
SPIVA[®] Canada Scorecard

CONTRIBUTOR

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. It also shows equal- and asset-weighted peer averages.
- The index versus active debate has been a contentious subject for decades, and there are strong opinions on both sides. The SPIVA Scorecards are the de facto scorekeepers of this debate.
- **Domestic Equities:** 2015 saw major headline domestic equity indices retreating into negative territory. During the 12-month period ending Dec. 31, 2015, the [S&P/TSX Composite](#) and the [S&P/TSX 60](#) posted returns of -8.32% and -7.76%, respectively.
- During this bear market, the majority of active equity managers investing in domestic equity fared better than their respective benchmarks, with nearly 57.41% of Canadian equity funds outperforming the S&P/TSX Composite.
- The Dividend & Income Equity category performed well, with over 82.86% of funds outperforming their respective benchmark. The figure marks a sharp reversal of fortune from six months prior for funds investing in the category, when the majority of them underperformed.
- The one-year data also show favorable results for actively managed funds in the Canadian Small-/Mid-Cap Equity category, with 80% of managers outperforming the benchmark, the [S&P/TSX Completion](#).
- However, only 6.06% of managers in the Canadian Focused Equity category outpaced the blended index, which allocates 50% of its weight to the S&P/TSX Composite, 25% of its weight to the [S&P 500[®]](#), and 25% of its weight to the S&P EPAC LargeMidCap.

- 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 most categories, as the majority of active managers either underperformed or drew parity with their respective benchmarks.
- **Foreign Equities:** Managers investing in the international equity space fared unfavorably. The majority of active managers in the International Equity category saw their returns lag the benchmark, as only 21.05% of international equity managers beat the S&P EPAC LargeMidCap over the 12-month period ending Dec. 31, 2015. Similarly, only 19.64% of global equity managers had higher returns than the benchmark during the same period.
- Over the same five-year period, only 6.98% of active international equity funds were able to beat the benchmark, and only 5.59% of active global equity funds and 1.07% of active U.S. equity funds outpaced the [S&P Developed LargeMidCap](#) and the [S&P 500](#), respectively.

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 Canadian 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 five-year period ending Dec. 31, 2015,, nearly 34.25% 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 three-year period, with only 52.38% of active funds exceeding the index's return.

For the one- and three-year periods, the average returns of active Canadian equity funds in this category were better than those of the S&P/TSX Composite on both an equal- and asset-weighted basis (see Reports 3 and 4). In addition, asset-weighted returns for the one-, three-, and- five-year time periods were higher than their equal-weighted counterparts. This 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 fewer assets.

Canadian Small-/Mid-Cap Equity Funds

During the 12-month period ending Dec. 31, 2015, the majority (80.00%) of actively managed equity funds in the Canadian Small-/Mid-Cap Equity Funds category outperformed the [S&P/TSX Completion](#)² (see Report 1). That figure declined slightly to 64.52% over the three-year horizon and to 50% 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 over all three measurement periods (see Reports 3 and 4).

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-dividend policy of consistently increasing dividends every year for at least five years. As dividends and income themes continue to dominate the investment landscape, 82.86% of the Canadian active income funds outperformed the S&P/TSX Canadian Dividend Aristocrats over the 12-month period ending Dec. 31, 2015. Measured over three years, the figure was a bit lower, with 61.11% of funds outperforming the benchmark index. However, only 23.81% of the active funds were able to outperform the S&P/TSX Canadian Dividend Aristocrats over the five-year horizon. Both equal-weighted and asset-weighted returns were higher for this fund category than the benchmark for one- and three-year 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 1.07% of funds in this category outperformed the [S&P 500](#) (in Canadian dollar terms) over the past five years, while only 3.80% beat the index in the three-year period (see Report 1). The S&P 500 outperformed active funds in both the asset- and equal-weighted categories in all time periods examined.

¹ This 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.

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

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, only 6.98% 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, nearly 21.05% 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 include securities domiciled anywhere across the globe. In addition to equity risk, these funds carry currency risk. Over the one- and three-year periods, 19.64% and 8.8% of the funds, respectively, outperformed the benchmark, the [S&P Developed LargeMidCap](#) (see Report 1). When viewed over the five-year period, the performances were also low, with only 5.59% 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 that allocates 50% of its weight to the [S&P/TSX Composite](#), 25% of its weight to the [S&P 500](#), and 25% of its weight to the S&P EPAC LargeMidCap saw its returns lag behind 6.06% of active funds in this category in the past 12 months (see Report 1). Over the three- and five-year periods, 7.25% and 6.98% 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 was 58.90% (Canadian Equity), 68.82% (U.S. Equity), 83.72% (International Equity), and 73.43% (Global Equity). Survivorship correlates inversely with the measurement's time horizon. The corresponding survivorship figures in the three-year timeframe were higher, at 74.60%, 91.14%, 92.68%, and 88%, respectively. In other words, a sizable percentage of the funds in these four categories merged or were liquidated in the five-year period. The Canadian Dividend & Income Equity category had the highest survivorship rate over the same period, at 85.71%, and over the three-year period, at 97.22%.

³ Previously 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.

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.

The CIFSC governs the 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 Index](#).

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 Index. 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 has been excluded from this report.

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

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

Benchmarks

The S&P/TSX Canadian Indices were subject to a number of additional changes in 2007. Following a consultation process with the indexing community, the [S&P/TSX SmallCap Index](#)'s methodology was adjusted to create a more appropriate Canadian benchmark of small-cap equities. The S&P/TSX SmallCap Index is now separate from the S&P/TSX Composite Index Series. 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](#). In 2011, the methodology for the [S&P/TSX Canadian 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 Exhibit 1. All 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 they do not include front- or back-end loads or other commissions that investors might pay.

| 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 (CAD) |
| International Equity | S&P EPAC LargeMidCap (CAD) |
| Global Equity | S&P Developed LargeMidCap (CAD) |
| Canadian Focused Equity | 50% S&P/TSX Composite + 25% S&P 500 (CAD) + 25% S&P EPAC LargeMidCap |

Source: S&P Dow Jones Indices LLC. Table is provided for illustrative purposes. Benchmarks shown are total return indices.

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 Report A1 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 glossary at the end of this report, or visit our website at www.spdji.com/spindices.

⁶ The 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 during which the history includes a concentration problem. In practical terms, both benchmarks would be equivalent when 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 benchmarks over one-, three-, 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: Percentage of Funds Outperforming the Index | | | | |
|---|---|--------------|----------------|---------------|
| Fund Category | Comparison Index | One-Year (%) | Three-Year (%) | Five-Year (%) |
| Canadian Equity | S&P/TSX Composite | 57.41 | 52.38 | 34.25 |
| | S&P/TSX Capped Composite | 57.41 | 52.38 | 34.25 |
| Canadian Small-/Mid-Cap Equity | S&P/TSX Completion | 80.00 | 64.52 | 50.00 |
| Canadian Dividend & Income Equity | S&P/TSX Canadian Dividend Aristocrats | 82.86 | 61.11 | 23.81 |
| U.S. Equity | S&P 500 (CAD) | 14.67 | 3.80 | 1.07 |
| International Equity | S&P EPAC LargeMidCap (CAD) | 21.05 | 17.07 | 6.98 |
| Global Equity | S&P Developed LargeMidCap (CAD) | 19.64 | 8.80 | 5.59 |
| Canadian Focused Equity | 50% S&P/TSX Composite + 25% S&P 500 (CAD) + 25% S&P EPAC LargeMidCap | 6.06 | 7.25 | 6.98 |

Source: S&P Dow Jones Indices LLC, Fundata. Data as of Dec. 31, 2015. CIFS categories are used. Financial information provided by Fundata Canada Inc. Table is provided for illustrative purposes. Past performance is no guarantee of future results. Benchmarks used are total return indices.

Report 2: Survivorship

This report shows the number of funds that existed in a particular category at the beginning of the 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 | | | |
|-----------------------------------|--------------|------------------------------|------------------|
| Fund Category | Period | Count at Beginning of Period | Survivorship (%) |
| Canadian Equity | Last Quarter | 51 | 100.00 |
| | Year-to-Date | 54 | 94.44 |
| | One-Year | 54 | 94.44 |
| | Three-Year | 63 | 74.60 |
| | Five-Year | 73 | 58.90 |
| Canadian Small-/Mid-Cap Equity | Last Quarter | 30 | 100.00 |
| | Year-to-Date | 30 | 100.00 |
| | One-Year | 30 | 100.00 |
| | Three-Year | 31 | 96.77 |
| | Five-Year | 36 | 83.33 |
| Canadian Dividend & Income Equity | Last Quarter | 35 | 100.00 |
| | Year-to-Date | 35 | 100.00 |
| | One-Year | 35 | 100.00 |
| | Three-Year | 36 | 97.22 |
| | Five-Year | 42 | 85.71 |
| U.S. Equity | Last Quarter | 75 | 100.00 |
| | Year-to-Date | 75 | 100.00 |
| | One-Year | 75 | 100.00 |
| | Three-Year | 79 | 91.14 |
| | Five-Year | 93 | 68.82 |
| International Equity | Last Quarter | 38 | 100.00 |
| | Year-to-Date | 38 | 100.00 |
| | One-Year | 38 | 100.00 |
| | Three-Year | 41 | 92.68 |
| | Five-Year | 43 | 83.72 |
| Global Equity | Last Quarter | 111 | 100.00 |
| | Year-to-Date | 112 | 99.11 |
| | One-Year | 112 | 99.11 |
| | Three-Year | 125 | 88.00 |
| | Five-Year | 143 | 73.43 |
| Canadian Focused Equity | Last Quarter | 55 | 100.00 |
| | Year-to-Date | 66 | 83.33 |
| | One-Year | 66 | 83.33 |
| | Three-Year | 69 | 79.71 |
| | Five-Year | 86 | 60.47 |

Source: S&P Dow Jones Indices LLC, Fundata. Data as of Dec. 31, 2015. CIFSC categorizations are used. Financial information provided by Fundata Canada Inc. Table is provided for illustrative purposes. 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 the 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. 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 been 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 | | | |
|---|--------------|-----------------------------|----------------------------|
| Fund Category or Index | One-Year (%) | Three-Year (Annualized) (%) | Five-Year (Annualized) (%) |
| Canadian Equity | -7.26 | 6.09 | 2.39 |
| S&P/TSX Composite | -8.32 | 4.63 | 2.30 |
| S&P/TSX Capped Composite | -8.32 | 4.63 | 2.30 |
| Canadian Small-/Mid-Cap Equity | -5.87 | 7.01 | 2.93 |
| S&P/TSX Completion | -10.01 | 2.21 | 0.61 |
| Canadian Dividend & Income Equity | -5.90 | 5.82 | 4.74 |
| S&P/TSX Canadian Dividend Aristocrats | -10.80 | 5.15 | 6.45 |
| U.S. Equity | 14.29 | 22.22 | 14.49 |
| S&P 500 (CAD) | 21.59 | 28.64 | 20.37 |
| International Equity | 15.96 | 13.62 | 8.22 |
| S&P EPAC LargeMidCap (CAD) | 19.39 | 17.46 | 11.10 |
| Global Equity | 13.39 | 16.40 | 10.20 |
| S&P Developed LargeMidCap (CAD) | 19.38 | 22.77 | 15.43 |
| Canadian Focused Equity | -1.63 | 8.82 | 3.78 |
| 50% S&P/TSX Composite + 25% S&P 500 (CAD) + 25% S&P EPAC LargeMidCap | 6.09 | 13.84 | 9.02 |

Source: S&P Dow Jones Indices LLC, Fundata. Data as of Dec. 31, 2015. CIFSC categorizations are used. Financial information provided by Fundata Canada Inc. Table is provided for illustrative purposes. Past performance is no guarantee of future results. Benchmarks used are total return indices.

Report 4: Asset-Weighted Fund Returns

This report shows the asset-weighted average returns of funds in a particular category for the 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 been 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 periods studied, 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 | | | |
|---|--------------|---------------------------|--------------------------|
| Fund Category or Index | One-Year (%) | Three-Year (% Annualized) | Five-Year (% Annualized) |
| Canadian Equity | -7.04 | 6.63 | 2.94 |
| S&P/TSX Composite | -8.32 | 4.63 | 2.30 |
| S&P/TSX Capped Composite | -8.32 | 4.63 | 2.30 |
| Canadian Small-/Mid-Cap Equity | -5.48 | 6.81 | 2.32 |
| S&P/TSX Completion | -10.01 | 2.21 | 0.61 |
| Canadian Dividend & Income Equity | -5.16 | 7.20 | 5.51 |
| S&P/TSX Canadian Dividend Aristocrats | -10.80 | 5.15 | 6.45 |
| U.S. Equity | 15.38 | 23.01 | 15.04 |
| S&P 500 (CAD) | 21.59 | 28.64 | 20.37 |
| International Equity | 15.70 | 13.75 | 7.96 |
| S&P EPAC LargeMidCap (CAD) | 19.39 | 17.46 | 11.10 |
| Global Equity | 13.75 | 16.51 | 10.95 |
| S&P Developed LargeMidCap (CAD) | 19.38 | 22.77 | 15.43 |
| Canadian Focused Equity | -2.38 | 8.65 | 4.30 |
| 50% S&P/TSX Composite + 25% S&P 500 (CAD) + 25% S&P EPAC LargeMidCap | 6.09 | 13.84 | 9.02 |

Source: S&P Dow Jones Indices LLC, Fundata. Data as of Dec. 31, 2015. CIFSC categorizations are used. Financial information provided by Fundata Canada Inc. Table is provided for illustrative purposes. Past performance is no guarantee of future results. Benchmarks used are total return indices.

| Report A1: Equal Weighted Returns of Funds Excluded from Sample Due to Missing Asset Data | | | | |
|---|------------|------------------|-----------------------------------|----------------------------------|
| Fund Category | In Sample? | One-Year (%) | Three-Year (%, Annualized) | Five-Year (%, Annualized) |
| Canadian Equity | Included | -7.26 | 6.09 | 2.39 |
| | Excluded | -7.65 | 5.88 | 1.84 |
| Canadian Small-/Mid-Cap Equity | Included | -5.87 | 7.01 | 2.93 |
| | Excluded | -3.53 | 8.90 | 4.95 |
| Canadian Dividend & Income Equity | Included | -5.90 | 5.82 | 4.74 |
| | Excluded | -7.86 | 4.69 | 4.32 |
| U.S. Equity | Included | 14.29 | 22.22 | 14.49 |
| | Excluded | 13.55 | 21.48 | 14.02 |
| International Equity | Included | 15.96 | 13.62 | 8.22 |
| | Excluded | 16.78 | 13.76 | 7.89 |
| Global Equity | Included | 13.39 | 16.40 | 10.20 |
| | Excluded | 12.60 | 16.04 | 9.38 |
| Canadian Focused Equity | Included | -1.63 | 8.82 | 3.78 |
| | Excluded | -1.74 | 8.20 | 3.22 |
| Count of Funds at Beginning of Period | | | | |
| Fund Category | In Sample? | One-Year (Count) | Three-Year (Count, Annualized) | Five-Year (Count, Annualized) |
| Canadian Equity | Included | 54 | 63 | 73 |
| | Excluded | 23 | 24 | 26 |
| Canadian Small-/Mid-Cap Equity | Included | 30 | 31 | 36 |
| | Excluded | 8 | 8 | 9 |
| Canadian Dividend & Income Equity | Included | 35 | 36 | 42 |
| | Excluded | 8 | 9 | 11 |
| U.S. Equity | Included | 75 | 79 | 93 |
| | Excluded | 22 | 25 | 27 |
| International Equity | Included | 38 | 41 | 43 |
| | Excluded | 9 | 9 | 10 |
| Global Equity | Included | 112 | 125 | 143 |
| | Excluded | 25 | 28 | 30 |
| Canadian Focused Equity | Included | 66 | 69 | 86 |
| | Excluded | 21 | 21 | 22 |

Source: S&P Dow Jones Indices LLC, Fundata. Data as of Dec. 31, 2015. CIFSC categorizations are used. Financial information provided by Fundata Canada Inc. Table is provided for illustrative purposes. Past performance is no guarantee of future results.

APPENDIX: 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

| | |
|----------------|--------------------------|
| Charles Mounts | charles.mounts@spdji.com |
|----------------|--------------------------|

New York

| | |
|-----------------|---------------------------|
| 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 |
| Hong Xie | hong.xie@spdji.com |
| Kelly Tang | kelly.tang@spdji.com |
| Dennis Badlyans | Dennis.badlyans@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 |

Mexico City

| | |
|---------------|-------------------------|
| Maria Sanchez | maria.sanchez@spdji.com |
|---------------|-------------------------|

Mumbai

| | |
|-----------------|---------------------------|
| Utkarsh Agrawal | utkarsh.agrawal@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 1,000,000 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.

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, Inc. 2016. All rights reserved. S&P® is a registered trademark of Standard & Poor's Financial Services LLC ("S&P"), a subsidiary 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. Closing prices for S&P US benchmark indices and Dow Jones US benchmark indices are calculated by S&P Dow Jones Indices based on the closing price of the individual constituents of the index as set by their primary exchange. Closing prices are received by S&P Dow Jones Indices from one of its third party vendors and verified by comparing them with prices from an alternative vendor. The vendors receive the closing price from the primary exchanges. Real-time intraday prices are calculated similarly without a second verification.]

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 OR FREEDOM FROM ERRORS OR DEFECTS. 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.

The Global Industry Classification Standard (GICS®) was developed by and is the exclusive property and a trademark of Standard & Poor's and MSCI. Neither MSCI, Standard & Poor's nor any other party involved in making or compiling any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, Standard & Poor's, any of their affiliates or any third party involved in making or compiling any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

CITIGROUP is a registered trademark and service mark of Citigroup Inc. or its affiliates and is used under license for certain purposes by Standard & Poor's. Reproduction of the Citigroup data and information in any form is prohibited except with the prior written permission of S&P or Citigroup Index LLC ("Citigroup"). Because of the possibility of human or mechanical error, Citigroup does not guarantee the accuracy, adequacy, completeness or availability of any data and information and is not responsible for any errors or omissions or for the results obtained from the use of such data and information. CITIGROUP GIVES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall Citigroup be liable for any direct, indirect, special or consequential damages in connection with any use of the Citigroup data or information.