2008 Downside & Corresponding Long Term Returns

	100% Bonds	20% Equity	40% Equity	60% Equity	80% Equity	100% Equity
2008 Return*	7.1%	-0.1%	-7.3%	-14.6%	-21.8%	-29.0%
*2009 Return**	*3.6%*	*7.5%*	*11.4%*	*15.2%*	*19.1%*	*23.0%*
Long Term Return	5.0%	5.6%	6.2%	6.8%	7.4%	8.0%

** Note that bonds are represented by the CDN bond index and equity is a combination of 1/3 CDN equity index and 2/3 global equity index.*

Fun fact: Historically since 1959 when international markets opened up, a portfolio with 30% equity and 70% bonds, had the same downside risk as a 100% bond portfolio (worst bond year was -5%) yet with a higher before and after tax average annual return. As well, a portfolio with 80% equity and 20% bonds had better downside protection than a 100% equity portfolio with virtually the same long term returns. Thus it pays to have some diversification whether you are a conservative or an aggressive investor.

The long term return is what one would use for financial projections based on a 2% inflation rate and based on what stocks and bonds have returned over inflation for over 100 years (6% and 3% respectively).

https://www.steadyhand.com/education/volatility/ is a good tool to experiment with different mixes for you.

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