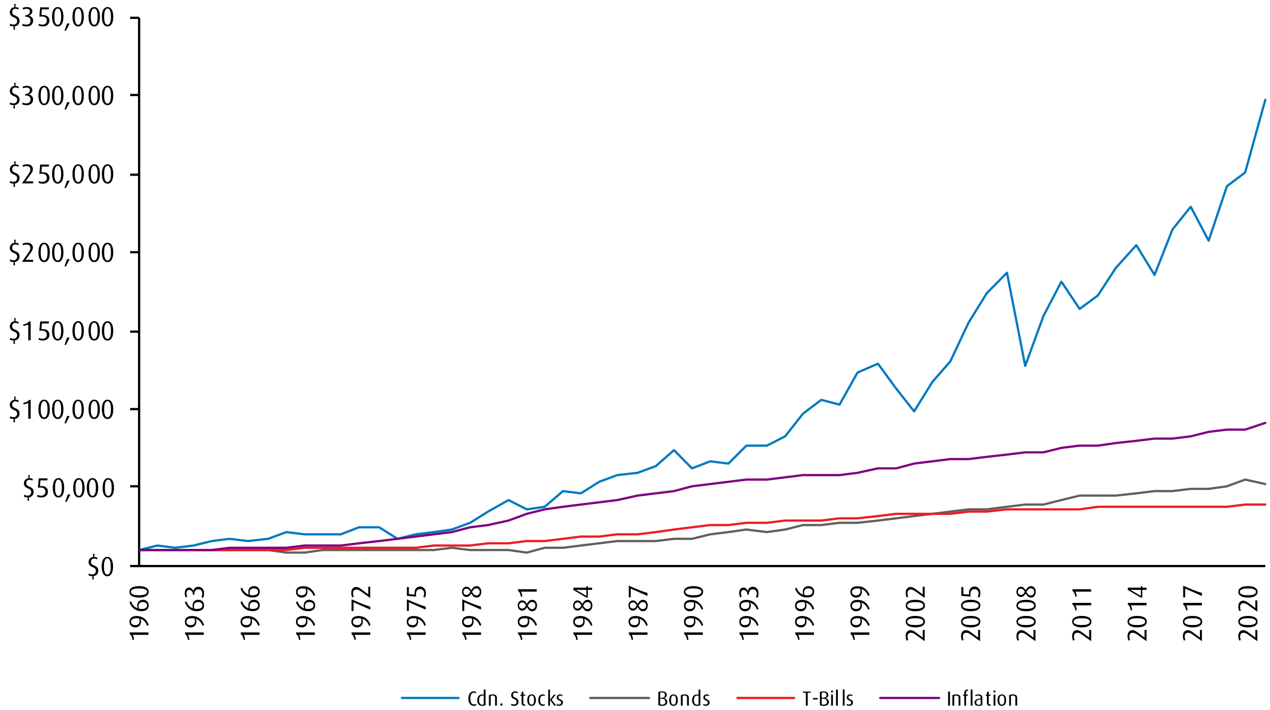
Source: MSCI

Appendix F: Asset Class Return Comparison



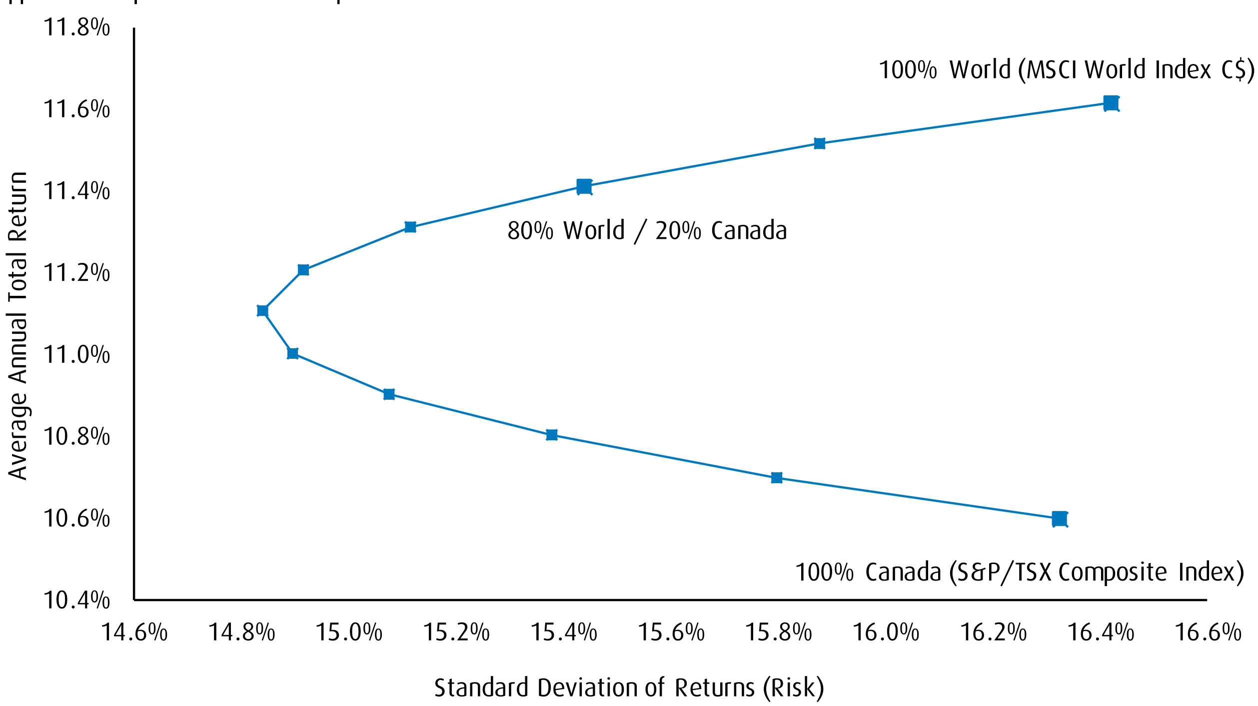
Source: Bloomberg

Appendix G: Keeping Pace with Inflation and Taxes



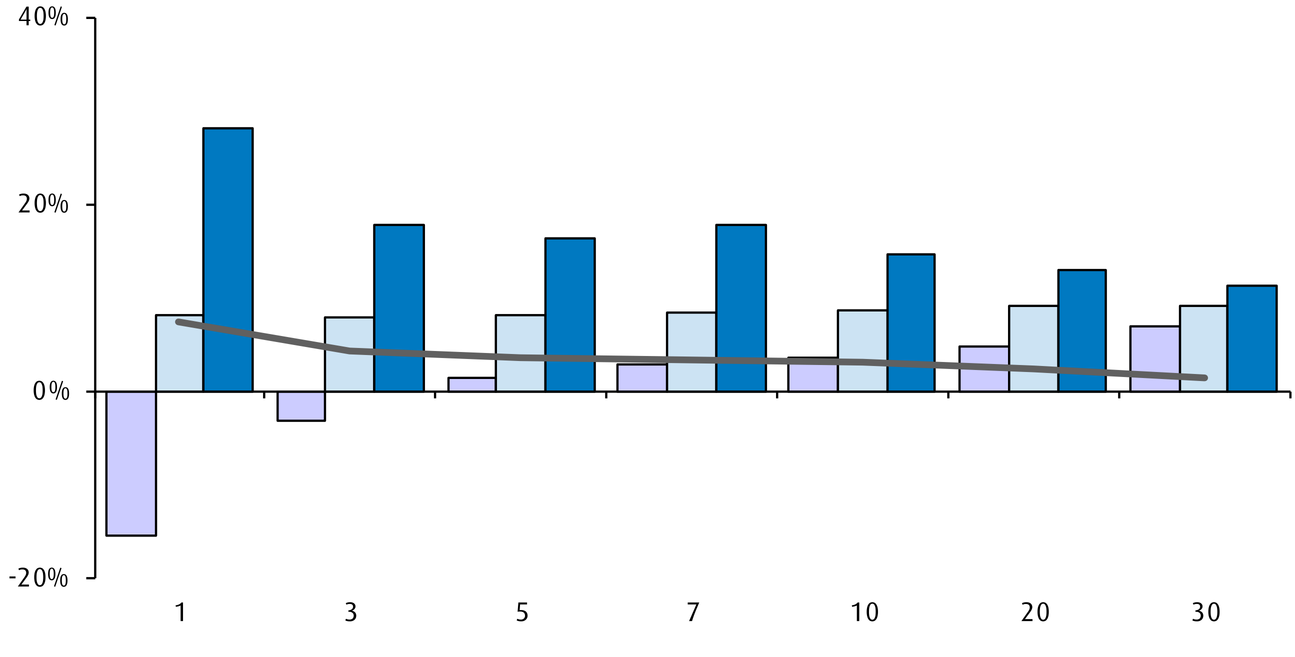
Source: Bloomberg

Appendix H: Impact of International Equities for Canadian Investors 1960-2021



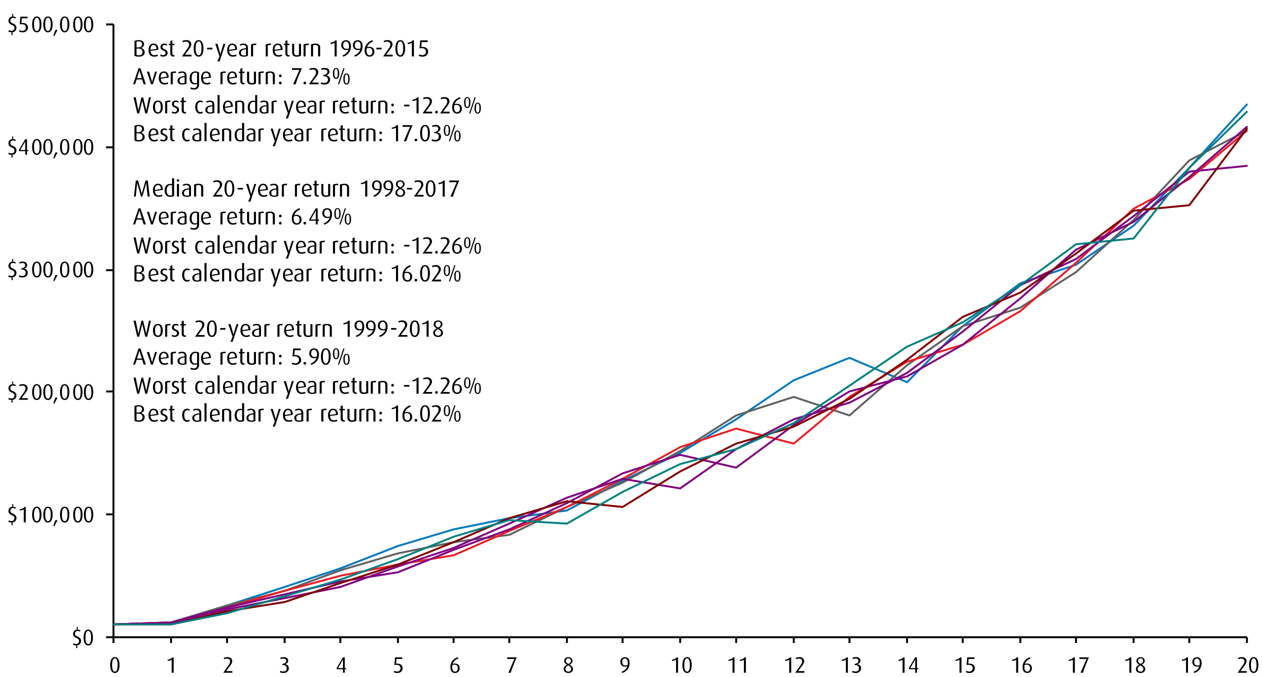
Source: Bloomberg

Appendix I: Balanced Investor Portfolio 1988-2021 (Rolling Return): Annualized Performance



Source: Bloomberg

Appendix J: Accumulation Phase Over 7 20-Year Periods (Account Contribution Rate: $10,000/yr. For 20 Years)



Source: Bloomberg

Appendix K: Annual Total Return Data for Asset Classes

Calendar Year	Canadian T-Bills	DEX Bond Universe	S&P/TSX Composite	S&P 500 (C$)	S&P 500 (US$)	MSCI EAFE (C$)	MSCI EAFE (US$)	MSCI EM (C$)	MSCI EM (US$)
1960	3.36%	10.48%	1.78%	5.15%	0.47%	24.66%	19.11%		
1961	2.83%	7.73%	32.75%	32.80%	26.84%	29.66%	23.85%		
1962	3.98%	2.24%	-7.09%	-5.80%	-8.76%	-7.75%	-10.65%		
1963	3.57%	3.94%	15.60%	23.09%	22.70%	5.70%	5.36%		
1964	3.75%	5.10%	25.43%	15.69%	16.42%	25.41%	26.20%		
1965	3.92%	1.48%	6.68%	12.50%	12.38%	20.75%	20.61%		
1966	4.96%	3.56%	-7.07%	-9.33%	-10.06%	-4.93%	-5.70%		
1967	4.56%	0.75%	18.09%	23.63%	23.98%	11.24%	11.56%		
1968	6.24%	2.80%	22.45%	10.23%	11.03%	33.99%	34.96%		
1969	7.06%	0.91%	-0.81%	-8.43%	-8.43%	17.79%	17.79%		
1970	6.27%	22.65%	-3.57%	-2.02%	3.94%	-15.64%	-10.51%		
1971	3.67%	9.59%	8.01%	13.27%	14.30%	30.03%	31.21%		
1972	3.52%	1.96%	27.38%	18.14%	19.00%	36.61%	37.60%		
1973	5.25%	2.42%	0.27%	-14.60%	-14.69%	-14.08%	-14.17%		
1974	7.76%	7.87%	-25.93%	-26.87%	-26.47%	-22.57%	-22.15%		
1975	7.27%	-0.20%	18.48%	40.75%	37.23%	40.62%	37.10%		
1976	8.91%	15.31%	11.02%	23.05%	23.93%	3.00%	3.74%		
1977	7.41%	5.86%	10.71%	0.68%	-7.16%	29.51%	19.42%		
1978	8.40%	0.98%	29.72%	15.51%	6.57%	45.57%	34.30%		
1979	11.42%	2.50%	44.77%	16.69%	18.61%	4.46%	6.18%		
1980	12.51%	6.57%	30.13%	35.59%	32.50%	27.33%	24.43%		
1981	17.94%	4.20%	-10.25%	-5.58%	-4.92%	-1.72%	-1.03%		
1982	14.04%	35.36%	5.54%	25.99%	21.55%	2.76%	-0.86%		
1983	9.32%	11.53%	35.49%	24.11%	22.56%	26.19%	24.61%		
1984	11.05%	14.66%	-2.39%	12.88%	6.27%	14.56%	7.86%		
1985	9.48%	21.23%	25.07%	39.36%	31.73%	65.81%	56.72%		
1986	9.05%	14.70%	8.95%	17.15%	18.67%	67.78%	69.94%		
1987	8.13%	4.04%	5.88%	-0.94%	5.25%	17.58%	24.93%		
1988	9.27%	9.79%	11.08%	7.02%	16.61%	18.02%	28.59%	28.88%	40.43%
1989	11.95%	12.81%	21.37%	27.93%	31.69%	7.64%	10.80%	60.26%	64.96%
1990	12.87%	7.54%	-14.80%	-2.99%	-3.10%	-23.10%	-23.20%	-10.44%	-10.55%
1991	9.06%	22.13%	12.02%	29.97%	30.47%	12.07%	12.50%	59.30%	59.91%
1992	6.61%	9.84%	-1.43%	18.37%	7.62%	-3.05%	-11.85%	22.53%	11.40%
1993	5.11%	18.14%	32.55%	14.48%	10.08%	38.26%	32.94%	81.83%	74.84%
1994	5.26%	-4.31%	-0.18%	7.46%	1.32%	14.61%	8.06%	-1.70%	-7.32%
1995	7.03%	20.67%	14.53%	33.87%	37.58%	8.54%	11.55%	-7.76%	-5.21%
1996	4.44%	12.26%	28.35%	23.56%	22.96%	6.88%	6.36%	6.54%	6.03%
1997	3.12%	9.63%	14.98%	39.19%	33.36%	6.52%	2.06%	-7.72%	-11.59%
1998	4.71%	9.18%	-1.58%	37.82%	28.58%	28.98%	20.33%	-19.97%	-25.34%
1999	4.70%	-1.14%	31.71%	13.94%	21.04%	19.83%	27.30%	56.64%	66.41%
2000	5.44%	10.25%	7.41%	-5.57%	-9.10%	-10.61%	-13.96%	-27.91%	-30.61%
2001	3.90%	8.08%	-12.57%	-6.40%	-11.89%	-16.30%	-21.21%	3.70%	-2.37%
2002	2.59%	8.73%	-12.44%	-22.84%	-22.10%	-16.46%	-15.66%	-6.90%	-6.00%
2003	2.87%	6.69%	26.72%	5.76%	28.68%	14.37%	39.17%	28.43%	56.28%
2004	2.22%	7.15%	14.48%	2.80%	10.88%	11.90%	20.70%	16.77%	25.95%
2005	2.73%	6.46%	24.13%	1.76%	4.91%	10.59%	14.02%	30.50%	34.54%
2006	4.03%	4.06%	17.26%	15.74%	15.79%	26.80%	26.86%	32.49%	32.55%
2007	4.15%	3.69%	9.83%	-10.27%	5.49%	-5.05%	11.63%	18.93%	39.82%
2008	2.39%	6.41%	-33.00%	-22.59%	-37.00%	-30.04%	-43.06%	-42.48%	-53.18%
2009	0.35%	5.41%	35.05%	9.12%	26.46%	14.30%	32.46%	54.48%	79.02%
2010	0.60%	6.74%	17.61%	8.89%	15.06%	2.40%	8.21%	12.80%	19.20%
2011	0.92%	9.68%	-8.71%	4.41%	2.11%	-9.75%	-11.73%	-16.33%	-18.17%
2012	0.97%	3.60%	7.19%	13.48%	16.00%	15.34%	17.90%	16.05%	18.63%
2013	0.97%	-1.19%	12.99%	41.53%	32.39%	31.81%	23.29%	4.48%	-2.27%
2014	0.91%	8.79%	10.55%	24.00%	13.69%	4.18%	-4.48%	7.09%	-1.82%
2015	0.50%	3.52%	-8.32%	20.95%	1.38%	18.83%	-0.39%	1.88%	-14.60%
2016	0.50%	1.66%	21.08%	8.62%	11.96%	-1.52%	1.51%	8.27%	11.60%
2017	0.71%	2.52%	9.10%	13.83%	21.83%	17.36%	25.62%	28.70%	37.75%
2018	1.40%	1.41%	-8.89%	3.98%	-4.38%	-5.78%	-13.36%	-6.74%	-14.24%
2019	1.66%	6.87%	22.88%	25.18%	31.49%	16.78%	22.66%	13.18%	18.88%
2020	0.42%	8.68%	5.60%	16.07%	18.40%	6.14%	8.28%	16.35%	18.69%
2021	0.13%	-2.54%	25.09%	28.16%	28.71%	6.14%	8.28%	-2.64%	-2.22%

Note: Data for the MSCI Emerging Markets Index begins in December 1987
Source: Bloomberg, FTSE, Bank of Canada

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