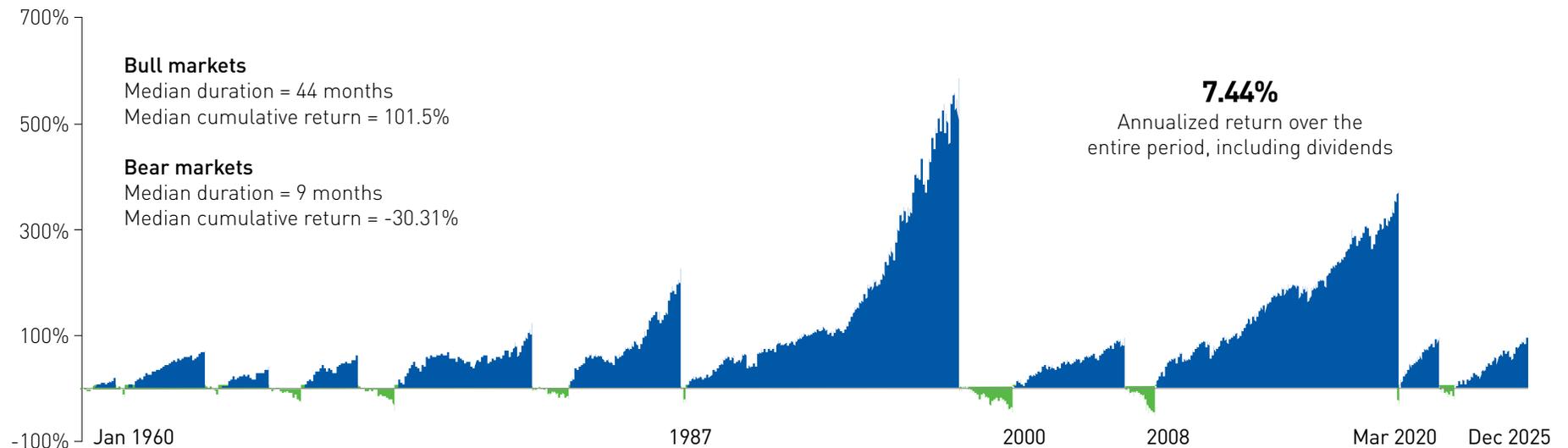


# The big picture is positive

## Bull and bear markets

U.S. stocks from January 1960 to December 31, 2025



Source: Morningstar as of December 31, 2025.. A bear market is defined as a peak-to-trough decline in the S&P 500 Index (price only) of 20% or more. The bull run data reflect the market expansion from the bear market low to the subsequent market peak.

## What this chart shows

Looking at stock market returns for the past 66 years, evidence clearly favours the bulls. Periods of rising stock prices, or “bull” markets, have typically lasted roughly four times longer than periods of falling prices, or “bear” markets. And, at 101%, the median gain from a bull market has been more than enough to compensate for the median loss of 30% during a bear.

## The bottom line

When comparing periods of rising and falling markets, rising markets have historically:

- ✓ Lasted longer
- ✓ Been more frequent
- ✓ Produced gains that are more than enough to offset losses

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# A diversified portfolio to manage risk

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
41.3	23.9	21.6	21.1	28.3	6.3	24.8	18.8	35.1	6.5	22.9	38.1	54.9	<b>Best</b> Highest % return <hr/> <b>Worst</b> Lowest % return
35.2	14.4	18.9	17.6	14.4	5.9	22.9	16.3	27.6	2.9	20.5	36.4	31.7	
20.5	12.1	11.9	8.1	13.8	4.2	22.8	16.2	25.1	-5.8	14.7	29.4	27.3	
13.0	10.6	6.9	7.3	9.9	1.7	21.2	13.9	20.8	-11.5	11.8	21.7	15.4	
3.9	10.4	3.5	4.0	9.6	1.4	15.6	11.0	11.5	-11.7	9.8	18.1	12.4	
1.6	8.8	2.0	4.0	9.1	1.1	12.4	8.7	1.0	-11.8	6.9	17.3	10.4	
0.6	8.6	1.6	3.8	5.4	0.3	12.1	5.6	-1.4	-12.2	6.7	4.2	9.6	
-1.2	7.1	1.4	3.7	2.6	-0.5	7.4	5.3	-2.5	-12.2	6.3	3.7	3.1	
-5.5	6.6	-4.6	1.7	2.5	-6.9	6.9	1.3	-3.4	-14.3	3.9	2.4	3.0	
-23.9	1.9	-8.3	1.4	1.4	-8.9	2.1	-13.1	-5.1	-17.0	2.6	-2.0	2.6	

- U.S. stocks
- Canadian stocks
- Canadian REITs
- Global stocks
- 60/40 Portfolio
- Emerging market stocks
- Gold
- Global bonds
- Canadian bonds
- Average 5-yr GIC

## What this chart shows

If you invest in a single asset class, such as Canadian stocks or emerging market stocks, the variation in returns can be extreme. It's not uncommon for asset classes to zig-zag from top to bottom and back again from one year to the next.

Now observe the diversified portfolio (orange box), which holds 60% global stocks and 40% global bonds. Watch how the portfolio threads its way through the chart, never at the top and never at the bottom. That consistency relative to the individual components is the power of diversification.

Data source: Morningstar<sup>1</sup>. Index returns do not include fees; you cannot invest in an index. U.S. stocks: S&P 500; Canadian stocks: S&P/TSX Composite Index; Canadian REITs (real estate investment trusts): S&P/TSX Capped REIT Index; Global stocks: MSCI World Index; Emerging market stocks: MSCI Emerging Markets Index; Gold: S&P GSCI Gold Index; Canadian bonds: FTSE TMX Canada Universe Bond Index; Global bonds: Bloomberg Barclays Global Aggregate Bond Index, C\$ hedged; 60/40 Portfolio: 60% global stocks (MSCI World Index), 40% global bonds (Bloomberg Barclays Global Aggregate Bond Index, C\$ hedged). The 60/40 Portfolio was rebalanced quarterly.

## The bottom line

While a diversified portfolio is unlikely to give you the highest return, it likely won't give you the lowest return either. The purpose is to provide a smoother investment journey, so you can achieve your goals with as little anxiety as possible.

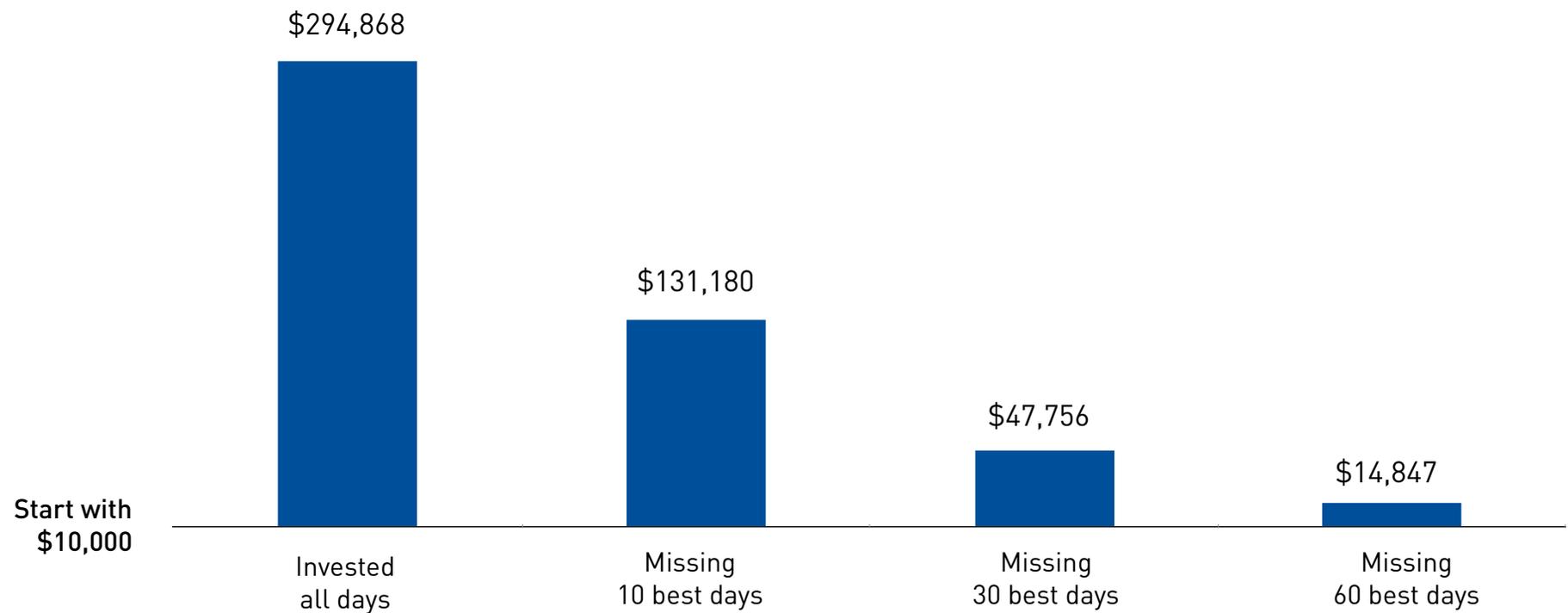
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# Success measured in days

## Growth of \$10,000

U.S. stocks from January 1993 to December 31, 2025.



Source: Morningstar Direct as of December 31, 2025

## What this chart shows

All it takes is a few days to make a big difference in your portfolio. The bar on the left shows how much an investment of \$10,000 would have grown if you'd owned U.S. stocks for the last 30+ years. But what happened if you missed just the top 10 days during that period? You would have given up roughly 163,500 — more than half your money.

It's true that missing the 10 *worst* days is a powerful way to achieve the opposite: large gains. The problem is, whether best or worst, it's impossible to know when they're coming.

U.S. stocks: S&P 500 in C\$, including dividends. Data source: Morningstar<sup>1</sup>. Index returns do not include fees; you cannot invest in an index. "Best days" are defined as individual days over the period with the highest per cent return on that day.

## The bottom line

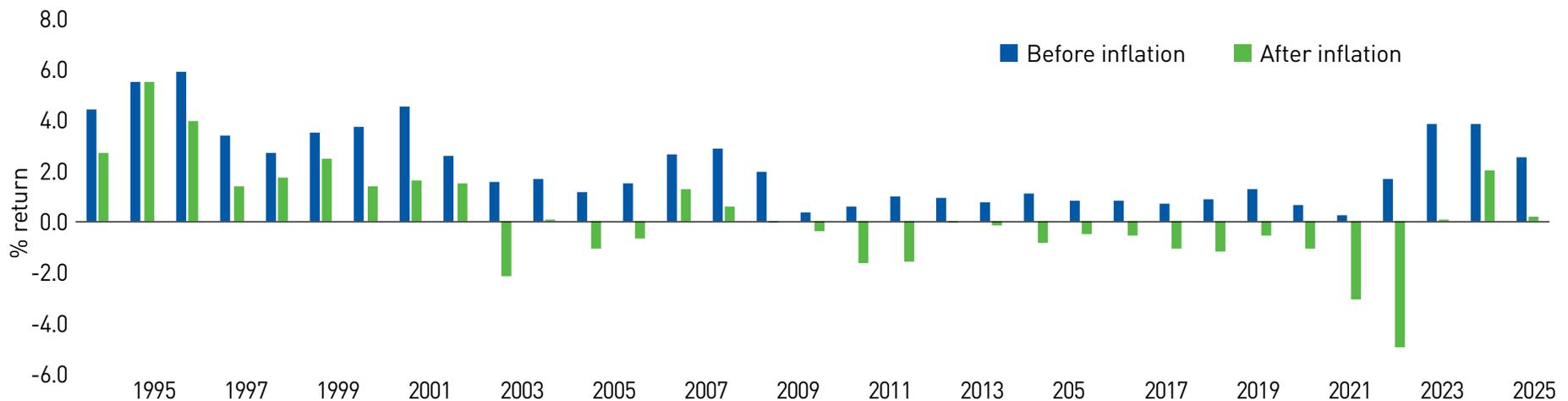
To ensure your portfolio will always benefit from big positive days in the market, *no matter when they happen*, you must be willing to accept the bad days too. Stay invested, it pays off in the end.

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# The cost of capital protection

## Average 1-yr Canadian GIC



Source: Morningstar

### What this chart shows

You may be tempted to eliminate market risk altogether and invest your money in guaranteed investment certificates. At least you'll earn a small amount of interest, and you won't *lose* money, right? There's another factor to consider: inflation. After subtracting inflation, which reduces the purchasing power of your money, the average "real" return on a 1-year GIC was negative for 17 of the last 32 years. If you factor in taxes, this picture becomes yet more discouraging.

### The bottom line

Investing in the stock market carries the risk of losing money. But *not* investing in the stock market carries its own risk – the risk of failing to meet your goals because your returns were too low.

## About the chart

Data as of December 31, 2025. Inflation data sourced from Stats Can.  
Unlike mutual funds, the return and principal of a guaranteed investment certificate (GIC) is guaranteed.

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