

SPIVA[®] Canada Scorecard

MID-YEAR 2014

CONTRIBUTORS

Abigail Etches

Director, Business Development

abigail.etches@spdji.com

Aye M. Soe, CFA

Senior Director, Global Research & Design

aye.soe@spdji.com

Summary

- The SPIVA Canada Scorecard reports on the performance of actively managed Canadian mutual funds versus that of their benchmarks, corrected for survivorship bias, and it shows equal- and asset-weighted peer averages.
- There is nothing novel about the index versus active debate. It has been a contentious subject for decades, and there are strong opinions on both sides. The SPIVA Canada Scorecard is the de facto scorekeeper of this debate.
- Beyond the SPIVA Canada Scorecard's widely cited headline numbers is a rich data set that addresses issues related to measurement techniques, universe composition and fund survivorship that are far less frequently discussed, but are often much more fascinating.
- Generally, there are no consistent or useful trends to be found in annual active versus index figures. The only consistent data point we have observed over a five-year horizon is that a majority of active equity managers in most categories lag comparable benchmark indices.
- **Domestic Equities:** Canadian equity indices rallied in the first half of 2014. As of June 30, 2014, the headline Canadian equities indices, the S&P/TSX Composite and the S&P/TSX 60, continued their winning streak from the previous year and registered gains of 28.66% and 28.31%, respectively. Rising markets proved to be difficult for active managers to overcome, as the majority of Canadian active managers saw their returns lag behind the benchmark, with just 20.46% of Canadian equity funds outperforming the S&P/TSX Composite. Similarly, only 20% of managers in the Canadian Focused Equity category outpaced the blended index, which comprises 50% of the S&P/TSX Composite, 25% of the S&P 500[®] and 25% of the S&P EPAC LargeMidCap. However, the one-year results for several Canadian equity categories were favorable, as 72% of actively managed funds in the Canadian Small-/Mid-Cap Equity category and 63.64% of actively managed funds in the Canadian Dividend & Income category outperformed their respective benchmarks.
- Over the longer term, such as the five-year investment horizon, the results are unequivocal across all domestic equity categories. The data show the losing pattern repeating across all the categories, as the majority of active managers underperformed their benchmarks.
- **Foreign Equities:** The majority of active managers in the International Equity category saw their returns lag behind the benchmarks, as only 21.21% of international equity managers beat their benchmarks over the past 12 months ending June 30, 2014. Similarly, only 12.77% of global equity managers had higher returns than the benchmark during the same period. Over the five-year period, only 10% of active international equity funds were able to beat their benchmarks, and only 5.26% of active global equity funds and 5.13% of active U.S. equity funds have outpaced the S&P EPAC LargeMidCap, S&P Developed LargeMidCap and S&P 500, respectively.

RESEARCH

Introduction

The SPIVA Canada Scorecard provides a semiannual update on the active versus index debate in Canada. The SPIVA Canada Scorecard shows the performance of actively managed Canadian mutual funds compared with S&P Dow Jones Indices in their respective categories. Although many such reports are available, the SPIVA Canada Scorecard is unique in that it offers the following.

- **Survivorship bias correction:** Many funds might be liquidated or merged during a period of study. However, for an investor making a decision at the beginning of the period, these funds are part of the opportunity set. Unlike other commonly available comparison reports, SPIVA Canada Scorecards remove this survivorship bias.
- **Apples-to-apples comparison:** A fund's returns are often compared with a popular benchmark regardless of its investment category. SPIVA Canada Scorecards make an appropriate comparison by measuring a fund's returns against the returns of a benchmark that reflects the fund's investment category.
- **Asset-weighted returns:** Average returns for a fund group are often calculated using only equal weighting, which results in the returns of a Canadian dollar (CAD) 10 billion fund affecting the average in the same manner as the returns of a CAD 10 million fund. The SPIVA Canada Scorecard shows both equal- and asset-weighted averages. Equal-weighted returns are a measure of average fund performance. Asset-weighted returns are a measure of the performance of the average invested dollar.

Please note that neither S&P Dow Jones Indices, nor any of its affiliates make any assurance or provide any investment recommendation on the appropriateness of investing in either index or active investing. S&P Dow Jones Indices does not sponsor, endorse, sell or promote any investment fund or other investment vehicle that is offered by third parties and that seeks to provide an investment return based on the performance of any index. The SPIVA Canada Scorecard simply provides quarterly statistics according to the SPIVA methodology and a brief analysis of those statistics. Further, S&P Dow Jones Indices does advise that anyone reading this report also read the SPIVA methodology at the end of the report in order to understand how the data was derived.

Canadian Equity Funds

Over the past five years, 19.57% of actively managed funds in the Canadian Equity Funds category¹ outperformed the S&P/TSX Composite (see Report 1). There was a similar result for the past three years, with only 32.08% of active funds exceeding the index's return.

For the five-year period, the average returns of active Canadian equity funds in this category, on both an equal- and asset-weighted basis, were inferior to those of the S&P/TSX Composite (see Reports 3 and 4). However, the results are the opposite for the three-year horizon. Average Canadian equity returns in this category outperformed the S&P/TSX Composite on an asset-weighted basis and on an equal-weighted basis. Equal-weighted returns for one and- and five-year time horizons were higher than their asset-weighted counterparts. The finding once again highlights the importance of averaging schemes, which can be used to gauge whether funds with more assets are doing better than funds with smaller assets.

Canadian Small-/Mid-Cap Equity Funds

During the past 12 months, 72% of actively managed equity funds in the Canadian Small-/Mid-Cap Equity Funds category outperformed the S&P/TSX Completion² (see Report 1). That figure declined to 35.71% when viewed over a five-year horizon. In addition, the S&P/TSX Completion underperformed active small-/mid-cap equity fund returns on an equal- and asset-weighted basis in all three time periods (see Reports 3 and 4).

¹This report uses the Canadian Investment Funds Standard Committee's (CIFSC) fund categories. Additional information regarding this organization and their categories can be found at www.cifsc.com.

²The S&P/TSX Completion comprises constituents of the S&P/TSX Composite that are not in the S&P/TSX 60.

Canadian Dividend & Income Equity Funds

The mandate of constituents of the Canadian Dividend & Income Equity Funds category is to invest primarily in income-generating securities. S&P Dow Jones Indices' comparable index is the S&P/TSX Canadian Dividend Aristocrats®, which includes constituents that have followed a managed-dividends policy of consistently increasing dividends every year for at least five out of six years. As dividends and income themes continue to dominate the investment landscape, 63.64% of the Canadian active income funds outperformed the S&P/TSX Canadian Dividend Aristocrats over the past 12 months. Measured over three years, the figure dropped significantly, with 15.15% of funds outperforming the benchmark index. None of the active funds were able to outperform the S&P/TSX Canadian Dividend Aristocrats over the five-year horizon. Asset-weighted and equal-weighted returns were higher for the index in this category for the three- and five-year time periods.

U.S. Equity Funds

The U.S. Equity Funds category offers Canadian investors exposure to the U.S. equity market with Canadian dollar returns. In addition to equity risk, these funds carry currency risk. Just 5.13% of funds in this category outperformed the S&P 500 (in Canadian dollar terms) over the past five years, while only 1.47% beat the index in the three-year period (see Report 1). The S&P 500 outperformed active funds in the asset-weighted categories in all time periods examined.

International Equity Funds

This category encompasses funds that invest most of their assets in developed countries other than Canada and the U.S. In addition to equity risk, these funds carry currency risk. Of the active funds in this category, 10% outperformed the S&P EPAC LargeMidCap³ (in Canadian dollars) over the past five years (see Report 1). When measured over the shorter one-year horizon, 21.21% of these funds beat the index. Returns for the S&P EPAC LargeMidCap surpassed both the equal- and asset-weighted active fund returns over the one-, three- and five-year time horizons.

Global Equity Funds

The Global Equity Funds category can invest in securities domiciled anywhere across the globe. In addition to equity risk, these funds carry currency risk. Over the one- and three-year periods, 12.77% and 5.83% of the funds outperformed the benchmark, the S&P Developed LargeMidCap, respectively (see Report 1). When viewed over the longer five-year period, the performances were also low, with only 5.26% of active global equity funds able to beat the benchmark. Equal- and asset-weighted average returns for the S&P Developed LargeMidCap surpassed those of the active funds in all of the time periods examined.

Canadian Focused Equity Funds

These funds have a large Canadian equity allocation, but they also include investments in equities outside of Canada. The comparable benchmark, a blended index of 50% S&P/TSX Composite, 25% S&P 500 and 25% S&P EPAC LargeMidCap saw its returns lag behind 20% of active funds in this category in the past 12 months (see Report 1). Over the three- and five-year periods, 12.12% and 10.71% of active funds, respectively, outperformed the blended index. The blended index had higher equal- and asset-weighted returns than those of active funds in all periods examined (see Reports 3 and 4).

Survivorship

A key advantage of the SPIVA methodology is its correction for survivorship bias, which can skew results as funds merge or liquidate. For example, if there are 100 funds at the beginning of a five-year period and at the end of the period, 20 have dropped out or merged (leaving 80), this implies 80% survivorship.

Survivorship in the five-year period ended June 30, 2014, was 63.04% (Canadian Equity), 64.10% (U.S. Equity), 70% (International Equity) and 72.81% (Global Equity). The corresponding survivorship figures in the three-year time frame were higher at 66.04%, 79.41%, 88.24% and 82.52%, respectively. In other words, a significant

³Previously named the S&P/Citigroup EPAC PMI Index. Previously, the PMI represented 80% of the cumulative available market cap; it now represents 85%. Please see the glossary for additional details.

percentage of the funds in these four categories have been merged or liquidated in the past five years. The Canadian Dividend & Income Equity category had high survivorship rates of 96.97% and 87.50% in the three- and five-year periods, respectively.

SPIVA Methodology

Data

S&P Dow Jones Indices obtains a custom feed of monthly return data from Fundata Canada for all equity mutual funds that have information in its database. The feed includes data on funds that have merged or liquidated. Fundata applies the following filters to the file S&P Dow Jones Indices receives.

- All nonequity funds are excluded
- All pooled funds, segregated funds or other specialized categories that do not qualify as retail mutual funds are excluded
- Multiple occurrences of the same fund's portfolio reporting in two or more currencies are also excluded, as S&P Dow Jones Indices only uses the Canadian dollar version
- Only a single share class is included

The file contains the following data fields on a monthly basis:

- Fund name
- Fund identifier
- Month and year
- Fund returns for the month, after management and other costs, including distributions
- Fund assets under management in that month
- Fund categorization in that month
- Management type (i.e., whether the fund is indexed or actively managed)

S&P Dow Jones Indices then limits the subset using the following filters.

- S&P Dow Jones Indices chooses funds that are actively managed, excluding index funds.
- S&P Dow Jones Indices removes funds that do not have information on assets under management for any month within the previous five years from the sample. These funds are relatively few, and their equal-weighted returns are compared to those of the funds with assets reported in Report A1 to illustrate the impact of their exclusion. S&P Dow Jones Indices removes these funds because our report on asset-weighted returns cannot be computed without fund asset information, and we wish to use a consistent data set across the four main reports on active versus index performance included in the SPIVA Canada Scorecard.

Fund Categories

S&P Dow Jones Indices chooses funds that have, at any point in the previous 60 months, been classified in at least one of the following eight Canadian Investment Funds Standards Committee (CIFSC)⁴ categories:

- Canadian Equity
- Canadian Small-/Mid-Cap Equity
- Canadian Income Trust Equity
- Canadian Dividend & Income Equity
- U.S. Equity
- International Equity
- Global Equity
- Canadian Focused Equity

The categories reviewed in this report represent the major areas of interest for Canadian investors of equity funds.

⁴Refer to www.cifsc.org for additional information regarding CIFSC and its categories.

The CIFSC governs categorization of Canadian mutual funds. In August 2007, the CIFSC's fund categorization structure changed, posing some challenges for S&P Dow Jones Indices' reports. For example, the Canadian Equity (Pure) category was eliminated; the funds in that category were folded into the revised definition of Canadian Equity, which now encompasses funds primarily invested in Canadian securities. Also, the Canadian Small-Cap Equity category was expanded to the Canadian Small-/Mid-Cap Equity category. According to the CIFSC, "for each small-/mid-cap equity category there is a market capitalization threshold that determines whether a fund has a small enough market cap to meet that category. The threshold is determined by comparing the geometric mean market cap of a fund to that same measure for an appropriate benchmark index."⁵ In this case, the benchmark index the CIFSC uses for the Canadian Small-/Mid-Cap Equity category is the S&P/TSX Completion.

In terms of the Canadian Equity category change, the Fundata file helps achieve comparability across history by backfilling the classifications before the classification system restructuring. S&P Dow Jones Indices realizes that this introduces a backward-looking bias, but fortunately the benchmark for both the Canadian Equity and Canadian Equity (Pure) categories is the S&P/TSX Composite.

The Canadian Small-Cap Equity category restructuring presented additional challenges. The backfilling of classifications resulted in small-cap funds being reclassified historically as small-cap or mid-cap equities, and these same funds were benchmarked to the S&P/TSX Completion rather than the S&P/TSX SmallCap. As a result, S&P Dow Jones Indices decided to only show data for the Small-/Mid-Cap category for the past year.

In addition, as a result of the elimination of the Small-Cap Equity category, S&P Dow Jones Indices can no longer compare small caps with the S&P/TSX SmallCap. If this category is reinstated, it will be added to our reports.

The Income Trust Equity category is no longer relevant for the Canadian investable universe, so it is has been excluded from this report.

Benchmarks

The S&P/TSX Indices were also subject to a number of changes in 2007. Following a consultation process with the index community, the S&P/TSX SmallCap's methodology was adjusted to create a more appropriate Canadian benchmark of small-cap equities. The S&P/TSX SmallCap is now a separate index from the S&P/TSX Composite index family. In addition, the S&P/TSX MidCap was renamed the S&P/TSX Completion and its methodology was revised. It includes the constituents of the S&P/TSX Composite that are not in the S&P/TSX 60 Index. In 2011, the methodology for the S&P/TSX Dividend Aristocrats was revised to allow for one year of static dividend payments.

The benchmark indices used in the SPIVA Canada Scorecard are shown in the table below. All the index returns are total returns (i.e., include dividend reinvestment) in Canadian dollars. **There has been no deduction of index returns to account for fund investment expenses.** Active fund returns are after expenses, but do not include front- or back-end loads or other commissions that investors might pay.

⁵Canadian Investment Funds Standards Committee – 2007 Retail Investment Fund Category Definitions.

Exhibit 1: Fund Categories and Their Benchmarks

Fund Category	Comparison Benchmark
Canadian Equity	S&P/TSX Composite S&P/TSX Capped Composite ⁶
Canadian Small-/Mid-Cap Equity	S&P/TSX Completion
Canadian Dividend & Income Equity	S&P/TSX Canadian Dividend Aristocrats
U.S. Equity	S&P 500
International Equity	S&P EPAC LargeMidCap
Global Equity	S&P Developed LargeMidCap
Canadian Focused Equity	50% S&P/TSX Composite plus 25% S&P 500 and 25% S&P EPAC LargeMidCap

Source: S&P Dow Jones Indices LLC.

Previous SPIVA Canada Scorecards included a report (Report A2) that compared the Canadian Equity Fund category with a blended index of the S&P/TSX Composite (70%) and the S&P 500 (30%). As a result of the foreign content limit removal in 2005, increasing numbers of Canadian investors started redeploying funds outside of Canada to gain international equity exposure. Report A2 has been removed, but the report now includes the Canadian Focused Equity category. Funds in the Canadian Focused Equity category include non-Canadian equity exposure. This category is compared to a monthly returning series comprising the S&P/TSX Composite (50%), the S&P 500 (25%) and the S&P EPAC LargeMidCap (25%).

For additional information on any of the benchmark indices, please see the one-page glossary at the end of this report, or visit our website at www.spdji.com/spindices.

⁶The main reports show a comparison with the S&P/TSX Capped Composite, since mutual funds are restricted from holding more than 10% of their portfolio in a single stock. A capped index better represents an active manager's opportunity set in periods where the history includes a concentration problem. In practical terms, both benchmarks would be equivalent where the history under consideration does not have greater than 10% single-stock concentration in the S&P/TSX Composite.

Reports

Report 1: Percent of Active Funds Outperforming Index

This report shows the percentage of funds that have outperformed their comparable benchmark over one-year, three-year and five-year periods. The comparison starts with the funds in a category at the beginning of the period. At the end of the period, the report shows what percentage of funds have survived and outperformed their benchmark. The fund's category at the end of the period is not considered because the category at the beginning of the holding period is of interest.

Most reports that purport to show the percent of active funds outperforming an index work with the funds in a category at the end of the period and then compare their historical returns to the benchmark. The SPIVA Canada Scorecard corrects for this survivorship bias by starting with the funds at the beginning of the period.

Report 1: Active Funds Outperforming the Index: Mid-Year 2014

Fund Category	Comparison Index	One-Year (%)	Three-Year (%)	Five-Year (%)
Canadian Equity	S&P/TSX Composite Total Return	20.46	32.08	19.57
	S&P/TSX Capped Composite Total Return	20.46	32.08	19.57
Canadian Small-/Mid-Cap Equity	S&P/TSX Completion Total Return	72.00	55.56	35.71
Canadian Dividend & Income Equity	S&P/TSX Canadian Dividend Aristocrats Total Return	63.64	15.15	0.00
U.S. Equity	S&P 500 Total Return (CAD)	31.58	1.47	5.13
International Equity	S&P EPAC LargeMidCap Total Return (CAD)	21.21	11.77	10.00
Global Equity	S&P Developed LargeMidCap Total Return (CAD)	12.77	5.83	5.26
Canadian Focused Equity	50% S&P/TSX Composite Total Return plus 25% S&P 500 Total Return (CAD) and 25% S&P EPAC LargeMidCap Total Return (CAD)	20.00	12.12	10.71

Source: S&P Dow Jones Indices LLC, Funddata. Data as of June 30, 2014, CIFSC categorizations. Financial information provided by Fundata Canada Inc. Charts and tables are provided for illustrative purposes only. Past performance is no guarantee of future results.

Report 2: Survivorship

This report shows the number of funds that existed in a particular category at the beginning of one-, three- and five-year periods, and how many survived at the end of those periods. The fund's category at the end of the period is not considered because the category at the beginning of the holding period is of interest.

Report 2: Survivorship: Mid-Year 2014

Fund Category	Period	Count at Beginning of Period	Survivorship (%)
Canadian Equity	Last Quarter	35	100.00
	Year to Date	37	94.59
	One-Year	44	79.55
	Three-Year	53	66.04
	Five-Year	46	63.04
Canadian Small-/Mid-Cap Equity	Last Quarter	25	100.00
	Year to Date	25	100.00
	One-Year	25	100.00
	Three-Year	27	92.59
	Five-Year	42	73.81
Canadian Dividend & Income Equity	Last Quarter	33	100.00
	Year to Date	33	100.00
	One-Year	33	100.00
	Three-Year	33	96.97
	Five-Year	32	87.50
U.S. Equity	Last Quarter	58	98.28
	Year to Date	57	98.25
	One-Year	57	98.25
	Three-Year	68	79.41
	Five-Year	78	64.10
International Equity	Last Quarter	32	93.75
	Year to Date	32	93.75
	One-Year	33	90.91
	Three-Year	34	88.24
	Five-Year	40	70.00
Global Equity	Last Quarter	89	96.63
	Year to Date	89	96.63
	One-Year	94	90.43
	Three-Year	103	82.52
	Five-Year	114	72.81
Canadian Focused Equity	Last Quarter	49	97.96
	Year to Date	49	97.96
	One-Year	50	96.00
	Three-Year	66	69.70
	Five-Year	84	59.52

Source: S&P Dow Jones Indices LLC, Funddata. Data as of June 30, 2014, CIFSC categorizations. Financial information provided by Funddata Canada Inc. Charts and tables are provided for illustrative purposes only. Past performance is no guarantee of future results.

Report 3: Equal-Weighted Fund Returns

This report shows the equal-weighted average returns of funds in a particular category for one-, three- and five-year periods. For every month in the time period, S&P Dow Jones Indices takes all funds from a particular category and calculates the simple average return. The returns from all months in the period are then compounded. These returns are compared with those of the benchmark returns. The funds used in the averaging process in one month might not be the same as those used in the next month because some funds may have merged or liquidated, new funds may have been formed and some may have had their categories changed.

This report essentially shows equal-weighted performance of actively managed funds in a category over the time period, with a monthly level of granularity for determining the eligible population in that category.

Most reports that purport to show average active-fund performance work with the funds in a category at the end of the period and then take the average of their historical returns. The SPIVA Canada Scorecard presents a more accurate picture of active-fund performance in a category by calculating the average performance of the active funds in existence for a given category each month.

Report 3: Equal-Weighted Fund Returns: Mid-Year 2014

Fund Category or Index	One-Year (%)	Three-Year (% Annualized)	Five-Year (% Annualized)
Canadian Equity	27.32	8.19	10.50
S&P/TSX Composite Total Return	28.66	7.60	11.01
S&P/TSX Capped Composite Total Return	28.66	7.60	11.01
Canadian Small-/Mid-Cap Equity	34.28	9.94	17.04
S&P/TSX Canadian Completion Total Return	29.60	7.94	15.89
Canadian Dividend & Income Equity	23.43	9.12	11.61
S&P/TSX Canadian Dividend Aristocrats Total Return	22.90	11.41	16.53
U.S. Equity	24.68	15.00	13.08
S&P 500 Total Return (CAD)	25.81	20.48	16.80
International Equity	21.22	8.26	7.89
S&P EPAC LargeMidCap Total Return (CAD)	25.11	11.96	10.55
Global Equity	21.85	10.87	10.60
S&P Developed LargeMidCap Total Return (CAD)	25.71	15.93	13.65
Canadian Focused Equity	24.26	8.44	9.99
50% S&P/TSX Composite Total Return plus 25% S&P 500 Total Return (CAD) plus 25% S&P EPAC LargeMidCap Total Return (CAD)	27.06	11.91	12.34

Source: S&P Dow Jones Indices LLC, Funddata. Data as of June 30, 2014, CIFSC categorizations. Financial information provided by Funddata Canada Inc. Charts and tables are provided for illustrative purposes only. Past performance is no guarantee of future results.

Report 4: Asset-Weighted Fund Returns

This report shows the asset-weighted average returns of funds in a particular category for one-, three- and five-year periods. For every month, S&P Dow Jones Indices takes all funds in a category and calculates the average return by weighing each fund's return by its month-end assets. The returns from all the months in the period are then compounded. These returns are compared with those of the benchmark. The funds used in the averaging process in one month might not be the same as those used the next month because some funds may have merged or liquidated, new funds may have been formed and some might have had their categories changed.

This report essentially shows asset-weighted performance of actively managed funds in a category over the time period, with the level of granularity for determining the eligible population in that category being monthly.

Most fund reports do not show asset-weighted returns. The SPIVA Canada Scorecard presents an accurate picture of asset-weighted, active-fund performance in a category by calculating the asset-weighted average performance of the active funds in existence in a category each month. Report A1 shows the equal-weighted fund returns, along with the count that are excluded from the sample set due to missing asset data.

Report 4: Asset-Weighted Fund Returns: Mid-Year 2014

Fund Category or Index	One-Year (%)	Three-Year (%, Annualized)	Five-Year (%, Annualized)
Canadian Equity	26.39	8.38	10.47
S&P/TSX Composite Total Return	28.66	7.60	11.01
S&P/TSX Capped Composite Total Return	28.66	7.60	11.01
Canadian Small-/Mid-Cap Equity	35.18	10.42	16.92
S&P/TSX Canadian Completion Total Return	29.60	7.94	15.89
Canadian Dividend & Income Equity	24.21	9.77	11.44
S&P/TSX Canadian Dividend Aristocrats Index Total Return	22.90	11.41	16.53
U.S. Equity	26.48	15.37	13.18
S&P 500 Total Return Index (CAD)	25.81	20.48	16.80
International Equity	23.25	8.17	7.22
S&P EPAC LargeMidCapTotal Return (CAD)	25.11	11.96	10.55
Global Equity	21.07	11.21	10.63
S&P Developed LargeMidCap Total Return (CAD)	25.71	15.93	13.65
Canadian Focused Equity	23.37	7.77	9.53
50% S&P/TSX Composite Index Total Return + 25% S&P 500 (CAD) + S&P EPAC LargeMidCap Total Return (CAD)	27.06	11.91	12.34

Source: S&P Dow Jones Indices LLC, Funddata. Data as of June 30, 2014, CIFSC categorizations. Financial information provided by Funddata Canada Inc. Charts and tables are provided for illustrative purposes only. Past performance is no guarantee of future results.

Report A1: Equal-Weighted Returns of Funds Excluded from Sample Due to Missing Asset Data: Mid-Year 2014

Fund Category	In Sample?	Last Quarter (%)	Year to Date (%)	One-Year (%)	Three-Year (% Annualized)	Five-Year (% Annualized)
Canadian Equity	Included	5.79	11.12	27.32	8.19	10.50
	Excluded	6.00	11.22	27.40	7.00	8.53
Canadian Small-/Mid-Cap Equity	Included	6.01	12.25	34.28	9.94	17.04
	Excluded	6.69	12.53	34.43	12.62	16.72
Canadian Dividend & Income Equity	Included	4.94	9.54	23.43	9.12	11.61
	Excluded	6.65	11.57	26.03	8.98	10.80
U.S. Equity	Included	0.56	5.60	24.68	15.00	13.08
	Excluded	0.39	5.49	23.54	15.08	13.15
International Equity	Included	-0.67	2.96	21.22	8.26	7.89
	Excluded	-0.08	3.57	22.29	8.57	8.32
Global Equity	Included	0.33	4.34	21.85	10.87	10.60
	Excluded	1.33	5.72	21.22	9.46	8.03
Canadian Focused Equity	Included	3.81	8.38	24.26	8.44	9.99
	Excluded	4.22	8.87	23.95	6.87	7.98

Fund Category	In Sample?	Last Quarter (Count)	Year to Date (Count)	One-Year (Count)	Three-Year (Count, Annualized)	Five-Year (Count, Annualized)
Canadian Equity	Included	35	37	44	53	46
	Excluded	20	20	21	22	0
Canadian Small-/Mid-Cap Equity	Included	25	25	25	27	42
	Excluded	10	10	10	10	0
Canadian Dividend & Income Equity	Included	33	33	33	33	32
	Excluded	8	7	7	10	0
U.S. Equity	Included	58	57	57	68	78
	Excluded	22	22	22	24	0
International Equity	Included	32	32	33	34	40
	Excluded	11	11	11	12	0
Global Equity	Included	89	89	94	103	114
	Excluded	23	23	23	25	0
Canadian Focused Equity	Included	49	49	50	66	84
	Excluded	17	17	17	22	0

Source: S&P Dow Jones Indices LLC, Funddata. Data as of June 30, 2014, CIFSC categorizations. Financial information provided by Funddata Canada Inc. Charts and tables are provided for illustrative purposes only. Past performance is no guarantee of future results.

Glossary

S&P 500

Widely regarded as the best single gauge of the U.S. equities market, this index includes a representative sample of 500 leading companies in leading industries of the U.S. economy and provides over 80% market coverage of the U.S. equities market.

S&P/TSX Canadian Dividend Aristocrats

This index is designed to measure the performance of Canadian securities that have followed a managed dividends policy of consistently increasing dividends every year for at least five years.

S&P/TSX Capped Composite

This includes all the constituents of the S&P/TSX Composite with relative weighting of each constituent capped at 10%.

S&P EPAC LargeMidCap

This index is a float-weighted, rules-based benchmark that captures the universe of securities in the developed markets, excluding North America. The S&P EPAC LargeMidCap constitutes the top 85% of the available market capitalization of the global S&P EPAC BMI. The S&P EPAC LargeMidCap was previously named the S&P/Citigroup EPAC PMI Index and represented 80% of the available market cap. On Oct. 1, 2008, the new size divisions and name change took effect.

S&P Developed LargeMidCap

This index is a float-weighted, rules-based benchmark that captures securities in the developed markets. The S&P Developed LargeMidCap constitutes the top 85% of the available market cap of the global S&P Developed BMI. The S&P Developed LargeMidCap was previously named the S&P/Citigroup World PMI Index and represented 80% of the available market capitalization. On Oct. 1, 2008, the new size divisions and name change took effect.

S&P/TSX Completion

This is a modular component of the S&P/TSX Composite. This index comprises constituents of the S&P/TSX Composite that are not in the S&P/TSX 60.

S&P/TSX Composite

This is the headline index and the principal broad market measure for Canadian equity markets. The S&P/TSX Composite is the basis for numerous subindices, which break down the Canadian market by different factors including size, liquidity and Global Industry Classification Standard (GICS®).

For more information, please go to www.spiva.spdji.com.

Index Research & Design Contact Information

Global Head

Keith Loggie keith.loggie@spdji.com

New York

Vishal Arora vishal.arora@spdji.com
Phillip Brzenk phillip.brzenk@spdji.com
Qing Li qing.li@spdji.com
Berlinda Liu berlinda.liu@spdji.com
Aye Soe aye.soe@spdji.com
Peter Tsui peter.tsui@spdji.com

Beijing

Liyu Zeng liyu.zeng@spdji.com

Hong Kong

Priscilla Luk priscilla.luk@spdji.com

London

Sunjiv Mainie Sunjiv.mainie@spdji.com
Daniel Ung daniel.ung@spdji.com

ABOUT S&P DOW JONES INDICES

S&P Dow Jones Indices LLC, a part of McGraw Hill Financial, Inc., is the world's largest, global resource for index-based concepts, data and research. Home to iconic financial market indicators, such as the S&P 500® and the Dow Jones Industrial Average™, S&P Dow Jones Indices LLC has over 115 years of experience constructing innovative and transparent solutions that fulfill the needs of institutional and retail investors. More assets are invested in products based upon our indices than any other provider in the world. With over 830,000 indices covering a wide range of assets classes across the globe, S&P Dow Jones Indices LLC defines the way investors measure and trade the markets. To learn more about our company, please visit www.spdji.com.

Like What You Read? Sign up to receive updates on a broad range of index-related topics and complimentary events.



GENERAL DISCLAIMER

© S&P Dow Jones Indices LLC, a part of McGraw Hill Financial 2014. All rights reserved. Standard & Poor's and S&P are registered trademarks of Standard & Poor's Financial Services LLC ("S&P"), a part of McGraw Hill Financial. Dow Jones is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"). Trademarks have been licensed to S&P Dow Jones Indices LLC. Redistribution, reproduction and/or photocopying in whole or in part are prohibited without written permission. This document does not constitute an offer of services in jurisdictions where S&P Dow Jones Indices LLC, Dow Jones, S&P or their respective affiliates (collectively "S&P Dow Jones Indices") do not have the necessary licenses. All information provided by S&P Dow Jones Indices is impersonal and not tailored to the needs of any person, entity or group of persons. S&P Dow Jones Indices receives compensation in connection with licensing its indices to third parties. Past performance of an index is not a guarantee of future results.

It is not possible to invest directly in an index. Exposure to an asset class represented by an index is available through investable instruments based on that index. S&P Dow Jones Indices does not sponsor, endorse, sell, promote or manage any investment fund or other investment vehicle that is offered by third parties and that seeks to provide an investment return based on the performance of any index. S&P Dow Jones Indices makes no assurance that investment products based on the index will accurately track index performance or provide positive investment returns. S&P Dow Jones Indices LLC is not an investment advisor, and S&P Dow Jones Indices makes no representation regarding the advisability of investing in any such investment fund or other investment vehicle. A decision to invest in any such investment fund or other investment vehicle should not be made in reliance on any of the statements set forth in this document. Prospective investors are advised to make an investment in any such fund or other vehicle only after carefully considering the risks associated with investing in such funds, as detailed in an offering memorandum or similar document that is prepared by or on behalf of the issuer of the investment fund or other vehicle. Inclusion of a security within an index is not a recommendation by S&P Dow Jones Indices to buy, sell, or hold such security, nor is it considered to be investment advice.

These materials have been prepared solely for informational purposes based upon information generally available to the public and from sources believed to be reliable. No content contained in these materials (including index data, ratings, credit-related analyses and data, research, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse-engineered, reproduced or distributed in any form or by any means, or stored in a database or retrieval system, without the prior written permission of S&P Dow Jones Indices. The Content shall not be used for any unlawful or unauthorized purposes. S&P Dow Jones Indices and its third-party data providers and licensors (collectively "S&P Dow Jones Indices Parties") do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Dow Jones Indices Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content. **THE CONTENT IS PROVIDED ON AN "AS IS" BASIS. S&P DOW JONES INDICES PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION.** In no event shall S&P Dow Jones Indices Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Content even if advised of the possibility of such damages.

S&P Dow Jones Indices keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P Dow Jones Indices may have information that is not available to other business units. S&P Dow Jones Indices has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

In addition, S&P Dow Jones Indices provides a wide range of services to, or relating to, many organizations, including issuers of securities, investment advisers, broker-dealers, investment banks, other financial institutions and financial intermediaries, and accordingly may receive fees or other economic benefits from those organizations, including organizations whose securities or services they may recommend, rate, include in model portfolios, evaluate or otherwise address.