

## RECOMMENDED LIST OF FUNDS



April 2014

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## The Recommended List

Name	Returns				Sharpe Ratio	Alpha	Beta	TSX	Correlations				
	3 Mth	1 Yr	3 Yr	5 Yr					S&P 500	MSCI EAFE	DEX	MER	
<b>Fixed Income - Core</b>													
1	Dynamic Advantage Bond Fund	2.6%	1.5%	4.2%	6.5%	0.59	0.28%	0.59	0.200	0.032	0.258	0.716	1.57%
2	PH&N Short Term Bond & Mortgage	1.2%	1.9%	2.7%	3.4%	0.52	0.06%	0.87	-0.111	-0.135	0.067	0.816	<b>0.60%</b>
3	TD Canadian Core Plus Bond	2.5%	0.3%	4.5%	6.4%	0.50	0.18%	0.82	-0.008	-0.165	0.086	0.844	1.51%
4	PH&N Total Return Bond Fund	2.9%	1.2%	4.7%	5.8%	0.47	0.11%	0.88	-0.125	-0.177	-0.031	0.946	0.59%
<b>Fixed Income - Specialty</b>													
1	RBC Global Corporate Bond	2.8%	1.8%	5.6%	7.1%	0.50	0.30%	0.68	0.149	0.000	0.305	0.631	1.75%
2	Manulife Strategic Income Fund	4.7%	6.4%	6.1%	7.3%	0.32	0.46%	0.33	0.109	0.535	0.501	0.192	2.07%
<b>Canadian Equity - Core</b>													
1	Fidelity Canadian Large Cap Fund	2.7%	25.6%	16.3%	21.3%	0.61	0.99%	0.59	0.784	0.588	0.593	-0.346	2.55%
2	<b>CI Cambridge Cdn Equity - NEW</b>	<b>5.4%</b>	<b>20.4%</b>	<b>12.6%</b>	<b>17.2%</b>	<b>0.46</b>	<b>0.58%</b>	<b>0.70</b>	<b>0.842</b>	<b>0.597</b>	<b>0.648</b>	<b>-0.369</b>	<b>2.44%</b>
3	RBC North American Value Fund	4.1%	19.6%	9.1%	15.4%	0.43	0.44%	0.71	0.900	0.687	0.712	-0.414	2.11%
4	IA Clarington Cdn Conservative Equity	4.9%	9.7%	5.2%	12.8%	0.41	0.15%	0.60	0.902	0.448	0.536	-0.288	2.49%
5	Signature Select Canadian Fund	5.0%	18.4%	6.0%	12.6%	0.31	0.09%	0.84	0.918	0.621	0.706	-0.446	2.44%
<b>Canadian Small Mid Cap Equity</b>													
1	Sentry Small Mid Cap Income Fund	6.3%	32.9%	19.0%	27.1%	0.76	1.24%	0.54	0.723	0.617	0.618	-0.379	2.68%
2	CI Can-Am Small Cap Corporate Class	3.5%	22.7%	12.8%	18.5%	0.57	0.74%	0.47	0.699	0.663	0.695	-0.408	2.42%
3	Trimark Canadian Small Companies Fund	10.8%	30.3%	13.7%	23.2%	0.42	0.78%	0.71	0.597	0.695	0.676	-0.435	2.70%

Name	Returns					Sharpe Ratio	Alpha	Beta	TSX	Correlations			
	3 Mth	1 Yr	3 Yr	5 Yr	S&P 500					MSCI EAFE	DEX	MER	
<b>US Equity - Core</b>													
1	RBC O'Shaughnessy U.S. Value Fund	3.0%	35.0%	19.6%	25.3%	0.49	0.65%	0.93	0.697	0.637	0.699	-0.390	1.55%
2	Franklin U.S. Rising Dividends	4.8%	26.1%	16.7%	14.3%	0.46	0.02%	0.79	0.196	0.899	0.491	-0.094	2.55%
3	Mackenzie U.S. Large Cap Class	4.7%	32.7%	17.3%	16.7%	0.44	-0.11%	1.01	0.476	0.943	0.663	-0.331	2.57%
4	TD U.S. Blue Chip	2.3%	37.6%	19.4%	17.3%	0.41	-0.13%	1.06	0.466	0.884	0.639	-0.288	2.54%
5	Trimark U.S. Companies Fund	6.9%	33.2%	17.3%	16.8%	0.40	-0.24%	1.12	0.465	0.921	0.616	-0.321	2.98%
<b>US Small Mid-Cap Equity</b>													
1	Fidelity Small Cap America	1.6%	34.6%	25.2%	26.1%	0.55	0.72%	0.77	0.529	0.797	0.529	-0.355	2.59%
2	Trimark U.S. Small Companies Class	8.2%	28.6%	17.0%	25.5%	0.48	0.57%	0.84	0.493	0.732	0.568	-0.294	2.93%
3	TD U.S. Mid - Cap Growth Fund	6.4%	34.4%	16.4%	19.6%	0.46	0.32%	0.73	0.534	0.864	0.604	-0.358	2.54%
<b>Global / International Equity - Core</b>													
1	Trimark Fund	5.8%	27.0%	17.4%	15.4%	0.48	0.28%	0.75	0.351	0.801	0.795	-0.051	1.73%
2	Renaissance Global Markets Fund	4.1%	12.1%	8.9%	14.2%	0.41	0.30%	0.66	0.726	0.516	0.720	-0.235	2.62%
3	Mac Ivy Foreign Equity Fund	1.9%	21.8%	14.5%	11.2%	0.40	0.24%	0.52	0.105	0.736	0.558	-0.076	2.54%
4	Invesco International Growth Class	5.2%	25.6%	12.4%	13.5%	0.36	0.24%	0.76	0.562	0.687	0.934	-0.185	2.92%
5	Mutual Global Discovery Fund	2.2%	20.2%	11.5%	12.1%	0.33	-0.12%	0.88	0.643	0.725	0.847	-0.372	2.64%
<b>Global Small Mid Cap Equity</b>													
1	Trimark Global Endeavour	4.0%	30.3%	15.1%	23.2%	0.45	0.31%	0.96	0.520	0.619	0.731	-0.211	2.67%
2	Brandes Global Small Cap	8.9%	32.5%	18.0%	27.6%	0.44	0.33%	1.16	0.593	0.555	0.713	-0.225	2.72%

Name	Returns					Sharpe Ratio	Alpha	Beta	TSX	Correlations			
	3 Mth	1 Yr	3 Yr	5 Yr	S&P 500					MSCI EAFE	DEX	MER	
<b>Specialty / Sector Funds</b>													
1	CI Global Health Sciences Corporate Class	12.4%	50.4%	32.2%	27.2%	0.51	0.92%	0.92	0.272	0.621	0.579	0.037	2.46%
2	Dynamic Global Real Estate Fund	6.3%	4.3%	8.9%	15.4%	0.44	0.16%	0.57	0.699	0.357	0.577	0.022	2.47%
3	BMO Asian Growth & Income Fund	4.2%	7.3%	8.5%	12.4%	0.41	0.59%	0.46	0.578	0.339	0.656	-0.009	2.80%
4	Dynamic Power Global Growth Class	-0.1%	36.3%	8.4%	18.5%	0.31	0.32%	0.95	0.570	0.486	0.506	-0.221	2.52%
5	Brandes Emerging Markets	2.7%	10.5%	0.9%	15.2%	0.26	0.23%	1.05	0.713	0.485	0.744	-0.276	2.72%
<b>Balanced / Income Funds</b>													
1	CI Signature High Income Fund	4.3%	10.1%	8.3%	15.1%	0.69	0.55%	0.69	0.726	0.466	0.715	-0.039	1.60%
2	Fidelity Canadian Balanced Fund	4.5%	14.2%	6.0%	10.8%	0.47	0.17%	0.83	0.957	0.412	0.542	-0.178	2.35%
3	AGF Monthly High Income Fund	3.4%	9.4%	5.1%	17.0%	0.48	0.49%	0.91	0.856	0.324	0.543	-0.170	2.40%
4	CI Signature Canadian Balanced Fund	4.2%	12.4%	5.3%	10.2%	0.38	0.06%	0.91	0.913	0.621	0.711	-0.334	2.44%
<b>Income Options</b>													
1	<b>TD Short Term Bond Fund - NEW</b>	<b>0.9%</b>	<b>1.1%</b>	<b>2.2%</b>	<b>2.7%</b>	<b>0.37</b>	<b>-0.02%</b>	<b>0.94</b>	<b>-0.188</b>	<b>-0.176</b>	<b>-0.013</b>	<b>0.849</b>	<b>1.11%</b>
2	PH&N Monthly Income Fund	4.0%	9.2%	6.0%		0.46	0.24%	0.51	0.871	0.628	0.713	-0.111	1.09%
3	Sentry Canadian Income Fund A	4.8%	17.8%	11.2%	19.2%	0.73	0.81%	0.46	0.825	0.538	0.619	-0.335	2.65%
4	BMO Monthly High Income Fund II	4.6%	14.3%	8.7%	20.0%	0.59	0.74%	0.56	0.806	0.299	0.484	-0.157	2.32%
<b>Passive Options</b>													
1	TD Canadian Bond Index Fund	2.6%	0.1%	4.1%	4.2%	0.30	-0.06%	0.99	-0.329	-0.265	-0.194	0.999	0.83%
2	<b>RBC Canadian Index Fund - NEW</b>	<b>5.9%</b>	<b>15.1%</b>	<b>2.8%</b>	<b>12.9%</b>	<b>0.30</b>	<b>-0.03%</b>	<b>0.98</b>	<b>1.000</b>	<b>0.404</b>	<b>0.527</b>	<b>-0.328</b>	<b>0.72%</b>
3	TD U.S. Index Fund	5.7%	29.9%	18.3%	16.7%	0.48	-0.05%	0.97	0.413	0.995	0.689	-0.249	0.54%
4	TD International Index Fund	4.3%	26.6%	10.9%	11.7%	0.27	-0.09%	0.95	0.578	0.677	0.981	-0.202	1.25%

## Benchmark Returns

Benchmark	3 mth	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Fixed Income</b>					
DEX 90 Day T-Bill Index	0.22%	0.99%	0.94%	0.71%	1.95%
DEX Short Term Bond Index	1.06%	1.92%	3.06%	3.16%	N/A
DEX Bond Universe	2.77%	0.84%	4.98%	5.04%	5.12%
<b>Canadian Equity</b>					
S&P/TSX 60 Capped Index	5.52%	15.73%	2.22%	10.33%	6.16%
S&P/TSX Composite	6.06%	15.97%	3.55%	13.71%	8.09%
S&P/TSX Completion Index TR	7.61%	16.57%	3.58%	18.54%	8.54%
S&P/TSX SmallCap Index TR	7.94%	15.41%	-3.08%	16.67%	N/A
<b>U.S. Equity</b>					
S&P 500 (C\$)	5.98%	32.44%	19.76%	18.03%	5.60%
Russell 2000 C\$	5.09%	35.93%	18.15%	21.09%	6.70%
<b>Global &amp; Specialty Equity</b>					
MSCI EAFE (C\$)	4.72%	28.47%	12.60%	13.58%	5.25%
MSCI World (C\$)	5.37%	30.28%	15.88%	15.91%	5.62%
MSCI World Small / Mid Cap Index (C\$)	6.85%	33.08%	15.88%	19.93%	7.57%
MSCI Europe C\$	6.22%	36.26%	13.83%	15.16%	6.20%
S&P/TSX Capped REIT Index	5.79%	-1.66%	7.40%	24.18%	10.02%
MSCI Emerging Markets (C\$)	3.54%	7.90%	1.74%	11.86%	8.59%
MSCI Pacific C\$	1.41%	14.50%	9.91%	10.66%	3.23%
MSCI Pacific ex Japan C\$	7.03%	10.59%	9.45%	16.57%	9.53%

### Data Sources:

Fundata  
PC Bond  
Bank of Canada  
MSCI

## List Changes

### Additions

**CI Cambridge Canadian Equity Class (CIG 2321 – Front End Units, CIG 3231 – DSC Units)** – This new edition in the Canadian Equity Core category is managed by Brandon Snow of CI's Cambridge Advisors Team. This Canadian focused equity fund invests in large and mid-sized companies that have a defensive business model, a history of intelligent capital allocation, and a management team whose interests are aligned with the shareholders. The bottom up approach is more growth focused, but valuation is a consideration. Portfolio turnover is typically higher when markets are falling, as they move to pick up quality names at cheaper prices. They can invest up to 49% of the fund outside of Canada, and at the end of March, just over 30% was foreign. The portfolio is concentrated, holding under 40 names, with the top ten making up just over 40%. They are very active in their management approach, with portfolio turnover averaging more than 225% for the past five years. Performance has been strong, but more impressive is that volatility has been significantly lower than the S&P/TSX Composite Index. The fund has also shown excellent downside protection. For the three years ending March 31, it only participated in 29% of the downside of the market, and for the past five years, it has experienced about half the downside of the index. The fund is part of CI's Corporate Class structure, which will help to reduce the potential distributions paid.

**TD Short Term Bond Fund (TDB 814 – Front End Units, TDB 870 – DSC Units)** – This short term fixed income fund was added to the Income Options category as a replacement for the **TD Mortgage Fund**. As the name suggests, it invests in a mix of government and corporate bonds that have a term to maturity of less than five years. The current mix favours corporate bonds, which make up nearly 60% of the fund. It has a duration of 2.7 years, which while longer than the duration of the TD Mortgage Fund, is still considerably shorter than a traditional bond fund, which would be in the ballpark of 6.8 years. It pays a variable monthly distribution that has yielded approximately 1.6% in the past 12 months. I made the change because I expect that on a total return basis, this fund will outpace the Mortgage Fund. You aren't sacrificing anything in the way of distribution yield, and the cost of this fund is also lower. While there is the risk it will be hit harder when short term yields move higher, I still think that over the medium to long term, this will perform better than the fund it replaced.

**RBC Canadian Index Fund (RBF 556)** – This index offering was added to the list as a replacement to the **TD Canadian Index Fund**. The fund's underlying investments are virtually identical, however this fund has an MER that is 17 basis points lower, which should mean stronger returns for investors.

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## Deletions

**CI Harbour Fund (CIG 690 – Front End Units, CIG 890 – DSC Units)** – I have long been a fan of the Harbour team, however given the departure of longtime manager Gerry Coleman, combined with a rough 2013, and a tough start this year, I felt it was time to remove the fund from the Recommended List. In recent years I have noticed that the risk reward profile of the fund has been eroding, with both three and five year alpha's turning negative. Considering all factors, it is my view that there are more compelling Canadian equity funds available. I will continue to monitor it very closely, and if I see that things are improving on a risk reward basis, I will consider adding it back to the Recommended List.

**CI Global Small Companies Fund (CIG 215 – Front End Units, CIG 815 – DSC Units)** – While I like the fund, the management team, and the process, I have been less impressed with the fund's overall risk reward profile of late. I believe that there are other global small cap offerings available that offer a more favourable risk reward profile that I would expect to outperform, on a risk adjusted basis going forward.

**TD Mortgage Fund (TDB 2010 – Front End Units, TDB 2011 – DSC Units)** – This is arguably one of the most conservative mutual funds around. It offers a very low duration, and is not expected to move significantly lower if we see a bump in yields. However, given the short duration, and the very high quality of the underlying mortgage book, the expected return and yield is also very low. I believe that in the current environment, those comfortable taking on a bit more duration risk will be better served with the **TD Short Term Bond Fund**. It has a slightly longer duration, a comparable distribution yield, and a much lower cost.

**TD Canadian Index Fund (TDB 216)** – The reason this fund was removed from the list is as basic as it gets - there is a near identical fund available with an MER that was 17 basis points less. With the lower cost, this fund is expected to provide investors with stronger performance over the long run. That being the case, the fund was removed from the list and replaced with the **RBC Canadian Index Fund**.



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## Funds of Note

**Dynamic Advantage Bond Fund (DYN 258 – Front End Units, DYN 688 – DSC Units)** – With the potential for the interest rate environment to once again become rather choppy, this fund, with its actively managed portfolio, and duration management strategy remains my top pick. I would expect that it will lag during a bond market rally, but will outperform during periods of higher than normal bond market volatility.

**CI Signature Select Canadian Fund (CIG 677 –Front End Units, CIG 777 – DSC Units)** – This was the top performing Canadian equity fund on our list in the first quarter, with a gain of 4.97%, outpacing both the category average and the S&P/TSX Composite Index. It has about half the fund invested outside of Canada, which helped boost performance, thanks in part to a falling Canadian dollar. It is fairly defensively positioned, underweight materials and energy, and overweight more defensive sectors like healthcare and consumer defensives. A recent selloff in healthcare may weigh on returns in the next few weeks. Looking ahead, I expect that this fund will continue to do what it has always done – deliver solid risk adjusted returns to investors.

**Trimark U.S. Companies Fund (AIM 1743 – Front End Units, AIM 1743 – DSC Units)** – This is a concentrated portfolio of attractively priced U.S. companies that have distinct proprietary advantages, strong management, industry leadership and a history of strong capital allocation policies. During the quarter, it gained more than 6.9%, handily outpacing the S&P 500 and most of its peer group. The main reason it outperformed was its technology and financial holdings, which posted strong gains. The fund's currency exposure remains unhedged, which helped to boost the overall performance. Looking ahead, the managers believe that the economic recovery in the U.S. is continuing, and that the recent market selloff was the result of investors once again reevaluating their view on risk. It is expected that earnings growth, which the companies in the fund have plenty of, will take on a greater importance in the weeks and months ahead.

**Brandes Global Small Cap Fund (BIP 152 – Front End Units, BIP 252 – DSC Units)** – This deep value offering from Brandes had a very strong quarter, gaining nearly 9% in the quarter. The management team follows a very disciplined and repeatable process, and I expect it to continue to deliver strong returns for investors. On the surface, the fund appears to be more volatile than its peers, with a standard deviation that is considerably higher. However, if we look at upside and downside capture ratios, the fund still manages to do a good job at protecting investors' capital.

**CI Global Health Sciences Corporate Class (CIG 201 – Front End Units, CIG 701 – DSC Units)** – After a heck of a run, the fund has been selling off in the past month or so. If you have held this fund for a while and haven't taken profits recently, I would strongly urge you to do so. This will help you protect some of the gains you've seen in the past several months. I still like the long-term healthcare story, but expect more volatility in the coming weeks and possibly months.

## Fixed Income Core

Fund	Style	Managers	MER	Assets (\$ mil)	Notes
Dynamic Advantage Bond	Multi-Strategy	Michael McHugh	1.57%	\$958.3	<ul style="list-style-type: none"> <li>A good defensive core Canadian bond fund</li> <li>emphasis is on downside protection</li> <li>Will lag other funds in bond market rally.</li> </ul>
PH&N Short Term Bond & Mortgage	Multi-Strategy	PH&N Fixed Income Team	0.60%	\$3,922.4	<ul style="list-style-type: none"> <li>Short term bonds are less interest rate sensitive</li> <li>Duration is 2.5 years, significantly lower than DEX</li> <li>More than half invested in corporates</li> </ul>
PH&N Total Return Bond Fund	Multi-Strategy	PH&N Fixed Income Team	1.16%	\$2,743.1	<ul style="list-style-type: none"> <li>Similar to PH&amp;N Bond, except it can invest in high yield, mortgages &amp; derivatives</li> <li>Duration of 6.4 yrs. is slightly shorter than the DEX</li> </ul>
TD Canadian Core Plus Bond	Multi-Strategy	Rob Pemberton Christopher Case David McCulla	1.51%	\$7,310.5	<ul style="list-style-type: none"> <li>Similar to the TD Canadian Bond except it can invest up to 30% in global, high yield &amp; Emerging Mkt. debt</li> <li>It is much better positioned for the current environment</li> </ul>

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		5 yr. Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2013	2012	2011	2010	2009	2008	3Yr	5Yr	3Yr	5Yr	
Dynamic Advantage Bond	2.6%	1.5%	4.2%	6.5%	3.7%	-0.1%	4.2%	6.5%	7.3%	13.8%	-3.7%	71%	91%	45%	9%	2.76%
	<b>Quartile</b>	3	1	2	1	3	1	2	3	1	1	4				
PH&N ST Bond & Mortgage	1.2%	1.9%	2.7%	3.4%	3.5%	1.5%	2.1%	3.6%	3.4%	7.5%	5.0%	86%	99%	71%	70%	1.50%
	<b>Quartile</b>	1	1	1	1	1	1	2	1	1	3					
PH&N Total Return Bond Fund	2.9%	1.2%	4.7%	5.8%	4.9%	-0.9%	3.9%	8.1%	6.5%	11.2%	0.9%	90%	102%	81%	73%	3.11%
	<b>Quartile</b>	2	1	1	1	2	2	1	1	1	4					
TD Canadian Core Plus Bond	2.5%	0.3%	4.5%	6.4%	N/A	-1.3%	4.9%	8.0%	6.2%	14.7%	-1.2%	87%	104%	79%	57%	3.22%
	<b>Quartile</b>	3	2	1	1	1	1	1	1	1	4					

**Note:** 5 Year Risk is the annualized five year standard deviation.  
Upside and downside capture ratios are run against the DEX Universe Bond Index

## Fixed Income Specialty

Fund	Style	Managers	MER	Assets (\$ mil)	Notes
RBC Global Corporate Bond	Credit Analysis	Frank Gambino Marty Balch Soo Boo Che	1.72%	1,372.0	<ul style="list-style-type: none"> <li>Invests mainly in investment grade corporate bonds</li> <li>Actively managing fund's duration based on outlook</li> <li>Expected to outperform a traditional bond fund in a flat and rising rate environment.</li> </ul>
Manulife Strategic Income	Tactical	Dan Janis Thomas Goggins	2.07%	\$3,816.07	<ul style="list-style-type: none"> <li>Tactically managed global bond fund that invests in global government, corporate and high yield bonds.</li> <li>Currency is tactically managed</li> <li>Very sold global bond offering</li> </ul>

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		5 yr. Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2013	2012	2011	2010	2009	2008	3Yr	5Yr	3Yr	5Yr	
RBC Global Corporate Bond	2.8	1.8	5.6	7.2	N/A	-0.6	8.8	6.2	6.8	12.7	0.6	87%	99%	35%	8%	3.59%
<b>Quartile</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>1</b>		<b>3</b>	<b>2</b>	<b>2</b>	<b>4</b>	<b>4</b>	<b>1</b>					
Manulife Strategic Income	4.7	6.4	6.1	7.3	N/A	4.5	9.1	2.0	8.4	8.8	21.1	48%	78%	-104%	-69%	
<b>Quartile</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>		<b>2</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>1</b>					

**Note:** 5 Year Risk is the annualized five year standard deviation.  
Upside and downside capture ratios are run against the DEX Universe Bond Index

## Canadian Equity Core

Fund	Style	Managers	MER	Assets (\$ mil)	Notes
CI Cambridge Canadian Equity	Large Cap Growth	Brandon Snow Bob Swanson	2.44%	\$3,286.8	<ul style="list-style-type: none"> <li>Looks for mid and large size companies with defensive business models, strong capital allocation and management interests aligned with shareholders</li> <li>Bottom up investment process. High turnover</li> </ul>
Fidelity Canadian Large Cap	Large Cap Value	Daniel Dupont	2.29%	\$3,639.1	<ul style="list-style-type: none"> <li>Nearly half the fund invested outside Canada</li> <li>Follows a bottom up value process</li> <li>Defensively positioned. Holds no banks or golds</li> </ul>
IA Clarington Cdn Conservative Eqty	Large Cap Blend	Doug Kee Ryan Bushell	2.49%	\$935.0	<ul style="list-style-type: none"> <li>Looks for well managed companies with a proven history of growing dividends, earnings &amp; cash flow.</li> <li>Very conservative. Protects downside very well.</li> </ul>
RBC North American Value	Large Cap Blend	Stu Kedwell Doug Raymond	2.08%	\$1,912.9	<ul style="list-style-type: none"> <li>Invests in a mix of Canadian and U.S. stocks</li> <li>Security selection is a mix of top down quant screening and bottom up fundamental analysis.</li> </ul>
Signature Select Canadian	Large Cap Blend	Eric Bushell	2.44%	\$2,469.9	<ul style="list-style-type: none"> <li>Half the fund invested outside of Canada</li> <li>Tactically uses cash, raising in volatile times</li> <li>Signature Team analyses entire capital structure and invests where risk reward trade off makes sense.</li> </ul>

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		5 yr. Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2013	2012	2011	2010	2009	2008	3Yr	5Yr	3Yr	5Yr	
CI Cambridge Cdn Equity	5.4	21.5	13.0	17.4	N/A	27.2	16.7	-1.3	12.5	23.8	-23.6	103%	93%	30%	53%	10.00%
<b>Quartile</b>	1	1	1	1		1	1	1	2	3	1					
Fidelity Canadian Large Cap	2.7	26.2	16.7	21.7	12.2	36.6	6.0%	10.6	17.8	37.2	-29.7	85%	89%	-18%	14%	9.06%
<b>Quartile</b>	4	1	1	1	1	1	3	1	1	1	3					
IA Clarington Cdn. Cons. Eq.	4.9	9.7	5.4	13.0	7.0	9.5	5.8	2.4	13.6	24.6	-20.5	68%	74%	45%	51%	8.28%
<b>Quartile</b>	1	4	3	3	2	4	3	1	1	3	1					
RBC North American Value	4.1	19.7	9.1	15.4	9.8	23.1	11.8	-3.6	15.3	28.7	-22.7	101%	91%	59%	66%	9.47%
<b>Quartile</b>	3	2	1	1	1	2	1	1	1	1	1					
CI Signature Select Canadian	5.0	18.4	6.0	12.6	8.2	19.2	8.2	-8.5	10.3	28.0	-26.1	103%	91%	85%	90%	11.05%
<b>Quartile</b>	2	3	2	2	1	3	2	2	3	1	1					

**Note:** 5 Year Risk is the annualized five year standard deviation.  
Upside and downside capture ratios are run against the S&P/TSX Composite Total Return Index

## Canadian Small Mid-Cap Equity

Fund	Style	Managers	MER	Assets (\$ mil)	Notes
Sentry Small Mid Cap Income Fund	Mid Cap Blend	Michael Simpson Aubrey Hearn	2.77%	\$1,144.0	<ul style="list-style-type: none"> <li>It's like a feeder fund for the Sentry Canadian Income. Any good ideas that are too small go here.</li> <li>Value focused stock selection approach</li> <li>Pays a monthly distribution. Currently yielding 2.95%</li> <li>QV Investors are one of the best small / mid cap managers in the country</li> </ul>
CI Can-Am Small Cap Corp. Class	Mid Cap Value	Joe Jugovic Ian Cooke	2.42%	\$208.8	<ul style="list-style-type: none"> <li>Bottom up, value focused stock selection approach</li> <li>I also like <b>NEI Ethical Special Equity</b> and <b>IA Clarington Canadian Small Cap</b>. Very similar funds, with more of a small cap focus.</li> </ul>
Trimark Small Canadian Companies	Small Cap Blend	Rob Mikalachki Virginia Au	2.74%	\$208.6	<ul style="list-style-type: none"> <li>Very concentrated, small/mid cap fund</li> <li>It is the most volatile of my picks.</li> <li>Invests in industry leaders with strong growth potential and stable financial structures. Valuation is key!</li> <li>Often carries high cash balance. Currently near 20%.</li> </ul>

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		5 yr. Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2013	2012	2011	2010	2009	2008	3Yr	5Yr	3Yr	5Yr	
Sentry Small Mid Cap Income	6.3	32.9	19.0	27.1	N/A	36.4	15.5	6.5	26.3	43.5	-22.2	98%	85%	-14%	-12%	9.08%
	<b>Quartile</b>	3	1	1	1	1	1	1	3	3	1					
CI Can-Am Small Cap	3.5	24.0	13.2	18.7	10.1	32.7	13.2	-1.9	15.1	27.1	-23.0	88%	70%	10%	14%	8.49%
	<b>Quartile</b>	4	3	1	2	1	1	1	4	4	1					
Trimark Cdn Small Companies	10.8	30.5	13.8	23.3	9.0	29.1	15.0	-3.5	14.2	57.3	-38.6	113%	97%	41%	51%	14.53%
	<b>Quartile</b>	1	2	1	1	1	1	1	4	2	2					

**Note:** 5 Year Risk is the annualized five year standard deviation.  
Upside and downside capture ratios are run against the S&P/TSX Completion Index

## U.S. Equity Core

Fund	Style	Managers	MER	Assets (\$ mil)	Notes
RBC O'Shaughnessy U.S. Value	Large Cap Value	Jim O'Shaughnessy	1.51%	\$1,711.06	<ul style="list-style-type: none"> <li>• Stock selection is quantitative &amp; based on P/E, price/sales, EV/EBITDA &amp; shareholder yield</li> <li>• Tends to be more volatile than peers or index</li> </ul>
Franklin U.S. Rising Dividends	Large Cap Blend	Don Taylor William Lippman	2.55%	\$875.0	<ul style="list-style-type: none"> <li>• Focuses on companies that have growing dividends</li> <li>• Conservative positioned. Will lag in rising markets</li> <li>• Great way to gain U.S. exposure with less risk</li> </ul>
Mackenzie U.S. Large Cap Class	Large Cap Growth	Gustaf Zinn Erik Becker	2.61%	\$290.1	<ul style="list-style-type: none"> <li>• Combines top down thematic approach with company specific opportunities.</li> <li>• Portfolio has a cyclical tilt to it. Positioned for growth.</li> </ul>
TD U.S. Blue Chip	Large Cap Growth	Larry Puglia	2.58%	\$1,568.3	<ul style="list-style-type: none"> <li>• Combines bottom up stock picking with top down risk management. Likes market leaders with cash flow</li> <li>• Positioned for growth. Overweight cyclicals</li> </ul>
Trimark U.S. Companies	Large Cap Growth	Jim Young	2.99%	\$241.29	<ul style="list-style-type: none"> <li>• Cost is becoming a concern, with 2.99% MER</li> <li>• Concentrated portfolio, overweight technology</li> <li>• Seeks well-managed, attractively valued companies</li> </ul>

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		5 yr. Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2013	2012	2011	2010	2009	2008	3Yr	5Yr	3Yr	5Yr	
RBC O'Shaughnessy US Value	3.0	35.0	19.6	25.3	6.2	47.5	12.4	6.7	14.5	24.8	-50.0	114%	123%	167%	86%	13.58%
<b>Quartile</b>	4	1	1	1	1	1	1	1	1	1	4					
Franklin U.S. Rising Dividends	4.8	26.1	16.7	14.3	2.8	36.1	5.5	6.3	10.2	-1.1	-11.1	80%	77%	58%	68%	8.23%
<b>Quartile</b>	2	4	1	2	3	3	4	1	2	4	1					
Mackenzie U.S. Large Cap Cl.	4.7	32.7	17.3	16.7	6.0	40.6	13.5	1.6	11.7	4.0	-20.6	90%	96%	98%	105%	10.02%
<b>Quartile</b>	21	1	1	1	1	2	1	1	1	4	1					
TD U.S. Blue Chip	2.4	37.6	19.4	17.3	4.5	47.6	13.7	1.8	8.2	18.7	-29.7	97%	101%	92%	114%	11.22%
<b>Quartile</b>	4	1	1	1	2	1	1	1	2	1	3					
Trimark U.S. Companies	6.9	33.2	17.3	16.8	4.0	40.8	10.3	0.3	15.6	5.9	-17.0	98%	109%	135%	147%	11.35%
<b>Quartile</b>	1	1	1	1	2	2	2	2	1	3	1					

**Note:** 5 Year Risk is the annualized five year standard deviation.  
Upside and downside capture ratios are run against the S&P 500 C\$ Total Return Index

## U.S. Small Mid-Cap Equity

Fund	Style	Managers	MER	Assets (\$ mil)	Notes
Fidelity Small Cap America	Small Cap Growth	Steve MacMillan	2.58%	\$972.3	<ul style="list-style-type: none"> <li>• Since taking over in 2011, the manager has done a stellar job managing downside risk</li> <li>• Bottom up approach, positioned for growth</li> <li>• Looks nothing like its benchmark</li> </ul>
Trimark U.S. Small Companies	Small Cap Blend	Rob Mikalachki Virginia Au	2.87%	\$111.1	<ul style="list-style-type: none"> <li>• Look for well managed companies with sustainable business models that generate free cash flow</li> <li>• Portfolio is concentrated, holding just over 20 names</li> <li>• Will carry cash if valuations are too high</li> </ul>
TD U.S. Mid Cap Growth Fund	Mid Cap Growth	Brian Berghuis John Wakeman	2.57%	\$720.8	<ul style="list-style-type: none"> <li>• Mid Cap focus. The other funds are more small cap</li> <li>• Bottom up approach that looks for quality management, leadership and attractive valuation</li> <li>• Positioned for growth. Overweight industrials &amp; tech</li> </ul>

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		5 yr. Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2013	2012	2011	2010	2009	2008	3Yr	5Yr	3Yr	5Yr	
Fidelity Small Cap America	1.7	34.9	25.5	26.4	7.9	54.2	19.9	7.7	18.9	31.9	-36.8	96%	96%	31%	56%	12.28%
<b>Quartile</b>	3	1	1	1	1	1	1	1	2	1	3					
Trimark U.S. Small Companies	8.2	28.6	17.0	25.5	8.2	33.4	10.0	8.8	13.7	42.2	-31.1	76%	86%	48%	64%	13.84%
<b>Quartile</b>	1	3	1	1	1	4	2	1	4	1	3					
TD U.S. Mid Cap Growth Fund	6.4	34.4	16.4	19.6	7.6	43.8	9.7	-0.5	20.2	22.7	-27.3	84%	84%	73%	71%	11.18%
<b>Quartile</b>	1	1	2	2	2	2	2	2	2	2	2					

**Note:** 5 Year Risk is the annualized five year standard deviation.  
Upside and downside capture ratios are run against the Russell 2000 C\$ Total Return Index

## Global / International Equity Core

Fund	Style	Managers	MER	Assets (\$ mil)	Notes
Trimark Fund	Large Cap Blend	Michael Hatcher Jeff Feng	2.86%-A 1.72%-SC	\$1,460.7	<ul style="list-style-type: none"> <li>Prefer the SC Series to A because of lower cost</li> <li>Concentrated portfolio. Much different than index</li> <li>Look for well managed businesses with sustainable competitive advantages, trading at a discount</li> </ul>
Renaissance Global Markets Fund	Large Cap Growth	David Winters	2.62%	\$288.6	<ul style="list-style-type: none"> <li>Concentrated portfolio is heavily invested in consumer names. Should outperform in economic recovery</li> <li>Performance has lagged of late. Watching closely</li> </ul>
Mackenzie Ivy Foreign Equity Fund	Large Cap Blend	Paul Musson Matt Moody	2.60%	\$3,474.2	<ul style="list-style-type: none"> <li>One of the best funds for volatile markets, with excellent downside protection</li> <li>Historically has lagged in rally. That's improving lately</li> <li>Concentrated portfolio of high quality businesses</li> </ul>
Invesco International Growth Class	Large Cap Growth	Jason Holzer Clas Olsson	2.94%	\$375.7	<ul style="list-style-type: none"> <li>Invests outside of North America</li> <li>Bottom up approach looks for quality companies with strong earnings, and reasonable valuations.</li> </ul>
Franklin Mutual Global Discovery	Large Cap Value	Philippe Brugere-Trelat Peter Langerman	2.64%	\$1,302.8	<ul style="list-style-type: none"> <li>Go anywhere mandate that invests in undervalued stocks, and to a lesser extent merger arbitrage and distressed securities</li> <li>Diversified portfolio, holding more than 100 names</li> </ul>

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		5 yr. Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2013	2012	2011	2010	2009	2008	3Yr	5Yr	3Yr	5Yr	
Trimark Fund (SC)	5.8	27.0	17.4	15.4	4.7	30.5	12.0	3.2	5.0	10.4	-28.7	89%	82%	42%	50%	8.53%
<b>Quartile</b>	1	1	1	1	1	2	2	1	3	3	2					
Renaissance Global Markets	4.1	12.1	8.9	14.2	3.6	17.6	5.9	0.6	16.8	14.5	-34.9	67%	78%	86%	53%	9.19%
<b>Quartile</b>	2	4	3	1	3	4	4	1	1	3	4					
Mackenzie Ivy Foreign Equity	1.9	21.9	14.6	11.2	5.6	31.0	7.9	3.2	3.6	5.8	-6.7	77%	58%	40%	30%	7.47%
<b>Quartile</b>	4	3	1	4	1	2	4	1	3	4	1					
Invesco International Growth	5.2	25.7	12.4	13.5	5.9	27.3	12.4	-6.1	7.0	17.3	-35.2	84%	85%	68%	68%	9.99%
<b>Quartile</b>	1	2	1	1	1	2	3	1	1	1	3					
Mutual Global Discovery	2.2	20.2	11.5	12.2	6.5	28.0	12.6	-3.4	7.7	13.9	-26.3	91%	88%	127%	108%	9.82%
<b>Quartile</b>	4	4	2	3	1	3	2	2	2	2	2					

**Note:** 5 Year Risk is the annualized five year standard deviation.

Upside and downside capture ratios are run against the MSCI World Gross Index C\$ for Global Equity funds & MSCI EAFE Gross Index C\$ for International Equity funds



**Global / International Small / Mid-Cap Equity**

Fund	Style	Managers	MER	Assets (\$ mil)	Notes
Trimark Global Endeavour	Mid Cap Blend	Jeff Hyrich Erin Greenfield	2.67%	\$815.1	<ul style="list-style-type: none"> <li>• Bottom up approach that looks for well-managed, high quality businesses that are trading below their estimate of fair value</li> <li>• Concentrated portfolio</li> <li>• Patient approach. Cash levels remain high as they wait for quality businesses to trade at lower valuations</li> </ul>
Brandes Global Small Cap	Small Cap Value	Brandes Management Team	2.71%	\$98.1	<ul style="list-style-type: none"> <li>• It uses an actively managed, bottom up process that looks for companies trading at a discount to its intrinsic value</li> <li>• They like market volatility and use it to buy quality names at a discount</li> <li>• More volatile than many of its peers</li> </ul>

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		5 yr. Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2013	2012	2011	2010	2009	2008	3Yr	5Yr	3Yr	5Yr	
Trimark Global Endeavour	4.0	30.3	15.1	23.2	7.4	31.9	14.3	1.5	19.7	31.9	-36.7	84%	99%	67%	62%	13.57%
<b>Quartile</b>	3	1	1	1	1	2	1	1	1	1	4					
Brandes Global Small Cap	8.9	32.5	18.1	27.6	3.3	34.8	33.7	-15.2	21.9	41.9	-37.6	102%	118%	83%	74%	16.72%
<b>Quartile</b>	1	2	1	1	4	3	1	3	1	1	3					

**Note:** 5 Year Risk is the annualized five year standard deviation.  
Upside and downside capture ratios are run against the MSCI World Small/Mid Cap C\$ Gross Index

## Specialty / Sector Funds

Fund	Style	Managers	MER	Assets (\$ mil)	Notes
CI Global Health Sciences	Mid Cap Growth	Andrew Waight	2.45%	\$396.4	<ul style="list-style-type: none"> <li>It is a concentrated, yet diversified portfolio focusing on healthcare opportunities of all sizes. .</li> <li>Has struggled of late. Expect more short term pain</li> </ul>
Dynamic Global Real Estate	Mid Cap Blend	Oscar Belaiche Tom Dicker	2.47%	\$181.9	<ul style="list-style-type: none"> <li>Managed using Quality at a Reasonable Price process</li> <li>Has struggled since mid-May when yields moved up</li> <li>Despite short term uncertainty, future looks strong</li> </ul>
BMO Asian Growth & Income	Large Cap Blend	Robert Horrocks Jesper Madsen	2.80%	\$641.9	<ul style="list-style-type: none"> <li>More of a balanced play on Asia, with approximately 20% invested in convertible bonds.</li> <li>Great way to gain lower volatility exposure to Asia</li> </ul>
Dynamic Power Global Growth	Large Cap Growth	Noah Blackstein	2.52%	\$662.2	<ul style="list-style-type: none"> <li>The focus is on high growth stocks, and is currently overweight tech, consumer &amp; healthcare</li> <li>This is an extremely volatile fund. Not for everybody</li> </ul>
Brandes Emerging Markets	Large Cap Value	Brandes Management Team	2.71%	\$243.3	<ul style="list-style-type: none"> <li>Value focused approach that looks for quality companies that have been beaten down by the market.</li> <li>Despite higher volatility, remains a solid pick</li> </ul>

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		5 yr. Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2013	2012	2011	2010	2009	2008	3Yr	5Yr	3Yr	5Yr	
CI Global Health Sciences	12.4	52.2	32.7	27.5	10.2	61.8	30.4	0.8	4.5	28.3	-20.1	149%	134%	48%	64%	13.98%
<b>Quartile</b>	1	1	1	1	1	1	1	1	4	N/A	N/A					
Dynamic Global Real Estate	6.3	4.3	8.9	15.4	6.7	1.2	17.9	2.9	11.4	31.5	-33.8	42%	68%	5%	2%	9.35%
<b>Quartile</b>	3	4	3	4	4	4	4	1	4	1	1					
BMO Asian Growth & Inc.	4.2	7.3	8.5	12.4	7.2	9.3	21.9	-10.1	12.5	27.0	-24.5	60%	58%	71%	12%	7.95%
<b>Quartile</b>	1	4	1	1	1	4	1	1	2	1	2					
Dynamic Power Global Growth	-0.1	36.3	8.4	18.5	9.2	40.6	7.2	-5.9	22.3	30.0	-47.2	101%	118%	193%	112%	16.59%
<b>Quartile</b>	4	1	4	1	1	1	4	2	1	1	4					
Brandes Emerging Markets	2.7	10.7	1.0	15.3	7.7	13.3	10.5	-19.8	10.2	79.5	-35.7	84%	114%	252%	142%	16.77%
<b>Quartile</b>	3	1	1	1	1	1	4	3	3	1	1					

**Note:** 5 Year Risk is the annualized five year standard deviation.  
Upside and downside capture ratios are run against the MSCI World Index Gross C\$ Index

**Balanced / Income Funds**

Fund	Style	Managers	MER	Assets (\$ mil)	Notes
CI Signature High Income Fund	Tactical	Geoff Marshall Joe D'Angelo Ryan Fitzgerald	1.60%	\$5,412.1	<ul style="list-style-type: none"> <li>Invests in high yielding equities, corp &amp; HY bonds</li> <li>Top down macro view &amp; bottom up security selection</li> <li>Strong Q1. High interest rate sensitivity may drag returns if we see a meaningful bump in yields</li> </ul>
Fidelity Canadian Balanced Fund	Strategic	Geoff Stein Mariana Egan	2.31%	\$6,884.2	<ul style="list-style-type: none"> <li>Maintains a pretty static asset mix of 50/50</li> <li>Invests in underlying Fidelity Funds.</li> <li>Continued strong performance, but static asset mix may hurt returns if yields move substantially higher</li> </ul>
AGF Monthly High Income	Tactical	Peter Frost	2.40%	\$929.04	<ul style="list-style-type: none"> <li>Has a target asset mix of 50/50, but the manager has a lot of flexibility. Can go as high as 80% equity</li> <li>Has added slightly to bond allocation. Dial back risk</li> <li>Continues to favour equities for long term</li> </ul>
CI Signature Canadian Balanced	Tactical	John Shaw Eric Bushell	2.44%	\$1,246.0	<ul style="list-style-type: none"> <li>The managers have a great deal of flexibility regarding asset mix and will vary it according to outlook</li> <li>Securities picked using Signature's holistic approach</li> <li>Equity exposure remains at 63%. Most aggressively positioned balanced fund on the list.</li> </ul>

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		5 yr. Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2013	2012	2011	2010	2009	2008	3Yr	5Yr	3Yr	5Yr	
CI Signature High Income	4.3	10.0	8.3	15.1	8.3	8.6	11.6	4.8	15.3	30.6	-21.5	70%	100%	57%	6%	5.66%
<b>Quartile</b>	1	3	1	1	1	4	1	1	1	1	4					
Fidelity Canadian Balanced	4.6	14.5	6.2	11.1	7.1	12.7	6.0	-1.1	13.3	22.3	-18.7	96%	94%	65%	74%	5.97%
<b>Quartile</b>	1	1	2	1	1	1	2	2	1	1	3					
AGF Monthly High Income	3.4	9.4	5.1	17.0	N/A	9.8	5.6	0.7	19.7	46.8	-33.4	82%	110%	61%	59%	9.24%
<b>Quartile</b>	4	4	3	1		4	3	1	1	1	4					
CI Signature Cdn Balanced	4.2	12.4	5.3	10.2	7.1	12.3	6.5	-3.6	9.4	21.3	-15.5	104%	99%	89%	100%	7.11%
<b>Quartile</b>	1	2	2	1	1	2	1	3	1	1	2					

**Note:** 5 Year Risk is the annualized five year standard deviation.  
Upside and downside capture ratios are run against the respective balanced benchmarks.

## Income Options

Fund	Style	Managers	MER	Assets (\$ mil)	Notes
TD Short Term Bond Fund	Short Term	David McCulla	1.34%	\$3,917.1	<ul style="list-style-type: none"> <li>Replaced the TD Mortgage Fund in Q2</li> <li>Offers comparable yield of 1.6% with stronger total return potential.</li> <li>Currently favours corporate bonds</li> </ul>
PH&N Monthly Income Fund	Tactical	Scott Lysakowski William John	1.92%	\$3,313.3	<ul style="list-style-type: none"> <li>Pays a monthly distribution of \$0.0435, which works out to an annualized yield of 4.8%</li> <li>Equity sleeve can range between 60% and 80%</li> <li>Equities sit at 51%. Overweight energy &amp; financials</li> </ul>
Sentry Canadian Income Fund	Large Cap Growth	Michael Simpson Aubrey Hearn	2.70%	\$4,515.9	<ul style="list-style-type: none"> <li>Pays a monthly distribution of \$0.0775 per unit, which works out to an annualized yield of 4.8%</li> <li>Invests in high yielding equities &amp; REITs in CDA &amp; US</li> <li>Well diversified. Solid income offering</li> </ul>
BMO Monthly High Income II	Large Cap Blend	Kevin Hall Michele Robitaille	2.37%	\$1,716.3	<ul style="list-style-type: none"> <li>Pays a monthly distribution of \$0.06 per unit, which works out to an annualized yield of 4.6%</li> <li>Invests in high yielding equities &amp; REITs in Canada</li> <li>Focused more on mid cap names than Sentry, which should make it more volatile. Similar expected return</li> </ul>

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		5 yr. Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2013	2012	2011	2010	2009	2008	3Yr	5Yr	3Yr	5Yr	
TD Short Term Bond	0.8	0.8	2.0	2.5	2.8	0.7	1.4	3.2	2.5	5.3	6.3	79%	89%	114%	99%	1.56%
<b>Quartile</b>	2	2	2	2	1	2	2	2	2	1	2					
PH&N Monthly Income Fund	3.8	8.1	5.1	N/A	N/A	6.9	7.6	0.8				87%	N/A	48%	N/A	4.61%
<b>Quartile</b>	2	4	2			4	1	1								
Sentry Canadian Income Fund	5.3	18.3	11.5	19.4	11.5	18.6	11.5	6.1	18.6	33.0	-22.8	77%	81%	8%	13%	6.85%
<b>Quartile</b>	1	1	1	1	1	1	1	1	1	1	1					
BMO Monthly High Income II	4.6	14.4	8.7	20.1	9.8	14.2	7.7	10.4	20.7	34.0	-27.8	69%	89%	19%	24%	8.76%
<b>Quartile</b>	2	3	1	1	1	4	2	1	1	1	2					

**Note:** 5 Year Risk is the annualized five year standard deviation.

Upside and downside capture ratios are run against the most appropriate benchmark for the fund type

## Passive Options

Fund	Style	Managers	MER	Assets (\$ mil)	Notes
TD Canadian Bond Index Fund	Passive	Michelle Hegeman	0.83%	\$506.6	<ul style="list-style-type: none"> <li>At 0.83%, this is a pretty costly option for bond exposure. But it is still the cheapest option for a diversified passive bond fund.</li> <li>The MER is 0.56% for the F-Class</li> <li>I would lean towards an active fund over this offering</li> </ul>
RBC Canadian Index Fund	Passive	RBC Global Asset Management	0.72%	\$672.9	<ul style="list-style-type: none"> <li>Replaced the TD Canadian Index Fund in Q2 because its MER is 17 bps lower</li> <li>Lower MER should translate into higher returns</li> </ul>
TD U.S. US Index Fund	Passive	Vishal Bhatia Dino Vevaina	0.54%	\$711.75	<ul style="list-style-type: none"> <li>This is the lowest cost option for those looking for low cost access to the S&amp;P 500</li> <li>There is also a currency hedged version available</li> </ul>
TD International Index Fund	Passive	Vishal Bhatia Dino Vevaina	1.25%	\$346.4	<ul style="list-style-type: none"> <li>With an MER of 1.25%, I'd likely lean towards an actively managed fund over this offering.</li> <li>Still it is the best choice for index offerings right now</li> </ul>

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		5 yr. Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2013	2012	2011	2010	2009	2008	3Yr	5Yr	3Yr	5Yr	
TD Canadian Bond Index	2.6	0.1	4.1	4.2	4.2	-2.0	2.8	8.7	6.0	4.3	5.4	93%	91%	111%	107%	3.30%
Quartile	2	2	1	2	1	2	2	1	2	3	1					
RBC Canadian Index	5.9	15.2	2.9	12.9	7.5	12.2	6.4	-9.2	16.8	34.1	-33.1	97%	98%	102%	101%	11.81%
Quartile	1	3	3	2	1	4	2	2	2	2	2					
TD U.S. Equity Index	5.7	29.9	18.3	16.7	4.6	38.4	12.5	3.8	8.2	6.5	-21.8	96%	96%	106%	103%	9.10%
Quartile	1	3	1	1	1	3	1	1	2	3	1					
TD International Index	4.3	26.6	10.9	11.7	3.5	28.6	14.5	-10.8	0.9	8.6	-28.6	95%	94%	105%	101%	11.90
Quartile	2	1	1	2	2	2	2	2	3	4	1					

**Note:** 5 Year Risk is the annualized five year standard deviation.

Upside and downside capture ratios are run against the most appropriate benchmark for the fund type

## Model Portfolios

To assist in the portfolio construction process, we have created a series of model portfolios. The asset mixes were created using our proprietary Portfolio Optimization Model which strives to create an asset mix which delivers the highest level of expected return for each level of expected risk. Our strategic asset mixes for each investor are outlined below:

<b>Fund</b>	<b>Conservative</b>	<b>Moderate Balanced</b>	<b>Balanced</b>	<b>Balanced Growth</b>	<b>Growth</b>
<b>Fixed Income (Total)</b>	<b>65% to 100%</b>	<b>45% to 70%</b>	<b>35% to 50%</b>	<b>20% to 40%</b>	<b>0% to 20%</b>
Short Term Fixed Income	45%	-	-	-	-
Traditional Fixed Income	10%	35%	25%	10%	-
Specialty Fixed Income	10%	10%	10%	10%	-
<b>Canadian Equity</b>	<b>0% to 20%</b>	<b>0% to 40%</b>	<b>0% to 50%</b>	<b>0% to 50%</b>	<b>0% to 50%</b>
Canadian Large Cap	10%	25%	25%	25%	25%
Canadian Small/Mid Cap	10%	10%	10%	10%	10%
<b>U.S. Equity</b>	<b>0% to 20%</b>	<b>0% to 40%</b>	<b>0% to 50%</b>	<b>0% to 50%</b>	<b>0% to 50%</b>
U.S. Large Cap	-	-	10%	15%	25%
U.S. Small/Mid Cap	-	-	-	10%	10%
<b>International / Global Equity</b>	<b>0% to 20%</b>	<b>0% to 40%</b>	<b>0% to 50%</b>	<b>0% to 50%</b>	<b>0% to 50%</b>
Large Cap	15%	20%	20%	20%	30%
Small Cap	-	-	-	-	-
<b>Specialty / Sector</b>	<b>0% to 20%</b>	<b>0% to 20%</b>	<b>0% to 20%</b>	<b>0% to 20%</b>	<b>0% to 20%</b>
Healthcare	-	-	-	-	-
Real Estate	-	-	-	-	-
Resources	-	-	-	-	-
Emerging Markets	-	-	-	-	-
Science & Technology	-	-	-	-	-
Aggressive / Tactical	-	-	-	-	-

The bolded sections represent the high level asset class and what we believe an acceptable range for each would be for each investor type. The various sub categories highlight the current allocations for our model portfolios.

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## Methodology

The period under review is the most recent 60 months, or the inception date of the fund, whichever is shorter.

The returns of every fund in our coverage universe are analyzed on both an absolute and a relative basis. We study such factors as the average return, the average relative return, the average monthly volatility, the average relative volatility, the risk adjusted return, expected future returns, and the greatest up and down returns in the past 60 months. We then put these quantitative factors into our proprietary model which ranks the funds based on our criteria. We combine this quantitative ranking with qualitative factors to determine a fund's final monthly ranking. Using the results of the quantitative screen, we then conduct a detailed qualitative review of each of the funds for consideration on the Recommended List. Only once a fund has passed both our quantitative and qualitative review can it be added to the Recommended List.

Only funds with greater than 36 months of data are eligible to be included in our Recommended List

## Disclaimer

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Information is from sources believed to be reliable. Every effort is made to ensure its accuracy, however, we cannot be responsible for inaccuracies or omissions in any of the data.

Information used in this analysis is historic in nature. Past performance is no guarantee of future performance.

Monthly Standard Deviation is the most recent 60 month historical standard deviation of returns.

Sharpe Ratio is a measure of risk adjusted returns. The higher the ratio, the better the manager has been at delivering more return for less risk.

Alpha represents the excess return which the manager has been able to deliver over and above the applicable benchmark.

Beta represents the volatility of the fund relative to its applicable benchmark. A beta of one means that there is a level of volatility equal that of the benchmark. A beta in excess of one indicates that the volatility is greater than the benchmark, while a beta of less than one indicates that volatility is less than the benchmark.

Correlation measures the similarity in return patterns between the fund and a benchmark. The correlation will range between -1 and +1. A correlation close to +1 indicates that the fund and the index have very similar return patterns. A correlation close to -1 indicates that the returns are almost opposite, while a correlation close to zero indicates no relationship.

Historic returns are calculated using the monthly return data in our database. Slight variations in return results will be attributable to decimal rounding and number truncation.

This is not a solicitation from Paterson & Associates to sell mutual funds or any financial product. For additional information, please contact your advisor or refer to the important information found in the mutual fund prospectus. - All Information is for Broker Use Only

## About Us

Dave Paterson is the Director of Research, Investment Funds for D.A. Paterson & Associates Inc. Paterson & Associates is an independent consulting firm specializing in providing research and due diligence on a wide range of different investment products including mutual funds, hedge funds and other exempt market products to financial advisors, individual investors and investment dealers. In addition Paterson & Associates offers fully customized portfolio optimization solutions to independent financial planners.

Dave has worked in the mutual fund industry since 1994. Prior to starting his own firm in 2002, he worked for a variety of respected mutual fund companies and money managers including the Mackenzie Financial, Guardian Group of Funds, the Bank of Montreal and Jones Heward. In these roles, Dave has had the opportunity to work with some of the most respected money managers in the country.

Using this knowledge, Dave has developed a unique analytical approach which focuses on identifying the funds which have consistently delivered strong, risk adjusted returns on both an absolute and relative basis. Dave has also developed a fully customizable Portfolio Optimization Process which focuses on creating efficient portfolios designed to deliver clients with the highest level of return for their risk comfort level.

In 2011, Dave took over the publication and editor duties of Gordon Pape's Mutual Fund and ETF Update and Top Funds Report, the most widely read mutual fund newsletters in the country. He is also regularly quoted in the Financial Post, Globe and Mail and the FundLibrary.com and has appeared on BNN.

Dave was awarded the Chartered Financial Analyst (CFA) designation in September of 2000 and holds a Bachelor of Commerce (Finance) from the University of Windsor.