

Model Portfolios

Prepared September 15, 2014

Prepared By:
David Paterson, CFA
(416) 706-5087

Paterson & Associates—Model Portfolio Report

Portfolio Review

August 2014

Funds	Conservative		Moderate Balanced		Balanced		Balanced Growth		Growth	
	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical
PH&N Short Term Bond & Mortgage	45%	40%								
Dynamic Advantage Bond Fund	10%	30%	35%	40%	25%	30%	10%	15%		
RBC Global Corporate Bond	10%	10%	10%	10%	10%	10%	10%	10%		5%
Manulife Strategic Income				10%		10%		10%		10%
Fidelity Canadian Large Cap	10%	15%	25%	20%	25%	25%	25%	25%	25%	25%
Sentry Small Mid Cap Income	10%	5%	10%	10%	10%	10%	10%	10%	10%	10%
TD U.S. Blue Chip Equity					10%		15%		25%	
Fidelity Small Cap America						10%	10%	10%	10%	10%
CI Black Creek Global Leaders						5%		5%	10%	20%
Mac Ivy Foreign Equity	15%		20%	10%	20%		20%	15%	20%	20%

Performance

1 Month	0.71%	0.49%	0.68%	0.71%	0.96%	1.16%	1.59%	1.41%	1.75%	1.52%
3 Month	0.93%	1.09%	1.22%	1.53%	1.67%	2.19%	2.60%	2.53%	2.84%	2.49%
Year to Date	5.98%	5.40%	6.60%	6.69%	6.86%	6.90%	6.48%	6.38%	6.41%	6.01%
1 Year	10.33%	9.73%	12.81%	12.91%	13.97%	14.02%	15.69%	15.58%	17.34%	16.90%
3 Year	6.95%	6.76%	8.61%	8.64%	9.26%	9.27%	11.09%	11.06%	13.36%	13.22%
5 Year	6.56%	6.44%	7.38%	7.40%	7.75%	7.76%	8.46%	8.44%	10.34%	10.26%
10 Year	5.63%	5.57%	5.89%	5.90%	6.27%	6.27%	6.48%	6.47%	6.99%	6.95%

Risk Metrics

Annualized Return	6.56%	6.44%	7.38%	7.40%	7.75%	7.76%	8.46%	8.44%	10.34%	10.26%
Annualized Standard Deviation	3.38%	3.36%	4.85%	4.85%	5.76%	5.75%	7.49%	7.48%	8.96%	8.96%
Sharpe Ratio	1.72	1.69	1.37	1.37	1.22	1.22	1.03	1.03	1.07	1.06
Biggest Drawdown	-10.50%	-10.50%	-16.80%	-16.80%	-20.12%	-20.12%	-26.93%	-26.93%	-35.01%	-35.01%

Fund Asset Mix

Fixed Income	65%	80%	45%	60%	35%	50%	20%	30%	0%	10%
Canadian Equity	20%	20%	35%	30%	35%	35%	35%	35%	35%	35%
U.S. Equity	0%	0%	0%	0%	10%	10%	25%	20%	35%	25%
International Equity	15%	0%	20%	10%	20%	5%	20%	15%	30%	30%

Paterson & Associates—Model Portfolio Report

Notes

August 2014

Each of the portfolios is designed to deliver the highest expected return for a specific level of expected risk. For the Strategic Portfolios, the asset mix will be revisited on a periodic basis. For the Tactical Portfolios, the asset mix will be revisited and changed on a monthly basis, in reaction to changes in the underlying risk reward metrics for each fund.

The current and proposed portfolio allocations for the Tactical Portfolios are:

Funds	<u>Conservative</u>		<u>Moderate Balanced</u>		<u>Balanced</u>		<u>Balanced Growth</u>		<u>Growth</u>	
	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed
PH&N Short Term Bond & Mortgage	40%	40%		10%						
Dynamic Advantage Bond Fund	30%	30%	40%	40%	30%	30%	15%	15%		
RBC Global Corporate Bond	10%	10%	10%	10%	10%	10%	10%	10%	5%	5%
Manulife Strategic Income			10%		10%	10%	10%	10%	10%	10%
Fidelity Canadian Large Cap	15%	15%	20%	20%	25%	25%	25%	25%	25%	25%
Sentry Small Mid Cap Income	5%	5%	10%	10%	10%	10%	10%	10%	10%	10%
TD U.S. Blue Chip Equity										
Fidelity Small Cap America					10%	10%	10%	10%	10%	10%
CI Black Creek Global Leaders					5%	5%	5%	5%	20%	20%
Mac Ivy Foreign Equity			10%	10%			15%	15%	20%	20%

Risk Metrics										
Expected Annualized Return	4.13%	4.13%	5.85%	5.66%	6.64%	6.64%	7.07%	7.07%	7.79%	7.79%
Expected Standard Deviation	1.88%	1.88%	3.10%	2.85%	4.21%	4.21%	4.83%	4.83%	6.55%	6.55%
Expected Sharpe Ratio	2.20	2.20	1.88	1.99	1.58	1.58	1.47	1.47	1.19	1.19

Fund Asset Mix										
Fixed Income	80%	80%	60%	60%	50%	50%	35%	35%	15%	15%
Canadian Equity	20%	20%	30%	30%	35%	35%	35%	35%	35%	35%
U.S. Equity	0%	0%	0%	0%	10%	10%	10%	10%	10%	10%
International Equity	0%	0%	10%	10%	5%	5%	20%	20%	40%	40%

Paterson & Associates—Model Portfolio Report

Glossary and Disclosures

August 2014

Return data provided by Fundata, MSCI and PC Bond.

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.

Maximum Drawdown represents the largest peak to trough loss the portfolio has experienced in the past ten years.

Historic returns are calculated using the monthly return data in our database. Portfolio returns assume monthly rebalancing.

The portfolios were initially created in December 2008. Returns prior to that are based on pro-forma results using the asset mixes determined at December 2008. The portfolios underwent a dramatic rebalancing in January 2014. Results prior to January 2014 reflect the previous asset mixes of the portfolios. Results after January 2014 reflect the revised asset mixes. For information on the portfolios prior to January 2014, please contact us. .

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.

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.

D.A. Paterson & Associates Inc.
2255b Queen Street East, Suite 115
Toronto, Ontario
M4E 1G3
(416) 706-5087
info@paterson-associates.ca
www.paterson-associates.ca