

Model Portfolios

Prepared July 13, 2012

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Conservative Portfolio

Investment Objective

This portfolio is designed to preserve investors' capital while providing a level of return which will help to maintain the purchasing power of the portfolio.

Strategy

To meet the objective, the portfolio is heavily weighted in fixed income investments. This will help to minimize portfolio volatility over the long term, and will provide a modest level of return. There is a small weighting in the portfolio that is invested in large cap equities. This portion of the portfolio is expected to provide growth of capital over the long term.

Analysis

- This is a portfolio well suited to very conservative investors who are looking to mainly preserve capital, but are looking for a rate of return that is higher than with a GIC investment.
- There is a risk of loss with this portfolio. Over the long term, an investor can expect a loss in 1 of every 3 months, and 1 out of every 5 years.
- With the capping of the PH&N High Yield Bond, we replaced the fund with the Manulife Strategic Income Fund
- To help reduce the overall volatility profile of this portfolio, we replaced the Cundill Value Fund with the Guardian Global Dividend Fund on June 1.
- Fixed income markets were flat on the month, while global equity markets rallied on news that European leaders had reached a deal to bail out the region's troubled banks.
- The portfolio outpaced its benchmark by 8 basis points on the strong relative performance of the Manulife Strategic Income Fund.

Performance Details

Return data provided by Funddata and Paterson & Associates Fund database

Returns									
	Portfolio Weight	Risk Rank	Incept Date	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
PH&N Bond	50.0%	Low	Dec 70	1.2%	8.1%	7.0%	6.6%	6.3%	9.1%
Manulife Strategic Income	15.0%	Low/Med	Nov 12	3.8%	2.5%	6.6%	8.5%	N/A	6.9%
TD Real Return Bond	5.0%	Low/Med	Nov 94	-0.1%	12.2%	10.6%	8.0%	7.3%	7.6%
CI Harbour	5.0%	Medium	Jun 97	-0.6%	-6.2%	5.1%	-0.7%	6.3%	6.9%
CI American Value	5.0%	Medium	Feb 77	3.8%	3.8%	6.5%	-1.9%	2.0%	8.1%
Mac Ivy Foreign Equity	15.0%	Medium	Oct 98	5.9%	4.9%	6.6%	2.1%	2.7%	7.0%
Ren. Global Healthcare	5.0%	Med/High	Dec 96	6.9%	6.4%	7.6%	0.9%	2.9%	10.9%
Portfolio Average*				2.9%	3.0%	6.8%	4.0%	5.9%	N/A
Benchmark**				3.2%	7.1%	7.3%	4.3%	5.5%	N/A

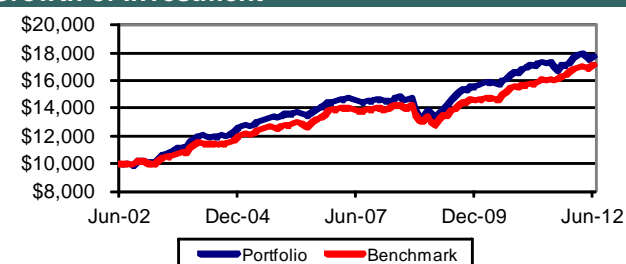
*Portfolio Returns are for the A Class versions of the funds. Assumes monthly rebalancing

**In May 11, we replaced PH&N High Yield with Manulife Strategic Income Fund. In Jun/12 we replaced Cundill Value with Ivy Foreign Equity.

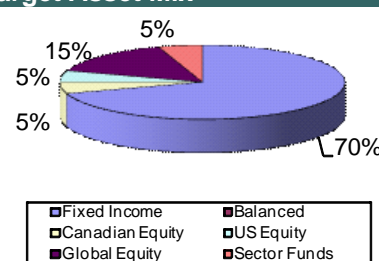
***70% DEX Universe, 5% TSX, 5% S&P 500 C\$, 20% MSCI World C\$

Portfolio Characteristics (60 months ending Jun-12)		
	Monthly	Annualized
Average Return	0.33%	4.03%
Standard Deviation	1.58%	5.46%
Sharpe Ratio	0.13	0.47
Probability of Loss	42%	23%
Worst Drawdown	-10.50% (Jun 08 - Jul 09)	
Worst Return	-4.83%	-8.57%
Best Return	3.50%	18.88%
MER	1.74%	0.95%

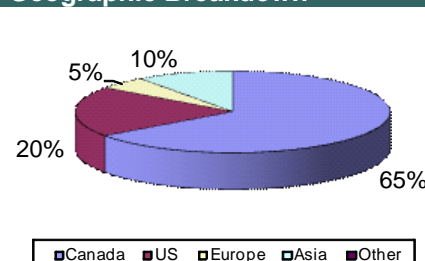
Growth of Investment



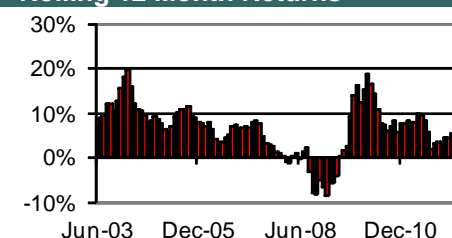
Target Asset Mix



Geographic Breakdown



Rolling 12 Month Returns



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Moderate Balanced Portfolio

Investment Objective

This portfolio is designed to preserve investors' capital while providing the potential for capital gains for the investor.

Strategy

To meet the objective, the portfolio is equally balanced between fixed income investments and equity investments. This helps balance portfolio volatility with growth potential over the long term. The portfolio incorporates an actively managed balanced fund into the mix to provide for a bit of a tactical tilt between fixed income and equities.

Analysis

- This is a portfolio well suited to conservative investors who are looking to balance capital preservation with growth.
- Over the long term, this portfolio is expected to provide a rate of return that is higher than a GIC investment.
- There is a risk of loss with this portfolio. Over the long term, an investor can expect a loss in 1 of every 3 months, and 2 out of every 5 years.
- To help reduce the overall volatility profile of this portfolio, we replaced the Cundill Value Fund with the Guardian Global Dividend Fund on June 1.
- Fixed income markets were flat on the month, while global equity markets rallied on news that European leaders had reached a deal to bail out the region's troubled banks.
- The portfolio outpaced its benchmark by 7 basis points on the strong relative performance of the Manulife Strategic Income Fund.

Performance Details									
Return data provided by Funddata and Paterson & Associates Fund database									
Returns									
	Portfolio Weight	Risk Rank	Incept Date	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
PH&N Bond	30.0%	Low	Dec 70	1.2%	8.1%	7.0%	6.6%	6.3%	9.1%
Manulife Strategic Income	15.0%	Low/Med	Nov 12	3.8%	2.5%	6.6%	8.5%	N/A	6.9%
TD Real Return Bond	5.0%	Low/Med	Nov 94	-0.1%	12.2%	10.6%	8.0%	7.3%	7.6%
CI Sig. Cdn Balanced	10.0%	Medium	Jun 97	-0.7%	-2.9%	6.3%	1.7%	6.5%	7.3%
CI Harbour	5.0%	Medium	Jun 97	-0.6%	-6.2%	5.1%	-0.7%	6.3%	6.9%
CI American Value	10.0%	Medium	Feb 77	3.8%	3.8%	6.5%	-1.9%	2.0%	8.1%
Mac Ivy Foreign Equity	20.0%	Medium	Oct 98	5.9%	4.9%	6.6%	2.1%	2.7%	7.0%
Ren. Global Healthcare	5.0%	Med/High	Dec 96	6.9%	6.4%	7.6%	0.9%	2.9%	10.9%
Portfolio Average*				3.2%	0.5%	6.4%	2.5%	5.5%	N/A
Benchmark**				3.6%	5.7%	7.6%	3.1%	5.1%	N/A

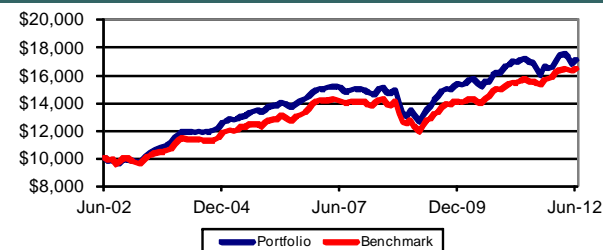
*Portfolio Returns are for the A Class versions of the funds. Assumes monthly rebalancing

**In May 11, we replaced PH&N High Yield with Manulife Strategic Income Fund. In Jun/12 we replaced Cundill Value with Ivy Foreign Equity.

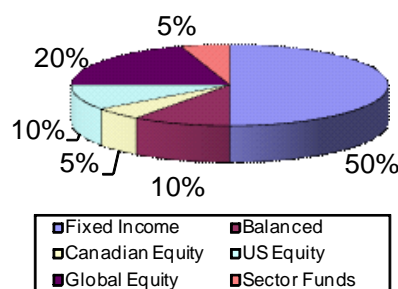
***55% DEX Universe, 10% TSX, 10% S&P 500 C\$, 25% MSCI World C\$

Portfolio Characteristics (60 months ending Jun-12)		
	Monthly	Annualized
Average Return	0.21%	2.50%
Standard Deviation	2.12%	7.34%
Sharpe Ratio	0.04	0.14
Probability of Loss	46%	37%
Worst Drawdown	-16.80% (Jun 07 - Nov 09)	
Worst Return	-6.09%	-13.57%
Best Return	3.64%	21.79%
MER	2.00%	1.10%

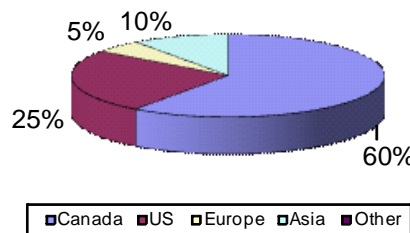
Growth of Investment



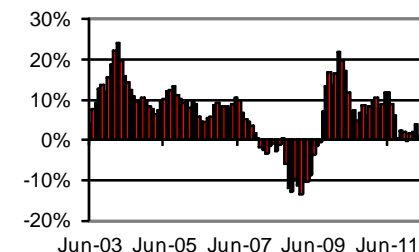
Target Asset Mix



Geographic Breakdown



Rolling 12 Month Returns



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Balanced Portfolio

Investment Objective

This portfolio is designed to provide capital growth with a moderate level of volatility.

Strategy

To meet the objective, the portfolio is slightly tilted towards equity investments. In addition to the traditional core investments, the portfolio has a higher exposure to sector funds which provide for the potential of higher returns over the long term. The portfolio incorporates an actively managed balanced fund which will provide a small tactical play between fixed income and equities.

Analysis

- This is a portfolio well suited to balanced investors who are looking for capital growth with a moderate level of volatility.
- There is a risk of loss with this portfolio. Over the long term, an investor can expect a loss in 1 of every 3 months, and 1 out of every 5 years.
- To help reduce the overall volatility profile of this portfolio, we replaced the Cundill Value Fund with the Guardian Global Dividend Fund on June 1.
- Fixed income markets were flat on the month, while global equity markets rallied on news that European leaders had reached a deal to bail out the region's troubled banks.
- The portfolio outpaced its benchmark by 22 basis points on the strong relative performance of the Manulife Strategic Income Fund and the CI Harbour Fund.

Performance Details

Return data provided by Funddata and Paterson & Associates Fund database

	Portfolio Weight	Risk Rank	Incept Date	Returns					
				YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
PH&N Bond	20.0%	Low	Dec 70	1.2%	8.1%	7.0%	6.6%	6.3%	9.1%
Manulife Strategic Income	15.0%	Low/Med	Nov 12	3.8%	2.5%	6.6%	8.5%	N/A	6.9%
TD Real Return Bond	5.0%	Low/Med	Nov 94	-0.1%	12.2%	10.6%	8.0%	7.3%	7.6%
CI Sig. Cdn Balanced	10.0%	Low/Med	Jun 97	-0.7%	-2.9%	6.3%	1.7%	6.5%	7.3%
CI Harbour	10.0%	Medium	Jun 97	-0.6%	-6.2%	5.1%	-0.7%	6.3%	6.9%
CI American Value	10.0%	Medium	Feb 77	3.8%	3.8%	6.5%	-1.9%	2.0%	8.1%
Mac Ivy Foreign Equity	20.0%	Medium	Oct 98	5.9%	4.9%	6.6%	2.1%	2.7%	7.0%
Ren. Global Healthcare	7.5%	Medium	Dec 96	6.9%	6.4%	7.6%	0.9%	2.9%	10.9%
CI Sig Cdn Resource	2.5%	Med/High	Apr 97	-14.5%	-20.8%	2.1%	-0.9%	11.9%	9.2%
Portfolio Average*				3.1%	-1.0%	6.2%	1.9%	5.6%	N/A
Benchmark**				3.4%	4.0%	7.6%	2.3%	5.1%	N/A

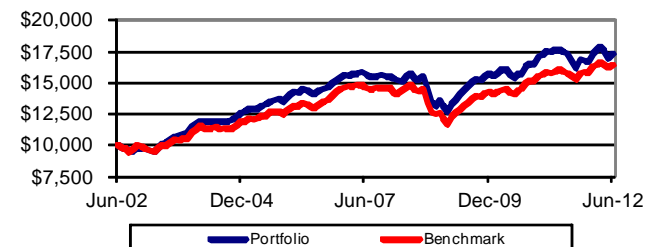
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**In May 11, we replaced PH&N High Yield with Manulife Strategic Income Fund. In Jun/12 we replaced Cundill Value with Ivy Foreign Equity.

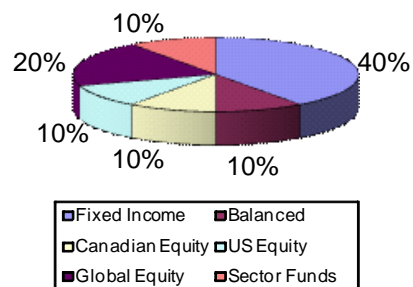
***45% DEX Universe, 17.5% TSX, 10% S&P 500 C\$, 27.5% MSCI World C\$

Portfolio Characteristics (60 months ending Jun-12)	Monthly	Annualized
	Average Return	0.15%
Standard Deviation	2.45%	8.50%
Sharpe Ratio	0.01	0.04
Probability of Loss	48%	41%
Worst Drawdown	-20.12% (Jun 07 - Mar 10)	
Worst Return	-7.25%	-16.33%
Best Return	4.36%	23.89%
MER	2.15%	1.19%

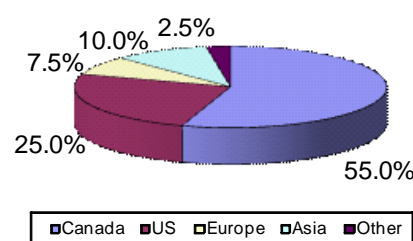
Growth of Investment



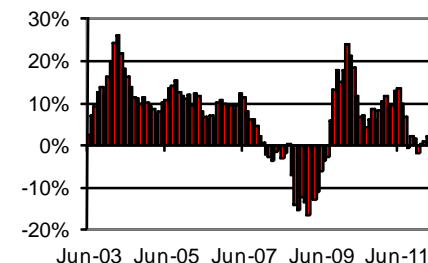
Target Asset Mix



Geographic Breakdown



Rolling 12 Month Returns



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Balanced Growth Portfolio

Investment Objective

This portfolio is designed to provide capital growth.

Strategy

To meet the objective, the portfolio is heavily weighted in equity investments. In addition to the traditional core investments, the portfolio has a higher exposure to sector funds which provide for the potential of higher returns over the long term. The portfolio incorporates an actively managed balanced fund which will provide a small tactical play between fixed income and equities.

Analysis

- This is a portfolio well suited to growth oriented investors who are looking for capital growth.
- There is a risk of loss with this portfolio. Over the long term, an investor can expect a loss in 1 of every 2 months, and 1 out of every 4 years.
- To help reduce the overall volatility profile of this portfolio, we replaced the Cundill Value Fund with the Guardian Global Dividend Fund on June 1.
- Fixed income markets were flat on the month, while global equity markets rallied on news that European leaders had reached a deal to bail out the region's troubled banks.
- The portfolio outpaced its benchmark by 38 basis points on the strong relative performance of the Manulife Strategic Income Fund and the CI Harbour Fund.

Performance Details

Return data provided by Funddata and Paterson & Associates Fund database

Returns									
	Portfolio Weight	Risk Rank	Incept Date	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
PH&N Bond	10.0%	Low	Dec 70	1.2%	8.1%	7.0%	6.6%	6.3%	9.1%
Manulife Strategic Income	10.0%	Low/Med	Nov 12	3.8%	2.5%	6.6%	8.5%	N/A	6.9%
CI Sig. Cdn Balanced	10.0%	Medium	Jun 97	-0.7%	-2.9%	6.3%	1.7%	6.5%	7.3%
CI Harbour	20.0%	Medium	Jun 97	-0.6%	-6.2%	5.1%	-0.7%	6.3%	6.9%
CI American Value	20.0%	Medium	Feb 77	3.8%	3.8%	6.5%	-1.9%	2.0%	8.1%
Mac Ivy Foreign Equity	20.0%	Medium	Oct 98	5.9%	4.9%	6.6%	2.1%	2.7%	7.0%
Ren. Global Healthcare	7.5%	Med/High	Dec 96	6.9%	6.4%	7.6%	0.9%	2.9%	10.9%
CI Sig Cdn Resource	2.5%	High	Apr 97	-14.5%	-20.8%	2.1%	-0.9%	11.9%	9.2%
Portfolio Average*				3.7%	-2.8%	5.7%	0.2%	5.0%	N/A
Benchmark**				3.7%	2.1%	8.0%	0.8%	4.7%	N/A

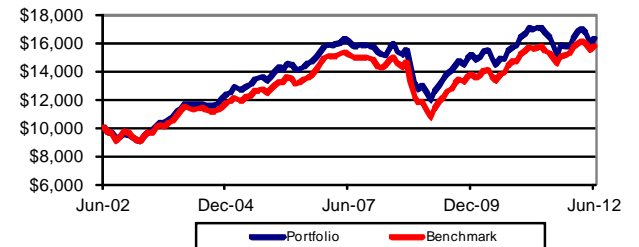
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**In May 11, we replaced PH&N High Yield with Manulife Strategic Income Fund. In Jun/12 we replaced Cundill Value with Ivy Foreign Equity.

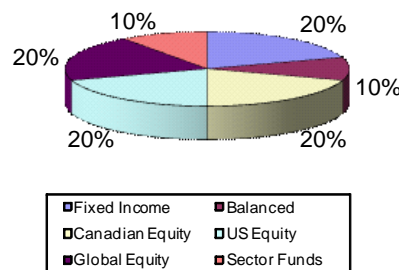
***25% DEX Universe, 27.5% TSX, 20% S&P 500 C\$, 27.5% MSCI World C\$

Portfolio Characteristics (60 months ending Jun-12)		
	Monthly	Annualized
Average Return	0.02%	0.18%
Standard Deviation	3.04%	10.55%
Sharpe Ratio	-0.04	-0.12
Probability of Loss	50%	49%
Worst Drawdown	-26.93% (Jun 07 - Dec 10)	
Worst Return	-8.76%	-21.49%
Best Return	5.51%	26.22%
MER	2.34%	1.31%

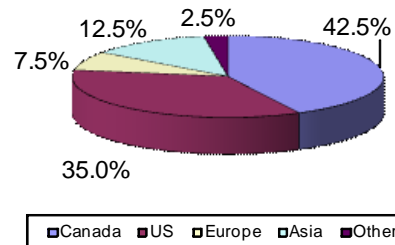
Growth of Investment



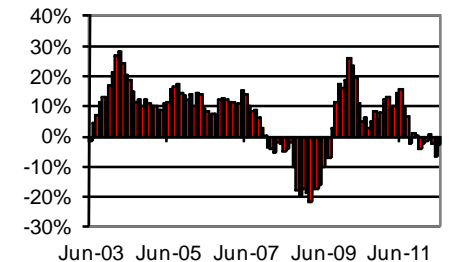
Target Asset Mix



Geographic Breakdown



Rolling 12 Month Returns



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Growth Portfolio

Investment Objective

This is an aggressive all equity portfolio that is designed to provide capital growth.

Strategy

To meet the objective, the portfolio is fully invested in equity investments. In addition to the traditional core investments, the portfolio has a higher exposure to sector funds which provide for the potential of higher returns over has a small weighting in an actively managed balanced fund which will provide a small tactical play between fixed income and equities, while helping to dampen overall portfolio volatility.

Analysis

- This is a portfolio well suited to aggressive investors with a high risk tolerance and are looking for capital growth over the long term.
- There is a risk of loss with this portfolio. Over the long term, an investor can expect a loss in 1 of every 2 months, and 1 out of every 3 years.
- To help reduce the overall volatility profile of this portfolio, we replaced the Cundill Value Fund with the Guardian Global Dividend Fund on June 1.
- Fixed income markets were flat on the month, while global equity markets rallied on news that European leaders had reached a deal to bail out the region's troubled banks.
- The portfolio gained 2.4% during the month, outpacing the benchmark by 25 basis points.
- Strong relative performance from the CI Harbour Fund offset relative weakness of the Ivy Foreign Equity Fund.

Performance Details

Return data provided by Funddata and Paterson & Associates Fund database

	Portfolio Weight	Risk Rank	Incept Date	Returns					
				YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
CI Sig. Cdn Balanced	10.0%	Medium	Jun 97	-0.7%	-2.9%	6.3%	1.7%	6.5%	7.3%
CI Harbour	15.0%	Medium	Jun 97	-0.6%	-6.2%	5.1%	-0.7%	6.3%	6.9%
IA Clar Cdn Small Cap	7.5%	Medium	Mar 97	5.9%	6.3%	14.9%	1.3%	9.4%	9.4%
CI American Value	20.0%	Medium	Feb 77	3.8%	3.8%	6.5%	-1.9%	2.0%	8.1%
Trimark US Small Cos.	10.0%	Medium	Aug 12	5.5%	6.6%	19.9%	1.6%	N/A	6.5%
Mac Ivy Foreign Equity	20.0%	Medium	Oct 98	5.9%	4.9%	6.6%	2.1%	2.7%	7.0%
Ren. Global Healthcare	7.5%	Med/High	Dec 96	6.9%	6.4%	7.6%	0.9%	2.9%	10.9%
Dynamic Gbl Real Estate	5.0%	Medium	Nov 96	8.0%	12.1%	15.2%	1.0%	8.5%	7.3%
CI Sig Cdn Resource	5.0%	High	Apr 97	-14.5%	-20.8%	2.1%	-0.9%	11.9%	9.2%
Portfolio Average*				4.7%	-2.5%	7.2%	-1.1%	4.8%	N/A
Benchmark**				4.2%	0.5%	8.3%	-0.8%	4.0%	N/A

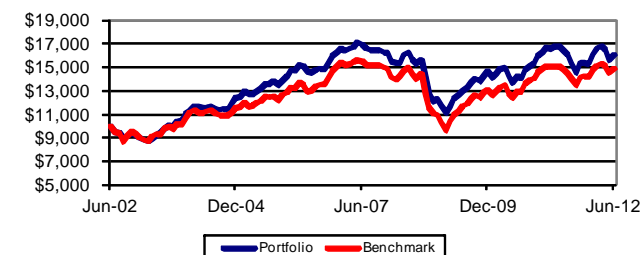
*Portfolio Returns are for the A Class versions of the funds. Assumes monthly rebalancing

***Effective August 1/10, Trimark US Small Companies replaced RBC US Mid Cap. Performance data reflects RBC Mid Cap prior to August 1. On June 1/12 we replaced Cundill Value Fund with the Ivy Foreign Equity Fund.

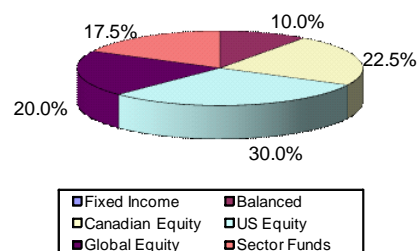
***5% DEX Universe, 35% TSX, 30% S&P 500 C\$, 30% MSCI World C\$

Portfolio Characteristics (60 months ending Jun-12)		
	Monthly	Annualized
Average Return	-0.09%	-1.07%
Standard Deviation	3.64%	12.62%
Sharpe Ratio	-0.06	-0.20
Probability of Loss	51%	53%
Worst Drawdown	-35.01% (Jun 07 - Present)	
Worst Return	-10.57%	-27.56%
Best Return	6.21%	29.48%
MER	2.56%	1.39%

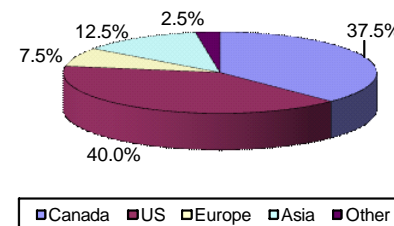
Growth of Investment



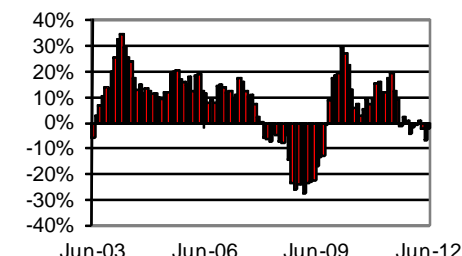
Target Asset Mix



Geographic Breakdown



Rolling 12 Month Returns



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Paterson & Associates—Model Portfolio Report

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.

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About Us:

D.A. Paterson and Associates Inc. is an independent consulting firm specializing in Asset Allocation and Mutual Fund Research. We are not affiliated with any Mutual Fund Company, Mutual Fund Distributor or any other firm. Our Asset Allocation models are based on the Nobel Prize winning techniques developed by Harry Markowitz.

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