

# Monthly Socially Responsible Investment Fund Ranking Report

Prepared November 12, 2014

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

# Paterson & Associates - Monthly SRI Fund Ranking Report

October 2014

## [Back to Contents](#)

| <a href="#">Back to Contents</a>    |                                 |         |          |        |       |        | Correlations |         |         |          | Returns |        |        |        |      |      |
|-------------------------------------|---------------------------------|---------|----------|--------|-------|--------|--------------|---------|---------|----------|---------|--------|--------|--------|------|------|
| Name                                | Rating                          | Average | Monthly  | Sharpe | Alpha | Beta   | TSX          | S&P 500 | MSCI    | DEX      | 3 Month | 1 Year | 3 Year | 5 Year | MER  |      |
|                                     |                                 | Monthly | Standard |        |       |        |              |         | EAFE    | Universe |         |        |        |        |      |      |
| Fixed Income Funds                  |                                 |         |          |        |       |        |              |         |         |          |         |        |        |        |      |      |
| 1                                   | PH&N Community Values Bond      | D       | 0.37%    | 0.89%  | 0.35  | 0.00%  | 0.91         | -0.2692 | -0.2952 | -0.1754  | 0.9926  | 0.9%   | 5.6%   | 3.5%   | 4.5% | 0.60 |
| 2                                   | NEI Income Fund                 | D       | 0.30%    | 0.85%  | 0.28  | -0.04% | 0.82         | -0.2243 | -0.2497 | -0.1075  | 0.9325  | 0.5%   | 3.5%   | 2.2%   | 3.6% | 1.63 |
| 3                                   | NEI Canadian Bond Fund Series A | F       | 0.27%    | 0.91%  | 0.23  | -0.12% | 0.94         | -0.3158 | -0.3343 | -0.2197  | 0.9948  | 0.6%   | 3.8%   | 2.2%   | 3.2% | 1.64 |
| 4                                   | Meritas Canadian Bond Fund      | F       | 0.22%    | 0.90%  | 0.17  | -0.16% | 0.93         | -0.3340 | -0.3480 | -0.2365  | 0.9886  | 0.4%   | 3.6%   | 1.5%   | 2.6% | 2.20 |
| Benchmark (DEX Universe Bond Index) |                                 |         | 0.41%    | 0.95%  | 0.37  |        |              | -0.3263 | -0.3512 | -0.2398  | 1.0000  | 1.0%   | 5.8%   | 3.8%   | 5.0% |      |
| Category Average                    |                                 |         | 0.29%    | 0.89%  | 0.25  |        |              | -0.2858 | -0.3068 | -0.1848  | 0.9771  | 0.6%   | 4.1%   | 2.4%   | 3.5% | 1.52 |

## **Balanced Funds**

|                                                    |   |              |              |             |        |      |               |               |               |                |              |             |             |             |             |
|----------------------------------------------------|---|--------------|--------------|-------------|--------|------|---------------|---------------|---------------|----------------|--------------|-------------|-------------|-------------|-------------|
| 1 Meritas Income & Growth Portfolio                | A | 0.34%        | 0.68%        | 0.40        | 0.03%  | 0.63 | 0.7284        | 0.6463        | 0.6775        | 0.2329         | 0.8%         | 6.4%        | 5.3%        |             | 2.27        |
| 2 IA Clarington Inhance Conservative SRI Pt.       | A | 0.42%        | 0.90%        | 0.39        | 0.00%  | 0.84 | 0.6790        | 0.5938        | 0.6786        | 0.2505         | 0.8%         | 7.5%        | 6.4%        |             | 2.43        |
| 3 IA Clarington Inhance Monthly Inc SRI Pt.        | B | 0.71%        | 1.45%        | 0.44        | 0.36%  | 0.51 | 0.7865        | 0.6187        | 0.6616        | -0.0791        | 0.0%         | 9.5%        | 10.0%       |             | 2.32        |
| 4 Meritas Growth Portfolio                         | B | 0.60%        | 1.55%        | 0.35        | 0.19%  | 0.66 | 0.8241        | 0.8194        | 0.8193        | -0.3251        | 1.5%         | 10.3%       | 10.5%       |             | 2.59        |
| 5 IA Clarington Inhance Balanced SRI Pt.           | B | 0.50%        | 1.28%        | 0.34        | 0.12%  | 0.61 | 0.8275        | 0.7416        | 0.7831        | -0.0873        | 1.0%         | 9.2%        | 8.4%        |             | 2.47        |
| 6 Ethical Select Canadian Balanced Port.           | B | 0.49%        | 1.27%        | 0.34        | 0.13%  | 0.57 | 0.7942        | 0.7875        | 0.8419        | -0.1699        | -0.3%        | 8.2%        | 8.1%        |             | 2.51        |
| 7 IA Clarington Inhance Growth SRI Pt.             | B | 0.56%        | 1.66%        | 0.30        | 0.13%  | 0.64 | 0.8666        | 0.7763        | 0.7946        | -0.2309        | 1.1%         | 10.4%       | 9.8%        |             | 2.53        |
| 8 Ethical Select Canadian Growth Portfolio Class A | B | 0.55%        | 1.78%        | 0.28        | 0.11%  | 0.66 | 0.8473        | 0.8230        | 0.8400        | -0.3257        | -0.8%        | 9.0%        | 9.9%        |             | 2.73        |
| 9 Meritas Growth & Income Portfolio                | C | 0.56%        | 1.32%        | 0.38        | 0.18%  | 0.61 | 0.8460        | 0.7086        | 0.7287        | -0.2159        | 1.2%         | 8.9%        | 8.4%        |             | 2.62        |
| 10 PH&N Community Values Balanced                  | C | 0.64%        | 1.62%        | 0.35        | 0.13%  | 0.80 | 0.8873        | 0.7790        | 0.7984        | -0.2707        | 0.5%         | 11.7%       | 10.2%       | 7.7%        | 1.03        |
| 11 Ethical Select Conservative Portfolio Class A   | D | 0.41%        | 0.86%        | 0.40        | 0.02%  | 0.78 | 0.7416        | 0.6762        | 0.7132        | 0.1540         | 0.1%         | 6.7%        | 5.4%        | 5.0%        | 2.23        |
| 12 Meritas Balanced Portfolio                      | D | 0.44%        | 1.09%        | 0.34        | 0.10%  | 0.53 | 0.8394        | 0.7913        | 0.7603        | -0.1055        | 0.9%         | 7.5%        | 6.8%        | 5.3%        | 2.60        |
| 13 RBC Jantzi Balanced                             | F | 0.62%        | 1.41%        | 0.39        | 0.02%  | 0.68 | 0.8453        | 0.8350        | 0.7973        | -0.2394        | 1.8%         | 10.8%       | 9.8%        | 7.6%        | 2.31        |
| 14 NEI Ethical Balanced Fund Series A              | F | 0.25%        | 1.63%        | 0.11        | -0.25% | 0.79 | 0.8458        | 0.6877        | 0.5718        | -0.1537        | -0.7%        | 9.9%        | 2.8%        | 2.8%        | 2.33        |
| <b>Benchmark (40% DEX / 60% TSX)</b>               |   | <b>0.63%</b> | <b>1.73%</b> | <b>0.33</b> |        |      | <b>0.9783</b> | <b>0.5221</b> | <b>0.5268</b> | <b>-0.1235</b> | <b>-2.0%</b> | <b>9.9%</b> | <b>7.2%</b> | <b>7.6%</b> |             |
| <b>Category Average</b>                            |   | <b>0.51%</b> | <b>1.32%</b> | <b>0.34</b> |        |      | <b>0.8114</b> | <b>0.7346</b> | <b>0.7476</b> | <b>-0.1118</b> | <b>0.5%</b>  | <b>9.0%</b> | <b>8.0%</b> | <b>5.7%</b> | <b>2.36</b> |

## **Canadian Equity**

|                                                 |   |       |       |      |        |      |        |        |        |         |       |       |       |       |      |
|-------------------------------------------------|---|-------|-------|------|--------|------|--------|--------|--------|---------|-------|-------|-------|-------|------|
| 1 NEI Ethical Canadian Equity Fund Series A     | B | 0.92% | 2.51% | 0.34 | 0.40%  | 0.68 | 0.8263 | 0.6508 | 0.5891 | -0.4378 | -0.8% | 9.9%  | 13.5% | 11.2% | 2.60 |
| 2 PH&N Community Values Cdn Equity              | B | 0.83% | 3.12% | 0.24 | 0.08%  | 0.97 | 0.9553 | 0.6505 | 0.6413 | -0.4437 | -2.9% | 14.6% | 13.0% | 9.7%  | 1.20 |
| 3 IA Clarington Inhance Canadian Equity SRI Pt. | B | 0.65% | 3.00% | 0.19 | -0.06% | 0.92 | 0.9505 | 0.6789 | 0.7003 | -0.3897 | -1.8% | 13.1% | 11.4% |       | 2.54 |
| 4 Meritas Monthly Dividend and Income           | C | 0.82% | 2.46% | 0.30 | 0.33%  | 0.64 | 0.7922 | 0.6094 | 0.4458 | -0.3289 | -0.8% | 13.7% | 13.7% | 9.8%  | 2.64 |
| 5 RBC Jantzi Canadian Equity                    | C | 0.76% | 2.77% | 0.25 | 0.07%  | 0.89 | 0.9892 | 0.5851 | 0.5830 | -0.3409 | -4.1% | 12.8% | 10.1% | 9.0%  | 2.08 |
| 6 Meritas Jantzi Social Index Fund              | D | 0.66% | 3.06% | 0.19 | -0.07% | 0.95 | 0.9542 | 0.6386 | 0.6173 | -0.3833 | -2.8% | 11.5% | 10.3% | 7.6%  | 2.24 |
| 7 Desjardins Environment                        | F | 0.54% | 3.21% | 0.15 | -0.22% | 0.99 | 0.9506 | 0.6218 | 0.5656 | -0.3753 | -3.7% | 13.3% | 8.5%  | 6.0%  | 2.47 |

Financial Information provided by Fundata Canada. (c) Fundata Canada. All Rights Reserved. Past performance does not guarantee future performance. For additional information, your attention is directed to the notes section at the end of this document.

# Paterson & Associates - Monthly SRI Fund Ranking Report

October 2014

## [Back to Contents](#)

| Name                          | Rating | Average<br>Monthly<br>Return | Monthly<br>Standard<br>Deviation | Sharpe<br>Ratio | Alpha | Beta | Correlations |         |              |                         | Returns |        |        |        |      |
|-------------------------------|--------|------------------------------|----------------------------------|-----------------|-------|------|--------------|---------|--------------|-------------------------|---------|--------|--------|--------|------|
|                               |        |                              |                                  |                 |       |      | TSX          | S&P 500 | MSCI<br>EAFE | DEX<br>Universe<br>Bond | 3 Month | 1 Year | 3 Year | 5 Year | MER  |
| Benchmark (S&P/TSX Composite) |        | 0.77%                        | 3.02%                            | 0.23            |       |      | 1.0000       | 0.5706  | 0.5518       | -0.3263                 | -4.0%   | 12.6%  | 9.3%   | 9.1%   |      |
| Category Average              |        | 0.74%                        | 2.88%                            | 0.24            |       |      | 0.9169       | 0.6336  | 0.5918       | -0.3856                 | -2.4%   | 12.7%  | 11.5%  | 8.9%   | 2.25 |

## Canadian Small / Mid Cap Equity

|   |                                          |   |       |       |      |        |      |        |        |        |         |       |       |       |       |      |
|---|------------------------------------------|---|-------|-------|------|--------|------|--------|--------|--------|---------|-------|-------|-------|-------|------|
| 1 | NEI Ethical Special Equity Fund Series A | A | 1.24% | 2.49% | 0.47 | 0.73%  | 0.52 | 0.7414 | 0.6827 | 0.6896 | -0.4356 | -3.6% | 14.0% | 21.1% | 15.6% | 2.83 |
| 2 | AGF Clean Environment Equity Fund        | F | 0.62% | 3.84% | 0.14 | -0.20% | 0.83 | 0.7502 | 0.7397 | 0.7419 | -0.3987 | -0.4% | 6.2%  | 12.4% | 6.7%  | 3.25 |
|   | Benchmark (S&P/TSX Composite)            |   | 0.77% | 3.02% | 0.23 |        |      | 1.0000 | 0.5706 | 0.5518 | -0.3263 | -4.0% | 12.6% | 9.3%  | 9.1%  |      |
|   | Category Average                         |   | 0.93% | 3.16% | 0.31 |        |      | 0.7458 | 0.7112 | 0.7157 | -0.4172 | -2.0% | 10.1% | 16.8% | 11.1% | 3.04 |

## U.S. Equity

|   |                                                   |   |       |       |      |        |      |        |        |        |         |      |       |       |       |      |
|---|---------------------------------------------------|---|-------|-------|------|--------|------|--------|--------|--------|---------|------|-------|-------|-------|------|
| 1 | Meritas U.S. Equity Fund                          | F | 1.00% | 2.10% | 0.44 | -0.12% | 0.82 | 0.4534 | 0.9598 | 0.5633 | -0.3513 | 7.7% | 18.8% | 18.6% | 12.3% | 2.63 |
| 2 | NEI Ethical American Multi-Strategy Fund Series A | F | 1.14% | 2.78% | 0.39 | -0.27% | 1.03 | 0.6332 | 0.9119 | 0.6320 | -0.3855 | 4.2% | 23.7% | 20.5% | 14.0% | 2.55 |
|   | Benchmark (S&P 500 C\$)                           |   | 1.39% | 2.42% | 0.55 |        |      | 0.5706 | 1.0000 | 0.6736 | -0.3512 | 8.6% | 26.8% | 24.8% | 17.6% |      |
|   | Category Average                                  |   | 1.07% | 2.44% | 0.41 |        |      | 0.5433 | 0.9358 | 0.5976 | -0.3684 | 5.9% | 21.3% | 19.6% | 13.2% | 2.59 |

## Global / International Equity

|   |                                                |   |       |       |      |        |      |        |        |        |         |       |       |       |       |      |
|---|------------------------------------------------|---|-------|-------|------|--------|------|--------|--------|--------|---------|-------|-------|-------|-------|------|
| 1 | RBC Jantzi Global Equity                       | D | 0.94% | 2.61% | 0.33 | -0.07% | 0.96 | 0.6713 | 0.8875 | 0.8561 | -0.3800 | 5.0%  | 15.4% | 17.1% | 11.4% | 2.25 |
| 2 | NEI Ethical International Equity Fund Series A | D | 0.44% | 3.13% | 0.12 | -0.16% | 0.86 | 0.6018 | 0.6427 | 0.9081 | -0.2635 | -3.8% | 3.8%  | 9.2%  | 4.8%  | 2.98 |
| 3 | PH&N Community Values Global Equity            | F | 0.85% | 2.86% | 0.28 | -0.24% | 1.06 | 0.6640 | 0.8610 | 0.8814 | -0.3496 | 3.6%  | 17.6% | 17.3% | 10.2% | 1.24 |
| 4 | IA Clarington Inhance Global Equity SRI Pt.    | F | 0.74% | 2.79% | 0.24 | -0.28% | 0.99 | 0.6827 | 0.8399 | 0.8172 | -0.3341 | 5.0%  | 14.4% | 16.7% |       | 2.65 |
| 5 | Ethical Global Dividend                        | F | 0.79% | 3.03% | 0.24 | -0.24% | 0.99 | 0.5852 | 0.6198 | 0.9070 | -0.2135 | -4.3% | 2.0%  | 12.5% | 9.3%  | 2.63 |
| 6 | NEI Ethical Global Equity Fund Series A        | F | 0.67% | 2.95% | 0.21 | -0.44% | 1.07 | 0.6858 | 0.8688 | 0.8470 | -0.3965 | -2.2% | 8.6%  | 13.2% | 7.8%  | 2.71 |
|   | Benchmark (MSCI World Index C\$)               |   | 1.05% | 2.55% | 0.39 |        |      | 0.6403 | 0.9000 | 0.9250 | -0.3293 | 3.7%  | 18.1% | 19.9% | 12.9% |      |
|   | Category Average                               |   | 0.74% | 2.89% | 0.24 |        |      | 0.6485 | 0.7866 | 0.8695 | -0.3229 | 0.5%  | 10.3% | 14.3% | 8.7%  | 2.41 |

# Paterson & Associates—Monthly SRI Fund Ranking Report

## Methodology & Ratings Definitions

October 2014

### Methodology:

Fund Ratings which are highlighted in Green indicate an upgraded rating from the previous month. Fund Ratings highlighted in Red indicate a downgraded rating from the previous month.

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

To determine our rankings, fund returns are analyzed both on 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 upside and downside movements 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.

Only funds with greater than 36 months of data are eligible to receive a rating.

### Ranking Definitions:

Effective January 1, 2011, we switched to a letter grade rating system. A brief explanation of our ratings follows:

**F** - Over the most recent 60 month period, the fund did not generate a rate of return in excess of its benchmark on either a net of fees or gross of fees basis. The Fund will also have an expected return which is lower than its benchmark. A fund rated F may still have a place within a portfolio for risk reduction purposes, depending on individual circumstances.

**D** - Over the most recent 60 month period, the fund did not generate a rate of return in excess of its benchmark on a net of fees basis. It did generate excess return on a gross of fees basis.

**C** - A fund which is rated a **C** added some level of value to the benchmark. However, the consistency in returns and the consistency with which the fund beat the benchmark is lacking.

**B** - A fund that is rated a **B** has a strong track record of steady returns and has consistently added value to the benchmark.

**A** - A fund rated **A** has delivered stellar risk adjusted returns for the period under review.

# Paterson & Associates—Monthly SRI Fund Ranking Report

## Disclaimer

October 2014

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. Past performance does not guarantee future performance.

This publication does not constitute an offer to sell or the solicitation of an offer to buy any securities. The information provided in this publication is not intended to constitute legal, accounting, financial, tax or investment advice. Many factors unknown to us may affect the applicability of any statement or comment found in this report to your particular circumstances. Those seeking specific investment advice should consider a qualified investment professional.

## About Us:

Paterson & Associates is an independent consulting firm specializing in providing research and due diligence on a number of different investment products including mutual funds, hedge funds and other exempt market products. In addition Paterson & Associates offers fully customized portfolio optimization solutions to independent financial planners.

D.A Paterson & Associates Inc.  
701 Rossland Road East, Suite 365  
Whitby, Ontario  
L1N 9K3  
(416) 706-5087  
[info@paterson-associates.ca](mailto:info@paterson-associates.ca)  
[www.paterson-associates.ca](http://www.paterson-associates.ca)