

## Key Takeaways

- Increased International equities
- Decreased US equities

### Rationale:

European markets have materially lagged US equities over the past year due to multiple reasons including index composition and Brexit uncertainties. This has resulted in Europe trading at a near record discount to the US. Given its cyclical nature, the Japanese market has performed well but continues to provide exposure to a rebounding global economy.

Moving closer to US and International equity market weights within the equity component of each portfolio allows for increased diversification and an expanded geographic opportunity set. It also allows an opportunity to diversify economic risk, as different regions will likely follow varying economic re-opening scenarios.

# Empire Life Emblem Portfolios: Asset Allocation Update

## Diversified Income Portfolio Change in Asset Mix\*

Cash					-0.1%
Bonds					0.1%
Canadian Equity					-0.1%
U.S. Equity					-0.3%
International Equity					0.3%

	Cash	Bonds	Canadian Equity	U.S. Equity	International Equity
resulting asset mix	7.7%	67.2%	13.0%	6.1%	6.1%
neutral asset mix	80%		10%	5%	5%

## Conservative Portfolio Change in Asset Mix\*

Cash					-0.0%
Bonds					0.2%
Canadian Equity					-0.1%
U.S. Equity					-0.6%
International Equity					0.5%

	Cash	Bonds	Canadian Equity	U.S. Equity	International Equity
resulting asset mix	5.1%	55.4%	21.6%	9.5%	8.5%
neutral asset mix	65%		25%	5%	5%

## Balanced Portfolio Change in Asset Mix\*

Cash					-0.4%
Bonds					0.1%
Canadian Equity					-0.1%
U.S. Equity					-0.4%
International Equity					0.9%

	Cash	Bonds	Canadian Equity	U.S. Equity	International Equity
resulting asset mix	5.0%	40.7%	29.1%	13.2%	12.1%
neutral asset mix	50%		35%	7.5%	7.5%

## Moderate Growth Portfolio Change in Asset Mix\*

Cash					0.3%
Bonds					0.0%
Canadian Equity					-0.2%
U.S. Equity					-1.1%
International Equity					1.0%

	Cash	Bonds	Canadian Equity	U.S. Equity	International Equity
resulting asset mix	4.5%	26.3%	38.4%	16.4%	14.3%
neutral asset mix	35%		45%	10%	10%

## Growth Portfolio Change in Asset Mix\*

Cash					-0.5%
Bonds					0.0%
Canadian Equity					-0.2%
U.S. Equity					-0.5%
International Equity					1.2%

	Cash	Bonds	Canadian Equity	U.S. Equity	International Equity
resulting asset mix	5.5%	11.2%	48.5%	18.0%	16.8%
neutral asset mix	20%		60%	10%	10%

## Aggressive Growth Portfolio Change in Asset Mix\*

Cash					0.0%
Bonds					0.0%
Canadian Equity					-0.3%
U.S. Equity					-1.1%
International Equity					1.4%

	Cash	Bonds	Canadian Equity	U.S. Equity	International Equity
resulting asset mix	4.0%	0%	54.3%	22.9%	18.9%
neutral asset mix	0%		75%	12.5%	12.5%

\*change in asset mix from Jan 21, 2021 to Jan 25, 2021

# Empire Life Emblem Portfolios: Asset Allocation Update

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