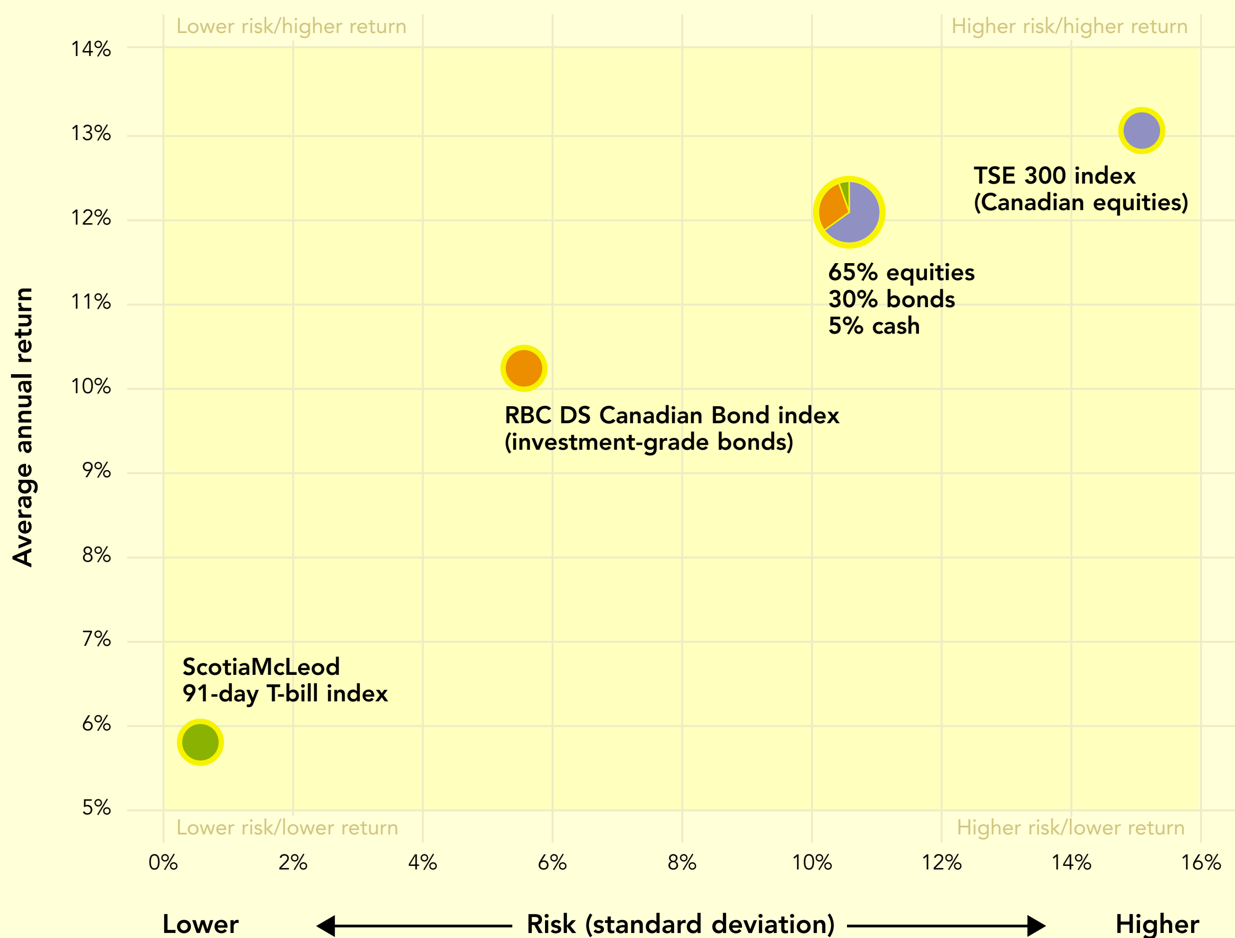
Diversification is an 'asset'

While equities have historically provided the greatest return potential, they also present a higher degree of risk. Conversely, fixed-income investments (i.e. bonds), and cash and cash equivalents (i.e. Treasury Bills), while traditionally "safer", tend to offer lower returns. The answer lies in a balanced approach. By diversifying across each asset class, you can optimize the potential for a healthy return with an acceptable level of risk.

Risk vs. return across asset classes



Data source: FMR Co. Returns/risk represented are based on 10-year average annual returns and standard deviation for the TSE 300 index (Canadian equities), RBC DS Canadian Bond index (investment-grade bonds) and the ScotiaMcLeod 91-day T-bill index from December 31, 1990 to December 31, 2000. Returns/risk are represented in $CDN. Past performance is no guarantee of future results. It is not possible to invest directly in an index.

Read a fund's prospectus and consult your Investment Professional before investing. Mutual funds are not guaranteed; their values change frequently and past performance may not be repeated. Investors will pay management fees and expenses, may pay commissions or trailing commissions, and may experience a gain or loss.

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