



S&P DOW JONES INDICES VERSUS ACTIVE FUNDS (SPIVA[®]) CANADA SCORECARD

Summary

- The SPIVA[®] Canada Scorecard reports on the performance of actively managed Canadian mutual funds, corrected for survivorship bias, and shows equal- and asset-weighted peer averages.
- There is nothing novel about the index versus active debate. It has been a contentious subject for decades, and there are strong opinions on both sides. The SPIVA Canada Scorecard is the de facto scorekeeper of this debate.
- Beyond the SPIVA Canada Scorecard's widely cited headline numbers is a rich data set that addresses issues related to measurement techniques, universe composition and fund survivorship that are far less frequently discussed, but are often far more fascinating.
- There are no consistent or useful trends to be found in annual active versus index figures. The only consistent data point we have observed over a five-year horizon is that a majority of active equity managers in most categories lag comparable benchmark indices.
- **Domestic Equities:** The year 2012 saw the Canadian passive indices in the positive territory, as both the S&P/TSX Composite and the S&P/TSX 60 registered modest gains. Over the same period, the majority of Canadian active managers saw their returns lag behind the benchmark, as 41.18% of Canadian equity funds outperformed the S&P/TSX Composite Index. Similarly, 45.16% of active Canadian small-/mid-cap equity funds beat the S&P/TSX Completion and 18.97% of active Canadian focused equity category outpaced S&P's blended index, which comprises 50% of the S&P/TSX Composite, 25% of the S&P 500 and 25% of the S&P EPAC LargeMidCap. Over three- and five- year periods, only 15.39% and 10.35%, respectively, of actively managed Canadian equity funds outperformed the TSX Composite Index.
- Over the longer term, such as the five-year investment horizon, we observe the same pattern repeating across all the categories. The majority of active managers underperformed their benchmarks.
- **Foreign Equities:** Active managers in the international equity category fared modestly in 2012, as 47.06% of international equity managers beat their benchmarks. During the same period, only 23.47% of global equity managers had higher returns than the benchmark. Over the five-year period, 11.11% active international equity funds were able to beat the benchmarks and only 10.35% of active global equity funds and 2.3% of active U.S. equity funds have outpaced the S&P EPAC LargeMidCap, S&P Developed LargeMid and S&P 500[®] indices, respectively.

SPIVA Scorecard Contributors:

Abigail Etches
Director, Business Development
abigail.etches@spdji.com

Aye M. Soe, CFA
Director, Global Research & Design
aye.soe@spdji.com

Want more? Sign up to receive complimentary updates on a broad range of index-related topics and events brought to you by S&P Dow Jones Indices.

www.spdji.com

Introduction

The SPIVA Canada Scorecard provides a semi-annual update on the active-versus-index debate in Canada. The SPIVA Canada Scorecard shows the performance of actively managed Canadian mutual funds compared with S&P Dow Jones Indices in their respective categories. Although many such reports are available, the SPIVA Canada Scorecard is unique in that it offers:

- **Survivorship bias correction:** Many funds might be liquidated or merged during a period of study. However, for an investor making a decision at the beginning of the period, these funds are part of the opportunity set. Unlike other commonly available comparison reports, SPIVA removes this survivorship bias.
- **Apples-to-apples comparison:** Fund returns are often compared with a popular benchmark regardless of its investment category. SPIVA Canada Scorecards make an appropriate comparison by measuring a fund's returns against the returns of a benchmark that reflects the fund's investment category.
- **Asset-weighted returns:** Average returns for a fund group are often calculated using only equal weighting, which results in the returns of a Canadian dollar (CAD) 10 billion fund affecting the average in the same manner as the returns of a CAD 10 million fund. The SPIVA Canada Scorecard shows both equal- and asset-weighted averages. Equal-weighted returns are a measure of average fund performance. Asset-weighted returns are a measure of the performance of the average invested dollar.

The SPIVA Canada Scorecard does not make investment recommendations or offer comments on the suitability of either index or active investing. It simply provides quarterly numbers according to the SPIVA methodology and a brief analysis of the numbers. Further, S&P Dow Jones Indices advises reading the methodology at the end of the report in order to understand how the numbers are derived.

Canadian Equity Funds

In the past five years, only 10.35% of actively managed funds in the Canadian Equity Funds category¹ outperformed the S&P/TSX Composite (see Report 1). There was a similar result for the past three years, with only 15.39% of active funds exceeding the index return. For the longer-term five-year period, the average returns of active Canadian equity funds in this category, on both an equal- and asset-weighted basis, were inferior to those of the S&P/TSX Composite (see Reports 3 and 4). Also, for the three- and one-year horizons, average Canadian equity returns in this category lagged the S&P/TSX Composite on an equal- and asset-weighted basis.

Canadian Small/MidCap Equity Funds

During the past 12 months, 45.16% of actively managed equity funds in the Canadian Small/MidCap Funds category outperformed the S&P/TSX Completion² (see Report 1). In addition, the S&P/TSX Completion Index outperformed active small/mid-cap equity fund returns on an equal- and asset-weighted basis in one-, three- and five-year time periods (see Reports 3 and 4).

¹ This report uses the Canadian Investment Funds Standard Committee's (CIFSC) fund categories. Additional information regarding this organization and their categories can be found at www.cifsc.com.

² The S&P/TSX Completion comprises constituents of the S&P/TSX Composite that are not in the S&P/TSX 60.

Canadian Dividend and Income Equity Funds

The mandate of constituents of the Canadian Dividend & Income Equity Funds category is to invest primarily in income-generating securities. S&P Dow Jones Indices' comparable index is the S&P/TSX Canadian Dividend Aristocrats[®], which includes constituents that have followed a managed-dividends policy of consistently increasing dividends every year for at least five out of six years. Despite dividends and income theme continuing to dominate the investment landscape, returns have not been quite favorable for the Canadian active income funds, as 5.56% of the funds outperformed the S&P/TSX Canadian Dividend Aristocrats over the past five years. Measured over three years, 11.77% of funds outperformed the benchmark index and in the past year 31.25% of active funds were able to outperform the S&P/TSX Canadian Dividend Aristocrats. Both asset-weighted and equal-weighted returns were lower for active funds in this category for the one-, three- and five-year time periods.

U.S. Equity Funds

The U.S. Equity Funds category offers Canadian investors exposure to the U.S. equity market with Canadian dollar returns. In addition to equity risk, these funds carry currency risk. Just 2.3% of funds in this category outperformed the S&P 500 (in Canadian dollar terms) in the past five years, while only 2.82% beat the index in the three-year period (see Report 1). The S&P 500 outperformed active funds in the equal- and asset-weighted categories in all time periods examined.

International Equity Funds

This category encompasses funds that invest most of their assets in developed countries other than Canada and the U.S. In addition to equity risk, these funds carry currency risk. Of the active funds in this category, 11.11% outperformed the S&P EPAC LargeMidCap³ (in Canadian dollars) over the past five years (see Report 1). However, when measured over a shorter one year horizon, 47.06.0% of these funds, beat the index. Returns for the S&P EPAC LargeMidCap surpassed both equal-weighted and asset-weighted active fund returns over one-, three- and five-year time horizons.

Global Equity Funds

The Global Equity Fund category can invest in securities domiciled anywhere across the globe. In addition to equity risk, these funds carry currency risk. Over the one- and three-year periods, 23.47% and 9.26% of the funds outperformed the benchmark S&P Developed LargeMidCap respectively (see Report 1). When viewed over the longer five-year period, the picture is slightly better, with only 10.35% of active global equity funds able to beat the benchmark. Asset- and equal-weighted average returns of the global equity active funds lagged behind the returns of the S&P Developed LargeMidCap over the one-, three- and five-year periods.

Canadian Focused Equity Funds

These funds have a large Canadian equity allocation but also include investments in equities outside of Canada. The comparable benchmark, a blended index of 50% S&P/TSX Composite, plus 25% S&P 500 and 25% S&P EPAC LargeMidCap, underperformed 18.97% of active funds in this category in the past 12 months (see Report 1). In the past three and five years 16.92% and 16.44% of active funds, respectively, outperformed the blended index. The blended index had higher equal- and asset-weighted returns than those of active funds in all periods examined (see Reports 3 and 4).

³ Previously named the S&P/Citigroup EPAC PMI Index. Previously PMI represented 80% of the cumulative available market cap; it now represents 85%. See the glossary for additional details.

Survivorship

A key advantage of the SPIVA methodology is its correction for survivorship bias, which can skew results as funds merge or liquidate. For example, if there are 100 funds in the beginning of a five-year period and at the end of the period 20 have dropped out or merged (leaving 80)—implying 80% survivorship.

Survivorship in the five years ended December 31, 2012, was 68.97%, 57.47%, 68.89% and 71.55% for funds in the Canadian Equity, U.S. Equity, International Equity and Global Equity categories, respectively. The corresponding survivorship figures in the three-year timeframe were higher at 86.54%, 74.65%, 82.5% and 84.26%. In other words, a significant percentage of the funds in these four categories have been merged or liquidated in the past five years. The Canadian Dividend & Income Equity category had high survivorship of 91.18% and 86.11% in the three- and five-year periods, respectively. The Canadian Small/MidCap category had survivorship of 81.08% and 59.57% for the three- and five-year periods, respectively. The Canadian Focused Equity category had survivorship rates of 70.77% for the three-year period and 61.64% for the five-year period.

Appendix 1: SPIVA Methodology

Data

S&P Dow Jones Indices obtains a custom feed of monthly return data from Fundata Canada for all equity mutual funds that have information in their database. The feed includes data on funds that have merged or liquidated. Fundata applies the following filters to the file S&P Dow Jones Indices receives:

- All non-equity funds are excluded
- All pooled funds, segregated funds or other specialized categories that do not qualify as retail mutual funds are excluded
- Multiple occurrences of the same fund's portfolio reporting in two or more currencies are also excluded S&P Dow Jones Indices only uses the Canadian dollar version
- Only a single share class is included

The file contains the following data fields on a monthly basis:

1. Fund name
2. Fund identifier
3. Month and year
4. Fund returns for the month, after management and other costs, and including distributions
5. Fund assets under management in that month
6. Fund categorization in that month
7. Management type (i.e., whether the fund is indexed or actively managed)

S&P Dow Jones Indices then limits the subset using the following filters:

- S&P Dow Jones Indices chooses funds that are actively managed, excluding index funds.
- S&P Dow Jones Indices removes funds that do not have information on assets under management for any month within the previous five years from the sample. These funds are relatively few, and their equal-weighted returns are compared to those of the funds with assets reported in Report A1 to illustrate the impact of their exclusion. S&P Dow Jones Indices removes these funds because our report on asset-weighted returns cannot be computed without fund asset information, and we wish to use a consistent data set across the four main reports on active-versus-index performance included in the SPIVA Canada Scorecard.

Fund Categories

S&P Dow Jones Indices chooses funds that have, at any point in the previous 60 months, been classified in at least one of the following eight Canadian Investment Funds Standards Committee CIFSC⁴ categories:

1. Canadian Equity
2. Canadian Small/MidCap Equity
3. Canadian Income Trust Equity
4. Canadian Dividend and Income Equity
5. U.S. Equity
6. International Equity
7. Global Equity
8. Canadian Focused Equity

The categories reviewed in this report represent the major areas of interest for Canadian investors of equity funds.

The CIFSC governs categorization of Canadian mutual funds. In August 2007, the CIFSC's fund categorization structure changed, posing some challenges for S&P Dow Jones Indices' reports. For example, the Canadian Equity (Pure) category was eliminated; the funds in that category were folded into the revised definition of Canadian Equity, which now encompasses funds primarily invested in Canadian securities. Also, the Canadian SmallCap Equity category was expanded to the Canadian Small/MidCap Equity category. According to the CIFSC, "For each small/mid cap equity category there is a market capitalization threshold that determines whether a fund has a small enough market cap to meet that category. The threshold is determined by comparing the geometric mean market cap of a fund to that same measure for an appropriate benchmark index."⁵ In this case, the benchmark index the CIFSC uses for the Canadian Small/MidCap Equity category is the S&P/TSX Completion.

In terms of the Canadian Equity category change, the Fundata file helps achieve comparability across history by backfilling the classifications before the classification system restructuring. S&P Dow Jones Indices realizes that this introduces a backward-looking bias, but fortunately the benchmark for both the Canadian Equity and Canadian Equity Pure categories is the S&P/TSX Composite.

The Canadian SmallCap Equity category restructuring presented additional challenges. The backfilling of classifications resulted in small-cap funds being reclassified historically as small-cap or mid-cap equities, and these same funds were benchmarked to the S&P/TSX Completion rather than the S&P/TSX SmallCap. As a result, S&P Dow Jones Indices decided to only show data for the Small/MidCap category for the past year.

In addition, as a result of the elimination of the SmallCap Equity category, S&P Dow Jones Indices can no longer compare small caps with the S&P/TSX SmallCap. If this category is reinstated, it will be added to our reports.

The Income Trust Equity category is no longer relevant for the Canadian investable universe, so it has been excluded from this report.

⁴ Refer to www.cifsc.com for additional information regarding CIFSC and its categories.

⁵ Canadian Investment Funds Standards Committee – 2007 Retail Investment Fund Category Definitions.

Benchmarks

The S&P/TSX Indices were also subject to a number of changes in 2007. Following a consultation process with the index community, the S&P/TSX SmallCap's methodology was adjusted to create a more appropriate Canadian benchmark of small capitalization equities. The S&P/TSX SmallCap is now a separate index from the S&P/TSX Composite index family. In addition, the S&P/TSX MidCap was renamed the S&P/TSX Completion and its methodology was revised. It includes the constituents of the S&P/TSX Composite that are not in the S&P/TSX 60 Index. In 2011, the methodology for the S&P/TSX Dividend Aristocrats was revised to allow for one year of static dividend payments.

The benchmark indices used in the SPIVA Canada Scorecard are shown in the table below. All the index returns are total returns (i.e., include dividend reinvestment) in Canadian dollars. **There has been no deduction of index returns to account for fund investment expenses.** Active fund returns are after expenses, but do not include front- or back-end loads or other commissions that investors might pay.

Fund Categories and Their Benchmarks	
Fund Category	Comparison Benchmark
Canadian Equity	S&P/TSX Composite S&P/TSX Capped Composite ⁶
Canadian Small/MidCap Equity	S&P/TSX Completion
Canadian Dividend and Income Equity	S&P/TSX Canadian Dividend Aristocrats
U.S. Equity	S&P 500
International Equity	S&P EPAC LargeMidCap
Global Equity	S&P Developed LargeMidCap
Canadian Focused Equity	50% S&P/TSX Composite plus 25% S&P 500 and 25% S&P EPAC LargeMidCap

Previous SPIVA Canada Scorecards included a report (Report A2) that compared the Canadian Equity Fund category with a blended index of the S&P/TSX Composite (70%) and the S&P 500 (30%). As a result of the foreign content limit removal in 2005, increasing numbers of Canadian investors are redeploying funds outside of Canada to gain international equity exposure. Report A2 has been removed but the report now includes the Canadian Focused Equity category. Funds in the Canadian Focused Equity category include non-Canadian equity exposure. This category is compared to a monthly returning series comprising the S&P/TSX Composite (50%), the S&P 500 (25%), and the S&P EPAC LargeMidCap (25%).

For additional information on any of the benchmark indices, please see the one-page glossary at the end of this report, or visit our website at www.spdji.com/spindices.

⁶ The main reports show a comparison with the S&P/TSX Capped Composite, since mutual funds are restricted from holding more than 10% of their portfolio in a single stock. A capped index better represents an active manager's opportunity set in periods where the history includes a concentration problem. In practical terms, both benchmarks would be equivalent where the history under consideration does not have a greater than 10% single-stock concentration in the S&P/TSX Composite.

Reports

Report 1: Percent of Active Funds Outperforming Index

This report shows the percent of funds that have outperformed their comparable benchmark in one-year, three-year and five-year periods. The comparison starts with the funds in a category at the beginning of the period. At the end of the period, the report shows what percentage of funds have survived and outperformed the benchmark index. The fund's category at the end of the period is not considered because the category at the beginning of the holding period is of interest.

Most reports that purport to show the percent of active funds outperforming index work with the funds in a category at the end of the period and then compare their historical returns to the benchmark. The SPIVA Canada Scorecard corrects for this survivorship bias by starting with the funds at the beginning of the period.

Report 2: Survivorship

This report shows the number of funds that existed in a particular category at the beginning of, one-year, three-year and five-year periods, and how many survived at the end of those periods. The fund's category at the end of the period is not considered because the category at the beginning of the holding period is of interest.

Report 3: Equal-Weighted Fund Returns

This report shows the equal-weighted average returns of funds in a particular category for one-year, three-year and five-year periods. For every month in the time period, S&P Dow Jones Indices takes all funds that are in existence in a category and calculates the simple average return. The returns from all months in the period are then compounded. These returns are compared with those of the benchmark returns. The funds used in the averaging process in one month might not be the same as used the next because some funds would have merged or liquidated, new funds would have been formed, and some might have had their categories changed.

This report essentially shows equal weighted performance of actively managed funds in a category over the time period, with the level of granularity for determining the eligible population in that category being monthly.

Most reports that purport to show average active fund performance work with the funds in a category at the end of the period, and then take the average of their historical returns. The SPIVA Canada Scorecard presents a more accurate picture of active fund performance in a category by calculating the average performance of the active funds in existence in a category each month.

Report 4: Asset-Weighted Fund Returns

This report shows the asset-weighted average returns of funds in a particular category for one-year, three-year and five-year periods. For every month, S&P Dow Jones Indices takes all funds in a category and calculate the average return by weighing each fund's return by its month-end assets. The returns from all the months in the period are then compounded. These returns are compared with those of the benchmark returns. The funds used in the averaging process in one month might not be the same as used the next because some funds would have merged or liquidated, new funds would have been formed, and some might have had their categories changed.

This report essentially shows asset-weighted performance of actively managed funds in a category over the time period, with the level of granularity for determining the eligible population in that category being monthly.

Most fund reports do not show asset-weighted returns. The SPIVA Canada Scorecard presents an accurate picture of asset-weighted active fund performance in a category by calculating the asset-weighted average performance of the active funds in existence in a category each month.

Report 1: Percent of Active Funds Outperforming Index: Year End 2012				
Fund Category	Comparison Index	One Year	Three Years	Five Years
Canadian Equity	S&P/TSX Composite Total Return	41.18	15.39	10.35
Canadian Equity	S&P/TSX Capped Composite Total Return	41.18	15.39	10.35
Canadian Small/MidCap Equity	S&P/TSX Completion Total Return	45.16	29.73	21.28
Canadian Dividend and Income Equity	S&P/TSX Canadian Dividend Aristocrats Total Return	31.25	11.77	5.56
U.S. Equity	S&P 500 Total Return (CAD)	12.31	2.82	2.3
International Equity	S&P EPAC LargeMidCap Total Return (CAD)	47.06	25.00	11.11
Global Equity	S&P Developed LargeMidCap Total Return (CAD)	23.47	9.26	10.35
Canadian Focused Equity	50% S&P/TSX Composite Total Return plus 25% S&P 500 Total Return (CAD) and 25% S&P EPAC LargeMidCap Total Return (CAD)	18.97	16.92	16.44

Source: S&P Dow Jones Indices, Fundata. Data as of December 31, 2012 CIFSC categorizations. Financial information provided by Fundata Canada Inc. © Fundata Canada Inc. All Rights Reserved. There has been no reduction of fund expenses from index returns. Tables are provided for illustrative purposes. Past performance is not a guarantee of future results.

Report 2: Survivorship: Year End 2012			
Fund Category	Period	Count at Beginning of Period	Survivorship (%)
Canadian Equity	One Year	51	88.24
	Three Years	52	86.54
	Five Years	58	68.97
Canadian Small/MidCap Equity	One Year	31	96.77
	Three Years	37	81.08
	Five Years	47	59.57
Canadian Div & Income Equity	One Year	32	96.88
	Three Years	34	91.18
	Five Years	36	86.11
U.S. Equity	One Year	65	84.62
	Three Years	71	74.65
	Five Years	87	57.47
International Equity	One Year	34	97.06
	Three Years	40	82.50
	Five Years	45	68.89
Global Equity	One Year	98	93.88
	Three Years	108	84.26
	Five Years	116	71.55
Canadian Focused Equity	One Year	58	81.03
	Three Years	65	70.77
	Five Years	73	61.64

Source: S&P Dow Jones Indices, Fundata. Data as of December 31, 2012 CIFSC categorizations. Financial information provided by Fundata Canada Inc. © Fundata Canada Inc. All Rights Reserved. There has been no reduction of fund expenses from index returns. Tables are provided for illustrative purposes. Past performance is not a guarantee of future results.

Report 3: Equal-Weighted Fund Returns: Year End 2012

Fund Category or Index	One Year	Three Year (Annualized)	Five Year (Annualized)
Canadian Equity	6.90	2.86	-1.12
S&P/TSX Composite Total Return	7.19	4.79	0.81
S&P/TSX Capped Composite Total Return	7.19	4.79	0.81
Canadian Small/MidCap Equity	4.67	6.25	0.02
S&P/TSX Canadian Completion Total Return	4.75	7.95	2.60
Canadian Dividend and Income Equity	8.17	6.87	2.70
S&P/TSX Canadian Dividend Aristocrats Total Return	9.45	11.47	7.59
U.S. Equity	9.64	5.26	-1.42
S&P 500 Total Return (CAD)	13.43	8.99	1.84
International Equity	14.90	1.00	-4.47
S&P EPAC LargeMidCap Total Return (CAD)	15.46	2.62	-2.66
Global Equity	11.26	3.34	-2.15
S&P Developed LargeMidCap Total Return (CAD)	14.14	5.76	-0.25
Canadian Focused Equity	7.69	2.20	-1.65
50% S&P/TSX Composite Total Return plus 25% S&P 500 Total Return (CAD) plus 25 % S&P EPAC LargeMidCap Total Return (CAD)	10.82	5.30	0.20

Source: S&P Dow Jones Indices, Fundata. Data as of December 31, 2012 CIFSC categorizations. Financial information provided by Fundata Canada Inc. © Fundata Canada Inc. All Rights Reserved. There has been no reduction of fund expenses from index returns. Tables are provided for illustrative purposes. Past performance is not a guarantee of future results.

Report 4: Asset-Weighted Fund Returns: Year End 2012

Fund Category or Index	One Year	Three Year (Annualized)	Five Year (Annualized)
Canadian Equity	7.10	2.89	-0.67
S&P/TSX Composite Total Return	7.19	4.79	0.81
S&P/TSX Capped Composite Total Return	7.19	4.79	0.81
Canadian Small/MidCap Equity	4.40	5.64	0.69
S&P/TSX Canadian Completion Total Return	4.75	7.95	2.60
Canadian Dividend and Income Equity	9.00	6.21	1.90
S&P/TSX Canadian Dividend Aristocrats Total Return	9.45	11.47	7.59
U.S. Equity	10.04	5.35	-2.07
S&P 500 Total Return (CAD)	13.43	8.99	1.84
International Equity	12.81	-0.24	-5.90
S&P EPAC LargeMidCap Total Return (CAD)	15.46	2.62	-2.66
Global Equity	11.83	3.76	-2.39
S&P Developed LargeMidCap Total Return (CAD)	14.14	5.76	-0.25
Canadian Focused Equity	7.66	2.28	-1.41
50% S&P/TSX Composite Total Return plus 25% S&P 500 Total Return (CAD) plus 25 % S&P EPAC LargeMidCap Total Return (CAD)	10.82	5.30	0.20

Source: S&P Dow Jones Indices, Fundata. Data as of December 31, 2012 CIFSC categorizations. Financial information provided by Fundata Canada Inc. © Fundata Canada Inc. All Rights Reserved. There has been no reduction of fund expenses from index returns. Tables are provided for illustrative purposes. Past performance is not a guarantee of future results

Report A1: Equal Weighted Returns of Funds Excluded from Sample Due to Missing Asset Data: Year End 2012

Fund Category	In Sample?	One Year	Three Year (Annualized)	Five Year (Annualized)
Canadian Equity	Included	6.90	2.86	-1.12
	Excluded	7.37	1.80	-0.11
Canadian Small/MidCap Equity	Included	4.67	6.25	0.02
	Excluded	9.23	7.83	3.19
Canadian Dividend and Income Equity	Included	8.17	6.87	2.70
	Excluded	5.70	6.06	2.19
U.S. Equity	Included	9.64	5.26	-1.42
	Excluded	9.95	5.74	-0.01
International Equity	Included	14.90	1.00	-4.47
	Excluded	14.49	1.41	-2.68
Global Equity	Included	11.26	3.34	-2.15
	Excluded	10.44	1.28	-1.23
Canadian Focused Equity	Included	7.69	2.20	-1.65
	Excluded	6.42	0.65	-2.70
Canadian Equity	Included	50	59	72
	Excluded	21	23	1
Canadian Small/MidCap Equity	Included	36	48	55
	Excluded	14	15	0
Canadian Dividend and Income Equity	Included	32	34	31
	Excluded	11	13	0
U.S. Equity	Included	67	79	90
	Excluded	16	20	1
International Equity	Included	38	44	48
	Excluded	12	18	1
Global Equity	Included	104	119	123
	Excluded	28	36	0
Canadian Focused Equity	Included	73	83	85
	Excluded	15	16	0

Source: S&P Dow Jones Indices, Fundata. Data as of December 31, 2012 CIFSC categorizations. Financial information provided by Fundata Canada Inc. © Fundata Canada Inc. All Rights Reserved. There has been no reduction of fund expenses from index returns. Tables are provided for illustrative purposes. Past performance is not a guarantee of future results.

Glossary

S&P 500

Widely regarded as the best single gauge of the U.S. equities market, this index includes a representative sample of 500 leading companies in leading industries of the U.S. economy and provides over 80% market coverage of the U.S. equities market.

S&P/TSX Canadian Dividend Aristocrats

This index is designed to measure the performance of Canadian securities that have followed a managed dividends policy of consistently increasing dividends every year for at least five years.

S&P/TSX Capped Composite

This includes all the constituents of the S&P/TSX Composite with relative weighting of each constituent capped at 10%.

S&P EPAC LargeMidCap

This index is a float-weighted, rules-based benchmark that captures universe of securities in the developed markets excluding North America. The S&P EPAC LargeMidCap constitutes the top 85% of the available market capitalization of the global S&P EPAC BMI. The S&P EPAC LargeMidCap was previously named the S&P/Citigroup EPAC PMI Index and represented 80% of the available market cap. On Oct. 1, 2008, the new size divisions and name change took effect.

S&P Developed LargeMidCap

This index is a float-weighted, rules-based benchmark that captures securities in the developed markets. The S&P Developed LargeMidCap constitutes the top 85% of the available market cap of the global S&P Developed BMI. The S&P Developed LargeMidCap was previously named the S&P/Citigroup World PMI Index and represented 80% of the available market capitalization. On Oct. 1, 2008, the new size divisions and name change took effect.

S&P/TSX Completion

This is a modular component of the S&P/TSX Composite. This index comprises constituents of the S&P/TSX Composite that are not in the S&P/TSX 60.

S&P/TSX Composite

This is the headline index and the principal broad market measure for Canadian equity markets. The S&P/TSX Composite is the basis for numerous subindices, which break down the Canadian market by different factors including size, Global Industry Classification Standard (GICS), and income trust inclusion versus non-inclusion.

For more information, please go to www.spiva.standardandpoors.com

S&P Dow Jones Indices Global Research & Design Contact Information

Global Head

Frank Luo	frank_luo@spdji.com
-----------	---------------------

New York

Joseph Guirguis	joseph_guirguis@spdji.com
Qing Li	qing_li@spdji.com
Berlinda Liu	berlinda_liu@spdji.com
Aye Soe	aye_soe@spdji.com
Peter Tsui	peter_tsui@spdji.com

Beijing

Liyu Zeng	liyu_zeng@spdji.com
-----------	---------------------

Hong Kong

Priscilla Luk	priscilla_luk@spdji.com
---------------	-------------------------

London

Xiaowei Kang	xiaowei_kang@spdji.com
Daniel Ung	daniel_ung@spdji.com

About S&P Dow Jones Indices Global Research & Design Team

S&P Dow Jones Indices is one of the world's leading index providers, maintaining a wide variety of investable and benchmark indices to meet a wide array of investor needs. Our research team is dedicated to conducting unbiased and in-depth analysis on a broad range of topics and issues facing investors in today's marketplace. Research by S&P Dow Jones Indices' Global Research & Design provokes discussion on investment matters related to benchmarking in the asset management, derivatives and structured products communities. The series covers all asset classes and is often used to float new indexing concepts or explain substantive changes to well-known S&P Dow Jones indices.

For more articles on a broad range of index-related topics or to sign up to receive periodic updates, visit us at: www.spdji.com/spindices.

Want more? [Sign up](#) to receive complimentary updates on a broad range of index-related topics and events brought to you by S&P Dow Jones Indices.



DISCLAIMER

Copyright © 2013 by S&P Dow Jones Indices LLC, a subsidiary of McGraw Hill Financial, Inc., and/or its affiliates. All rights reserved. Standard & Poor's, S&P and SPIVA are registered trademarks of Standard & Poor's Financial Services LLC ("S&P"), a subsidiary of McGraw-Hill Financial, Inc. Dow Jones is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"). Trademarks have been licensed to S&P Dow Jones Indices LLC. Redistribution, reproduction and/or photocopying in whole or in part are prohibited without written permission. This document does not constitute an offer of services in jurisdictions where S&P Dow Jones Indices LLC, Dow Jones, S&P or their respective affiliates (collectively "S&P Dow Jones Indices") do not have the necessary licenses. All information provided by S&P Dow Jones Indices is impersonal and not tailored to the needs of any person, entity or group of persons. S&P Dow Jones Indices receives compensation in connection with licensing its indices to third parties. Past performance of an index is not a guarantee of future results.

It is not possible to invest directly in an index. Exposure to an asset class represented by an index is available through investable instruments based on that index. S&P Dow Jones Indices does not sponsor, endorse, sell, promote or manage any investment fund or other investment vehicle that is offered by third parties and that seeks to provide an investment return based on the performance of any index. S&P Dow Jones Indices makes no assurance that investment products based on the index will accurately track index performance or provide positive investment returns. S&P Dow Jones Indices LLC is not an investment advisor, and S&P Dow Jones Indices makes no representation regarding the advisability of investing in any such investment fund or other investment vehicle. A decision to invest in any such investment fund or other investment vehicle should not be made in reliance on any of the statements set forth in this document. Prospective investors are advised to make an investment in any such fund or other vehicle only after carefully considering the risks associated with investing in such funds, as detailed in an offering memorandum or similar document that is prepared by or on behalf of the issuer of the investment fund or other vehicle. Inclusion of a security within an index is not a recommendation by S&P Dow Jones Indices to buy, sell, or hold such security, nor is it considered to be investment advice.

These materials have been prepared solely for informational purposes based upon information generally available to the public from sources believed to be reliable. No content contained in these materials (including index data, ratings, credit-related analyses and data, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse-engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of S&P Dow Jones Indices. The Content shall not be used for any unlawful or unauthorized purposes. S&P Dow Jones Indices and its third-party data providers and licensors (collectively "S&P Dow Jones Indices Parties") do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Dow Jones Indices Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content. THE CONTENT IS PROVIDED ON AN "AS IS" BASIS. S&P DOW JONES INDICES PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Dow Jones Indices Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Content even if advised of the possibility of such damages.

S&P Dow Jones Indices keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P Dow Jones Indices may have information that is not available to other business units. S&P Dow Jones Indices has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

In addition, S&P Dow Jones Indices provides a wide range of services to, or relating to, many organizations, including issuers of securities, investment advisers, broker-dealers, investment banks, other financial institutions and financial intermediaries, and accordingly may receive fees or other economic benefits from those organizations, including organizations whose securities or services they may recommend, rate, include in model portfolios, evaluate or otherwise address.