

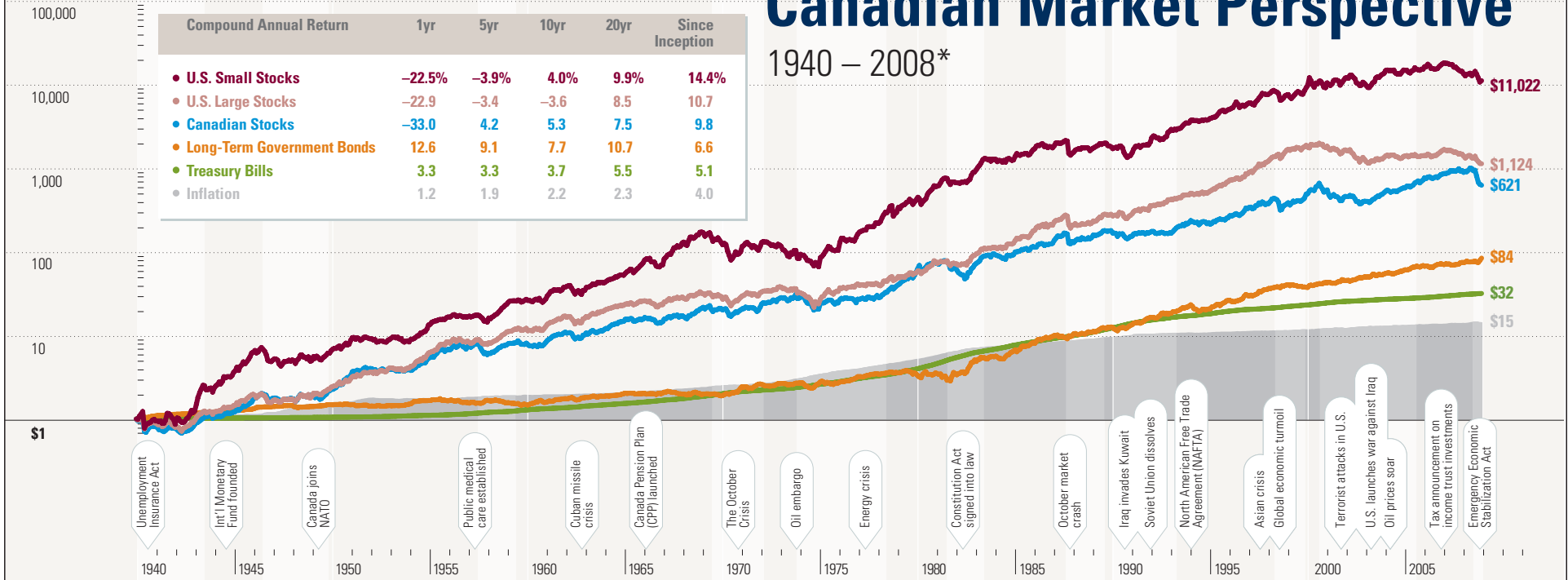


Canadian Market Perspective

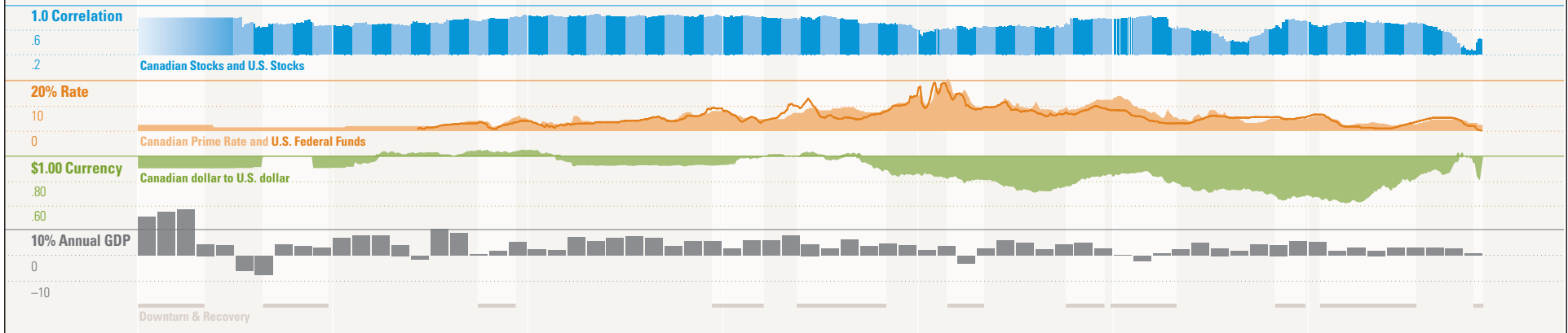
1940 – 2008*

Growth of a Canadian dollar

Compound Annual Return	1yr	5yr	10yr	20yr	Since Inception
• U.S. Small Stocks	-22.5%	-3.9%	4.0%	9.9%	14.4%
• U.S. Large Stocks	-22.9	-3.4	-3.6	8.5	10.7
• Canadian Stocks	-33.0	4.2	5.3	7.5	9.8
• Long-Term Government Bonds	12.6	9.1	7.7	10.7	6.6
• Treasury Bills	3.3	3.3	3.7	5.5	5.1
• Inflation	1.2	1.9	2.2	2.3	4.0



Unemployment Insurance Act
 Int'l Monetary Fund founded
 Canada joins NATO
 Public medical care established
 Cuban missile crisis
 Canada Pension Plan (CPP) launched
 The October Crisis
 Oil embargo
 Energy crisis
 Constitution Act signed into law
 October market crash
 Iraq invades Kuwait
 Soviet Union dissolves
 North American Free Trade Agreement (NAFTA)
 Asian crisis
 Global economic turmoil
 Terrorist attacks in U.S.
 U.S. launches war against Iraq
 Oil prices soar
 Tax announcement on income trust investments
 Emergency Economic Stabilization Act



Past performance is no guarantee of future results. Hypothetical value of \$1 invested at the beginning of 1940. Assumes reinvestment of income and no transaction costs or taxes. This data is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. All values presented herein are in Canadian dollars.



Canadian Market Perspective

1940–2008

An examination of past capital market returns provides historical insight into the performance characteristics of various asset classes. This graph illustrates the hypothetical growth of a \$1 investment in five asset classes, as well as inflation, over the time period January 1, 1940 through December 31, 2008.

U.S. stocks have outperformed Canadian stocks since 1940. Canadian stocks have outperformed bonds over the same time period. Canadian inflation was also high until the eighties. Although domestic stocks have outperformed bonds, the Canadian bond market has significantly improved in the last two decades. Inflation control measures have lowered nominal interest rates and increased bond prices over this time period. In recent years, the Canadian government has also implemented several debt-management strategies to improve the credibility of Canadian bonds.

Government bonds and Treasury bills are guaranteed by the full faith and credit of the Canadian government as to the timely payment of principal and interest, while stocks are not guaranteed and have been more volatile than the other asset classes. International investments involve special risks such as fluctuations in currency, foreign taxation, economic and political risks, and differences in accounting and financial standards. Furthermore, small stocks are more volatile than large stocks and are subject to significant price fluctuations, business risks, and are thinly traded.

All values presented herein are in Canadian dollars. Correlation is represented as 60-month rolling correlation between Canadian stocks and U.S. large stocks. Downturns are defined by a time period when Canadian stocks declined in value by 20% or more from their peak, while the recovery period indicates the number of months from the trough of downturn to the previous peak. Annual GDP numbers were used. The 2008 GDP value is an estimate as of October 2008.

Source: U.S. small stocks are represented by the fifth capitalization quintile of stocks on the NYSE for 1940-1981 and the performance of the Dimensional Fund Advisors, Inc. (DFA) U.S. Micro Cap Portfolio thereafter. U.S. large stocks are represented by the Standard Poor's 500®, which is an unmanaged group of securities and considered to be representative of the stock market in general. Canadian stocks are represented by a Morningstar calculated total return series extrapolated from the S&P/TSX Composite Index capital appreciation series through January 1956 and the S&P/TSX Composite Index total return series thereafter. Canadian bonds are represented by a Morningstar-calculated total return series for 10+ year Bank of Canada bond yield until August 1976, the Scotia Capital 10+ year government bond until December 2006 and the Citigroup Canada 10+ year government bond thereafter, Treasury bills by a Morningstar calculated total return series for 90-day Bank of Canada Treasury bill yield until January 1953 and the TSX DEX 91-day Treasury bill thereafter, and inflation by the Consumer Price Index from Statistics Canada. GDP data is from Statistics Canada 2nd edition (1940-1968) and the International Monetary Fund (1969-2008). Canadian Prime Rate and currency exchange data from the Bank of Canada. U.S. Fed Funds Rate from the United States Federal Reserve.

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