

## Asset Allocation Models

Constructing the appropriate asset mix for your investment portfolio is one of your most important investment decisions. In most cases, how you split up the assets within your portfolio will have the greatest impact on your portfolio's returns, risk and volatility.

By combining the right asset mix with prudent diversification among asset types, industry sectors, geographic regions and investment styles, you will further reduce your portfolio's risk profile, volatility and improve your long term performance.

Core asset classes include: Cash and Short term money market instruments that mature within one year; fixed income securities like government bonds, GICs and corporate debentures; domestic and global equities like common shares, equity mutual funds or equity exchange traded funds; and alternative investments such as real estate, private equities, hedge funds and commodities.

The best asset mix is the one which best meets your own personal investment objectives, risk tolerance and time horizon.

Your PI Financial Portfolio Manager will guide you through the process and construct the portfolio which best reflects your goals and constraints. Your PI Portfolio Manager will regularly monitor your portfolio and each quarter PI Financial's portfolio management supervisors will make sure you remain on track.

Since every investor is different every asset allocation will be different and it will change over time. Typically, asset allocation profiles range from very conservative to maximum growth. We provide four strategic asset allocation models to reflect the different investor profiles. To allow for short term changes in asset classes, market conditions, tactical positioning, or investor circumstances we provide a +/-15% range around the target mix.

We believe that by having the appropriate asset mix, proper diversification, and the discipline to stay the course is the best way to reduce risk and achieve your investment goals.

**Conservative** – limited risk taking with some growth

| Asset Class                         | Target | Range (+/- 15%) |
|-------------------------------------|--------|-----------------|
| Cash and Equivalents                |        |                 |
| Fixed Income                        |        |                 |
| <b>Total Cash and Fixed Income</b>  | 65%    | 50-80%          |
| Canadian Equities                   |        |                 |
| US Equities                         |        |                 |
| Global Developed Market Equities    |        |                 |
| Emerging Market Equities            |        |                 |
| Alternative Assets                  |        |                 |
| <b>Total Equity and Alternative</b> | 35%    | 20-50%          |

**Balanced** – balance of income and growth with moderate risk tolerance

| Asset Class                         | Target | Range (+/- 15%) |
|-------------------------------------|--------|-----------------|
| Cash and Equivalents                |        |                 |
| Fixed Income                        |        |                 |
| <b>Total Cash and Fixed Income</b>  | 45%    | 30-60%          |
| Canadian Equities                   |        |                 |
| US Equities                         |        |                 |
| International Equities              |        |                 |
| Emerging Market Equities            |        |                 |
| Alternative Assets                  |        |                 |
| <b>Total Equity and Alternative</b> | 55%    | 40-70%          |

**Growth** – equities based with higher risk tolerance

| Asset Class                         | Target | Range (+/- 15%) |
|-------------------------------------|--------|-----------------|
| Cash and Equivalents                |        |                 |
| Fixed Income                        |        |                 |
| <b>Total Cash and Fixed Income</b>  | 30%    | 15-45%          |
| Canadian Equities                   |        |                 |
| US Equities                         |        |                 |
| International Equities              |        |                 |
| Emerging Market Equities            |        |                 |
| Alternative Assets                  |        |                 |
| <b>Total Equity and Alternative</b> | 70%    | 55-85%          |

**Maximum Growth** – higher risk and volatility tolerance

| Asset Class                         | Target | Range (+/- 15%) |
|-------------------------------------|--------|-----------------|
| Cash and Equivalents                |        |                 |
| Fixed Income                        |        |                 |
| <b>Total Cash and Fixed Income</b>  | 5%     | 0-20%           |
| Canadian Equities                   |        |                 |
| US Equities                         |        |                 |
| International Equities              |        |                 |
| Emerging Market Equities            |        |                 |
| Alternative                         |        |                 |
| <b>Total Equity and Alternative</b> | 95%    | 80-100%         |