

# The case for diversification

## Across asset classes

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Higher	Emerg. Mkts. Equities 18.5%	Global Bonds 31.1%	Canadian, Small Cap Eq. 62.4%	Canadian, Small Cap Eq. 35.1%	Canadian Bonds 9.7%	Global Real Estate 25.8%	U.S. Small Cap Equities 48.1%	Global Real Estate 26.3%	U.S. Equities 21.6%	Canadian, Small Cap Eq. 38.5%	Emerg. Mkts. Equities 28.7%	Global Bonds 7.7%	U.S. Equities 24.9%
	Canadian Equities 9.8%	Canadian Bonds 6.4%	Emerg. Mkts. Equities 52.0%	U.S. Small Cap Equities 20.2%	Global Bonds 8.3%	Emerg. Mkts. Equities 16.0%	U.S. Equities 41.3%	U.S. Equities 23.9%	Global Real Estate 20.0%	Canadian Equities 21.1%	International Equities 17.4%	High Yield Bonds 6.5%	Canadian Equities 22.9%
	Canadian Bonds 3.7%	5-year GIC 3.00%	Canadian Equities 35.1%	Canadian Equities 17.6%	High Yield Bonds 7.0%	International Equities 15.3%	International Equities 31.6%	U.S. Small Cap Equities 14.3%	International Equities 19.5%	U.S. Small Cap Equities 17.1%	U.S. Equities 13.8%	U.S. Equities 4.2%	U.S. Small Cap Equities 19.2%
	5-year GIC 3.30%	Canadian Inflation 1.2%	High Yield Bonds 33.8%	Global Real Estate 14.1%	U.S. Equities 4.6%	U.S. Small Cap Equities 13.8%	Balanced Portfolio 18.5%	Balanced Portfolio 12.1%	Global Bonds 16.1%	High Yield Bonds 13.4%	Canadian Equities 9.1%	Global Real Estate 3.8%	Global Real Estate 16.8%
	Canadian Inflation 2.4%	High Yield Bonds -7.9%	Global Real Estate 17.4%	Emerg. Mkts. Equities 13.0%	Canadian Inflation 2.3%	U.S. Equities 13.4%	High Yield Bonds 14.6%	High Yield Bonds 11.7%	U.S. Small Cap Equities 14.6%	U.S. Equities 8.1%	Balanced Portfolio 8.5%	Canadian Inflation 2.0%	International Equities 16.5%
	Canadian, Small Cap Eq. 0.9%	Balanced Portfolio -15.4%	Balanced Portfolio 16.4%	Balanced Portfolio 9.7%	5-year GIC 1.87%	High Yield Bonds 13.0%	Canadian Equities 13.0%	Canadian Equities 10.6%	High Yield Bonds 14.4%	Balanced Portfolio 8.0%	U.S. Small Cap Equities 7.1%	5-year GIC 1.7%	Canadian, Small Cap Eq. 15.9%
	Balanced Portfolio -3.1%	U.S. Small Cap Equities -17.2%	International Equities 12.5%	High Yield Bonds 9.2%	Balanced Portfolio -0.2%	Balanced Portfolio 10.0%	Global Real Estate 11.4%	Global Bonds 9.7%	Balanced Portfolio 9.8%	Emerg. Mkts. Equities 7.7%	Global Real Estate 4.1%	Canadian Bonds 1.4%	Balanced Portfolio 15.5%
	International Equities -5.3%	U.S. Equities -21.2%	U.S. Small Cap Equities 8.0%	U.S. Equities 9.1%	U.S. Small Cap Equities -1.8%	Canadian Equities 7.2%	Canadian, Small Cap Eq. 7.6%	Canadian Bonds 8.8%	Canadian Bonds 3.5%	Canadian Bonds 1.7%	Canadian, Small Cap Eq. 2.8%	Balanced Portfolio -0.8	Emerg. Mkts. Equities 12.9%
	Global Bonds -7.0%	International Equities -28.8%	U.S. Equities 7.4%	Canadian Bonds 6.7%	Global Real Estate -3.5%	Canadian Bonds 3.6%	Emerg. Mkts. Equities 4.3%	Emerg. Mkts. Equities 7.0%	Emerg. Mkts. Equities 2.4%	Canadian Inflation 1.5%	Canadian Bonds 2.5%	U.S. Small Cap Equities -3.0%	High Yield Bonds 8.6%
	U.S. Equities -10.5%	Canadian Equities -33.0%	Canadian Bonds 5.4%	International Equities 2.6%	Canadian Equities -8.7%	Global Bonds 2.0%	Global Bonds 3.9%	International Equities 4.1%	Canadian Inflation 1.6%	5-year GIC 1.42%	Canadian Inflation 1.9%	International Equities -5.6%	Canadian Bonds 6.9%
	High Yield Bonds -13.3%	Global Real Estate -34.6%	5-year GIC 1.95%	Canadian Inflation 2.4%	International Equities -9.5%	5-year GIC 1.65%	5-year GIC 1.63%	5-year GIC 1.92%	5-year GIC 1.43%	Global Real Estate 1.4%	5-year GIC 1.39%	Emerg. Mkts. Equities -6.5%	Canadian Inflation 2.3%
	U.S. Small Cap Equities -16.5%	Emerg. Mkts. Equities -41.4%	Canadian Inflation 1.3%	5-year GIC 1.96%	Emerg. Mkts. Equities -16.1%	Canadian Inflation 0.8%	Canadian Inflation 1.2%	Canadian Inflation 1.5%	Canadian Equities -8.3%	Global Bonds -1.4%	High Yield Bonds 0.4%	Canadian Equities -8.9%	5-year GIC 2.1%
Lower	Global Real Estate -21.1%	Canadian, Small Cap Eq. -45.5%	Global Bonds -9.2%	Global Bonds 0.0%	Canadian, Small Cap Eq. -16.4%	Canadian, Small Cap Eq. -2.2%	Canadian Bonds -1.2%	Canadian, Small Cap Eq. -2.3%	Canadian, Small Cap Eq. -13.3%	International Equities -2.0%	Global Bonds 0.3%	Canadian, Small Cap Eq. -18.2%	Global Bonds 1.4%

Source: Morningstar Research Inc., CI Investments in CAD.

This chart shows calendar year returns for ten broad-based asset classes and one balanced.

Canadian Equity Large Cap – S&P/TSX Composite TR  
 Canadian Equity Small Cap – S&P/TSX Small Cap TR  
 U.S. Equity Large Cap – S&P 500 TR CAD  
 U.S. Equity Small Cap – Russell 2000 TR CAD  
 International Equity – MSCI EAFE GR CAD

Emerging markets Equity – MSCI EM GR CAD  
 Global Real Estate – FTSE EPRA NAREIT Developed TR CAD  
 Canadian Fixed Income – FTSE Canada Universe Bond  
 Global Fixed Income – Bloomberg Barclays Global Aggregate TR CAD  
 High-Yield Fixed Income – ICE Bank of America Merrill Lynch U.S. High Yield TR CAD

Global Balanced Portfolio – 18.5% S&P/TSX Composite TR, 2.5% S&P/TSX Small Cap TR, 17.9% S&P 500 TR CAD, 3.1% Russell 2000 TR CAD, 2% MSCI EM GR CAD, 16% MSCI EAFE GR CAD, 8% ICE BofAML U.S. High Yield TR USD, 18% FTSE TMX Canada Universe Bond, 5% FTSE EPRA/NAREIT Developed TR, and 9% BBGBarc Global Aggregate TR CAD.

# The case for diversification

## Across sectors of the economy

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Higher	Energy 34.4%	Cons. Staples -15.4%	IT 61.7%	Real Estate 32.3%	Utilities 19.9%	Financials 28.8%	Cons. Disc. 43.1%	Real Estate 30.2%	Cons. Disc. 10.1%	Energy 27.4%	IT 38.8%	Health Care 6.5%	IT 50.3%
	Materials 22.5%	Health Care -22.8%	Materials 48.6%	Cons. Disc. 27.7%	Cons. Staples 14.0%	Cons. Disc. 23.9%	Health Care 41.5%	Utilities 29.0%	Health Care 6.9%	Comm. Serv. 23.5%	Materials 23.8%	Utilities 4.1%	Comm. Serv. 32.7%
	Utilities 19.4%	Utilities -29.0%	Cons. Disc. 41.3%	Industrials 26.7%	Health Care 12.7%	Real Estate 19.7%	Industrials 40.7%	Health Care 25.3%	Cons. Staples 6.6%	Financials 22.8%	Cons. Disc. 23.0%	Cons. Disc. 0.8%	Financials 32.1%
	IT 16.3%	Comm. Serv. -30.5%	Real Estate 27.1%	Materials 22.2%	Real Estate 11.4%	Comm. Serv. 18.3%	Financials 35.6%	IT 20.1%	IT 5.9%	Industrials 18.9%	Financials 22.2%	IT -0.3%	S&P 500 31.5%
	Cons. Staples 14.2%	Cons. Disc. -33.5%	S&P 500 26.5%	Energy 20.5%	Comm. Serv. 6.3%	Health Care 17.9%	S&P 500 32.4%	Cons. Staples 16.0%	Real Estate 4.7%	Materials 16.7%	Health Care 22.1%	Real Estate 3.4%	Industrials 29.4%
	Industrials 12.0%	Energy -34.9%	Industrials 20.9%	Comm. Serv. 19.0%	Cons. Disc. 6.1%	S&P 500 16.0%	IT 28.4%	Financials 15.2%	Comm. Serv. 3.4%	Utilities 16.3%	S&P 500 21.8%	S&P 500 -4.4%	Real Estate 29.0%
	Comm. Serv. 11.9%	S&P 500 -37.0%	Health Care 19.7%	S&P 500 15.1%	Energy 4.7%	Industrials 15.3%	Cons. Staples 26.1%	S&P 500 13.7%	S&P 500 1.4%	IT 13.8%	Industrials 21.0%	Cons. Staples -8.4%	Cons. Disc. 27.9%
	Health Care 7.2%	Industrials -39.9%	Financials 17.2%	Cons. Staples 14.1%	IT 2.4%	Materials 15.0%	Materials 25.6%	Industrials 9.8%	Financials -1.5%	S&P 500 12.0%	Cons. Staples 13.5%	Comm. Serv. -12.5%	Cons. Staples 27.6%
	S&P 500 5.5%	IT -43.1%	Cons. Staples 14.4%	Financials 12.1%	S&P 500 2.1%	IT 14.8%	Energy 25.1%	Cons. Disc. 9.7%	Industrials -2.5%	Cons. Disc. 6.0%	Utilities 12.1%	Financials -13.0%	Utilities 26.4%
	Cons. Disc. -13.2%	Real Estate -42.3%	Energy 13.8%	IT 10.2%	Industrials -0.6%	Cons. Staples 10.8%	Utilities 13.2%	Materials 6.9%	Utilities -4.8%	Cons. Staples 5.4%	Real Estate 3.4%	Industrials -13.3%	Materials 24.6%
	Real Estate -17.9%	Materials -45.7%	Utilities 11.9%	Utilities 5.5%	Materials -9.8%	Energy 4.6%	Comm. Serv. 11.5%	Comm. Serv. 3.0%	Materials -8.4%	Real Estate 3.4%	Energy -1.0%	Materials -14.7%	Health Care 20.8%
Lower	Financials -18.6%	Financials -55.3%	Comm. Serv. 8.9%	Health Care 2.9%	Financials -17.1%	Utilities 1.3%	Real Estate 1.6%	Energy -7.8%	Energy -21.1%	Health Care -2.7%	Comm. Serv. -1.3%	Energy -18.1%	Energy 11.8%

Source: Morningstar Research Inc., CI Investments in USD.

This chart shows the calendar year returns for the S&P 500 Index sectors (in U.S. dollars). The S&P 500 is composed of 11 sectors, as defined by the Global Industry Classification Standard (GICS). The S&P 500 Index represents the performance of the U.S. equity market, the largest in world.

# The case for diversification

## Across countries

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Higher	Brazil 52.7%	Japan -11.3%	Brazil 94.1%	Mexico 21.0%	U.S. 4.6%	Germany 29.2%	Germany 41.3%	India 35.0%	Japan 31.8%	Brazil 61.0%	China 44.2%	Brazil 8.8%	Netherlands 26.0%
	India 46.8%	U.S. -21.2%	India 72.2%	Korea 20.5%	U.K. -0.1%	Mexico 26.2%	U.S. 41.3%	U.S. 23.9%	Italy 23.5%	Canada 21.1%	Korea 38.1%	U.S. 4.2%	U.S. 24.8%
	China 41.0%	Spain -25.0%	Australia 50.1%	Canada 17.6%	Australia -8.6%	India 23.2%	Spain 41.2%	China 18.0%	Netherlands 22.0%	U.S. 8.1%	India 29.6%	India 1.0%	Canada 22.9%
	Germany 15.3%	France -28.3%	Korea 46.1%	India 14.6%	Canada -8.7%	China 20.4%	Netherlands 40.6%	Canada 10.6%	U.S. 21.6%	Australia 7.8%	Netherlands 24.0%	Australia -3.9%	Italy 22.2%
	Korea 12.4%	Mexico -28.6%	China 38.1%	Japan 9.6%	Spain -9.0%	France 20.1%	France 36.2%	Netherlands 5.5%	France 20.9%	Korea 5.5%	France 21.4%	France -4.0%	France 20.5%
	Australia 10.1%	Germany -31.8%	Canada 35.1%	U.S. 9.1%	Netherlands -9.5%	Australia 19.6%	Japan 35.9%	Australia 5.5%	Germany 18.4%	France 2.4%	Italy 21.0%	Japan -4.7%	Brazil 20.3%
	Canada 9.8%	Canada -33.0%	Mexico 33.0%	Australia 8.7%	Korea -9.6%	Korea 18.8%	Italy 29.5%	Japan 5.0%	India 12.6%	Netherlands 1.6%	Germany 20.1%	Netherlands -4.9%	China 17.4%
	Spain 5.7%	Netherlands -34.8%	Spain 23.2%	Germany 3.6%	Mexico -9.9%	Netherlands 18.5%	U.K. 28.8%	Spain 4.3%	Korea 12.4%	Germany -0.1%	Spain 19.3%	U.K. -6.4%	Australia 16.9%
	Netherlands 2.7%	U.K. -35.4%	U.K. 21.8%	U.K. 3.1%	Japan -12.1%	U.S. 13.4%	Canada 13.0%	U.K. 3.2%	U.K. 10.9%	Japan -0.8%	Brazil 16.3%	Mexico -7.7%	Germany 15.5%
	France -3.3%	Italy -36.5%	Netherlands 21.5%	Brazil 1.2%	France -13.9%	U.K. 12.7%	Australia 11.3%	France -0.8%	China 10.8%	China -2.4%	Japan 16.2%	Spain -8.1%	U.K. 15.0%
	Mexico -4.9%	Australia -37.4%	France 13.2%	China -0.6%	Germany -15.4%	Italy 10.9%	Korea 11.2%	Italy -0.8%	Australia 8.2%	U.K. -3.5%	U.K. 14.3%	Canada -8.9%	Japan 14.0%
	U.K. -8.1%	China -38.5%	Italy 8.7%	Netherlands -3.2%	China -16.2%	Canada 7.2%	China 10.9%	Mexico -1.1%	Mexico 2.9%	Spain -3.9%	U.S. 13.8%	Italy -9.5%	Korea 7.4%
	Italy -9.0%	Korea -43.8%	Germany 7.5%	France -8.3%	Brazil -19.6%	Japan 6.0%	Mexico 6.9%	Germany -1.6%	Spain 1.5%	India -4.8%	Australia 12.3%	China -11.4%	Spain 7.0%
	U.S. -10.5%	Brazil -45.0%	U.S. 7.4%	Italy -18.6%	Italy -20.3%	Spain 2.4%	India 2.6%	Korea -2.7%	Canada -8.3%	Mexico -12.1%	Canada 9.1%	Korea -13.3%	Mexico 6.1%
Lower	Japan -18.7%	India -55.8%	Japan -9.7%	Spain -25.2%	India -35.6%	Brazil -1.9%	Brazil -10.1%	Brazil -6.0%	Brazil -29.5%	Italy -12.6%	Mexico 8.6%	Germany -14.6%	India 2.1%

Source: Morningstar Research Inc., CI Investments in CAD.

Each country return, except for Canada and the U.S.A., is represented by the MSCI country index, which covers approximately 85% of each country's equity universe. For example, Germany is represented by the MSCI Germany Index, which covers approximately 85% of the equity universe in Germany. Canada is represented by the S&P/TSX Composite Total Return Index. U.S.A. is represented by the S&P 500 Total Return Index (CAD).

# The case for diversification

## Across market capitalization

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Higher	Cdn. Large Cap 11.1%	U.S. Small Cap -17.2%	Cdn. Small Cap 62.4%	Cdn. Small Cap 35.1%	U.S. Large Cap 5.0%	Global Small Cap 15.5%	U.S. Small Cap 48.1%	U.S. Broad Market 23.9%	U.S. Large Cap 21.8%	Cdn. Small Cap 38.5%	Global Small Cap 15.1%	U.S. Large Cap 4.8%	U.S. Large Cap 25.5%
	Cdn. Broad Mkt. 9.8%	U.S. Large Cap -20.0%	Cdn. Broad Mkt. 35.1%	U.S. Small Cap 20.2%	U.S. Broad Market 4.6%	Global Broad Market 14.0%	Global Small Cap 41.8%	U.S. Large Cap 23.9%	U.S. Broad Market 21.6%	Cdn. Large Cap 21.4%	Global Broad Market 15.0%	U.S. Broad Market 4.2%	U.S. Broad Market 4.2%
	Cdn. Small Cap 0.9%	U.S. Broad Market -21.2%	Cdn. Large Cap 31.9%	Global Small Cap 20.0%	U.S. Small Cap -1.8%	Global Large Cap 13.9%	U.S. Broad Market 41.3%	Global Broad Market 15.0%	Global Small Cap 20.1%	Cdn. Broad Mkt. 21.1%	Global Large Cap 14.8%	Global Large Cap 1.1%	Cdn. Broad Mkt. 22.9%
	Global Large Cap -6.3%	Global Large Cap -24.6%	Global Small Cap 22.9%	Cdn. Broad Mkt. 17.6%	Global Large Cap -2.2%	U.S. Small Cap 13.8%	U.S. Large Cap 40.9%	Global Large Cap 15.0%	Global Broad Market 19.5%	U.S. Small Cap 17.1%	U.S. Large Cap 14.3%	Global Broad Market 0.1%	Global Large Cap 22.0%
	Global Broad Market -7.1%	Global Broad Market -25.4%	Global Broad Market 11.1%	Cdn. Large Cap 13.8%	Global Broad Market -2.7%	U.S. Large Cap 13.6%	Global Broad Market 35.9%	U.S. Small Cap 14.3%	Global Large Cap 19.5%	Global Small Cap 9.3%	U.S. Broad Market 13.8%	U.S. Small Cap -3.0%	Cdn. Large Cap 21.9%
	U.S. Large Cap -9.8%	Global Small Cap -27.0%	Global Large Cap 9.9%	U.S. Broad Market 9.1%	Global Small Cap -6.4%	U.S. Broad Market 13.4%	Global Large Cap 35.7%	Cdn. Large Cap 12.3%	U.S. Small Cap 14.6%	U.S. Broad Market 8.1%	Cdn. Large Cap 9.8%	Global Small Cap -5.7%	Global Broad Market 20.9%
	U.S. Broad Market -10.5%	Cdn. Large Cap -31.2%	U.S. Small Cap 8.0%	U.S. Large Cap 8.0%	Cdn. Broad Mkt. -8.7%	Cdn. Large Cap 8.1%	Cdn. Large Cap 13.3%	Global Small Cap 11.5%	Cdn. Large Cap -7.8%	U.S. Large Cap 7.7%	Cdn. Broad Mkt. 9.1%	Cdn. Large Cap -7.6%	Global Small Cap 20.4%
	Global Small Cap -14.2%	Cdn. Broad Mkt. -33.0%	U.S. Broad Market 7.4%	Global Broad Market 6.5%	Cdn. Large Cap -9.1%	Cdn. Broad Mkt. 7.2%	Cdn. Broad Mkt. 13.0%	Cdn. Broad Mkt. 10.6%	Cdn. Broad Mkt. -8.3%	Global Large Cap 4.4%	U.S. Small Cap 7.1%	Cdn. Broad Mkt. -8.9%	U.S. Small Cap 19.2%
Lower	U.S. Small Cap -16.5%	Cdn. Small Cap -45.5%	U.S. Large Cap 6.6%	Global Large Cap 4.9%	Cdn. Small Cap -16.4%	Cdn. Small Cap -2.2%	Cdn. Small Cap 7.6%	Cdn. Small Cap -2.3%	Cdn. Small Cap -13.3%	Global Broad Market 4.4%	Cdn. Small Cap 2.8%	Cdn. Small Cap -18.2%	Cdn. Small Cap 15.8%

Source: Morningstar Research Inc., CI Investments in CAD

Firms of different size have different characteristics that make them unique - credit quality, dividend yield, growth in market share, etc. - leading to different performance across economic cycles. This chart shows how small capitalization, large capitalization and the broad equity markets performed since 2006.

Canadian Large Cap – S&P/TSX 60 TR  
 Canadian Broad – S&P/TSX Composite TR  
 Canadian Small Cap – S&P/TSX SmallCap TR

U.S. Large Cap – MSCI USA Large Cap CAD  
 U.S. Broad – S&P 500 Total Return CAD  
 U.S. Small Cap – Russell 2000 CAD

Global Large Cap – MSCI World Large CAD  
 Global Broad – MSCI World CAD  
 Global Small Cap – MSCI World Small Cap CAD

**Important Disclaimers:** This document is provided as a general source of information and should not be considered personal, legal, accounting, tax or investment advice, or an offer or a solicitation to buy or sell securities. Every effort has been made to ensure that the material contained in this document is accurate at the time of publication. Market conditions may change which may impact the information contained in this document. All charts and illustrations in this document are for illustrative purposes only. They are not intended to predict or project investment results. Individuals should seek the advice of professionals, as appropriate, regarding any particular investment. Investors should consult their professional advisors prior to implementing any changes to their investment strategies. © 2020 Morningstar Research Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. CI Investments® and the CI Investments design are registered trademarks of CI Investments Inc. Published February 19, 2020.



2 Queen Street East, Twentieth Floor, Toronto, Ontario M5C 3G7 | [www.ci.com](http://www.ci.com)

<b>Head Office / Toronto</b> 416-364-1145 1-800-268-9374	<b>Calgary</b> 403-205-4396 1-800-776-9027	<b>Montreal</b> 514-875-0090 1-800-268-1602	<b>Vancouver</b> 604-681-3346 1-800-665-6994	<b>Client Services</b> 1-800-792-9355
--	--	---	--	--