



CIBC  
Wood Gundy

# Pursuing a Better Investment Experience

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## **UNDERSTAND MARKETS**

Let markets work for you.  
Take risks worth taking.  
Invest, don't speculate.

## **KNOW YOURSELF**

Don't confuse entertainment with advice.  
Manage your emotions and biases.

## **HARNESS THEIR POWER**

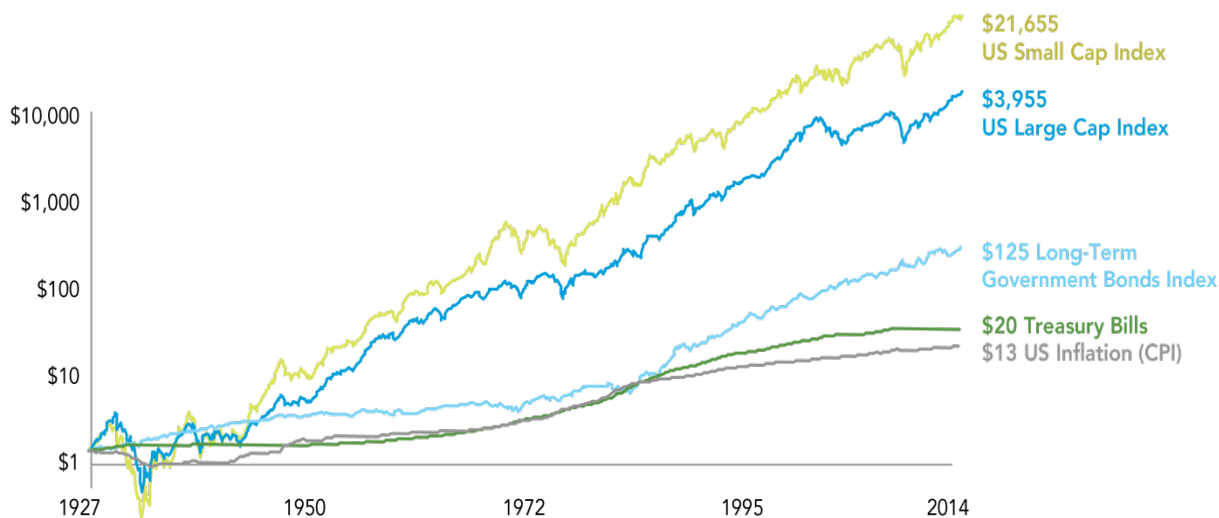
Hold multiple asset classes.  
Practice smart diversification.  
Keep costs low.

## **WORK YOUR PLAN**

Avoid common investment mistakes.  
Plan for the long term—and stay the course!



## Growth of a Dollar, 1926-2014 (Compounded monthly)

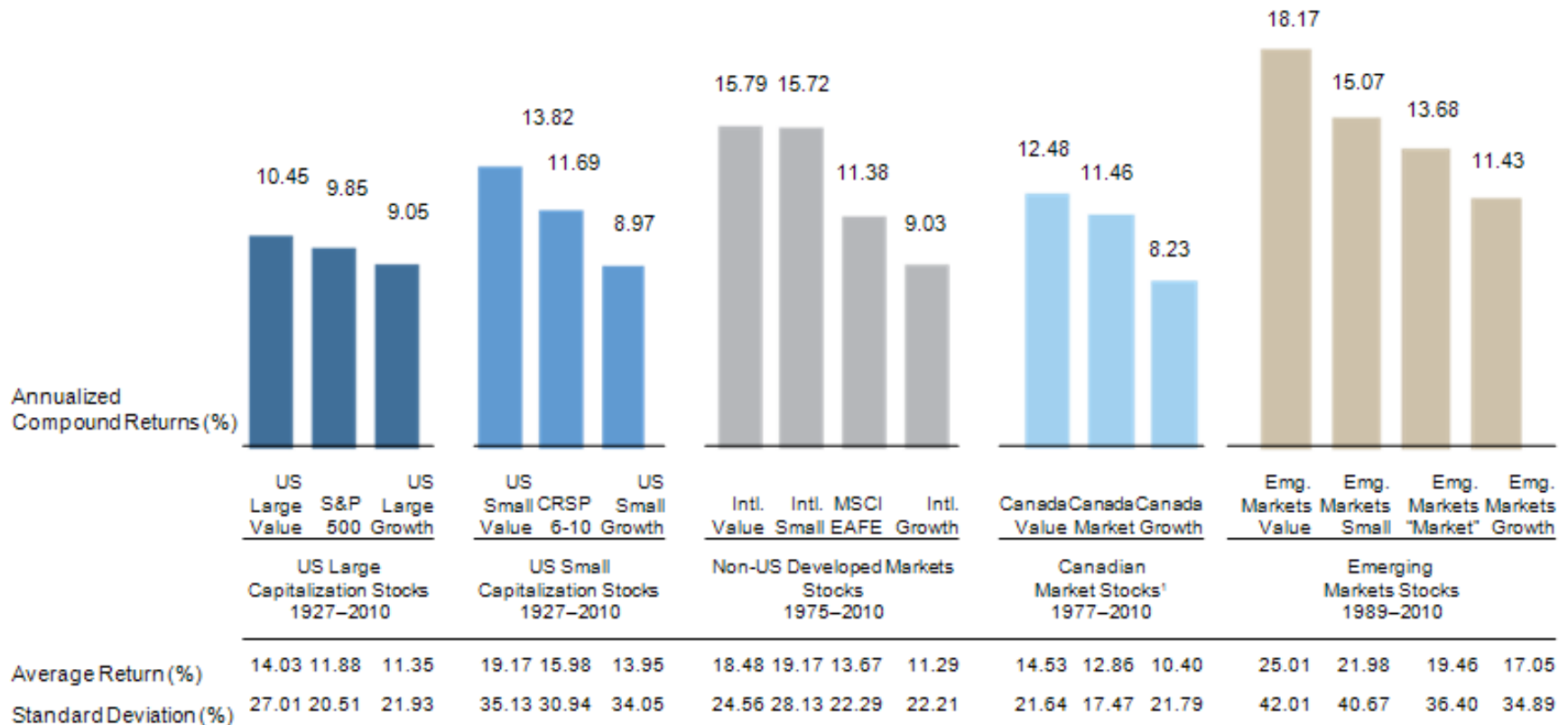


The financial markets have rewarded long-term investors. People expect a positive return on the capital they supply, and historically, the equity and bond markets have provided growth of wealth that has more than offset inflation.

In US dollars. **Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio.** US Small Cap Index is the CRSP 6-10 Index; US Large Cap Index is the S&P 500 Index; Long-Term Government Bonds Index is 20-year US government bonds; Treasury Bills are One-Month US Treasury bills; Inflation is the Consumer Price Index. CRSP data provided by the Center for Research in Security Prices, University of Chicago. S&P data provided by Standard & Poor's Index Services Group. Bonds, T-bills, and inflation data © Stocks, Bonds, Bills, and Inflation Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld). **Past performance is no guarantee of future results.**



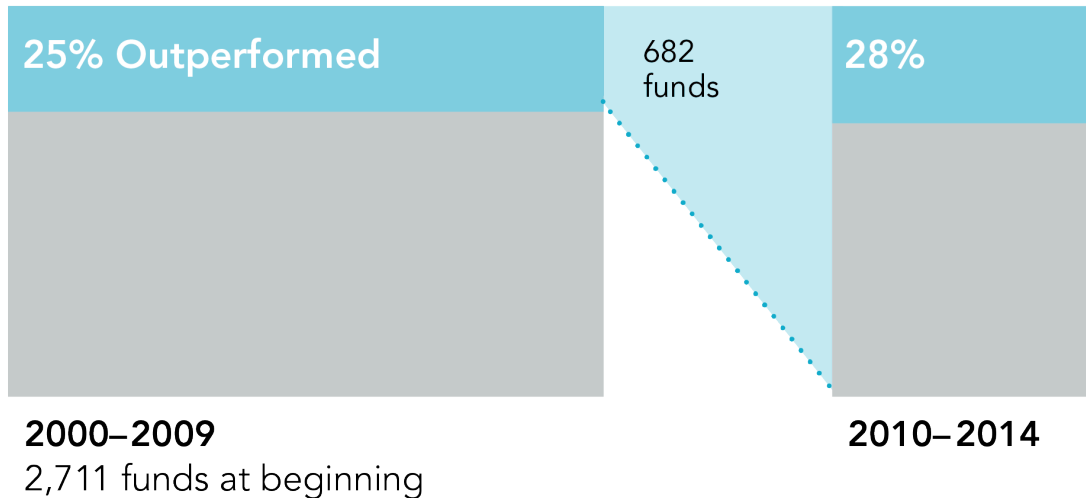
## Size and Value Effects Around The World



1. In CAD.  
All returns in USD except Canadian Market Stocks. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results. US value and growth index data (ex utilities) provided by Fama/French. The S&P data are provided by Standard & Poor's Index Services Group. CRSP data provided by the Center for Research in Security Prices, University of Chicago. International Value data provided by Fama/French from Bloomberg and MSCI securities data. International Small data compiled by Dimensional from Bloomberg, StyleResearch, London Business School, and Nomura Securities data. MSCI EAFE Index is net of foreign withholding taxes on dividends; copyright MSCI 2011, all rights reserved. Emerging Markets index data simulated by Fama/French from countries in the IFC Investable Universe; simulations are free-float weighted both within each country and across all countries.



## Do Outperforming US Equity Mutual Funds Persist?



Some investors select mutual funds based on past returns. However, funds that have outperformed in the past do not always persist as winners.

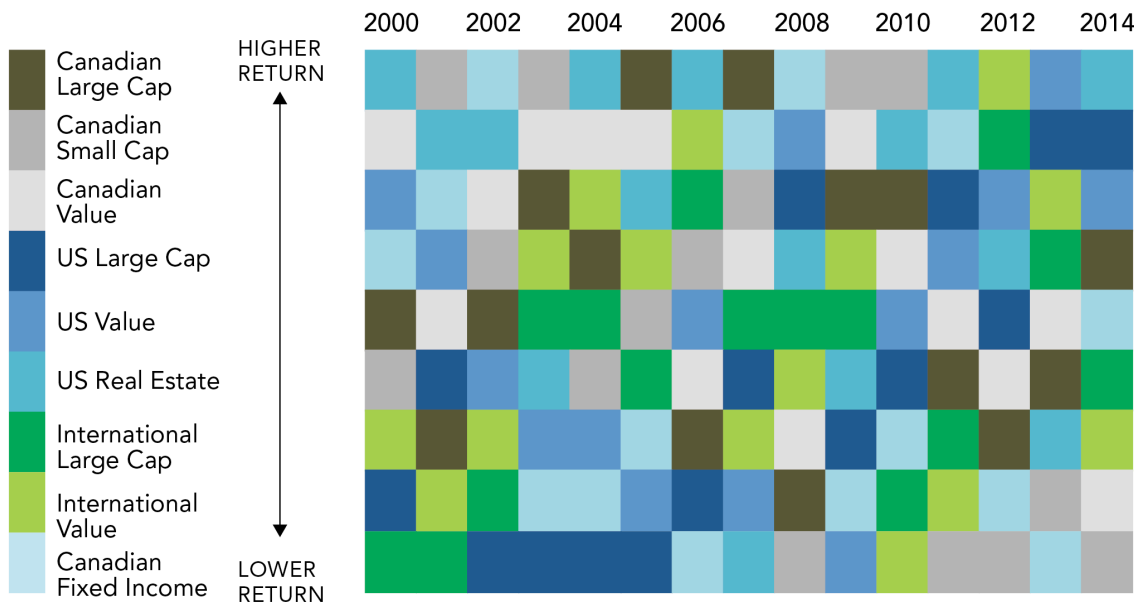
Past performance alone provides little insight into a fund's ability to outperform in the future.

The graph shows the proportion of US equity mutual funds that outperformed and underperformed their respective benchmarks (i.e., winners and losers) during the initial 10-year period ending in 2009. Winning funds were re-evaluated in the subsequent five-year period from 2010 to 2015, with the graph showing winners (outperformers) and losers (underperformers). Fund count and percentages may not correspond due to rounding. **Past performance is no guarantee of future results.**

Data Source: The Mutual Fund Landscape 2014, Dimensional Fund Advisors. US-domiciled mutual fund data is from the CRSP Survivor-Bias-Free US Mutual Fund Database, provided by the Center for Research in Security Prices, University of Chicago. Benchmark data provided by Barclays, MSCI, and Russell. Barclays data provided by Barclays Bank PLC. MSCI data © MSCI 2014, all rights reserved. Russell data © Russell Investment Group 1995-2014, all rights reserved. **Benchmark indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Mutual fund investment values will fluctuate, and shares, when redeemed, may be worth more or less than original cost. Diversification neither assures a profit nor guarantees against a loss in a declining market.**



## Annual Returns By Market Index



You never know which market segments will outperform from year to year. By holding a globally diversified portfolio, investors are well positioned to capture returns wherever they occur.

In Canadian dollars. **Chart is for illustrative purposes only. Diversification neither ensures a profit nor guarantees against loss in a declining market.**

Canadian Large Cap is the S&P/TSX Composite Index; Canadian Small Cap is the MSCI Canada Small Cap Index (gross dividends), January 1999–present, and Barra Canada Small Cap Index for December 1998 and before; Canadian Value is the MSCI Canada IMI Value Index (gross dividends) for June 1998–present, and Barra Canada Value Index for May 1998 and before; US Large Cap is the S&P 500 Index; US Small Cap is the CRSP 6–10 Index; US Value is the Russell 3000 Value Index; International Large Cap is the MSCI EAFE Index (net dividends); International Small is: 1970–June 1981, 50% UK small cap stocks provided by the London Business School and 50% Japan small cap stocks provided by Nomura Securities; July 1981–present, compiled by Dimensional from StyleResearch securities data; includes securities of MSCI EAFE Index countries, market-capitalization weighted, each country capped at 50%; International Value is the MSCI EAFE Value Index (net dividends); Canadian Fixed Income is Canadian One-Month Treasury Bills. S&P/TSX data provided by S&P/TSX. Barra data provided by MSCI Barra. MSCI data © MSCI 2015, all rights reserved. S&P data provided by Standard & Poor's Index Services Group. Canadian Barra data provided by MSCI Barra. Russell data © Russell Investment Group 1995–2015, all rights reserved. CRSP data provided by the Center for Research in Security Prices, University of Chicago. Dow Jones US Select data provided by Dow Jones Indexes. **Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results.**



## S&P/TSX Composite, 1991-2014

Canadian Model Equity Index Portfolio



Annualized Return (%) 9.01

Annualized Standard Deviation (%) 16.10



Annualized Return (%) 10.08

Annualized Standard Deviation (%) 13.32

Diversification helps reduce risks that have no expected return, but diversifying within your home market is not enough. You should also use diversification to broaden your investment universe.

In Canadian dollars. **Portfolios are for illustrative purposes only. Diversification neither ensures a profit nor guarantees against loss in a declining market.**

Globally Diversified Portfolio is equally weighted with the following asset groups: Canadian (Large, Small, and Value); US (Large, Small and Value); International (Large, Small, and Value); US Real Estate. Canadian Large Cap is the S&P/TSX Composite Index; Canadian Small Cap is the MSCI Canada Small Cap Index (gross dividends), January 1999–present, and Barra Canada Small Cap Index for December 1998 and before; Canadian Value is the MSCI Canada IMI Value Index (gross dividends) for June 1998–present, and Barra Canada Value Index for May 1998 and before; US Large Cap is the S&P 500 Index; US Small Cap is the CRSP 6–10 Index; US Value is the Russell 3000 Value Index; International Large Cap is the MSCI EAFE Index (net dividends); International Small is: 1970–June 1981, 50% UK small cap stocks provided by the London Business School and 50% Japan small cap stocks provided by Nomura Securities; July 1981–present, compiled by Dimensional from StyleResearch securities data; includes securities of MSCI EAFE Index countries, market-capitalization weighted, each country capped at 50%; International Value is the MSCI EAFE Value Index (net dividends); US Real Estate is the Dow Jones US Select REIT Index. Canadian Fixed Income is Canadian One-Month Treasury Bills. Standard deviation is a statistical measure of risk. Generally speaking, the higher the standard deviation, the greater the risk. S&P/TSX data provided by S&P/TSX. Barra data provided by MSCI Barra. MSCI data © MSCI 2015, all rights reserved. S&P data provided by Standard & Poor’s Index Services Group. Canadian Barra data provided by MSCI Barra. Russell data © Russell Investment Group 1995–2015, all rights reserved. CRSP data provided by the Center for Research in Security Prices, University of Chicago. Dow Jones US Select data provided by Dow Jones Indexes. **Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results.**Date range selected for the model portfolios is the longest common time series of whole years of data available. Rebalanced quarterly. Not to be construed as investment advice. Returns of model portfolios are based on back-tested model allocation mixes designed with the benefit of hindsight and do not represent actual investment performance.



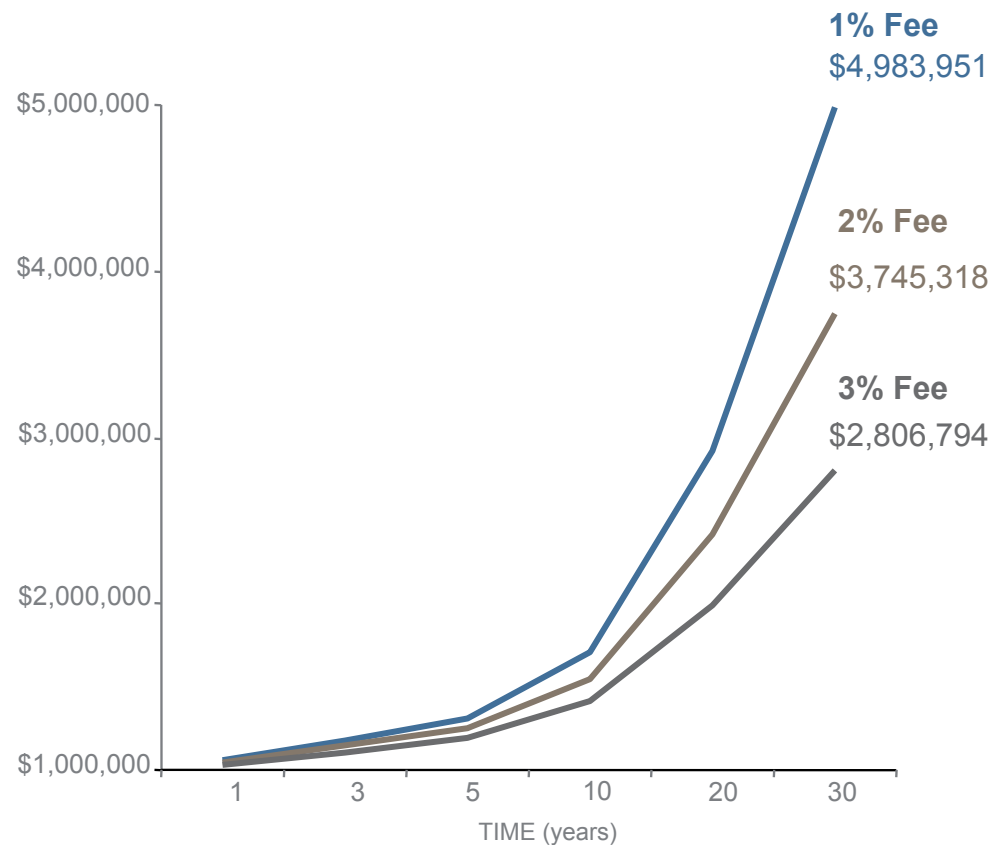
## Net Growth of \$1 Million

Assumes 6.5% Annualized Return over 30 Years

Over long time periods, high costs can drag down wealth accumulation in a portfolio.

**Costs to consider include:**

- Management fees
- Fund expenses
- Taxes







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# Don't Confuse Entertainment With Advice

Tech Funds  
on the Rise

**Buy Gold!**

The Five  
Best Funds

*DOW DIVES 500 POINTS*

**GOLD  
MARKET  
BUST**

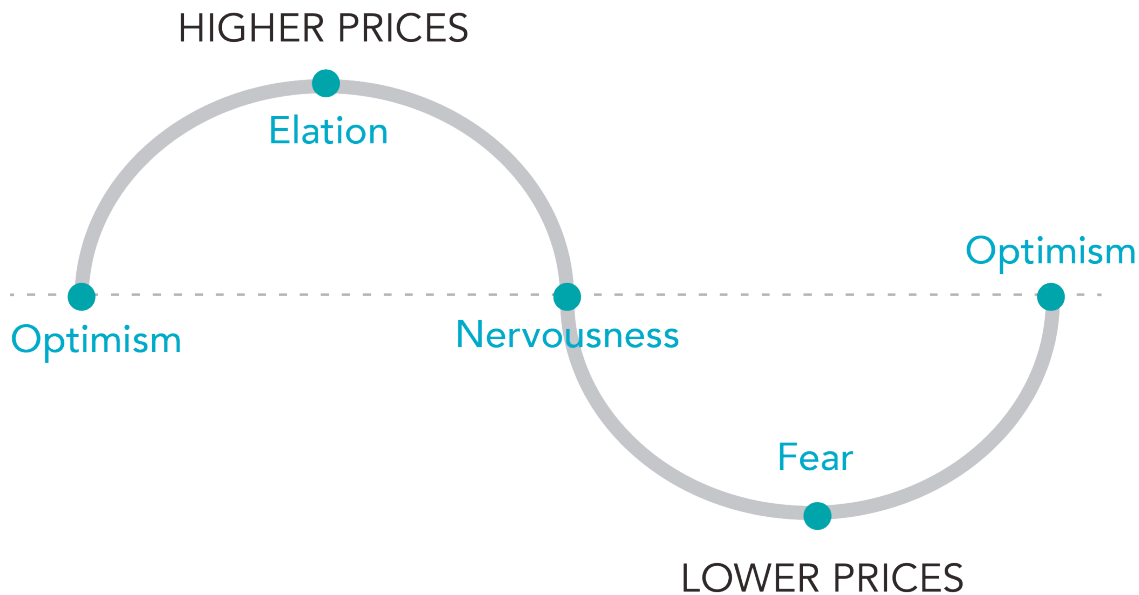
**Housing Market Booming!**

Daily market news and “expert” commentary will test your investment discipline. Some messages prey on your anxiety about the future, while others promise a path to quick, easy wealth.

If you are tempted to act, consider the source and know the difference between entertainment and real advice.



## Reactive Investing in a Market Cycle



Many people struggle to separate their emotions from investing. Markets go up and down. Reacting to current market conditions may lead to making poor investment decisions at the worst times.



## Common Investment Pitfalls



- NO INVESTMENT PLAN
- LACK OF MANAGER SCRUTINY
- CHASING PERFORMANCE
- OVERCONCENTRATION
- MARKET TIMING
- WRONG TIME HORIZON
- FORECASTING
- EXCESSIVE RISK TAKING



**...and stay the course!**

## 9.14%

**S&P 500**

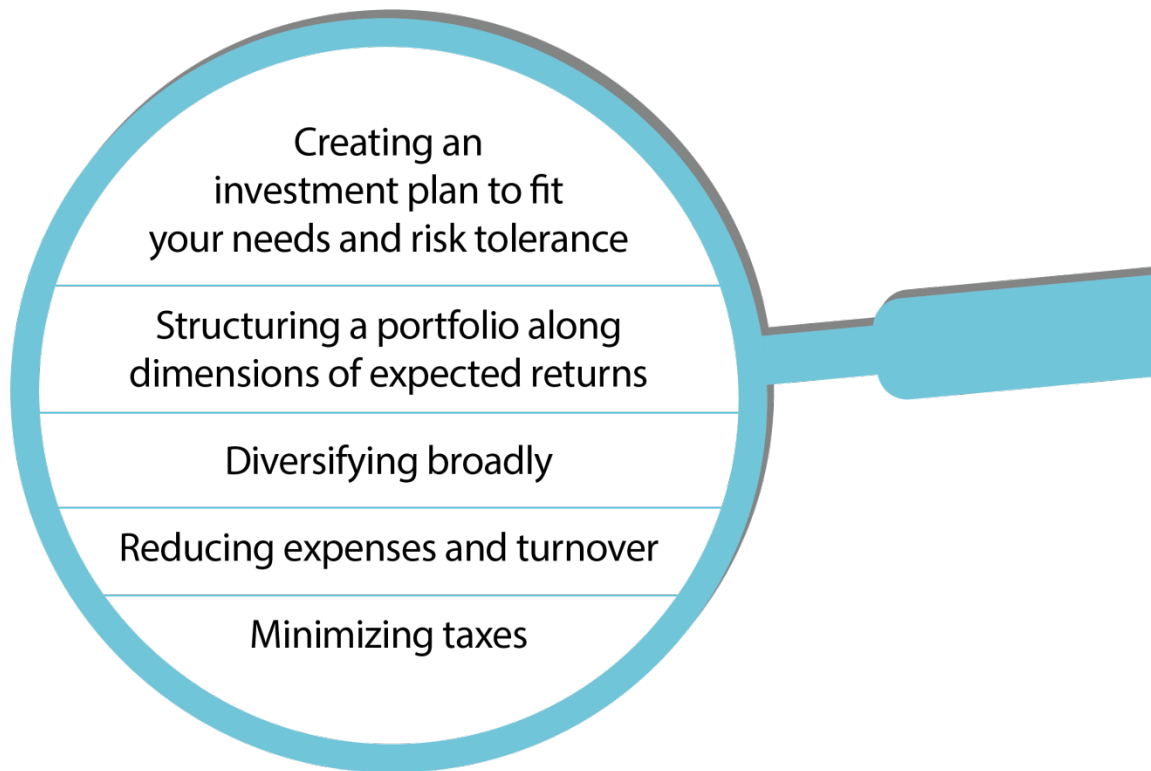
20-Year Annualized Return  
(time weighted)

## 3.83%

**“Average” Equity  
Fund Investor**

20-Year Annualized Return  
(dollar weighted)

Comparing time-weighted index returns to dollar-weighted fund returns suggests that the “average” equity fund investor buys high and sells low while owning a given fund for less than five years.



A financial advisor can create a plan tailored to your personal financial needs while helping you focus on actions that add value.

This can lead to a better investment experience.



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