

RECOMMENDED LIST OF FUNDS



July 2014

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The Recommended List

Name	Returns (at June 30, 2014)					Correlations						
	3 Mth	1 Yr	3 Yr	5 Yr	Sharpe Ratio	Alpha	Beta	TSX	S&P 500	MSCI EAFE	DEX	MER

Fixed Income - Core

1	Dynamic Advantage Bond Fund	1.2%	5.0%	3.9%	5.5%	0.54	0.19%	0.61	0.053	-0.018	0.161	0.807	1.57%
2	PH&N Short Term Bond & Mortgage	0.6%	3.1%	2.5%	3.1%	0.47	0.03%	0.87	-0.221	-0.225	-0.020	0.863	0.60%
3	PH&N Total Return Bond Fund	1.9%	5.5%	4.6%	5.3%	0.43	0.06%	0.89	-0.215	-0.253	-0.106	0.976	0.59%
4	TD Canadian Core Plus Bond	1.4%	4.3%	4.3%	5.6%	0.45	0.10%	0.84	-0.151	-0.224	0.000	0.908	1.51%

Fixed Income - Specialty

1	Manulife Strategic Income Fund	-1.1%	6.3%	5.3%	6.6%	0.38	0.48%	0.15	0.413	0.471	0.629	0.110	2.07%
2	RBC Global Corporate Bond	2.1%	7.0%	5.7%	6.1%	0.46	0.21%	0.68	0.055	-0.092	0.220	0.681	1.74%

Canadian Equity - Core

1	CI Cambridge Cdn Equity	4.2%	19.2%	15.3%	15.2%	0.43	0.57%	0.71	0.818	0.756	0.664	-0.362	2.44%
2	Fidelity Canadian Large Cap Fund	1.9%	18.9%	16.2%	17.6%	0.56	0.88%	0.55	0.728	0.724	0.573	-0.358	2.55%
3	IA Clarington Cdn Conservative Equity	6.9%	21.9%	8.1%	11.3%	0.39	0.34%	0.64	0.893	0.563	0.520	-0.287	2.49%
4	RBC North American Value Fund	4.2%	22.6%	11.7%	13.5%	0.39	0.39%	0.77	0.916	0.769	0.697	-0.416	2.10%
5	Signature Select Canadian Fund	3.7%	23.3%	8.4%	10.2%	0.27	0.05%	0.88	0.912	0.745	0.709	-0.446	2.44%

Canadian Small Mid Cap Equity

1	CI Can-Am Small Cap Corporate Class	2.0%	20.5%	14.5%	15.8%	0.54	0.67%	0.45	0.712	0.744	0.683	-0.438	2.42%
2	Sentry Small Cap Income Fund	4.3%	31.9%	20.5%	24.8%	0.74	1.22%	0.52	0.690	0.734	0.617	-0.370	2.72%
3	Trimark Canadian Small Companies Fund	3.7%	26.4%	16.1%	18.5%	0.38	0.62%	0.68	0.622	0.726	0.640	-0.493	2.74%

Name	Returns (at June 30, 2014)				Correlations							
	3 Mth	1 Yr	3 Yr	5 Yr	Sharpe Ratio	Alpha	Beta	TSX	S&P 500	MSCI EAFE	DEX	MER
US Equity - Core												
1 Franklin U.S. Rising Dividends	-0.7%	19.1%	15.9%	13.1%	0.47	0.05%	0.75	0.375	0.884	0.505	-0.183	2.55%
2 Mackenzie U.S. Large Cap Class	1.3%	28.1%	18.3%	15.8%	0.43	-0.13%	1.05	0.622	0.940	0.674	-0.383	2.59%
3 RBC O'Shaughnessy U.S. Value Fund	3.0%	30.3%	19.8%	22.3%	0.46	0.34%	1.06	0.699	0.726	0.708	-0.385	1.55%
4 TD U.S. Blue Chip	0.2%	29.3%	19.6%	15.6%	0.38	-0.19%	1.09	0.570	0.866	0.631	-0.330	2.54%
5 Trimark U.S. Companies Fund	1.2%	27.2%	18.9%	15.4%	0.39	-0.25%	1.12	0.609	0.920	0.611	-0.380	2.99%
US Small Mid-Cap Equity												
1 Fidelity Small Cap America	-1.1%	27.0%	24.0%	22.1%	0.49	0.59%	0.78	0.576	0.797	0.476	-0.401	2.59%
2 TD U.S. Mid - Cap Growth Fund	-0.4%	26.6%	17.1%	17.5%	0.43	0.32%	0.74	0.666	0.846	0.586	-0.416	2.54%
3 Trimark U.S. Small Companies Class	-1.7%	19.7%	16.4%	20.6%	0.46	0.52%	0.75	0.632	0.707	0.534	-0.394	2.85%
Global / International Equity - Core												
1 Invesco International Growth Class	1.3%	26.5%	12.1%	11.1%	0.31	0.24%	0.77	0.565	0.712	0.931	-0.202	2.91%
2 Mac Ivy Foreign Equity Fund	-0.4%	15.3%	12.3%	10.4%	0.41	0.28%	0.51	0.281	0.722	0.626	-0.176	2.56%
3 Manulife World Investment - NEW	1.6%	22.5%	11.0%	11.6%	0.27	0.18%	0.90	0.654	0.739	0.900	-0.257	2.61%
4 Mutual Global Discovery Fund	2.9%	19.9%	12.0%	11.1%	0.31	-0.12%	0.94	0.673	0.767	0.854	-0.373	2.64%
5 Renaissance Global Markets Fund	3.2%	16.5%	9.0%	11.7%	0.36	0.21%	0.67	0.690	0.579	0.706	-0.232	2.62%
Trimark Fund	0.0%	23.1%	16.1%	13.1%	0.44	0.26%	0.71	0.438	0.776	0.800	-0.105	1.72%
Global Small Mid Cap Equity												
1 Brandes Global Small Cap	1.4%	31.0%	20.7%	20.4%	0.41	0.25%	1.04	0.569	0.673	0.740	-0.245	2.71%
2 Trimark Global Endeavour	-0.5%	21.5%	13.5%	17.2%	0.42	0.27%	0.83	0.516	0.704	0.763	-0.245	2.67%

Name	Returns (at June 30, 2014)				Sharpe Ratio	Alpha	Beta	TSX	Correlations			
	3 Mth	1 Yr	3 Yr	5 Yr					S&P 500	MSCI EAFE	DEX	MER

Specialty / Sector Funds

1	BMO Asian Growth & Income Fund	0.6%	7.7%	8.4%	9.2%	0.33	0.48%	0.41	0.492	0.388	0.637	0.000	2.80%
2	Brandes Emerging Markets	7.7%	26.0%	4.1%	10.4%	0.20	0.23%	0.99	0.659	0.559	0.732	-0.270	2.71%
3	CI Global Health Sciences Corporate Class	-2.3%	35.6%	29.8%	22.6%	0.45	0.80%	0.89	0.338	0.600	0.560	-0.027	2.46%
4	Dynamic Global Real Estate Fund	4.5%	11.5%	9.7%	12.5%	0.40	0.20%	0.54	0.603	0.488	0.577	0.079	2.47%
5	Dynamic Power Global Growth Class	-1.4%	26.3%	6.7%	15.7%	0.26	0.26%	0.98	0.591	0.474	0.469	-0.219	2.52%

Balanced / Income Funds

1	AGF Monthly High Income Fund	5.2%	19.2%	7.6%	13.4%	0.47	0.45%	0.79	0.831	0.484	0.540	-0.154	2.42%
2	CI Signature High Income Fund	3.0%	14.5%	9.3%	12.9%	0.66	0.61%	0.57	0.679	0.545	0.703	-0.025	1.60%
3	Fidelity Canadian Balanced Fund	2.0%	16.9%	7.4%	9.1%	0.44	0.15%	0.81	0.934	0.607	0.565	-0.149	2.35%
4	TD Monthly Income Fund - New	3.7%	16.9%	8.2%	10.2%	0.49	0.35%	0.59	0.854	0.547	0.550	-0.150	1.48%

Income Options

1	TD Short Term Bond Fund	0.4%	2.3%	2.0%	2.5%	0.33	-0.04%	0.95	-0.234	-0.247	-0.059	0.859	1.11%
2	PH&N Monthly Income Fund	4.4%	15.8%	7.6%		0.50	0.26%	0.62	0.875	0.596	0.683	-0.115	1.08%
3	Sentry Canadian Income Fund A	3.5%	19.5%	12.6%	16.9%	0.70	0.91%	0.45	0.782	0.690	0.619	-0.340	0.03%
4	BMO Monthly High Income Fund II	5.0%	22.1%	11.0%	17.0%	0.59	0.86%	0.52	0.750	0.487	0.494	-0.140	2.32%

Passive Options

1	TD Canadian Bond Index Fund	1.8%	4.5%	3.9%	4.4%	0.32	-0.06%	0.99	-0.325	-0.332	-0.205	0.999	0.83%
2	RBC Canadian Index Fund	6.2%	27.7%	6.8%	10.3%	0.26	-0.04%	0.98	1.000	0.566	0.525	-0.323	0.72%
3	TD U.S. Index Fund	1.3%	23.9%	19.1%	15.5%	0.48	-0.05%	0.97	0.575	0.995	0.707	-0.321	0.54%
4	TD International Index Fund	0.4%	24.0%	10.6%	8.7%	0.21	-0.10%	0.96	0.572	0.707	0.980	-0.216	1.25%

Benchmark Returns

Benchmark	3 mth	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Fixed Income					
DEX 90 Day T-Bill Index	0.22%	0.96%	0.94%	0.74%	1.92%
DEX Short Term Bond Index	0.68%	3.21%	2.78%	3.16%	
DEX Bond Universe	1.99%	5.33%	4.81%	5.19%	5.55%
Canadian Equity					
S&P/TSX 60 Capped Index	6.32%	28.31%	6.35%	7.84%	6.87%
S&P/TSX Composite	6.41%	28.66%	7.60%	11.01%	8.77%
S&P/TSX Completion Index TR	6.67%	29.60%	7.94%	15.89%	8.95%
S&P/TSX Small Cap Index TR	9.36%	36.22%	2.74%	14.06%	
U.S. Equity					
S&P 500 (C\$)	1.54%	26.37%	20.62%	16.82%	5.40%
Russell 2000 C\$	-1.44%	25.57%	18.52%	18.18%	6.26%
Global & Specialty Equity					
MSCI EAFE (C\$)	0.78%	26.03%	12.47%	10.42%	5.11%
MSCI World (C\$)	1.46%	26.66%	16.45%	13.72%	5.48%
MSCI World Small / Mid Cap Index (C\$)	0.61%	28.59%	16.40%	16.56%	7.25%
MSCI Europe C\$	0.11%	31.98%	13.10%	11.79%	5.72%
S&P/TSX Capped REIT Index	3.93%	10.01%	8.86%	19.03%	11.26%
MSCI Emerging Markets (C\$)	3.06%	16.47%	3.39%	7.73%	9.77%
MSCI Pacific C\$	2.20%	15.09%	10.98%	7.90%	3.64%
MSCI Pacific ex Japan C\$	0.80%	20.85%	10.10%	12.25%	9.89%

Data Sources:

Fundata

PC Bond

Bank of Canada

MSCI

Returns as of June 30, 2014

List Changes

Additions

TD Monthly Income Fund (TDB 821 –Front End Units, TDB 831 – DSC Units) – There are definitely more than a few things to like about this equity focused balanced fund. The first thing that jumps out at me is the cost. It has one of the lowest MERs for a balanced fund, coming in at 1.47%. Even at this level, there is still a 0.50% trailer that is paid to advisors. It also pays a monthly distribution of \$0.0349 per unit, which works out to an annualized yield of just under 2.25%. Where this fund really holds its own is with the risk reward profile. Yes, it was hit hard in 2008 dropping more than 23%. Much of that can be attributed to the fixed income sleeve, which at the time was invested mainly in high yield bonds. Since then, the fixed income sleeve has become more like the **TD Canadian Core Plus Bond Fund**, which is one of my top bond picks. Should we see another 2008, it should hold up much better than it did last time around. In the past three years, it has only experienced about a quarter of the drops experienced by its benchmark. On the equity side, Doug Warwick and his team use a fundamentally driven, bottom up approach that looks to find well managed companies with strong financials, solid fundamentals, and the ability to pay and grow their dividends. The result is a fairly concentrated portfolio that is overweight in financials and energy. The top five largest holdings are the big five banks, followed by Canadian Oil Sands, Enbridge and Suncor. The overall asset mix is set by the manager, with input from TD's asset allocation committee. Historically, it has been relatively stable, as they are more focused on security selection, rather than making tactical bets. If I had to list a concern with the fund it is that there is a fairly high level of interest rate sensitivity in it. If we see a big spike in rates, this fund is likely to lag. However, with rates expected to remain relatively low in the near term, I don't expect it to be a problem for now.

Manulife World Investment Class (MMF 8251 – Front End Units, MMF 8421 – DSC Units) – The **Mawer International Equity Fund** has been one of the best international equity funds for as long as I've been in the investment business and then some. This Manulife offering is virtually identical to it, except it has a higher level of cost, which includes embedded dealer compensation. Like the Mawer offering, it is managed using a "growth at a reasonable price" approach that looks for wealth creating companies that are trading at discounts to their estimate of intrinsic value. A typical company will also generate high returns on equity. Their research process is one of the strongest in the business, with analysts conducting thorough, in-depth analysis on the company's business model, financial position, and quality of management. Another unique aspect of their process is that analysts put their assumptions on each company through a Monte Carlo type scenario analysis. They test a wide range of their outcomes to get a stronger understanding of what the company's true worth will be under a range of situations. The result is a portfolio that is made up of between 50 and 60 names, with the top ten making up about a quarter of the fund. Sector and country weights are largely the result of their rigorous stock selection process. At the end of June, the portfolio had nearly 80% invested in Europe. This could result in a nice

rally thanks to the European Central Bank's recent stimulus actions. It is also heavily invested in industrials, which should benefit from an economic rebound. Performance has been stellar, consistently outpacing most of its peers at a level of volatility that is below average. For the past five years, the fund has gained an annualized 11.6%, slightly lagging the MSCI EAFE Index, which gained 11.9%. Except for 2013, it has posted above average returns in every year since its launch in 2006. It offers decent downside protection, and will outperform the index more often than not. It is managed by a great team, using a rock solid process. The biggest drawback to it is its cost, with an MER of 2.71%, it is substantially higher than the 1.49% MER of the Mawer International Equity. If you are using a fee based account, I would use the Mawer offering, otherwise, this is a great substitute. Even with the higher cost, I believe this will continue to be one of the best international equity funds available to Canadian investors.

Deletions

CI Signature Canadian Balanced Fund (CIG 685 – Front End Units, CIG 785 – DSC Units) – It's not that this is a bad fund. Far from it. It has a great management team at the helm. It is also managed using a disciplined, repeatable process that incorporates a top down analysis to determine the overall asset mix, with fundamentally driven, bottom up security selection. At the end of June, more than 70% was invested equities, making it one of the most aggressively positioned balanced funds. It is this positioning that is the cause of the funds above average volatility. Performance has been more than respectable, and it has been able to outpace other funds when markets are rallying. However, it has done a relatively poor job in protecting capital when markets fall, which is a big concern for me as we move forward. Another area of concern for this fund relates to its cost. With an MER of 2.44% it is the most expensive balanced fund on the list. While cost may not be an issue in a rising market, it will be a drag on performance if we enter a falling or even flat return environment. If you hold this fund, I certainly wouldn't suggest you run for the exits, unless you are uncomfortable with the potential for continued high volatility. I still think that over the long term investors will earn average to above average returns, however, I believe that there are better options available. As a result, I am removing it from the Recommended List.

Funds of Note

Manulife Strategic Income Fund (MMF 559 – Front End Units, MMF 459 – DSC Units) – I really hate that this is categorized as a high yield bond fund, because it really understates the quality of the fund, its management, and its risk reward profile. In reality, it is more of an opportunistic go anywhere bond fund that invests across multiple fixed income sectors such as global government bonds, investment grade bonds, high yield, and emerging market debt. In addition, the managers will tactically manage the currency exposure and try to generate additional return from that. Their investment process starts with a top down macro analysis that is used to set the sector mix. Once set, they then use a more fundamental approach to security selection. The average credit quality of the fund must be at least investment grade, however, the high yield exposure will typically be in the 30% to 50% range. At the end of June, 37% was invested in non-investment grade debt. Performance has been decent, gaining an annualized 5.3% for the past three years, handily outpacing the average global bond fund. Volatility, even with the currency trading has been well below average. What is particularly attractive is that it has shown very low levels of correlation to the traditional asset classes, including Canadian fixed income. This makes it a great way to help reduce the overall volatility of your portfolio by including it as a portion of your fixed income allocation. It is a touch pricey with its 2.07% MER. It also has the potential to be more volatile than a more traditional bond fund. Still, it is my view that over the long-term, the benefits outweigh the risks.

Fidelity Canadian Large Cap Fund (FID 231 – Front End Units, FID 531 – DSC Units) – For the longest time, this has been one of the strongest Canadian focused equity funds around. However, so far this year it has lagged considerably, gaining 6.5% which is about half what the S&P/TSX Composite Index earned. The reason for this is the fund's positioning, which includes no exposure to materials, a significant underweight in energy, and no banks. Unfortunately these were the best performing sectors over the quarter, resulting in the fund's underperformance. Despite a lackluster six months, I'm not ready to pull the fund from the list. The manager continues to stick with his disciplined value focused process. This discipline will result in periods where return is much different than the broader markets, and I believe that this has been one of those periods. Still, I will continue to monitor the fund for any erosion in the risk reward characteristics.

Franklin U.S. Rising Dividends Fund (TML 201 – Front End Units, TML 301 – DSC Units) – What I like most about this fund is its ability to protect capital in down markets. While most other U.S. equity funds tend to fall more than the S&P 500 does, this gem has only fallen between 60% and 70% of the broader market. The reason is its focus on companies that have a history of consistent and substantial dividend increases over time. Because they tend to offer a relatively high dividend yield, they also tend to hold up better when markets fall. Even in 2008 when the S&P was off by nearly 30%, this fund was only down 11%. A drawback to this strategy is these are also the types of companies that will lag when markets are rising. Still, this is a great core holding for investors who are more risk averse, yet still want or need exposure to U.S. equities.

Fidelity Small Cap America (FID 261 – Front End Units, FID 561 – DSC Units) – Manager Steve MacMillan has been at the helm of this fund for just over three years and the results have so far been great. For the three years ending June 30, it has gained an annualized 24.3%, handily outpacing the 18.5% generated by the Russell 2000. While this is certainly impressive, he has also done a stellar job managing the volatility, keeping it well below the average for the peer group. When it comes to protecting capital in falling markets, this fund leads the category with a down capture ratio of 34% for the past three years. The portfolio is much different than its benchmark and is significantly overweight in consumer names, and industrials. It holds no materials and is underweight financials and energy. That may help explain why it has struggled to keep pace during the quarter. I am monitoring the fund closely, watching for any meaningful erosion in its risk reward characteristics.

CI Signature High Income (CIG 686 – Front End Units, CIG 786 – DSC Units) – When I think of best in class balanced funds, this fund is usually at the top of my list. Managed by the Signature team at CI, it has consistently been one of the strongest performers in the category, yet at the same time has tended to be one of the least volatile. For the three years ending June 30, it gained an annualized 9.3%, handily outpacing its benchmark and peer group. The portfolio is a mix of high yielding equities and high yield bonds. About 40% is invested in bonds, 11% in cash, and the balance in equities. Historically, it could only invest up to 49% outside of Canada, but that was recently changed to 70%, allowing the managers even more flexibility. This flexibility may come in handy once we see interest rates start to trend higher, allowing the managers the ability to find more opportunities abroad. This should also help to reduce the overall interest rate sensitivity of the equity portfolio which is now highly concentrated in REITs and energy income plays. Looking at the management team, the investment process and their track record at both growing and protecting capital, this is one of the best balanced funds available.

Sentry Canadian Income Fund (NCE 717 – Front End Units, NCE 317 – DSC Units) – It's pretty tough not to be impressed by a fund that has outpaced the broader equity markets by delivering an annualized five year return of more than 17%, and doing so with two thirds the volatility of the index. Managers Michael Simpson and Aubrey Hearn look for well-managed, high yielding equity names that have the ability to deliver strong and growing cash flows. The portfolio will typically hold around 60 names, and tends to look much different than its benchmark. It can invest up to 49% of the fund in the U.S., and it can also hold preferreds, corporate bonds and low risk options to help boost the internal yield. At the end of June, it held about 6% in cash, 5% in bond, and a modest 0.3% in prefs. Unlike a lot of yield focused funds, it has a minimal exposure to financials and does not hold any banks. Even its REIT exposure is rather modest coming in at just over 7%. There is little doubt the longer term numbers are impressive, however it has struggled to keep pace so far this year. Some of that is likely due to the U.S. holdings, which currently sit at 34%. Even still, it is pretty tough to find a fund that has done as good a job at both growing and protecting investors' capital. While I doubt that the historic level of return can be repeated, it is expected to continue to outperform on a risk adjusted basis over the long-term.

Fixed Income Core

Fund	Style	Managers	MER	Assets (\$ mil)	Notes
Dynamic Advantage Bond	Multi-Strategy	Michael McHugh Domenic Bellissiimo	1.57%	\$940.12	• My top bond pick for conservative investors • A good defensive core Canadian bond fund • Duration sits at 3.27 years, well below the DEX • Strong emphasis is on downside protection • Will lag other funds in bond market rally
PH&N Short Term Bond & Mortgage	Multi-Strategy	PH&N Fixed Income Team	0.60%	\$4,129.74	• Remains my top short term bond pick • It is less interest rate sensitive than traditional bonds • Duration is 2.4 years, significantly lower than DEX • More than half invested in corporates
PH&N Total Return Bond Fund	Multi-Strategy	PH&N Fixed Income Team	1.16%	\$2,828.94	• This is my top bond pick overall • Similar to PH&N Bond, except it can invest in high yield, mortgages & derivatives • Duration of 6.6 yrs. is slightly shorter than the DEX • Portfolio is still fairly sensitive to rates
TD Canadian Core Plus Bond	Multi-Strategy	Rob Pemberton Christopher Case David McCulla	1.51%	\$7,928.72	• Similar to the TD Canadian Bond except it can invest up to 30% in global, high yield & Emerging Mkt. debt • It is much better positioned for the current environment than the TD Canadian Bond Fund

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	1.2	5.0	3.9	5.5	3.7	-0.1	4.2	6.5	7.3	13.8	-3.7	65%	78%	40%	22%	2.49%
Quartile	4	2	3	1	4	1	2	3	1	1	4					
PH&N ST Bond & Mortgage	0.7	3.1	2.5	3.1	3.7	1.5	2.1	3.6	3.4	7.5	5.0	88%	94%	75%	83%	1.42%
Quartile	1	1	1	1	1	1	1	2	1	1	3					
PH&N Total Return Bond Fund	1.9	5.5	4.6	5.3	5.3	-0.9	3.9	8.1	6.5	11.2	0.9	89%	95%	79%	81%	3.02%
Quartile	1	1	1	1	1	2	2	1	1	1	4					
TD Canadian Core Plus Bond	1.5	4.3	4.4	5.6	N/A	-1.3	4.9	8.0	6.2	14.7	-1.2	83%	92%	73%	64%	3.05%
Quartile	3	3	2	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, except for PH&N Short Term, which is against the DEX Short Term Bond Index

Fixed Income Specialty

Fund	Style	Managers	MER	Assets (\$ mil)	Notes
Manulife Strategic Income	Tactical	Dan Janis Thomas Goggins	2.07%	\$3,997.00	- Tactically managed global bond fund that invests in global government, corporate and high yield bonds - Currency risk is actively managed - Outlook for the fund is significantly stronger than what historic performance numbers indicate
RBC Global Corporate Bond	Credit Analysis	Frank Gambino Marty Balch Soo Boo Che	1.72%	\$1,535.70	- Invests mainly in investment grade corporate bonds - Approximately 7% is invested in emerging mkt bonds - Actively managing fund's duration based on outlook - It is currently positioned defensively at 5.7 years - Expected to outperform a traditional bond fund in a flat and rising rate environment

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		5 yr.
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2013	2012	2011	2010	2009	2008	3Yr	5Yr	3Yr	5Yr	Risk
Manulife Strategic Income	-1.1	6.3	5.3	6.7	N/A	4.5	9.1	2.0	8.4	8.8	21.1	38%	57%	-104%	-104%	4.60%
Quartile	4	4	4	4		2	3	3	4	4	1					
RBC Global Corporate Bond	2.1	7.0	5.8	6.2	N/A	-0.6	8.8	6.2	6.8	12.7	0.6	90%	89%	35%	22%	3.43%
Quartile	1	2	1	1		3	2	2	4	4	1					

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%	\$3,594.86	- Bottom up investment process. High turnover - Portfolio is much different than index or peer group - Holding 20% cash to take advantage of opportunities. - Offers excellent downside protection
Fidelity Canadian Large Cap	Large Cap Value	Daniel Dupont	2.29%	\$3,851.06	- Defensively positioned. Holds no banks or golds - He has reduced equity exposure both in Canada and globally, and increased cash from 1% to nearly 15% - Recent lagging is from underweight energy & gold
IA Clarington Cdn Conservative Eqty	Large Cap Blend	Doug Kee Ryan Bushell	2.49%	\$949.33	- Best performer in Q2 because of energy and gold - Looks for well managed companies with a proven history of growing dividends, earnings & cash flow - Very conservative. Protects downside very well
RBC North American Value	Large Cap Blend	Stu Kedwell Doug Raymond	2.08%	\$2,111.88	- Invests in a mix of Canadian and U.S. stocks - Security selection is a mix of top down quant screening and bottom up fundamental analysis
Signature Select Canadian	Large Cap Blend	Eric Bushell	2.44%	\$2,504.58	- Half the equity exposure is outside of Canada - Tactically uses cash, currently sitting at 5% - Signature Team analyses entire capital structure and invests where risk reward trade off makes sense

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		5 yr.
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2013	2012	2011	2010	2009	2008	3Yr	5Yr	3Yr	5Yr	Risk
CI Cambridge Cdn Equity	4.2	21.3	16.0	15.6	N/A	27.2	16.7	-1.3	12.5	23.8	-23.6	100%	96%	28%	55%	9.42%
Quartile	2	3	1	1		1	1	1	2	3	1					
Fidelity Canadian Large Cap	2.0	19.4	16.5	17.9	12.7	36.6	6.0%	10.6	17.8	37.2	-29.7	82%	86%	-8.2%	17%	8.18%
Quartile	4	4	1	1	1	1	3	1	1	1	3					
IA Clarington Cdn. Cons. Eq.	6.9	21.9	8.3	11.5	8.1	9.5	5.8	2.4	13.6	24.6	-20.5	71%	76%	45%	49%	7.71%
Quartile	1	3	3	3	3	4	3	1	1	3	1					
RBC North American Value	4.2	22.8	11.8	13.6	N/A	23.1	11.8	-3.6	15.3	28.7	-22.7	95%	92%	55%	64%	9.13%
Quartile	2	3	1	1		2	1	1	1	1	1					
Signature Select Canadian	3.7	23.3	8.4	10.3	8.5	19.2	8.2	-8.5	10.3	28.0	-26.1	96%	91%	87%	88%	10.44%
Quartile	3	3	3	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
CI Can-Am Small Cap Corp. Class	Mid Cap Value	Joe Jugovic Ian Cooke	2.42%	\$217.68	- Remains a great long term pick - QV Investors are one of the best small / mid cap managers in the country - Bottom up, value focused stock selection approach - I also like NEI Ethical Special Equity and IA Clarington Canadian Small Cap. Very similar funds, with more of a small cap focus
Sentry Small Mid Cap Income Fund	Mid Cap Blend	Michael Simpson Aubrey Hearn	2.72%	\$1,245.94	- It's like a feeder fund for the Sentry Canadian Income. Any good ideas that are too small go here - Offers excellent downside protection - Pays a monthly distribution. Currently yielding 2.85% - Very concentrated, small/mid cap fund - It is the most volatile of my small cap picks
Trimark Small Canadian Companies	Small Cap Blend	Rob Mikalachki Virginia Au	2.74%	\$205.14	- Invests in industry leaders with strong growth potential and stable financial structures. Valuation is key! - Often carries high cash balance when no suitable opportunities can be found. Currently sits near 20%

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		5 yr.
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2013	2012	2011	2010	2009	2008	3Yr	5Yr	3Yr	5Yr	Risk
CI Can-Am Small Cap	2.0	23.3	15.4	16.3	10.9	32.7	13.2	-1.9	15.1	27.1	-23.0	76%	65%	4%	13%	7.71%
Quartile	3	3	1	2	1	1	1	1	4	4	1					
Sentry Small Mid Cap Income	4.3	32.3	20.6	24.8	N/A	36.4	15.5	6.5	26.3	43.5	-22.2	91%	84%	-20%	-15%	8.57%
Quartile	2	1	1	1		1	1	1	3	3	1					
Trimark Cdn Small Companies	3.7	26.6	16.2	18.6	9.3	29.1	15.0	-3.5	14.2	57.3	-38.6	105%	90%	38%	49%	13.06%
Quartile	2	2	1	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
Franklin U.S. Rising Dividends	Large Cap Blend	Don Taylor William Lippman	2.55%	\$883.57	- Don't expect this to keep pace with broader markets - Focuses on companies that have growing dividends - Very conservatively positioned - Great way to gain U.S. exposure with less risk
Mackenzie U.S. Large Cap Class	Large Cap Growth	Gustaf Zinn Erik Becker	2.59%	\$292.79	- Combines top down thematic approach with bottom up company specific opportunities - Finding opportunities in cons. discretionary, industrials, and materials. Positioned for economic growth
RBC O'Shaughnessy U.S. Value	Large Cap Value	Jim O'Shaughnessy	1.51%	\$2,004.76	- Stock selection is quantitative & based on P/E, price/sales, EV/EBITDA & shareholder yield - Is more volatile than both the market and its peers
TD U.S. Blue Chip	Large Cap Growth	Larry Puglia	2.58%	\$1,554.57	- This is the "growthiest" fund in the category - Combines bottom up stock picking with top down risk management. Likes market leaders with cash flow - Positioned for growth. Overweight cyclical
Trimark U.S. Companies	Large Cap Growth	Jim Young	2.99%	\$251.80	- Cost is a concern, with 2.99% MER for A Class units - Concentrated portfolio, overweight technology - Seeks well-managed, attractively valued companies

	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		5 yr.
Fund	3mt	1 Yr	3 Yr	5 Yr	10Yr	2013	2012	2011	2010	2009	2008	3Yr	5Yr	3Yr	5Yr	Risk
Franklin U.S. Rising Dividends	-0.7	19.2	15.9	13.1	2.4	36.1	5.5	6.3	10.2	-1.1	-11.1	75%	74%	56%	60%	7.35%
Quartile	4	4	3	3	4	3	4	1	2	4	1					
Mackenzie U.S. Large Cap Cl.	1.3	28.1	18.3	15.8	5.6	40.6	13.5	1.6	11.7	4.0	-20.6	95%	98%	118%	108%	9.66%
Quartile	2	1	1	2	1	2	1	1	1	4	1					
RBC O'Shaughnessy US Value	3.0	30.4	18.8	22.4	N/A	47.5	12.4	6.7	14.5	24.8	-50.0	113%	125%	187%	108%	12.67%
Quartile	1	1	1	1		1	1	1	1	1	4					
TD U.S. Blue Chip	0.2	29.3	19.6	15.6	4.2	47.6	13.7	1.8	8.2	18.7	-29.7	100%	102%	120%	125%	10.89%
Quartile	3	1	1	2	2	1	1	1	2	1	3					
Trimark U.S. Companies	1.2	27.2	18.9	15.4	3.8	40.8	10.3	0.3	15.6	5.9	-17.0	101%	108%	142%	151%	10.56%
Quartile	2	1	1	2	3	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	2.35%	\$905.34	• Now three years with new manager. Strong risk adjusted returns, excellent downside protection • Has lagged YTD due to Bally, Encore Capital • Watching to see if underperformance continues
TD U.S. Mid Cap Growth Fund	Mid Cap Growth	Brian Berghuis John Wakeman	2.57%	\$716.33	• Mid Cap focus. The other funds are more small cap • Bottom up approach that looks for quality management, leadership and attractive valuation • Positioned for growth. Overweight industrials & health
Trimark U.S. Small Companies	Small Cap Blend	Rob Mikalachki Virginia Au	2.85%	\$108.44	• Very small cap focused. Lowest avg. mkt cap on list • At the end of June, the portfolio traded at a 34% discount to the Russell 2000 • Carrying about 30% cash. Valuations continue to make it difficult to find attractive opportunities

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		5 yr.
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2013	2012	2011	2010	2009	2008	3Yr	5Yr	3Yr	5Yr	Risk
Fidelity Small Cap America	-1.0	27.3	24.3	22.4	7.7	54.2	19.9	7.7	18.9	31.9	-36.8	91%	96%	34%	62%	11.86%
Quartile	3	1	1	1	1	1	1	1	2	1	3					
TD U.S. Mid Cap Growth Fund	-0.4	26.6	17.1	17.6	7.0	43.8	9.7	-0.5	20.2	22.7	-27.3	83%	84%	67%	69%	10.70%
Quartile	2	1	2	2	2	2	2	2	2	2	2					
Trimark U.S. Small Companies	-1.7	19.7	16.4	20.6	7.4	33.4	10.0	8.8	13.7	42.2	-31.1	72%	90%	47%	61%	11.95%
Quartile	3	4	2	1	2	4	2	1	4	1	3					

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
Franklin Mutual Global Discovery	Large Cap Value	Philippe Brugere-Trelat Peter Langerman	2.64%	\$1,345.69	- Go anywhere mandate that invests in undervalued stocks with a near term catalyst, and to a lesser extent merger arbitrage and distressed securities - About 8% invested in distressed situations, 12% cash - Diversified portfolio, holding more than 100 names
Invesco International Growth Class	Large Cap Growth	Jason Holzer Clas Olsson	2.91%	\$403.27	- Invests outside of North America - Bottom up approach looks for quality companies with strong earnings, and reasonable valuations - Recently added to financial and consumer names
Mackenzie Ivy Foreign Equity Fund	Large Cap Blend	Paul Musson Matt Moody	2.56%	\$3,558.92	- One of the best for downside protection - Historically has lagged in rally. That's improving lately - They remain concerned over the effect of the Fed's stimulus policy on economic growth and stability - Significantly overweight consumer names
Manulife World Investment	Large Cap Blend	David Ragan Jim Hall	2.71%	\$637.96	- This is nearly identical to the highly regarded Mawer International Equity Fund - Managed using a fundamentally driven, long-term, bottom up GARP process that looks for wealth creating companies trading below its true value - They stress test their assumptions and valuations
Renaissance Global Markets Fund	Large Cap Growth	David Winters	2.62%	\$282.84	- Bottom up, fundamentally driven stock selection - Concentrated portfolio is heavily invested in consumer names. Should outperform in economic recovery - Had a good quarter, outpacing the index and peers
Trimark Fund	Large Cap Blend	Michael Hatcher Jeff Feng	2.86%-A 1.72%-SC	\$1,452.36	- Prefer the SC Series to A because of lower cost - Concentrated portfolio. Much different than index - Look for well managed businesses with sustainable competitive advantages, trading at a discount - Managers are concerned about valuations. Continue to focus on high quality businesses

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	
Mutual Global Discovery	3.2	14.5	12.4	11.1	6.9	28.0	12.6	-3.4	7.7	13.9	-26.3	90%	91%	125%	106%	9.75%
Quartile	1	4	2	3	1	3	2	2	2	2	2					
Invesco International Growth	1.3	26.5	12.1	11.1	5.8	27.3	12.4	-6.1	7.0	17.3	-35.2	83%	85%	67%	67%	9.65%
Quartile	1	1	1	1	1	2	3	1	1	1	3					
Mackenzie Ivy Foreign Equity	-0.4	15.4	12.4	10.4	5.1	31.0	7.9	3.2	3.6	5.8	-6.7	67%	61%	40%	33%	6.55%
Quartile	4	4	2	3	2	2	4	1	3	4	1					
Manulife World Investment	1.5	22.5	11.0	11.6	N/A	21.6	19.2	-8.8	8.1	22.3	-32.8	91%	96%	91%	83%	11.65%
Quartile	1	2	1	1		4	3	2	2	2	1					
Renaissance Global Markets	3.2	16.5	9.0	11.7	3.7	17.6	5.9	0.6	16.8	14.5	-34.9	67%	74%	90%	52%	8.68%
Quartile	1	4	4	2	3	4	4	1	1	3	4					
Trimark Fund (SC)	-0.0	23.2	16.1	13.1	4.3	30.5	12.0	3.2	5.0	10.4	-28.7	81%	80%	38%	51%	7.83%
Quartile	3	2	1	1	3	2	2	1	3	3	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
Brandes Global Small Cap	Small Cap Value	Brandes Management Team	2.71%	\$95.77	• Uses an actively managed, bottom up process looking for names trading below its intrinsic value • They like market volatility and use it to buy quality names at a discount • More volatile than many of its peers
Trimark Global Endeavour	Mid Cap Blend	Jeff Hyrich Erin Greenfield	2.67%	\$814.26	• Bottom up approach that looks for well-managed, high quality businesses that are trading below their estimate of fair value • Concentrated portfolio. Holds around 40 names. • Patient. Cash levels remain high as they wait for quality businesses to trade at lower valuations. • Have started to take a position in a consumer discretionary company in Asia • Currency fluctuations and high cash dragged returns.

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	
Brandes Global Small Cap	1.4	31.0	20.7	20.4	3.1	34.8	33.7	-15.2	21.9	41.9	-37.6	104%	105%	74%	85%	13.43%
Quartile	1	1	1	1	4	3	1	3	1	1	3					
Trimark Global Endeavour	-0.5	21.5	13.5	17.2	6.7	31.9	14.3	1.5	19.7	31.9	-36.7	84%	103%	85%	66%	10.76%
Quartile	4	3	2	1	1	2	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 MSCI World Small/Mid Cap C\$ Gross Index

Specialty / Sector Funds

Fund	Style	Managers	MER	Assets (\$ mil)	Notes
BMO Asian Growth & Income	Large Cap Blend	Robert Horrocks Jesper Madsen	2.80%	\$640.64	• More of a balanced play on Asia, with approximately 20% invested in convertible bonds and preferreds • Historically has captured about 60% to 80% of the upside, yet only a third to half of the downside • Great way to gain lower volatility exposure to Asia
Brandes Emerging Markets	Large Cap Value	Brandes Management Team	2.71%	\$281.59	• Value focused approach that looks for quality companies that have been beaten down by the market • Diversified portfolio, holding around 70 names • Despite higher volatility, remains a solid pick
CI Global Health Sciences	Mid Cap Growth	Andrew Waight	2.45%	\$345.89	• It is a concentrated, yet diversified portfolio • Currently focusing more on small/mid cap names. • Has struggled of late. Expect more short term pain
Dynamic Global Real Estate	Mid Cap Blend	Oscar Belaiche Tom Dicker	2.47%	\$184.20	• Looks for REITs & REOCs trading below intrinsic value • Has struggled since mid-May when yields moved up • Despite short term uncertainty, future looks strong
Dynamic Power Global Growth	Large Cap Growth	Noah Blackstein	2.52%	\$675.66	• The focus is on high growth stocks, and is currently overweight tech, consumer & healthcare • Good way to add some kick to portfolio. High volatility

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	
BMO Asian Growth & Inc.	0.6	7.7	8.5	9.2	7.4	9.3	21.9	-10.1	12.5	27.0	-24.5	64%	75%	38%	35%	7.24%
Quartile	4	4	1	1	1	4	1	1	2	1	2					
Brandes Emerging Markets	7.7	26.2	4.2	10.4	8.7	13.3	10.5	-19.8	10.2	79.5	-35.7	109%	116%	105%	105%	14.90%
Quartile	1	1	1	1	1	1	4	3	3	1	1					
CI Global Health Sciences	-2.3	39.1	31.0	23.3	8.8	61.8	30.4	0.8	4.5	28.3	-20.1	136%	130%	30%	69%	13.16%
Quartile	4	1	1	1	1	1	1	1	4	N/A	N/A					
Dynamic Global Real Estate	4.5	11.5	9.8	12.5	7.6	1.2	17.9	2.9	11.4	31.5	-33.8	73%	80%	50%	48%	8.27%
Quartile	1	4	4	3	4	4	4	1	4	1	1					
Dynamic Power Global Growth	-1.5	26.3	6.7	15.7	8.9	40.6	7.2	-5.9	22.3	30.0	-47.2	93%	116%	215%	118%	17.13%
Quartile	4	1	4	1	1	1	4	2	1	1	4					

Note: 5 Year Risk is the annualized five year standard deviation.
Upside and downside capture ratios are run against the most appropriate market index

Balanced / Income Funds

Fund	Style	Managers	MER	Assets (\$ mil)	Notes
AGF Monthly High Income	Tactical	Peter Frost	2.40%	\$1,185.33	- Has a target asset mix of 50/50, but the manager has a lot of flexibility. Can go as high as 80% equity - Significant overweight in energy boosted returns - Most volatile of the balanced picks.
CI Signature High Income Fund	Tactical	Geoff Marshall Joe D'Angelo Ryan Fitzgerald	1.60%	\$9,645.39	- Invests in high yielding equities, corp & HY bonds - Top down macro view & bottom up security selection - Strong Q2. Portfolio is very sensitive to interest rates - Can invest up to 70% outside Canada - Currency exposure is tactically managed
Fidelity Canadian Balanced Fund	Strategic	Geoff Stein Mariana Egan	2.31%	\$6,945.10	- Maintains a pretty static asset mix of 50/50 - Invests in underlying Fidelity Funds - Underweight in energy & materials dragged returns - Offers great risk reward profile
TD Monthly Income Fund	Tactical	Doug Warwick Gregory Kocik Michael Lough Geoff Wilson Christopher Case	1.47%	\$8,351.88	- Asset mix is set by committee. Currently 36% in bonds. Has a long term bias towards equities - Bond sleeve has 9% high yield, 56% corps, 35% govts. - Equities are focused on dividends. Significant overweight to banks and financials - Offers a very favourable risk reward profile

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	
AGF Monthly High Income	5.2	19.2	7.7	13.4	N/A	9.8	5.6	0.7	19.7	46.8	-33.4	89%	117%	99%	84%	7.46%
Quartile	1	2	3	1		4	3	1	1	1	4					
CI Signature High Income	3.0	14.5	9.3	12.9	8.6	8.6	11.6	4.8	15.3	30.6	-21.5	66%	84%	-15%	-46%	5.03%
Quartile	1	2	1	1	1	4	1	1	1	1	4					
Fidelity Canadian Balanced	2.0	16.9	7.4	9.1	7.3	12.7	6.0	-1.1	13.3	22.3	-18.7	100%	104%	74%	94%	5.28%
Quartile	4	2	2	2	1	1	2	2	1	1	3					
TD Monthly Income Fund	3.7	17.0	8.3	10.2	7.8	8.9	8.5	3.6	9.8	30.7	-23.4	75%	88%	44%	59%	5.44%
Quartile	2	4	2	2	1	4	2	1	3	1	4					

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%	\$4,100.85	- Focus on short term bonds. Duration of 2.8 years. - Variable monthly distribution. Currently yields 1.5% - Currently favours corporate bonds
PH&N Monthly Income Fund	Tactical	Scott Lysakowski William John	1.92%	\$3,517.16	- Pays a monthly distribution of \$0.0435, which works out to an annualized yield of 4.9% - Equities can range between 60% & 80%. 53% today - Fixed income sleeve remains defensively positioned - Q2 returns boosted by energy and financial names
Sentry Canadian Income Fund	Large Cap Growth	Michael Simpson Aubrey Hearn	2.67%	\$4,783.39	- Pays a monthly distribution of \$0.0775 per unit, which works out to an annualized yield of 4.7% - Invests in high yielding equities & REITs in CDA & US. Currently a third is invested in the U.S. - Well diversified. Solid income offering
BMO Monthly High Income II	Large Cap Blend	Kevin Hall Michele Robitaille	2.37%	\$1,869.92	- Pays a monthly distribution of \$0.06 per unit, which works out to an annualized yield of 4.6% - Invests in high yielding equities & REITs in Canada - Focused more on mid cap names than Sentry, which should make it more volatile. Similar expected return

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		5 yr.
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2013	2012	2011	2010	2009	2008	3Yr	5Yr	3Yr	5Yr	Risk
TD Short Term Bond	0.4	2.1	1.7	2.3	3.0	0.7	1.4	3.2	2.5	5.3	6.3	72%	82%	133%	118%	1.51%
Quartile	3	3	3	2	2	2	2	2	2	1	2					
PH&N Monthly Income Fund	4.2	14.9	6.8	N/A	N/A	6.9	7.6	0.8				86%	N/A	54%	N/A	4.55%
Quartile	1	3	3			4	1	1								
Sentry Canadian Income Fund	3.5	20.0	12.9	17.1	12.1	18.6	11.5	6.1	18.6	33.0	-22.8	73%	81%	6%	12%	6.25%
Quartile	4	4	1	1	1	1	1	1	1	1	1					
BMO Monthly High Income II	5.0	22.1	11.0	17.0	10.8	14.2	7.7	10.4	20.7	34.0	-27.8	69%	86%	18%	23%	7.45%
Quartile	3	3	2	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%	\$529.74	- 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 - The MER is 0.56% for the F-Class - I would lean towards an active fund over this offering
RBC Canadian Index Fund	Passive	RBC Global Asset Management	0.72%	\$710.47	- Replaced the TD Canadian Index Fund in Q2 because its MER is 17 bps lower - Lower MER should translate into higher returns
TD U.S. US Index Fund	Passive	Vishal Bhatia Dino Vevaina	0.54%	\$734.28	- This is the lowest cost option for those looking for low cost access to the S&P 500 - There is also a currency hedged version available
TD International Index Fund	Passive	Vishal Bhatia Dino Vevaina	1.25%	\$360.39	- With an MER of 1.25%, I'd likely lean towards an actively managed fund over this offering. - Still it is the best choice for index offerings right now

	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		5 yr.
Fund	3mt	1 Yr	3 Yr	5 Yr	10Yr	2013	2012	2011	2010	2009	2008	3Yr	5Yr	3Yr	5Yr	Risk
TD Canadian Bond Index	1.8	4.5	3.9	4.4	4.6	-2.0	2.8	8.7	6.0	4.3	5.4	91%	91%	111%	109%	3.28%
Quartile	2	3	2	3	2	2	2	1	2	3	1					
RBC Canadian Index	6.2	27.7	6.9	10.3	8.1	12.2	6.4	-9.2	16.8	34.1	-33.1	97%	98%	102%	102%	10.60%
Quartile	1	2	3	2	2	4	2	2	2	2	2					
TD U.S. Equity Index	1.3	25.3	19.6	15.8	4.5	38.4	12.5	3.8	8.2	6.5	-21.8	96%	95%	97%	98%	8.47%
Quartile	2	2	1	2	2	3	1	1	2	3	1					
TD International Index	0.4	24.1	10.6	8.7	3.4	28.6	14.5	-10.8	0.9	8.6	-28.6	94%	95%	102%	104%	11.47%
Quartile	2	2	2	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:

Fund	Conservative	Moderate Balanced	Balanced	Balanced Growth	Growth
Fixed Income (Total)	65% to 100%	45% to 70%	35% to 50%	20% to 40%	0% to 20%
Short Term Fixed Income	45%	-	-	-	-
Traditional Fixed Income	10%	35%	25%	10%	-
Specialty Fixed Income	10%	10%	10%	10%	-
Canadian Equity	0% to 20%	0% to 40%	0% to 50%	0% to 50%	0% to 50%
Canadian Large Cap	10%	25%	25%	25%	25%
Canadian Small/Mid Cap	10%	10%	10%	10%	10%
U.S. Equity	0% to 20%	0% to 40%	0% to 50%	0% to 50%	0% to 50%
U.S. Large Cap	-	-	10%	15%	25%
U.S. Small/Mid Cap	-	-	-	10%	10%
International / Global Equity	0% to 20%	0% to 40%	0% to 50%	0% to 50%	0% to 50%
Large Cap	15%	20%	20%	20%	30%
Small Cap	-	-	-	-	-
Specialty / Sector	0% to 20%	0% to 20%	0% to 20%	0% to 20%	0% to 20%
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.

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

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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.