

RECOMMENDED LIST OF FUNDS



October 2014

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The Recommended List

Name	Returns at September 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	0.0%	5.0%	3.3%	4.6%	0.46	0.14%	0.59	0.018	-0.033	0.138	0.819	1.58%
2 PH&N Short Term Bond & Mortgage	0.3%	2.9%	2.1%	2.7%	0.41	0.02%	0.85	-0.256	-0.268	-0.075	0.869	0.60%
3 PH&N Total Return Bond Fund	1.0%	6.4%	3.7%	4.7%	0.37	0.03%	0.88	-0.228	-0.271	-0.154	0.988	0.59%
4 TD Canadian Core Plus Bond	0.6%	5.0%	3.4%	4.6%	0.37	0.04%	0.83	-0.186	-0.233	-0.040	0.944	1.50%
Fixed Income - Specialty												
1 Manulife Strategic Income Fund	1.8%	9.3%	7.5%	6.3%	0.37	0.47%	0.11	0.435	0.434	0.615	0.084	2.07%
2 PH&N High Yield Bond - NEW	0.0%	6.2%	7.1%	7.0%	0.67	0.36%	0.42	0.391	0.270	0.466	0.287	1.44%
3 RBC Global Corporate Bond	0.2%	6.2%	5.1%	5.3%	0.39	0.16%	0.68	0.058	-0.096	0.196	0.685	1.74%
Canadian Equity - Core												
1 CI Cambridge Cdn Equity	-0.2%	15.7%	19.8%	13.0%	0.37	0.48%	0.72	0.828	0.757	0.663	-0.353	2.44%
2 Fidelity Canadian Large Cap Fund	1.5%	14.8%	18.0%	15.6%	0.50	0.80%	0.54	0.721	0.712	0.567	-0.372	2.55%
3 IA Clarington Cdn Conservative Equity	-1.1%	16.8%	10.2%	9.5%	0.31	0.25%	0.66	0.896	0.556	0.514	-0.246	2.49%
4 RBC North American Value Fund	0.7%	18.5%	16.4%	11.6%	0.34	0.33%	0.76	0.909	0.804	0.713	-0.410	2.10%
5 Signature Select Canadian Fund	1.2%	18.8%	14.4%	8.2%	0.22	0.00%	0.87	0.912	0.764	0.715	-0.456	2.44%
Canadian Small Mid Cap Equity												
1 IA Clarington Canadian Small Cap - NEW	-2.1%	21.5%	23.2%	16.2%	0.50	0.75%	0.51	0.719	0.703	0.707	-0.431	2.94%
2 Sentry Small Cap Income Fund	-0.6%	21.4%	24.1%	21.5%	0.63	1.09%	0.55	0.679	0.740	0.604	-0.335	2.72%
3 Trimark Canadian Small Companies Fund	-4.8%	14.9%	17.9%	14.5%	0.30	0.45%	0.71	0.643	0.699	0.617	-0.478	2.74%

Returns at September 30, 2014									Correlations			
Name	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	2.6%	18.2%	18.5%	13.0%	0.48	0.06%	0.74	0.429	0.879	0.480	-0.186	2.51%
2 Mackenzie U.S. Large Cap Class	4.4%	26.1%	23.9%	15.1%	0.42	-0.19%	1.06	0.635	0.940	0.646	-0.388	2.59%
3 RBC O'Shaughnessy U.S. Value Fund	2.1%	21.2%	25.7%	18.6%	0.40	0.02%	1.11	0.706	0.772	0.715	-0.394	1.55%
4 TD U.S. Blue Chip	6.2%	25.9%	24.8%	16.0%	0.39	-0.17%	1.10	0.594	0.868	0.629	-0.328	2.54%
5 Trimark U.S. Companies Fund	6.6%	28.5%	25.3%	15.7%	0.40	-0.24%	1.14	0.633	0.919	0.585	-0.378	2.99%
US Small Mid-Cap Equity												
1 Fidelity Small Cap America	4.5%	21.3%	28.9%	19.9%	0.45	0.61%	0.75	0.569	0.809	0.451	-0.407	2.59%
2 TD U.S. Mid - Cap Growth Fund	2.3%	20.0%	22.4%	15.9%	0.40	0.36%	0.71	0.680	0.845	0.567	-0.415	2.54%
3 Trimark U.S. Small Companies Class	2.4%	16.8%	19.9%	16.8%	0.40	0.44%	0.70	0.634	0.722	0.509	-0.444	2.85%
Global / International Equity - Core												
1 Franklin Mutual Global Discovery	-0.8%	12.9%	17.7%	9.6%	0.26	-0.20%	0.98	0.678	0.771	0.864	-0.363	2.60%
2 Invesco International Growth Class	-1.6%	14.5%	15.4%	9.2%	0.26	0.21%	0.78	0.588	0.690	0.934	-0.209	2.91%
3 Mac Ivy Foreign Equity Fund	0.0%	9.8%	13.7%	9.6%	0.40	0.27%	0.50	0.310	0.703	0.630	-0.200	2.56%
4 Manulife World Investment	-2.6%	12.5%	16.3%	8.4%	0.20	0.09%	0.88	0.679	0.719	0.893	-0.285	2.61%
5 Trimark Fund	-0.6%	18.0%	17.3%	11.5%	0.39	0.19%	0.72	0.461	0.758	0.795	-0.113	1.72%
Global Small Mid Cap Equity												
1 Brandes Global Small Cap	-1.6%	19.6%	25.1%	14.3%	0.32	0.06%	0.96	0.619	0.689	0.740	-0.319	2.71%
2 Trimark Global Endeavour	2.5%	17.4%	17.2%	14.4%	0.38	0.26%	0.78	0.538	0.703	0.761	-0.288	2.67%

Returns at September 30, 2014									Correlations			
Name	3 Mth	1 Yr	3 Yr	5 Yr	Sharpe Ratio	Alpha	Beta	TSX	S&P 500	MSCI EAFE	DEX	MER
Specialty / Sector Funds												
1 BMO Asian Growth & Income Fund	2.3%	11.2%	12.4%	8.2%	0.29	0.39%	0.47	0.475	0.397	0.655	0.012	2.80%
2 Brandes Emerging Markets	-1.5%	15.8%	11.3%	5.6%	0.12	-0.08%	0.99	0.674	0.570	0.728	-0.276	2.71%
3 Dynamic Power Global Growth Class	6.1%	10.2%	16.0%	15.8%	0.26	0.25%	1.06	0.593	0.507	0.495	-0.207	2.50%
Balanced / Income Funds												
1 AGF Monthly High Income Fund	-2.1%	11.0%	9.1%	9.5%	0.37	0.24%	0.75	0.868	0.566	0.585	-0.164	2.42%
2 CI Signature High Income Fund	0.5%	12.3%	11.1%	10.8%	0.58	0.51%	0.55	0.680	0.566	0.713	-0.030	1.60%
3 Fidelity Canadian Balanced Fund	1.6%	14.4%	9.9%	8.0%	0.39	0.14%	0.79	0.932	0.648	0.582	-0.139	2.35%
4 TD Monthly Income Fund	1.0%	14.1%	9.9%	8.4%	0.42	0.28%	0.57	0.862	0.603	0.575	-0.143	1.47%
Income Options												
1 TD Short Term Bond Fund	0.1%	2.0%	1.4%	2.1%	0.26	-0.05%	0.93	-0.266	-0.283	-0.111	0.864	1.10%
2 PH&N Monthly Income Fund	0.8%	14.2%	9.9%		0.46	0.27%	0.65	0.881	0.568	0.657	-0.052	1.08%
3 Sentry Canadian Income Fund	2.4%	18.9%	16.0%	15.0%	0.63	0.82%	0.45	0.787	0.724	0.606	-0.327	2.67%
4 BMO Monthly High Income Fund II	-1.9%	15.6%	12.1%	13.7%	0.48	0.67%	0.52	0.758	0.476	0.472	-0.124	2.32%
Passive Options												
1 TD Canadian Bond Index Fund	0.8%	5.5%	2.6%	4.0%	0.28	-0.07%	0.99	-0.305	-0.346	-0.236	0.999	0.83%
2 RBC Canadian Index Fund	-0.8%	19.5%	11.2%	7.9%	0.20	-0.11%	0.98	1.000	0.593	0.542	-0.306	0.72%
3 TD U.S. Index Fund	5.9%	27.7%	24.2%	15.5%	0.49	-0.05%	0.97	0.603	0.995	0.680	-0.336	0.55%
4 TD International Index Fund	-1.5%	12.5%	15.4%	6.4%	0.16	-0.12%	0.97	0.581	0.689	0.980	-0.240	1.00%

Benchmark Returns at September 30, 2014

Benchmark	<u>3 mth</u>	<u>1 Yr.</u>	<u>3 Yr.</u>	<u>5 Yr.</u>	<u>10 Yr.</u>
Fixed Income					
DEX 90 Day T-Bill Index	0.24%	0.91%	0.94%	0.77%	1.89%
DEX Short Term Bond Index	0.37%	2.90%	2.13%	2.90%	N/A
DEX Bond Universe	1.06%	6.34%	3.45%	4.85%	5.37%
Canadian Equity					
S&P/TSX 60 Capped Index	0.43%	21.34%	11.43%	6.28%	6.71%
S&P/TSX Composite	-0.59%	20.38%	12.07%	8.67%	8.50%
S&P/TSX Completion Index TR	-3.40%	17.67%	11.30%	11.27%	8.57%
S&P/TSX Small Cap Index TR	-9.36%	14.36%	6.02%	7.49%	N/A
U.S. Equity					
S&P 500 (C\$)	6.14%	30.11%	25.66%	16.78%	6.82%
Russell 2000 C\$	-2.63%	13.39%	24.41%	15.33%	6.91%
Global & Specialty Equity					
MSCI EAFE (C\$)	-1.13%	14.10%	16.77%	8.11%	5.60%
MSCI World (C\$)	2.83%	22.92%	21.30%	12.59%	6.47%
MSCI World Small / Mid Cap Index (C\$)	-0.57%	18.09%	21.80%	13.79%	7.90%
MSCI Europe C\$	-2.34%	15.91%	19.20%	8.50%	5.96%
S&P/TSX Capped REIT Index	-0.94%	12.35%	8.57%	14.01%	10.60%
MSCI Emerging Markets (C\$)	1.46%	14.06%	10.31%	5.69%	9.71%
MSCI Pacific C\$	1.25%	10.24%	13.29%	7.24%	4.75%
MSCI Pacific ex Japan C\$	-1.19%	10.59%	15.10%	8.42%	9.39%

Data Sources:

Fundata

PC Bond

Bank of Canada

MSCI

Returns as of September 30, 2014

List Changes

Additions

PH&N High Yield Bond Fund (RBF 6280 –Front End Units, RBF 4280 – Low Load Units) – It is almost like Christmas came early, with the announcement that the PH&N High Yield Bond Fund was reopening. This has long been my favourite high yield offering, but it has been closed to new investors since November 2010. With current market conditions, they felt it was possible to reopen the fund. However, according to RBC, there is only a limited amount of capacity, and they will not hesitate to close it again as that level approaches. It is widely expected the fund will be closed again within a few weeks, so if you want some, you had better act fast.

The fund focuses on medium quality corporate bonds, convertibles, and preferreds. At the end of August, 96% of its holdings were rated BB or lower. It can invest anywhere in the world, but currently about 37% is in Canada, 63% in the U.S. The U.S. allocation is up significantly from a year ago. The sector mix is based on the relative attractiveness based on their top down macro analysis. Once the sector mix is set, the managers conduct a fundamental analysis on a number of companies, looking at their free cash flow, and interest coverage ratios to determine quality. It is conservatively positioned with a duration of 2.5 years, well below the 3.8 years of a year ago. This positioning will allow it to hold up better than the broader bond market when rates move higher. Given the more conservative nature of the fund, performance can be a bit of a mixed bag compared with other high yield funds. It tends to lag in markets where high yield issues are rallying higher, yet holds up much better in periods of extreme uncertainty. Volatility is the lowest in the category, resulting in consistently above average risk adjusted returns. Another bonus is that it carries one of the lowest MERs in the category, even for the advisor sold units.

This has been one of my favourites in the fixed income space and I expect it to be for the foreseeable future. The only reason it has not been on my Recommended List in the past is that it has been closed to new investors. It is a great way to add high yield exposure in your portfolio without taking on huge risk. The only drawback is that it is likely to be closed again very soon as new assets flow into the fund.

IA Clarington Canadian Small Cap Fund (CCM 520 – Front End Units, CCM 521 – DSC Units) – It was a very tough decision to add this fund to the list. Not because it doesn't belong here, but because it is a very similar fund to one that was already on the list – the **CI Can-Am Small Cap Fund**. Both are managed by QV Investors out of Calgary using a near identical process that looks for high quality businesses run by strong management teams that are trading at attractive valuations. Both funds are built on a bottom up basis, and tend to be fairly concentrated.

But they are also somewhat different, with the CI Can-Am Small Cap having more exposure to mid-cap names, and more than 22% invested in U.S. small cap stocks. It is this difference which ultimately tipped the scales towards the IA Clarington offering. In a recent conversation with manager Joe Jugovic, he indicated that valuations in the U.S. small and mid-cap space were less attractive than what is available with Canadian small caps. Looking at the valuation metrics of both portfolios confirmed this, with the P/E ratio, operating margins, expected earnings growth, and the debt ratios favouring the IA Clarington Canadian Small Cap. Looking forward, while short term momentum may still favour the U.S. small caps, the valuation story in Canada is more compelling mid to long term. Because of that, I opted to make the switch.

That said, I still believe that the CI Can-Am Small Cap is a great fund. If you hold it, and are comfortable with it, I would not suggest that you make an immediate change. Going forward, I believe the environment slightly favours the Canada focused IA Clarington Canadian Small Cap Fund.

Deletions

CI Can-Am Small Cap Corporate Class (CIG 6104 – Front End Units, CIG 6154 – DSC Units) – This is a case where I am removing a fund not because it is a bad fund, but because there is a substantially similar fund that I believe is slightly better positioned. This fund has more than 22% invested in U.S. small caps, which are at a point where valuations are cause for concern. Because of that, I removed the CI Can-Am Small Cap Fund from the list, and replaced it with the very similar **IA Clarington Canadian Small Cap Fund**. While both are managed in an identical fashion, the Clarington offering looks more compelling from a valuation standpoint, and as a result, made the substitution. I still believe the CI Can-Am Small Cap is a great fund, I just didn't want to have two very similar funds on the Recommended List. If you hold the CI fund, and are comfortable with it, I would not suggest that you make an immediate change.

Renaissance Global Markets Fund (ATL 1029 – Front End Units, ATL 1873 – DSC Units) – I have been growing increasingly concerned about this fund for the past few quarters. Manager David Winters uses a fundamentally driven, deep value approach that looks for undervalued and distressed companies of any size, that are out of favour with the broader market that have strong prospects for a significant return.

The portfolio looks nothing like the benchmark, and neither does its performance. Unfortunately, recent performance has lagged by a significant margin, and the risk / reward metrics have continued to erode. The manager is taking steps to improve the outlook for the fund, taking advantage of the selloff in Asia to add to their holdings in the region, particularly Hong Kong. At the end of September, more than a quarter of the equity holdings were invested in Asia. Cash within the portfolio was sitting at nearly 13%.

While I believe that over the long term China is likely to return to solid growth, I'm not sure the risks of this fund continue to justify keeping it on my recommended list in the near term. Another factor in my decision is the fund is managed in a similar fashion to the **Franklin Mutual Global**

Discovery Fund. Looking at the portfolio metrics of that fund leads me to favour it over this offering in the near term. Its holdings are more attractively valued on a number of criteria including Price to Earnings, Price to Book, and Price to Cash Flow. While its recent performance has been somewhat underwhelming, its risk reward characteristics have been improving. I continue to monitor that fund closely as well.

CI Global Health Sciences Corporate Class (CIG 201 – Front End Units, CIG 701 – DSC Units) – I have long been a believer in the health care story, and that hasn't changed. What has changed is how I want to access the sector. The CI Global Health Sciences Fund had quite a run, however, the tide turned on it back in February when the entire sector sold off. However, while the other funds in the sector have made up their losses, this fund has continued to languish and the risk reward characteristics have eroded significantly. I am currently reviewing the other healthcare options and will determine which I believe to be the best way to play the sector. In the interim, I am removing the CI Global Health Sciences from the Recommended List, pending the outcome of my review.

Dynamic Global Real Estate Fund (DYN 085 – Front End Units, DYN 785 – DSC Units) – I had become increasingly concerned about the risk reward metrics of this fund for a few quarters now. While I don't believe it to be a bad fund, I don't believe it is the best in the category. It has struggled for a couple of years, on both an absolute and risk adjusted basis, and when I look at the metrics of the underlying portfolio, I don't expect that there will be a rapid turnaround. Considering that, I removed it from the Recommended List, and will conduct a more thorough review of the other Real Estate Equity Funds available to determine if any of those should be added to the list.

Funds of Note

Dynamic Advantage Bond Fund (DYN 258 – Front End Units, DYN 688 – DSC Units) – Despite lagging the other picks in the quarter, and so far this year, I still believe that this will be a great bond fund to hold when rates finally do start to move higher. However, it is now starting to look like Central Banks, particularly the U.S. Federal Reserve and the Bank of Canada may be keeping their policy rates on hold for a quarter or two longer than many, myself included, had anticipated. Still, duration remains shorter than either the **PH&N Total Return Bond Fund**, or the **TD Canadian Core Plus Bond Fund**. The managers continue to favour corporate bonds over governments. They have also taken advantage of the recent selloff in the high yield market to increase their exposure on a tactical basis, meaning they expect to sell their holdings as spreads compress and valuations become extended. In this environment, I would expect this fund to underperform slightly, given its more conservative positioning. More conservative investors will likely want to invest in this fund, however those looking for a more balanced approach between risk and return will want to consider either the TD or PH&N offerings for the next few quarters.

Fidelity Canadian Large Cap Fund (FID 231 – Front End Units, FID 531 – DSC Units) – One of the things I like about this fund is manager Dan Dupont is disciplined and sticks to his value focused style. He runs a portfolio that looks nothing like its benchmark, and in a rarity for a Canadian focused fund, has no exposure to Canadian banks or golds, and is significantly underweight in energy. The result is a return stream that is also much different from the index, which helps explain why it has struggled to keep up with its peers so far this year, as energy and materials have been rallying sharply. However, when these sectors hit the skids in September, it was able to outperform both the index and the overwhelming majority of its peers. Over the long term, I believe that the value focused style will result in above average returns with lower risk. However, I also expect there to be periods where it dramatically underperforms. As a result, if you are at all uncomfortable with the potential for significant underperformance for a quarter or two, you may want to consider another fund that is more closely aligned with the index. However, if you are looking for the potential for above average risk adjusted returns, this is a fund that is definitely worthy of consideration.

Trimark Canadian Small Companies Fund (AIM 1683 – Front End Units, AIM 1681 – DSC Units) – I originally added this fund back to my Recommended List in March 2013 as a replacement for the Mawer managed BMO Guardian Enterprise Fund, which had just been capped. Now I find myself in a near identical situation, as Invesco recently announced that this fund would be closed to new investors effective October 8. It is a “soft cap”, meaning that those investors who already held the fund could add to their holdings. While it is unfortunate that one of the best small cap funds in the country is being capped, it really is in the best interest of the current investors for them to do so. The managers run a very concentrated, high conviction portfolio that is made up of the managers’ best 25 to 40 ideas. They are disciplined in their approach and will not make any investment that does not meet their strict quality and valuation criteria. This can result in significant cash balances, which at the end of

September sat at more than 30%. If you hold this fund and it is appropriate for your portfolio, I would continue to do so. However, if you are looking for a high quality Canadian small cap offering, you will have to look elsewhere, with **IA Clarington Canadian Small Cap** (or the other QV managed funds **CI Can-Am Small Cap**, or **NEI Ethical Special Equity**), or the **Sentry Small Mid Cap Income Fund** being my picks.

Mackenzie Ivy Foreign Equity Fund (MFC 081 – Front End Units, MFC 611) – I have long said that this is the global equity fund you want to own when markets get volatile, and that point was driven home by recent market activity. Between September 1 and October 16, the MSCI World Index dropped by nearly 6% in Canadian dollar terms. During the same period, the Ivy Foreign Equity Fund dropped a little more than 3%, or roughly 56% of the downside movement of the market. This is in line with its historic average. The managers run a concentrated portfolio of high quality companies from around the world with strong balance sheets and excellent management teams that are trading at a reasonable valuation. They are very patient in their approach as evidenced by their low levels of portfolio turnover. For the most recent five year period, it has averaged less than 20% per year. With more volatility likely in the next few quarters, those investors looking for a way to gain global equity exposure with lower volatility will want to consider this offering. One warning, given the conservative nature, it is likely to lag in rising markets.

Dynamic Power Global Growth Class (DYN 014 – Front End Units, DYN 1714 – DSC Units) – The overwhelming majority of the time, I focus on funds that do a great job at managing volatility and protecting capital. This fund is definitely an exception to that, with a standard deviation that is nearly double the MSCI World Index, a beta that is well north of 1, and upside and downside capture ratios that will leave you shaking your head. Managed by Noah Blackstein, this is a concentrated portfolio of 20 to 30 companies from around the world that he believes to have the best growth prospects, strong earnings momentum and a history of upside earnings surprises. At the end of September, it had exposure to only three sectors; technology, consumer discretionary and healthcare. Tech names made up more than half the fund, and consumer names were 30%. Mr. Blackstein's style is very active, with levels of portfolio turnover averaging more than 200% a year for the past five years. This approach is very successful when markets are rallying sharply higher, but it can be devastating when markets get hit. For example, in 2008, the MSCI World Index was down by nearly 30%, while this fund was down by 47%. It recovered nicely, gaining 30% in 2009, more than doubling the 13% rise in the index. So far this year, it has matched the performance of the index, but still finished easily in the top quartile. In October, it gained 6.76%, more than four times the 1.6% gain in the index. Obviously given the risk reward profile of this fund, it is definitely not for everybody. Nor should it be considered to be a core equity holding. Instead, I view this as a fund that should only be considered by those who have a risk tolerance that is well above average, and are comfortable with the potential of losing a big chunk of their money over a relatively short period of time. But if you can stomach the ride, the potential for outsized gains as we move into the last couple months of the year remains strong.

Fixed Income Core

Fund	Style	Managers	MER	Assets (\$ mil)	Notes
Dynamic Advantage Bond	Multi-Strategy	Michael McHugh Domenic Bellissimo	1.58%	\$955.45	- Despite recent underperformance, remains my top bond pick for conservative investors - Duration remains well below the DEX - Manager focus 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%	\$4,411.58	- Remains my top short term bond pick - It is less interest rate sensitive than traditional bonds - Duration is 2.5 years, significantly lower than DEX - Half invested in corporates, 25% in governments, 15% in mortgages and the balance in cash.
PH&N Total Return Bond Fund	Multi-Strategy	PH&N Fixed Income Team	1.16%	\$5,517.54	- This is my top overall bond pick - Similar to PH&N Bond, except it can invest in high yield, mortgages & derivatives - Duration of 6.8 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%	\$8,433.54	- 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	0.0	5.0	3.3	4.6	4.2	-0.1	4.2	6.5	7.3	13.8	-3.7	71%	70%	42%	25%	2.40%
Quartile	4	3	2	1	3	1	2	3	1	1	4					
PH&N ST Bond & Mortgage	0.3	2.9	2.1	2.7	3.6	1.5	2.1	3.6	3.4	7.5	5.0	92%	90%	78%	83%	1.37%
Quartile	1	1	1	1	1	1	1	2	1	1	3					
PH&N Total Return Bond Fund	0.8	5.8	3.1	4.1	N/A	-0.9	3.9	8.1	6.5	11.2	0.9	88%	85%	89%	90%	2.97%
Quartile	1	2	2	2		2	2	1	1	1	4					
TD Canadian Core Plus Bond	0.6	5.0	3.5	4.6	N/A	-1.3	4.9	8.0	6.2	14.7	-1.2	88%	84%	77%	67%	2.90
Quartile	2	3	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, 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%	\$4,177.04	- Tactically managed global bond fund that invests in global government, corporate and high yield bonds - Managed using a very disciplined process - Currency risk is actively managed - Outlook is significantly stronger than what historic performance numbers indicate
PH&N High Yield Bond	Credit Analysis	Hanif Mamdani	1.44%	\$3,378.63	- One of the best high yield bond funds available - Has been capped for several years, but was recently reopened to new purchases - Will likely be capped in the next month or two, so now is the time to add this to portfolios that can benefit.
RBC Global Corporate Bond	Credit Analysis	Frank Gambino Marty Balch Soo Boo Che	1.72%	\$2,529.63	- Invests mainly in investment grade corporate bonds - Currently overweight high yield and Eurozone corporates, and underweight Asian & Canada corps. - Defensively positioned with duration of 5.9 yrs. - Expected to outperform a traditional bond fund in a flat and rising rate environment

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	
Manulife Strategic Income	1.8	9.3	7.5	6.3	N/A	4.5	9.1	2.0	8.4	8.8	21.1	59%	54%	98%	44%	4.17%
Quartile	1	2	3	4		2	3	3	4	4	1					
PH&N High Yield Bond	-0.0	6.2	7.1	7.0	N/A	4.5	10.0	4.3	10.0	16.7	N/A	40%	39%	-50%	-38%	2.57%
Quartile	2	3	3	3		4	3	2	3	3						
RBC Global Corporate Bond	0.2	6.2	5.2	5.3	4.7	-0.6	8.8	6.2	6.8	12.7	0.6	32%	40%	-48%	-15%	3.32%
Quartile	3	3	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%	\$3,557.34	- Bottom up investment process. High turnover - Over the quarter cash was reduced from 20% to 15% as they added to high quality and core names - Offers excellent downside protection
Fidelity Canadian Large Cap	Large Cap Value	Daniel Dupont	2.29%	\$3,965.10	- Defensively positioned. Holds no banks or golds - Had a solid quarter as energy and materials hit hard. - Deployed a good chunk of his cash balance in Q3, bringing it down to around 3%, from nearly 15%.
IA Clarington Cdn Conservative Eqty	Large Cap Blend	Doug Kee Ryan Bushell	2.49%	\$938.58	- Worst performer in Q3 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	2.11%	\$2,113.11	- Portfolio is overweight U.S. equities and cash. - Remain cautious on Canada, but expect exports to pick up as U.S. economy improves
Signature Select Canadian	Large Cap Blend	Eric Bushell	2.44%	\$2,486.20	- Is the most similar to the index, with highest correlation and highest R-squared. Still performing well. - Half the equity exposure is outside of Canada - Tactically uses cash, currently sitting at 5%

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	-0.2	17.8	20.5	13.4	N/A	27.2	16.7	-1.3	12.5	23.8	-23.6	98%	96%	-3%	56%	9.40%
Quartile	3	3	1	1		1	1	1	2	3	1					
Fidelity Canadian Large Cap	1.6	15.3	18.4	15.9	12.7	36.6	6.0%	10.6	17.8	37.2	-29.7	81%	84%	-23%	17%	8.11%
Quartile	1	3	1	1	1	1	3	1	1	1	3					
IA Clarington Cdn. Cons. Eq.	-1.1	16.8	10.4	9.6	7.7	9.5	5.8	2.4	13.6	24.6	-20.5	72%	77%	50%	53%	7.95%
Quartile	4	3	4	3	3	4	3	1	1	3	1					
RBC North American Value	0.7	18.6	16.4	11.6	9.9	23.1	11.8	-3.6	15.3	28.7	-22.7	93%	91%	31%	62%	9.06%
Quartile	3	4	2	2	1	2	1	1	1	1	1					
Signature Select Canadian	1.2	18.8	14.4	8.2	8.5	19.2	8.2	-8.5	10.3	28.0	-26.1	95%	89%	59%	84%	10.26%
Quartile	1	2	2	3	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
IA Clarington Canadian Small Cap	Mid Cap Blend	Joe Jugovic Ian Cooke	2.94%	\$893.82	- Switched in for the CI Can-Am Small Cap Fund - This has less exposure to U.S. Small Caps, which the manager, QV investors believes are overvalued. - 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 CI Can-Am Small Cap, which are very similar funds.
Sentry Small Mid Cap Income Fund	Mid Cap Blend	Michael Simpson Aubrey Hearn	2.72%	\$1,223.73	- Like a feeder fund for the Sentry Canadian Income. Focus on income, growth & capital preservation - Low volatility compared with peers and index - Pays a monthly distribution. Currently yielding 2.90%
Trimark Small Canadian Companies	Small Cap Blend	Rob Mikalachki Virginia Au	2.74%	\$682.80	- The fund was CLOSED TO NEW INVESTORS effective October 8. - This was because the fund has experienced significant growth in assets, nearing \$700 million in AUM - I'm actively looking for a replacement

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	
IA Clarington Cdn Small Cap	-2.1	21.5	23.2	16.3	10.7	37.3	20.2	-3.3	13.9	29.6	-33.0	104%	76%	-24%	-18%	8.55%
Quartile	3	3	2	1	1	1	1	1	4	4	1					
Sentry Small Mid Cap Income	-0.6	21.7	24.2	21.6	N/A	36.4	15.5	6.5	26.3	43.5	-22.2	97%	87%	-38%	-4%	8.84%
Quartile	2	1	1	1		1	1	1	3	3	1					
Trimark Cdn Small Companies	-4.8	15.1	18.0	14.6	8.8	29.1	15.0	-3.5	14.2	57.3	-38.6	106%	92%	43%	58%	13.20%
Quartile	3	3	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
Franklin U.S. Rising Dividends	Large Cap Blend	Don Taylor William Lippman	2.55%	\$905.55	- Conservative positioning helped in recent volatility. Dropped 4% while the S&P 500 was off 7%. - Focuses on companies that have growing dividends - 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%	\$296.02	- Focused on finding stocks with material upside to long-term earnings expectations. - Reduced cyclical and global exposures recently
RBC O'Shaughnessy U.S. Value	Large Cap Value	Jim O'Shaughnessy	1.51%	\$1,974.49	- 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%	\$1,741.42	- 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. Remains Overweight cyclicals
Trimark U.S. Companies	Large Cap Growth	Jim Young	2.95%	\$255.68	- Cost remains a concern. MER dropped from 2.99% to 2.95% for A Class units. Still well above average. - 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	2.6	18.2	18.6	13.0	3.3	36.1	5.5	6.3	10.2	-1.1	-11.1	72%	73%	56%	56%	7.17%
Quartile	4	4	4	4	3	3	4	1	2	4	1					
Mackenzie U.S. Large Cap Cl.	4.4	26.1	23.9	15.1	6.7	40.6	13.5	1.6	11.7	4.0	-20.6	95%	98%	102%	112%	9.62%
Quartile	2	2	2	1	1	2	1	1	1	4	1					
RBC O'Shaughnessy US Value	2.1	21.3	25.8	18.7	N/A	47.5	12.4	6.7	14.5	24.8	-50.0	106%	119%	225%	140%	12.27%
Quartile	4	4	1	1		1	1	1	1	1	4					
TD U.S. Blue Chip	6.2	25.9	24.8	16.1	5.8	47.6	13.7	1.8	8.2	18.7	-29.7	100%	105%	170%	125%	10.79%
Quartile	1	2	1	1	2	1	1	1	2	1	3					
Trimark U.S. Companies	6.6	28.5	25.3	16.7	5.5	40.8	10.3	0.3	15.6	5.9	-17.0	105%	110%	175%	150%	10.53%
Quartile	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	2.35%	\$1,311.78	- Performance rebounded in the third quarter. - Bally Technologies, a main contributor to recent underperformance bounced back nicely. - Remains my top pick in U.S. Small Cap category
TD U.S. Mid Cap Growth Fund	Mid Cap Growth	Brian Berghuis John Wakeman	2.57%	\$726.15	- 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%	\$119.19	- Very small cap focused. Lowest avg. mkt cap on list - Managers are becoming increasingly concerned about valuations. Cash balance has risen to 38%. - They are seeing some opportunities in energy names

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	4.6	21.6	29.2	20.2	9.1	54.2	19.9	7.7	18.9	31.9	-36.8	95%	95%	20%	60%	11.77%
Quartile	1	1	1	1	1	1	1	1	2	1	3					
TD U.S. Mid Cap Growth Fund	2.3	20.0	22.4	15.9	8.1	43.8	9.7	-0.5	20.2	22.7	-27.3	85%	85%	60%	65%	10.66%
Quartile	2	1	2	2	2	2	2	2	2	2	2					
Trimark U.S. Small Companies	2.4	16.8	19.9	16.8	8.1	33.4	10.0	8.8	13.7	42.2	-31.1	75%	85%	45%	55%	11.28%
Quartile	1	2	3	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%	\$1,174.52	- Go anywhere mandate that invests in undervalued stocks with a near term catalyst, and to a lesser extent merger arbitrage and distressed securities - I am becoming very concerned over the performance of this fund. Ratings have been slipping. - Effective immediately, it is UNDER REVIEW
Invesco International Growth Class	Large Cap Growth	Jason Holzer Clas Olsson	2.91%	\$396.67	- Invests outside of North America - Bottom up approach looks for quality companies with strong earnings, and reasonable valuations - Remain worried on Europe, but continue to make changes to improve the portfolio's characteristics
Mackenzie Ivy Foreign Equity Fund	Large Cap Blend	Paul Musson Matt Moody	2.56%	\$3,573.87	- Remains one of the best for downside protection - The defensive positioning hurt performance in Q3 - Significantly overweight consumer names. - Added positions in Johnson & Johnson, Proctor & Gamble and Bed Bath and Beyond. - Remain concerned about valuations
Manulife World Investment	Large Cap Blend	David Ragan Jim Hall	2.61%	\$635.61	- 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
Trimark Fund	Large Cap Blend	Michael Hatcher Jeff Feng	2.86%-A 1.72%-SC	\$1,374.51	- 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 use periods of above average volatility to purchase high quality companies at lower valuation

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	-0.8	12.9	17.7	9.7	6.7	28.0	12.6	-3.4	7.7	13.9	-26.3	85%	90%	95%	110%	9.81%
Quartile	4	4	2	3	1	3	2	2	2	2	2					
Invesco International Growth	-1.6	14.5	15.5	9.2	6.1	27.3	12.4	-6.1	7.0	17.3	-35.2	85%	90%	60%	70%	9.53%
Quartile	3	1	2	1	1	2	3	1	1	1	3					
Mackenzie Ivy Foreign Equity	0.0	9.9	13.7	9.7	5.9	31.0	7.9	3.2	3.6	5.8	-6.7	65%	65%	50%	35%	6.29%
Quartile	4	4	4	3	2	2	4	1	3	4	1					
Manulife World Investment	-2.6	12.5	16.3	8.4	N/A	21.6	19.2	-8.8	8.1	22.3	-32.8	90%	95%	70%	85%	11.26%
Quartile	4	1	1	1		4	3	2	2	2	1					
Trimark Fund (SC)	-0.6	18.0	17.3	11.5	5.2	30..5	12.0	3.2	5.0	10.4	-28.7	80%	80%	40%	55%	7.72%
Quartile	4	2	2	1	2	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%	\$87.14	• 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%	\$808.59	• 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 at 14% as they wait for quality businesses to trade at lower valuations.

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	-1.6	19.6	25.1	14.3	4.3	34.8	33.7	-15.2	21.9	41.9	-37.6	100%	90%	65%	85%	11.89%
Quartile	3	2	1	1	4	3	1	3	1	1	3					
Trimark Global Endeavour	2.6	17.4	17.2	14.4	7.3	31.9	14.3	1.5	19.7	31.9	-36.7	84%	95%	110%	70%	10.04%
Quartile	1	2	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%	\$655.77	• 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 • They are positive on Asia, as a number of reformist governments take hold with eye on growth • Great way to gain lower volatility exposure to Asia
Brandes Emerging Markets	Large Cap Value	Brandes Management Team	2.71%	\$283.15	• 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 • Starting to watch for erosion of risk characteristics.
Dynamic Power Global Growth	Large Cap Growth	Noah Blackstein	2.50%	\$723.21	• The focus is on high growth stocks, and is currently overweight tech, and consumer • Good way to add some kick to portfolio. High volatility with potential for high return. • Not for the faint of heart

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.	2.3	11.2	12.4	8.2	7.6	9.3	21.9	-10.1	12.5	27.0	-24.5	65%	70%	20%	40%	7.28%
Quartile	3	2	2	1	1	4	1	1	2	1	2					
Brandes Emerging Markets	-1.5	16.1	11.4	5.7	8.4	13.3	10.5	-19.8	10.2	79.5	-35.7	110%	110%	105%	105%	14.39%
Quartile	4	1	1	1	1	1	4	3	3	1	1					
Dynamic Power Global Growth	6.1	10.2	16.0	15.8	10.3	40.6	7.2	-5.9	22.3	30.0	-47.2	95%	120%	265%	120%	17.01%
Quartile	1	4	3	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 Tristan Sones Tom Nakamura	2.40%	\$1,200.16	• Significant overweight in energy dragged returns • Most volatile of the balanced picks. • Remain bullish but have become more cautious with their equity holdings, but are using current volatility to add selectively.
CI Signature High Income Fund	Tactical	Geoff Marshall Ryan Fitzgerald	1.60%	\$9,844.03	• Invests in high yielding equities, Corp & HY bonds • Top down macro view & bottom up security selection • Can invest up to 70% outside Canada • Currency exposure is tactically managed
Fidelity Canadian Balanced Fund	Strategic	Geoff Stein Mariana Egan	2.35%	\$7,021.02	• Maintains a pretty static asset mix of 50/50 • Invests in underlying Fidelity Funds • Underweight in energy & materials boosted returns • Offers great risk reward profile
TD Monthly Income Fund	Tactical	Doug Warwick Gregory Kocik Michael Lough Geoff Wilson Christopher Case	1.47%	\$8,613.73	• Asset mix is set by committee. Currently 36% in bonds. Has a long term bias towards equities • Bond sleeve has 7% high yield, 59% corps, 40% 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	-2.1	11.1	9.1	9.5	N/A	9.8	5.6	0.7	19.7	46.8	-33.4	85%	100%	130%	95%	6.78%
Quartile	4	4	4	1		4	3	1	1	1	4					
CI Signature High Income	0.5	12.3	11.1	10.8	8.1	8.6	11.6	4.8	15.3	30.6	-21.5	65%	75%	-110%	-30%	4.83%
Quartile	3	2	2	1	1	4	1	1	1	1	4					
Fidelity Canadian Balanced	1.7	14.7	10.2	8.2	7.5	12.7	6.0	-1.1	13.3	22.3	-18.7	105%	105%	55%	90%	5.18%
Quartile	1	1	2	2	1	1	2	2	1	1	3					
TD Monthly Income Fund	1.0	14.1	9.9	8.5	7.4	8.9	8.5	3.6	9.8	30.7	-23.4	75%	80%	50%	65%	5.20%
Quartile	1	3	3	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%	\$4,164.83	- Focus on short term bonds. Duration of 2.7 years. - Variable monthly distribution. Currently yields 1.4% - Continues to favour corporate bonds
PH&N Monthly Income Fund	Tactical	Scott Lysakowski William John	1.92%	\$3,512.05	- Pays a monthly distribution of \$0.0435, which works out to an annualized yield of 5.0% - Equities can range between 60% & 80%. 53% today - Fixed income sleeve remains defensively positioned - Q3 returns helped by defensive names
Sentry Canadian Income Fund	Large Cap Growth	Michael Simpson Aubrey Hearn	2.67%	\$4,939.96	- Pays a monthly distribution of \$0.0775 per unit, which works out to an annualized yield of 4.6% - 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%	\$1,889.42	- Pays a monthly distribution of \$0.06 per unit, which works out to an annualized yield of 4.9% - 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. Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2013	2012	2011	2010	2009	2008	3Yr	5Yr	3Yr	5Yr	
TD Short Term Bond	0.1	1.7	1.2	1.9	2.9	0.7	1.4	3.2	2.5	5.3	6.3	72%	75%	145%	125%	1.46%
Quartile	4	3	3	3	2	2	2	2	2	1	2					
PH&N Monthly Income Fund	0.6	13.3	9.0	N/A	N/A	6.9	7.6	0.8				95%	N/A	50%	N/A	4.06%
Quartile	2	2	3			4	1	1								
Sentry Canadian Income Fund	2.4	19.4	16.3	15.3	11.3	18.6	11.5	6.1	18.6	33.0	-22.8	75%	75%	-10%	15%	6.19%
Quartile	1	2	2	1	1	1	1	1	1	1	1					
BMO Monthly High Income II	-1.9	15.6	12.2	13.8	9.7	14.2	7.7	10.4	20.7	34.0	-27.8	65%	80%	25%	30%	7.47%
Quartile	4	4	3	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%	\$549.43	- 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%	\$677.95	- 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%	\$775.15	- 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%	\$364.04	- 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	0.8	5.5	2.6	4.0	4.5	-2.0	2.8	8.7	6.0	4.3	5.4	90%	90%	115%	110%	3.30%
Quartile	1	2	3	3	2	2	2	1	2	3	1					
RBC Canadian Index	-0.8	19.5	11.3	7.9	7.9	12.2	6.4	-9.2	16.8	34.1	-33.1	97%	98%	103%	102%	10.55%
Quartile	3	2	4	3	2	4	2	2	2	2	2					
TD U.S. Equity Index	6.0	29.2	24.7	15.8	5.9	38.4	12.5	3.8	8.2	6.5	-21.8	96%	95%	106%	96%	8.30%
Quartile	1	1	1	1	2	3	1	1	2	3	1					
TD International Index	-1.5%	12.5	15.4	6.4	3.9	28.6	14.5	-10.8	0.9	8.6	-28.6	93%	95%	97%	104%	11.2%
Quartile	3	2	2	3	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.