

RECOMMENDED LIST OF FUNDS



July 2015

Contents

The Recommended List	3
Benchmark Returns	6
List Changes	7
Additions	7
Deletions	7
Funds of Note	9
Fixed Income Core	12
Fixed Income Specialty	13
Canadian Equity Core	14
Canadian Small Mid-Cap Equity	15
U.S. Equity Core	16
U.S. Small Mid-Cap Equity	17
Global / International Equity Core	18
Global / International Small / Mid-Cap Equity	20
Specialty / Sector Funds	21
Balanced / Income Funds	22
Income Options	23
Passive Options	24
Model Portfolios	25
Methodology	26
Disclaimer	27
About Us	28

The Recommended List

Name	Returns at June 30, 2015				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	-0.4%	2.2%	2.7%	4.0%	0.38	0.12%	0.49	0.159	0.142	0.298	0.791	1.58%
2 PH&N Total Return Bond Fund	-1.8%	5.9%	3.9%	4.9%	0.33	0.02%	0.91	-0.094	0.112	0.169	0.990	0.58%
3 PowerShares 1-5 Yr Laddered Corp Bond	0.0%	2.7%	2.6%	2.9%	0.39	0.00%	0.96	-0.095	0.140	0.277	0.889	0.99%
4 TD Canadian Core Plus Bond	-1.8%	4.5%	3.0%	4.4%	0.30	0.01%	0.84	-0.057	0.106	0.212	0.969	1.50%
Fixed Income - Specialty												
1 Manulife Strategic Income Fund	-2.5%	8.0%	7.1%	6.7%	0.33	0.32%	0.55	0.361	0.560	0.638	0.423	2.01%
2 PIMCO Monthly Income Fund - NEW	1.0%	1.9%	8.8%		0.62	0.87%	0.25	0.338	0.011	0.209	0.183	1.38%
3 RBC Global Corporate Bond	-2.4%	1.4%	3.4%	4.5%	0.30	0.10%	0.66	0.201	0.104	0.330	0.714	1.74%
Canadian Equity - Core												
1 CI Cambridge Cdn Equity	-1.7%	5.8%	17.0%	14.9%	0.47	0.73%	0.66	0.776	0.651	0.641	-0.200	2.00%
2 Fidelity Canadian Large Cap Fund	-1.9%	7.1%	16.3%	16.5%	0.60	1.00%	0.43	0.595	0.664	0.645	-0.085	2.56%
3 IA Clarington Cdn Conservative Equity	-3.3%	-12.3%	4.5%	5.9%	0.19	0.02%	0.68	0.847	0.304	0.445	-0.137	2.44%
4 RBC North American Value Fund	-1.6%	5.8%	15.2%	12.5%	0.40	0.50%	0.73	0.877	0.703	0.711	-0.260	2.10%
5 Signature Select Canadian Fund	-2.5%	4.7%	13.2%	9.6%	0.27	0.21%	0.85	0.884	0.676	0.722	-0.274	2.00%
Canadian Small Mid Cap Equity												
1 CI Cambridge Pure Canadian Equity	-1.7%	2.7%	28.7%		0.57	1.25%	0.63	0.703	0.325	0.421	-0.218	2.00%
2 IA Clarington Canadian Small Cap	0.4%	-4.6%	15.8%	14.2%	0.44	0.76%	0.50	0.699	0.464	0.530	-0.401	2.93%
3 Sentry Small Cap Income Fund	-1.5%	6.6%	19.9%	19.2%	0.60	1.12%	0.50	0.693	0.680	0.588	-0.218	2.71%

Returns at June 30, 2015									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	-2.4%	19.0%	19.9%	16.0%	0.54	-0.07%	0.82	0.266	0.899	0.502	0.124	2.51%
2 Mackenzie U.S. Large Cap Class	-2.4%	19.3%	22.6%	19.2%	0.53	-0.18%	1.03	0.500	0.934	0.649	-0.074	2.56%
3 RBC O'Shaughnessy U.S. Value Fund	-1.7%	4.9%	20.1%	18.3%	0.41	0.07%	0.85	0.669	0.618	0.630	-0.324	1.55%
4 TD U.S. Blue Chip	-1.4%	29.7%	26.1%	21.6%	0.51	-0.15%	1.12	0.417	0.864	0.662	0.078	2.54%
5 Trimark U.S. Companies Fund	-1.6%	26.3%	24.7%	20.8%	0.52	-0.24%	1.14	0.446	0.941	0.617	0.001	2.98%
US Small Mid-Cap Equity												
1 Fidelity Small Cap America	-2.2%	35.6%	30.5%	27.7%	0.64	0.91%	0.71	0.375	0.839	0.479	-0.010	2.59%
2 TD U.S. Mid - Cap Growth Fund	-0.6%	32.6%	27.5%	21.4%	0.52	0.44%	0.74	0.478	0.868	0.603	-0.032	2.54%
3 Trimark U.S. Small Companies Class	-7.0%	13.7%	18.9%	17.8%	0.44	0.27%	0.68	0.490	0.793	0.564	0.021	2.81%
Global / International Equity - Core												
1 Guardian Global Dividend Growth Fund	-2.9%	13.9%	14.3%		0.41	0.08%	0.70	0.356	0.745	0.781	0.472	2.01%
2 IA Clarington Global Equity	-1.7%	11.1%	14.1%	11.3%	0.29	-0.41%	0.97	0.639	0.697	0.841	-0.017	2.65%
3 Invesco International Growth Class	-0.3%	12.1%	18.3%	13.2%	0.37	0.20%	0.78	0.598	0.727	0.930	0.080	2.87%
4 Mac Ivey Foreign Equity Fund	-2.6%	14.1%	15.6%	12.9%	0.45	0.17%	0.63	0.212	0.769	0.648	0.215	2.53%
5 Manulife World Investment	-2.0%	12.8%	17.9%	13.9%	0.32	0.12%	0.91	0.627	0.712	0.899	0.078	2.61%
6 Trimark Fund	0.3%	16.3%	19.8%	15.8%	0.54	0.24%	0.74	0.436	0.799	0.803	0.197	1.71%
Global Small Mid Cap Equity												
1 Brandes Global Small Cap	-1.2%	10.0%	25.1%	17.3%	0.41	0.06%	0.89	0.654	0.680	0.795	-0.083	2.73%
2 Trimark Global Endeavour	2.4%	24.6%	22.7%	19.5%	0.51	0.36%	0.79	0.478	0.738	0.766	0.041	2.64%

Returns at June 30, 2015									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	-0.5%	11.9%	12.7%	9.2%	0.29	0.20%	0.55	0.458	0.433	0.686	0.273	2.67%
2 Brandes Emerging Markets	-1.1%	7.6%	13.0%	7.0%	0.13	0.01%	0.96	0.687	0.452	0.698	-0.116	2.71%
3 Dynamic Power Global Growth Class	-0.5%	31.7%	24.0%	18.4%	0.30	-0.09%	1.17	0.424	0.530	0.588	0.071	2.50%
4 Manulife Global Infrastructure Fund	-3.9%	4.0%	14.9%	15.6%	0.51	0.54%	0.50	0.360	0.468	0.569	0.434	2.77%
Balanced / Income Funds												
1 CI Signature High Income Fund	-1.6%	3.6%	8.7%	9.9%	0.54	0.45%	0.60	0.678	0.518	0.715	0.219	1.25%
2 Fidelity Canadian Balanced Fund	-1.2%	10.0%	11.2%	9.3%	0.45	0.30%	0.76	0.772	0.678	0.685	0.206	2.35%
3 Manulife Monthly High Income	-2.0%	10.8%	12.4%	9.9%	0.59	0.57%	0.35	0.567	0.730	0.594	0.105	2.04%
4 Sentry Conservative Balanced Income	-2.4%	0.7%	8.1%	9.0%	0.62	0.44%	0.49	0.719	0.613	0.593	0.163	2.23%
5 TD Monthly Income Fund	-2.0%	1.1%	7.9%	7.7%	0.42	0.30%	0.53	0.815	0.434	0.551	-0.023	1.47%
Income Options												
1 PowerShares 1-5 Yr Laddered Corp Bond	0.0%	2.7%	2.6%	2.9%	0.39	0.00%	0.96	-0.095	0.140	0.277	0.889	0.99%
2 PH&N Monthly Income Fund	-1.7%	-0.7%	7.0%	7.2%	0.38	0.15%	0.74	0.877	0.420	0.616	0.046	1.09%
3 Sentry Canadian Income Fund A	-2.8%	6.8%	12.8%	13.6%	0.63	0.78%	0.43	0.758	0.696	0.586	-0.071	2.66%
4 BMO Monthly High Income Fund II	-2.6%	-6.5%	8.2%	10.6%	0.37	0.46%	0.57	0.755	0.287	0.426	-0.024	2.20%
Passive Options												
1 TD Canadian Bond Index Fund	-1.9%	5.5%	3.0%	4.2%	0.26	-0.06%	0.99	-0.182	0.030	0.082	0.999	0.83%
2 RBC Canadian Index Fund	-1.8%	-1.9%	10.3%	7.5%	0.21	-0.04%	0.98	1.000	0.435	0.562	-0.182	0.72%
3 TD U.S. Index Fund	-1.3%	24.6%	24.0%	19.8%	0.61	-0.05%	0.97	0.447	0.995	0.694	0.033	0.55%
4 TD International Index Fund	-0.9%	11.1%	18.5%	12.2%	0.28	-0.10%	0.99	0.558	0.672	0.987	0.076	1.00%

Benchmark Returns at June 30, 2015

Benchmark	<u>3 mth</u>	<u>1 Yr.</u>	<u>3 Yr.</u>	<u>5 Yr.</u>	<u>10 Yr.</u>
Fixed Income					
FTSE TMX 90 Day T-Bill Index	0.16%	0.85%	0.92%	0.88%	1.76%
FTSE TMX Short Term Bond Index	0.21%	3.43%	2.66%	2.99%	
FTSE TMX Canadian Bond Universe	-1.72%	6.26%	3.77%	5.07%	5.00%
Canadian Equity					
S&P/TSX 60 Capped Index	-1.75%	0.70%	11.72%	6.93%	5.24%
S&P/TSX Composite	-1.63%	-1.16%	11.12%	8.28%	6.86%
S&P/TSX Completion Index TR	-1.26%	-6.23%	9.19%	8.72%	6.60%
S&P/TSX Small Cap Index TR	1.31%	-16.40%	4.07%	3.22%	
U.S. Equity					
S&P 500 (C\$)	-1.32%	25.79%	25.65%	21.17%	8.10%
Russell 2000 C\$	3.11%	26.10%	26.59%	21.27%	8.74%
Global & Specialty Equity					
MSCI EAFE (C\$)	-0.82%	12.38%	20.29%	13.64%	5.84%
MSCI World (C\$)	-1.17%	19.14%	22.90%	17.45%	7.18%
MSCI World Small / Mid Cap Index (C\$)	-0.84%	19.46%	24.82%	18.70%	8.44%
MSCI Europe C\$	-0.98%	8.47%	20.87%	14.32%	5.83%
S&P/TSX Capped REIT Index	-4.97%	2.88%	3.85%	12.08%	9.14%
MSCI Emerging Markets (C\$)	-0.84%	11.26%	11.33%	7.46%	8.65%
MSCI Pacific C\$	-0.49%	20.26%	19.20%	12.59%	5.81%
MSCI Pacific ex Japan C\$	-4.05%	9.03%	15.16%	12.42%	8.55%

Data Sources:

Fundata

PC Bond

Bank of Canada

MSCI

Returns as of June 30, 2015

List Changes

Additions

PIMCO Monthly Income Fund (PMO 005 – Front End Units, PMO 105 – Low Load Units) – This global bond fund came out of the gate at full speed, gaining nearly 18% in 2011 and 24% in 2012. Obviously these returns weren't sustainable, and have since settled down to a more reasonable level, posting a 6.4% rise in 2013, and 6.6% in 2014.

Managed by the team of Alfred Murata and Dan Ivascyn with the objective of income generation, it invests in a wide range of fixed income holdings including mortgage backed securities, investment grade bonds, high yield debt, and emerging market bonds. It can also use derivatives and engage in limited short selling. The portfolio tends to be rather U.S. focused, but will invest anywhere in the world.

The process used is a combination top down macro analysis combined with bottom up security selection. The top down macro analysis is formulated by PIMCO's investment committee, and looks at both the long term outlook and the near term cyclical view. This analysis helps the managers set the fund's sector mix, duration and yield curve positioning.

Once they know what they want the portfolio to look like, the bottom up analysis helps find the securities to be held by the fund. A number of techniques are used including credit analysis, which looks at the financial stability of a company and their ability to repay their debt. They will also use a proprietary quantitative model that stress tests the various issues, providing an estimate of how a particular issue is likely to react in the face of changing interest rates and market conditions.

The managers will look at the portfolio in two distinct parts; high quality core, and non-core. Within the high quality core portion, they tend to focus on investment grade issues in developed countries and agency mortgage backed securities. This portion is designed to provide downside protections and modest returns in periods when economic growth is weak. Currently, management is finding a lot of attractive opportunities in Australia, as they believe there is room for yields to fall further, providing the potential for capital gains.

The non-core portion holds lesser quality issues such as high yield bonds, emerging market debt, and non-agency mortgage backed securities. Within high yield bonds, they look for names that offer attractive income potential. Emerging market investments tend to be in large, quasi-sovereign entities and long-dated Brazilian inflation linked securities. For their non-agency mortgage backed securities, the like issues that can be bought at a discount, that allow for both income and the potential for capital gains.

They are very active in their approach with levels of portfolio turnover that have averaged more than 200% since the launch of the fund.

Unlike a lot of other monthly income funds, this one is managed with a focus on income generation. The monthly distribution amount is variable and is based on what the managers believe they can generate from the portfolio. The goal is to try to have all distribution payments come from generated income, rather than risk encroaching on invested capital. For the past 12 months, income distributions have totaled approximately \$0.70, resulting in an annualized yield of 4.8%.

Costs are very reasonable, with a management expense ratio of 1.38%.

While I like this fund, I do not consider it to be a core fixed income offering. Given the underlying investments, it is more risky than what historic volatility has indicated. I see this more as a piece of a well-diversified portfolio, and believe the modest volatility, combined with the low correlation to the traditional asset classes make it a good way to help reduce the overall volatility of a portfolio.

Deletions

None

Funds of Note

PowerShares 1-5 Year Laddered Corporate Bond Fund (AIM 53203 – Front End Units) – Effective June 30, 2015, FTSE TMX Global Debt Capital Markets Inc., the provider of the index on which this fund is based announced some changes to the way the index is constructed. The biggest change was the number of bonds will gradually be increased from the current 25 to 50 over the next few years. To do this, each of the five equally weighted maturity buckets will see the number of bonds held in it double from five to ten. This will be done on a gradual basis, with the five year maturity bucket increasing its holdings to ten. All others remain holding five. Next June, when the index is reconstituted, an additional five bonds will be added, and so on. In five years, the changes will be complete.

The rationale provided for this change was to increase the diversification of the portfolio, which I believe will be beneficial in the challenging fixed income environment. After the index is reconstituted, the yield to maturity of the portfolio will increase from 1.69% to 1.80%. In comparison, the yield on the FTSE TMX Canadian Short Term Bond Index is listed at 1.03%.

A drawback of the reconstitution is there has been a modest increase in the interest rate sensitivity of the portfolio. Before the reconstitution, the duration was 2.53 years. After, it increases to 3.34. In comparison, the Short Term Bond Index has a duration that is listed at 2.85 years. This happened because the shortest duration bonds were removed from the portfolio, and new, longer duration bonds were added. Over the next 11 months, the duration will gradually fall as the term to maturity shortens. This happens each time the index is reconstituted.

Normally, I wouldn't be too concerned about this. However, with there being a chance that the U.S. Federal Reserve may begin moving rates higher in the fall, there may be upward pressure on Canadian yields, which may affect this fund more than some of the other short term options available. Still, with a yield that is running about 30 basis points higher than my second favourite short term bond pick, the **PH&N Short Term Bond and Mortgage Fund**, this Powershares offering remains my top pick for those looking for short term bond exposure.

RBC Global Corporate Bond Fund (RBF 753 – Front End Units, RBF 853 – DSC Units) – The Fund had a tough quarter, losing 2.4% and underperforming its peers. A key reason for the loss was the increase in global bond yields, which were pushed higher on improving economic sentiment and expectations that the U.S. Federal Reserve will begin moving rates higher later in the year. With a duration of 6.1 years, the fund remains highly sensitive to movements in interest rates.

Another factor that weighed on it was its high yield and emerging market debt exposure. Both struggled in the face of continued weakness and uncertainty in the energy sector. Recent troubles in China will also weigh on the broader emerging market region. With continued uncertainty expected, more volatility is likely in the short term.

Despite the short-term outlook, this remains an excellent global bond fund, given the management team and process behind it. While not a core holding, it can play an important role in your fixed income allocation.

Manulife Monthly High Income Fund (MMF 583 – Front End Units, MMF 483 – DSC Units) – Since I recommended this fund in January, it has struggled to keep pace with its peers, with a modest 0.70% gain so far this year. At the end of June, it held 16% in cash, 22% in Canadian bonds, and 4% in foreign bonds. Equity exposure was 55%, with Canadian equity making up more than half. The equity sleeve is fairly concentrated, holding less than 50 names. A few of the big holdings struggled in the quarter, including Enbridge, which was down in the face of continued weakness in the energy sector, and Oracle, which sold off heavily after missing its earnings targets. The fixed income exposure is mainly in investment grade corporate bonds, which finished the quarter in the red.

Despite this recent underperformance, I believe this is an excellent balanced fund for those with a longer term time horizon. The managers use a very disciplined, bottom up process that has rewarded investors with excellent long term results, both on an absolute and risk adjusted basis. It also carries an MER of 2.04%, which is below its peers. I expect it to continue to deliver above average returns over the long term.

PH&N Monthly Income Fund (RBF 6660 – Front End Units, RBF 4660 – Low Load Units) – I have been disappointed with this fund for the past few quarters, and the nearly 2% drop posted in the second quarter did little to help matters. Since peaking in mid-2014, the fund has failed to keep pace with its peers.

The fund's neutral asset mix is 50% Canadian equities, 35% Canadian bonds, 10% high yield, and 5% preferred shares. At the end of June, it was underweight bonds, and modestly overweight equities. Part of the reason for the underperformance would be its 5.1% weight in preferreds, which have been hit very hard in the face of the Bank of Canada rate cuts, and uncertainty remains in the short term. Performance was also hurt by its holdings in Canadian Utilities, which fell by 8.8% in the quarter, and TransAlta, which was down by more than 16%.

Looking ahead, the managers have reduced their overweight exposure to corporate bonds, and have kept the interest rate positioning close to the benchmark. Within the equity sleeve, they are looking for higher yielding names, which explains the overweight to financials, energy, and utilities. Unfortunately, the near term outlook for those sectors, particularly energy, points to further volatility and headwinds.

The fund pays out a monthly distribution of \$0.042 per unit, which works out to an annualized yield of nearly 5.2%. It is this yield that makes this an attractive candidate for those looking for cash flow. However, until I see a more sustained recovery in performance I would suggest caution. I am continuing to monitor this fund closely.

TD U.S. Blue Chip Equity Fund (TDB 977 – No Load Units, TDB 310 – Front End Units, TDB 340 – Low Load Units) – U.S. large cap equity has been one of the most difficult categories to outperform the index, but this is a fund that has done a respectable job in doing just that. For the five years ending June 30, its 21.7% annualized gain (after all fees) has bested the S&P 500's 21.2% rise. Year to date, performance has been even strong, gaining 13.8% while the index gained 8.9%.

While this is great, I certainly don't expect it to be able to continue to outperform at this pace. A big reason for this view is the fund tends to be more volatile than the broader market. For the past five years, the S&P 500 has had a standard deviation of 8.3%, while the fund was 11.0%. If we look at upside and downside capture ratios, the fund tends to outperform when the index is positive, but tends to underperform

by a greater margin when it falls. The reason this happens is the fund has a growth tilt to it, with healthcare, consumer cyclical and tech being the largest sector weights. Those sectors, and healthcare specifically, have had a tremendous run. As a result, the valuation metrics of the fund are on the high side, with price to earnings, price to cash flow, and price to book ratios that far exceed the index and peer group. It is also the most highly valued U.S. equity fund on the Recommended List. But, it also shows the strongest rate of earnings growth, both on a historical and forward looking basis. Factoring in the growth projections, it is not as overvalued as it may appear in isolation.

In a recent commentary, manager Larry Puglia noted that after the six year market rally, U.S. equities' "...somewhat high absolute valuations make them vulnerable to the Fed's timetable for returning interest rates to more historically normal levels." He also noted that this far into the market cycle will make it difficult for many companies to expand margins by cost cutting, and only those that can effectively execute their strategy are likely to see profit growth.

Considering the above, I would suggest that if you have held this fund for a while, you may want to consider taking some profits, taking some money off the table. I expect higher levels of volatility as we enter the fall, but over the long term, I expect this fund to deliver index like returns, with higher levels of volatility.

Trimark Global Endeavour Fund (AIM 1593 – Front End Units, AIM 1591 – Low Load Units) – In a quarter that saw the overwhelming majority of funds on the Recommended List finish in negative territory, this concentrated, value focused all-cap offering posted a very respectable 2.4% gain; the best of the bunch. In comparison, the MSCI World Index lost 1.2% during the same period.

This divergence in performance highlights just how different this portfolio is from the broader markets. It has approximately 30 names, with the top ten making up just under half the fund. In a portfolio this concentrated, a good quarter by a couple of stocks can really boost returns. In the second quarter, it was DCC PLC and Lewis Group that were the key contributors to the outperformance. DCC was higher on news of an acquisition that is expected to be accretive to earnings, while Lewis rose on better than expected results.

They sold one name during the quarter, deploying some of the proceeds into other Latin American names on weakness, with the balance being held in cash. At the end of the quarter, cash sat at approximately 16%, up from 13% in March. A high cash balance can be a buffer in a market selloff, but can act as a drag in a market rally. However, given the concentrated nature of this portfolio, it is less of a concern.

Managers are still concerned about valuation levels, noting in a recent commentary they continue to find it rather challenging to find undervalued investments. They continue to find some interesting opportunities in the emerging markets. Still, given the discipline of their process, I would not be surprised to see the cash weighting increase in the coming quarters as names reach full valuation and they are sold out of the portfolio. The managers are likely to use any period of market weakness as an opportunity to pick up new quality names at attractive prices, or add to existing positions.

This remains a great mid-cap focused fund and can be a great diversifier in an otherwise balanced portfolio. Given the concentration in the portfolio, I would be reluctant to use it as a core holding. If you have held it for some time, I would suggest you take some profits.

Fixed Income Core

Fund	Style	Managers	MER	Assets (\$ mil)	Notes
Dynamic Advantage Bond	Multi-Strategy	Michael McHugh Domenic Bellissimo	1.58%	\$942.8	- Rising yields resulted in outperformance in Q2 - BoC cut in July will hurt Q3 gains, barring a reversal - Managers remain committed to protecting capital - I expect this to lag in the short term. Will outperform when there is upward pressure on yields.
PH&N Total Return Bond Fund	Multi-Strategy	PH&N Fixed Income Team	1.16%	\$7,243.6	- With yields in Canada likely to remain on hold or move lower, this is my top bond pick for near term. - Similar to PH&N Bond, except it can invest in high yield, mortgages & derivatives - Duration of 7.3 yrs. is in line with the FTSE/TMX. - Should outperform in flat or falling rate environment.
PowerShares 1-5 Yr Laddered Corp Bond	Rules Based	PowerShares Management Team	0.99%	\$399.2	- Recent reconstitution increased duration slightly - Invests in an equally weighted laddered portfolio of corporate bonds rated BBB or higher, in 5 maturity buckets ranging from 1 to 5 years. - Lower cost, higher yield and corporate focus should lead to outperformance in most market environments
TD Canadian Core Plus Bond	Multi-Strategy	Rob Pemberton Christopher Case	1.51%	\$11,375.19	- Similar to the TD Canadian Bond except it can invest up to 30% in global, high yield & Emerging Mkt. debt - Duration is slightly shorter than PH&N. Expected to lag it in flat or falling rate environment.

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2014	2013	2012	2011	2010	2009	3Yr	5Yr	3Yr	5Yr	
Dynamic Advantage Bond	-0.4	2.2	2.7	4.0	4.4	4.3	-0.1	4.2	6.5	7.3	13.8	67%	66%	35%	18%	2.30%
Quartile	1	4	1	1	1	4	1	1	3	1	1					
PH&N Total Return Bond Fund	-1.9	5.3	3.3	4.3	N/A	8.0	-1.5	3.4	7.5	5.9	10.6	114%	100%	81%	71%	3.43%
Quartile	2	1	1	1		1	2	3	2	3	1					
PShrs 1-5 Yr Lad. Corp Bond	-0.1	2.8	2.6	2.9	N/A	2.8	1.4	3.0	4.1	N/A	N/A	167%	155%	107%	93%	1.48%
Quartile	2	1	1	1		1	1	1	1							
TD Canadian Core Plus Bond	-1.8	4.5	3.0	4.4	N/A	6.9	-1.3	4.9	8.0	6.2	14.7	102%	93%	86%	70%	3.24%
Quartile	2	1	1	1		2	1	1	1	1	1					

Note: Risk is the annualized three or five year standard deviation, whichever is longest
Upside and downside capture ratios are run against the FTSE TMX Canadian Universe Bond Index, except for PowerShares 1-5 Year Laddered Corporate Bond Fund, which is against the FTSE TMX Canadian Short Term Bond Index

Fixed Income Specialty

Fund	Style	Managers	MER	Assets (\$ mil)	Notes
Manulife Strategic Income	Tactical	Dan Janis Thomas Goggins	2.01%	\$5,230.8	- Tactically managed global bond fund that invests in global government, corporate and high yield bonds - Currency risk is actively managed - Managers expecting U.S. rate hike in Q3 or Q4 - Reducing exposure to high yield and increasing exposure to high quality U.S. credits - Very selective in emerging markets - A great way to diversify from domestic bonds
PIMCO Monthly Income Fund	Tactical	Alfred Murata	1.38%	\$7,544.2	- Actively managed global bond fund that leverages PIMCO's extensive fixed income team - Blends a mix of top down macro analysis and bottom up security selection. Managers focused on income. - Is a mix of high quality core holdings and riskier trades in high yield, mortgages and emerging market debt.
RBC Global Corporate Bond	Credit Analysis	Frank Gambino Marty Balch Soo Boo Che	1.71%	\$5,241.8	- Invests mainly in investment grade corporate bonds from issues around the world. - High yield exposure and Shorter duration helped performance in Q2 - Currently overweight high yield and U.S. corporates, and underweight Asian & Canada corps. - Defensively positioned with duration of 6.1 yrs. - This would make a nice compliment to a Canadian focused bond fund.

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2014	2013	2012	2011	2010	2009	3Yr	5Yr	3Yr	5Yr	
Manulife Strategic Income	-2.5	8.0	7.1	6.7	N/A	8.1	4.5	9.1	2.0	8.4	8.8	59%	56%	95%	54%	4.89%
Quartile	4	1	1	2		1	2	3	4	4	4					
PIMCO Monthly Income Fund	1.0	2.1	9.2	N/A	N/A	5.3	6.3	23.7	N/A	N/A	N/A	31%	N/A	-122%	N/A	4.27%
Quartile	1	4	1			4	1	1								
RBC Global Corporate Bond	-2.4	1.5	3.4	4.6	4.5	6.7	-0.6	8.8	6.2	6.8	12.7	26%	35%	-12%	-8%	3.45%
Quartile	2	4	3	1	1	3	3	2	2	4	4					

Note: Risk is the annualized three or five year standard deviation, whichever is longest
Upside and downside capture ratios are run against the FTSE TMX Canadian 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%	\$4,077.2	• Bottom up investment process. • Remains cautiously positioned. Raising cash to take advantage of improved valuations on any selloff. • Offers excellent downside protection
Fidelity Canadian Large Cap	Large Cap Value	Daniel Dupont	2.29%	\$4,324.2	• Currently overweight in tech names. Holds 16% cash • Manager holds a couple of companies involved in high probability mergers as a substitute for cash. • Manager remains concerned about valuations.
IA Clarington Cdn Conservative Eqty	Large Cap Blend	Doug Kee Ryan Bushell	2.44%	\$734.3	• Struggled again in Q2, largely because the headwinds faced by energy and financial names. • Internal portfolio yield is at 4.5%, highest since 2009 • Manager believes worst of energy rout behind us
RBC North American Value	Large Cap Blend	Stu Kedwell Doug Raymond	2.06%	\$2,553.3	• Portfolio is underweight energy and financials. • Manager is bearish on Canadian equities until energy and financials show signs of a turnaround.
Signature Select Canadian	Large Cap Blend	Eric Bushell	2.44%	\$2,403.74	• Underperformed on healthcare and consumer names • Despite elevated valuations, positive on equities given the lack of real alternatives.

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2014	2013	2012	2011	2010	2009	3Yr	5Yr	3Yr	5Yr	
CI Cambridge Cdn Equity	-1.7	5.8	17.7	15.3	N/A	14.2	27.2	16.7	-1.3	12.5	23.8	97%	98%	8%	32%	8.26%
Quartile	1	1	1	1		1	1	1	1	2	3					
Fidelity Canadian Large Cap	-1.8	7.5	16.7	16.8	11.4	10.6	36.6	6.0%	10.6	17.8	37.2	83%	85%	-15%	-5%	7.03%
Quartile	3	1	1	1	1	2	1	3	1	1	1					
IA Clarington Cdn. Cons. Eq.	-2.8	-11.7	4.9	6.1	4.8	5.1	9.5	5.8	2.4	13.6	24.6	67%	71%	101%	68%	7.73%
Quartile	4	4	4	4	3	4	4	3	1	1	3					
RBC North American Value	-1.6	5.8	15.3	12.5	9.2	12.9	23.1	11.8	-3.6	15.3	28.7	62%	72%	38%	112%	8.12%
Quartile	4	4	4	3	1	3	2	1	1	1	1					
Signature Select Canadian	-2.5	4.7	13.2	9.7	7.3	11.6	19.2	8.2	-8.5	10.3	28.0	88%	92%	44%	74%	9.33%
Quartile	4	2	2	2	1	1	3	2	2	3	1					

Note: Risk is the annualized three or five year standard deviation, whichever is longest

Upside and downside capture ratios are run against the S&P/TSX Composite Total Return Index, except for RBC North American Value, which is calculated against the MSCI North America GR CAD

Canadian Small Mid-Cap Equity

Fund	Style	Managers	MER	Assets (\$ mil)	Notes
CI Cambridge Pure Canadian Equity	Mid Cap Growth	Greg Dean Stephen Groff Brandon Snow	2.44%	\$294.0	- Lagged the category in Q2 because of conservative positioning. Currently carrying 13% in cash. - Managed using a fundamentally driven, bottom up process, Blends core holdings with opportunity trades - Concentrated portfolio, holding just over 30 names - Strong risk reward metrics. Solid all cap offering.
IA Clarington Canadian Small Cap	Mid Cap Blend	Joe Jugovic Ian Cooke	2.93%	\$867.7	- Eroding cash flow in energy has hurt performance. - Bottom up, value focused stock selection approach - Looking for businesses with balance sheet strength, aligned management and reasonable valuation - 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	2.71%	\$1,516.3	- Underperformance in Q2 was due to U.S. names, which are currently at 50% of the portfolio. - They expect Canada to lag the U.S. in near term - Finding it increasingly difficult to find attractively valued opportunities in Canada - Recently increased their exposure to financials. - Continue to look for companies with positive and growing free cash flow and attractive valuation. - Pays a monthly distribution. Currently yielding 2.7%

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2014	2013	2012	2011	2010	2009	3Yr	5Yr	3Yr	5Yr	
CI Cambridge Pure Cdn Equity	-1.7	2.7	28.7	N/A	N/A	14.7	47.3	34.3	N/A	N/A	N/A	133%	N/A	-37%	N/A	9.59%
	4	1	1			1	1	1								
IA Clarington Cdn Small Cap	0.4	-4.6	15.8	14.2	8.6	5.9	37.3	20.2	-3.3	13.9	29.6	79%	73%	-16%	9%	8.34%
Quartile	3	2	2	1	1	2	1	1	1	4	4					
Sentry Small Mid Cap Income	-1.5	6.9	20.1	19.3	N/A	12.7	36.4	15.5	6.5	26.3	43.5	97%	83%	-25%	-12%	8.24%
Quartile	4	1	1	1		1	1	1	1	3	3					

Note: Risk is the annualized three or five year standard deviation, whichever is longest
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 Bruce Baughman Nicholas Getaz	2.51%	\$954.6	- Consumer and financial names dragged in Q2 - Currency was also a detractor as C\$ gained vs. US\$ - Remain positive on U.S. equities for balance of year. - Focus on companies that have growing and sustainable dividends, rather than higher yielding names.
Mackenzie U.S. Large Cap Class	Large Cap Growth	Gustaf Zinn Erik Becker	2.56%	\$352.2	- Looking for stocks that have market like P/E ratios with growth rates that are stronger than the S&P - Managers are very active in managing the fund.
RBC O'Shaughnessy U.S. Value	Large Cap Value	Jim O'Shaughnessy	\$1.50%	\$1,979.4	- Stock selection is quantitative & based on P/E, price/sales, EV/EBITDA & shareholder yield. - Fully hedged currency exposure helped in Q2
TD U.S. Blue Chip	Large Cap Growth	Larry Puglia	2.56%	\$1,991.4	- Remains the "growthiest" fund in the category with highest multiples, but also highest growth rates. - Combines bottom up stock picking with top down risk management. Likes market leaders with cash flow
Trimark U.S. Companies	Large Cap Growth	Jim Young	2.98%	\$471.6	- Concentrated portfolio, overweight technology - Manager believes economic recovery is on track - Believes equities fairly valued. Focusing on earnings

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2014	2013	2012	2011	2010	2009	3Yr	5Yr	3Yr	5Yr	
Franklin U.S. Rising Dividends	-2.4	19.0	20.0	16.0	4.8	16.8	36.1	5.5	6.3	10.2	-1.1	83%	76%	116%	71%	7.74%
Quartile	3	3	4	4	4	3	3	4	1	2	4					
Mackenzie U.S. Large Cap Cl.	-2.4	19.4	22.6	19.2	7.5	17.5	40.6	13.5	1.6	11.7	4.0	92%	94%	119%	107%	9.33%
Quartile	3	3	2	1	1	3	2	1	1	1	4					
RBC O'Shaughnessy US Value	-1.7	4.9	20.2	18.4	N/A	10.7	47.5	12.4	6.7	14.5	24.8	83%	97%	106%	140%	11.69%
Quartile	2	4	3	1		4	1	1	1	1	1					
TD U.S. Blue Chip	-1.4	29.7	26.1	21.7	7.7	16.8	47.6	13.7	1.8	8.2	18.7	104%	104%	126%	111%	11.01%
Quartile	2	1	1	1	1	3	1	1	1	2	1					
Trimark U.S. Companies	-1.6	26.3	24.7	20.8	7.1	25.7	40.8	10.3	0.3	15.6	5.9	104%	106%	174%	144%	10.25%
Quartile	2	1	1	1	1	1	2	2	2	1	3					

Note: Risk is the annualized three or five year standard deviation, whichever is longest
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	Mid Cap Blend	Steve MacMillan	2.35%	\$2,019.6	- Remains my top pick in U.S. Small Cap category - Underperformed in Q2 thanks to healthcare & energy - Manager is optimistic about U.S. equity markets. Sees consumer names benefitting from low oil prices - Excellent downside protection. Continues to be a good idea to rebalance & take money off the table
TD U.S. Mid Cap Growth Fund	Mid Cap Growth	Brian Berghuis John Wakeman	2.56%	\$947.1	- 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 - Best performer in Q2. Take profits!
Trimark U.S. Small Companies	Small Cap Blend	Rob Mikalachki Virginia Au Jason Whiting	2.81%	\$159.9	- Very small cap focused. Lowest avg. mkt cap on list - Underperformed due to energy, consumer & tech. - Small Cap valuations concern the managers, and make it difficult to find attractive opportunities. - Portfolio trades at a 40% discount to Russell 2000 - Cash is sitting at 26%, waiting for opportunities

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2014	2013	2012	2011	2010	2009	3Yr	5Yr	3Yr	5Yr	
Fidelity Small Cap America	-2.1	35.9	30.8	28.0	10.8	17.5	54.2	19.9	7.7	18.9	31.9	98%	98%	54%	46%	11.07%
Quartile	3	1	1	1	1	1	1	1	1	2	1					
TD U.S. Mid Cap Growth Fund	-0.6	32.6	27.5	21.5	10.0	21.5	43.8	9.7	-0.5	20.2	22.7	91%	87%	56%	64%	10.77%
Quartile	2	1	1	1	1	1	2	2	2	2	2					
Trimark U.S. Small Companies	-7.0	13.7	19.0	17.8	7.7	16.3	33.4	10.0	8.8	13.7	42.2	66%	74%	44%	56%	10.63%
Quartile	4	3	3	2	2	1	4	2	1	4	1					

Note: Risk is the annualized three or five year standard deviation, whichever is longest
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
Guardian Global Dividend Growth	Large Cap Value	Sri Iyer Fiona Wilson	2.01%	\$13.6	- Managed using a multi factor quant model - Looks for positive rates of change in 31 factors - Diversified portfolio holding 70-100 names - Also available with BMO Global Dividend Fund or as a Horizons Active Global Dividend ETF (HAZ) - Portfolio remains overweight yield focused sectors
IA Clarington Global Equity Fund	Large Cap Value	Joe Jugovic	2.55%	\$137.98	- QV Investors took over in July 2014 - Looks for high quality companies trading at discount - QV has run pooled fund version since 2007 - Given valuations, manager is focused on risk mgmt. - Expect above average returns with lower risk - Expected to protect downside, but lag in market rally
Invesco International Growth Class	Large Cap Blend	Jason Holzer Clas Olsson	2.87%	\$562.1	- Bottom up approach looks for quality companies with strong earnings, and reasonable valuations - European & UK names were biggest boost in Q2 - Near term outlook mixed amid increasing volatility. - Continue to focus on finding attractive opportunities.
Mackenzie Ivy Foreign Equity Fund	Large Cap Blend	Paul Musson Matt Moody	2.53%	\$3,960.2	- Remains one of the best for downside protection - Holds nearly 30% in cash at end of June. - Volatility has been increasing, which is expected to be a positive, allowing for opportunities to arise - Managers remain concerned that valuations are "stretched and detached from fundamentals" - Continue to focus on quality and valuation.
Manulife World Investment	Large Cap Blend	David Ragan Jim Hall	2.61%	\$786.2	- 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 - Consistently a solid pick, even with the higher MER
Trimark Fund	Large Cap Growth	Michael Hatcher Jeff Feng	2.81%-A 1.71%-SC	\$2,931.2	- Was the best performing global fund in Q2 - Materials and North American names were key - They believe valuations & expectations are too high - Have been repositioning into high quality names and limited exposure to cyclicals and richly valued stocks - See the U.S. recovery expanding at solid pace. - Continue to focus on high quality, well priced names - I prefer the SC Series to A because of lower MER

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		5 yr. Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2014	2013	2012	2011	2010	2009	3Yr	5Yr	3Yr	5Yr	
GDN Global Dividend Growth	-2.9	13.9	14.3	N/A	N/A	13.8	20.0	4.6	N/A	N/A	N/A	70%	N/A	135%	N/A	8.36%
Quartile	4	2	4			1	4	4								
IA Clarington Global Equity	-1.7	11.7	14.3	11.4	N/A	8.2	21.1	12.5	-4.8	8.5	14.6	65%	79%	73%	117%	10.16%
Quartile	3	3	4	3		3	3	2	2	2	3					
Invesco International Growth	-0.3	12.1	18.3	13.3	6.2	7.6	27.3	12.4	-6.1	7.0	17.3	86%	84%	64%	68%	9.51%
Quartile	2	2	1	1	1	1	2	3	1	1	1					
Mackenzie Ivy Foreign Equity	-2.6	14.0	15.6	12.9	7.1	8.3	31.0	7.9	3.2	3.6	5.8	75%	69%	137%	52%	7.36%
Quartile	4	2	3	2	1	3	2	4	1	3	4					
Manulife World Investment	-2.0	12.8	17.9	13.9	N/A	7.3	21.6	19.2	-8.8	8.1	22.3	88%	95%	89%	87%	11.50%
Quartile	4	2	2	1		1	4	3	2	2	2					
Trimark Fund (SC)	0.3	16.3	19.8	15.8	6.2	10.0	30..5	12.0	3.2	5.0	10.4	84%	80%	45%	47%	7.60%
Quartile	1	2	1	1	1	2	2	2	1	3	3					

Note: Risk is the annualized three or five year standard deviation, whichever is longest

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%	\$95.9	• 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. Will hold cash when no opportunities available. Cash at June 30 was 10.5% • More volatile than many of its peers, and more volatility expected. • Remains a good long-term pick
Trimark Global Endeavour	Mid Cap Blend	Jeff Hyrich Erin Greenfield	2.64%	\$1,187.6	• Best performing fund on the Rec List in Q2 • Bottom up approach that looks for well-managed, high quality mid-sized businesses that are trading below their estimate of fair value • Concentrated portfolio. Holds around 40 names. • Valuations remain stretched, making it tough to find attractive names at reasonable prices. • Cash moved up to 16%, up from 13% in Q1. This will allow them to take advantage of opportunities when markets selloff. Will drag gains in a rising market.

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		5 yr. Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2014	2013	2012	2011	2010	2009	3Yr	5Yr	3Yr	5Yr	
Brandes Global Small Cap	-1.3	10.0	25.1	17.3	4.2	8.1	34.8	33.7	-15.2	21.9	41.9	92%	88%	59%	81%	11.04%
Quartile	3	3	1	1	4	3	3	1	3	1	1					
Trimark Global Endeavour	2.4	24.6	22.7	19.5	8.2	11.0	31.9	14.3	1.5	19.7	31.9	96%	98%	67%	61%	9.89%
Quartile	1	1	1	1	1	2	2	1	1	1	1					

Note: Risk is the annualized three or five year standard deviation, whichever is longest
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 Value	Robert Horrocks Kenneth Lowe	2.67%	\$716.0	• More of a balanced play on Asia, with approximately 13% 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 • Asia is trading at or near historic lows. • MER for 2014 was 13 basis points lower.
Brandes Emerging Markets	Large Cap Value	Brandes Management Team	2.71%	\$268.3	• Performance struggled on underweight to China • Value focused approach that looks for quality companies that have been beaten down by the market • Remains UNDER REVIEW and watching closely
Dynamic Power Global Growth	Large Cap Growth	Noah Blackstein	2.50%	\$950.2	• The focus is on high growth stocks, and currently holds only 3 sectors - tech, consumer & healthcare. Nearly 75% invested in technology! • High volatility with potential for high return.
Manulife Global Infrastructure Fund	Large Cap Growth	Craig Noble	2.77%	\$314.7	• Managed by Brookfield, a leader in infrastructure • Invests in companies that own and operate infrastructure assets around the world. • Maintaining exposure to energy infrastructure. Sees lots of upside over the long-term. Hurt gains in Q2. • Low historic correlation to traditional asset classes • An excellent addition to well diversified portfolio.

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		5 yr. Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2014	2013	2012	2011	2010	2009	3Yr	5Yr	3Yr	5Yr	
BMO Asian Growth & Inc.	-0.5	11.9	12.7	9.2	7.3	6.7	9.3	21.9	-10.1	12.5	27.0	60%	62%	31%	42%	8.13%
Quartile	4	4	4	1	1	3	4	1	1	2	1					
Brandes Emerging Markets	-1.2	-8.8	7.0	3.5	5.9	-1.2	13.3	10.5	-19.8	10.2	79.5	87%	92%	119%	115%	14.63%
Quartile	2	4	3	3	2	4	1	4	3	3	1					
Dynamic Power Global Growth	-0.5	31.2	24.0	18.4	11.6	9.1	40.6	7.2	-5.9	22.3	30.0	122%	113%	313%	138%	16.76%
Quartile	2	1	1	1	1	2	1	4	2	1	1					
Manulife Global Infrastructure	-4.0	4.0	14.9	15.6	N/A	15.8	22.9	12.8	9.6	7.8	21.0	65%	67%	41%	-1%	7.83%
Quartile	4	4	3	1		1	4	2	1	2	1					

Note: Risk is the annualized three or five year standard deviation, whichever is longest
Upside and downside capture ratios are run against the most appropriate market index

Balanced / Income Funds

Fund	Style	Managers	MER	Assets (\$ mil)	Notes
CI Signature High Income Fund	Tactical	Geoff Marshall Ryan Fitzgerald	1.60%	\$10,381.1	- Invests in high yielding equities, Corp & HY bonds - Very well diversified. Holds 10% cash. Seeing value. - Remains a great pick for the long term.
Fidelity Canadian Balanced Fund	Strategic	Geoff Stein David Wolf	2.11%	\$7,498.2	- Slightly overweight equities over bonds. - Invests in underlying Fidelity Funds - Rate sensitivity may hurt in rising rate environment
Manulife Monthly High Income Fund	Tactical	Alan Wicks Jonathan Popper	2.04%	\$9,804.9	- Equities managed using value focused approach - Bonds focus on credit analysis - Defensive names dragged in Q2. Outlook still strong
Sentry Conservative Balanced Income Fund	Tactical	Michael Simpson James Dutkiewicz	2.23%	\$2,119.7	- Energy names hurt in Q2. Long term remains positive - Overweight equities and corporate bonds - Look for firms that can grow cash flow & dividends. - Bonds conservatively positioned with lower duration.
TD Monthly Income Fund	Tactical	Doug Warwick Gregory Kocik Michael Lough	1.46%	\$8,386.5	- Asset mix is set by committee. - Bond sleeve is neutral duration, overweight corporates - Overweight allocation to financials hurt in Q2.

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		5 yr. Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2014	2013	2012	2011	2010	2009	3Yr	5Yr	3Yr	5Yr	
CI Signature High Income	-1.6	3.6	8.7	9.9	6.9	8.6	8.6	11.6	4.8	15.3	30.6	47%	66%	-37%	5%	4.59%
Quartile	2	4	3	1	1	2	4	1	1	1	1					
Fidelity Canadian Balanced	-1.2	10.6	11.6	9.6	7.3	11.1	12.7	6.0	-1.1	13.3	22.3	108%	105%	16%	50%	5.21%
Quartile	1	1	1	1	1	1	1	2	2	1	1					
Manulife Mthly High Income	-2.0	10.8	12.4	9.9	6.3	16.5	15.9	7.5	1.4	8.7	22.3	113%	95%	11%	13%	4.20%
Quartile	3	1	1	1	1	1	1	1	1	3	3					
Sentry Cons. Bal. Income	-2.4	1.0	8.4	9.2	N/A	8.6	12.3	8.6	6.1	N/A	N/A	90%	90%	46%	17%	3.66%
Quartile	4	4	3	1		2	1	1	1							
TD Monthly Income Fund	-2.0	1.1	7.9	7.7	6.1	9.9	8.9	8.5	3.6	9.8	30.7	92%	93%	66%	60%	4.63%
Quartile	3	4	3	1	1	1	4	2	1	3	1					

Note: Risk is the annualized three or five year standard deviation, whichever is longest
Upside and downside capture ratios are run against the respective balanced benchmarks.

Income Options

Fund	Style	Managers	MER	Assets (\$ mil)	Notes
PowerShares 1-5 Yr Laddered Corp Bond - NEW	Rules Based	PowerShares Management Team	0.99%	\$399.2	- Recent reconstitution increased duration slightly - Invests in an equally weighted laddered portfolio of corporate bonds rated BBB or higher, in 5 maturity buckets ranging from 1 to 5 years. - Lower cost, higher yield and corporate focus should lead to outperformance in most market environments - Variable distribution. Currently yielding 3.3%
PH&N Monthly Income Fund	Tactical	Scott Lysakowski William John	1.92%	\$3,120.9	- Pays a monthly distribution of \$0.0420, which works out to an annualized yield of more than 5.2% - Equities can range between 60% & 80%. 51% today - Fixed income positioning remains neutral to index - High exposure to energy & financials dragged in Q2
Sentry Canadian Income Fund	Large Cap Blend	Michael Simpson Aubrey Hearn	2.66%	\$5,659.2	- Pays a monthly distribution of \$0.0775 per unit, which works out to an annualized yield of 4.5% - 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	2.32%	\$1,644.9	- Pays a monthly distribution of \$0.06 per unit, which works out to an annualized yield of just over 5% - Invests in high yielding equities & REITs in Canada - REIT exposure and lack of U.S. holdings hurt in Q2. Valuations and growth forecast look more attractive than Sentry, making it a good pick for longer term.

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		5 yr. Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2014	2013	2012	2011	2010	2009	3Yr	5Yr	3Yr	5Yr	
PShrs 1-5 Yr Lad. Corp Bond	-0.1	2.8	2.6	2.9	N/A	2.8	1.4	3.0	4.1	N/A	N/A	167%	155%	107%	93%	1.48%
Quartile	2	1	1	1		1	1	1	1							
PH&N Monthly Income Fund	-1.9	-1.5	6.1	6.4	N/A	6.6	6.9	7.6	0.8	N/A	N/A	84%	87%	91%	80%	4.74%
Quartile	3	4	4	3		3	4	1	1							
Sentry Canadian Income Fund	-2.8	7.2	13.3	13.9	9.7	15.9	18.6	11.5	6.1	18.6	33.0	71%	76%	-2%	6%	5.60%
Quartile	4	1	2	1	1	1	1	1	1	1	1					
BMO Monthly High Income II	-2.6	-6.5	8.2	10.6	7.0	3.7	14.2	7.7	10.4	20.7	34.0	72%	80%	69%	42%	7.28%
Quartile	3	4	4	1	1	4	4	2	1	1	1					

Note: Risk is the annualized three or five year standard deviation, whichever is longest
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%	\$642.7	- 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%	\$672.7	- 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. Index Fund	Passive	Vishal Bhatia Dino Vevaina	0.55%	\$991.6	- 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	1.00%	\$449.2	- 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

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		5 yr.
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2014	2013	2012	2011	2010	2009	3Yr	5Yr	3Yr	5Yr	Risk
TD Canadian Bond Index	-1.9	5.5	3.0	4.3	4.1	7.9	-2.0	2.8	8.7	6.0	4.3	109%	101%	100%	95%	3.70%
Quartile	2	1	1	1	1	1	2	2	1	2	3					
RBC Canadian Index	-1.8	-1.9	10.3	7.5	6.2	9.8	12.2	6.4	-9.2	16.8	34.1	97%	97%	103%	102%	9.50%
Quartile	2	3	3	3	2	2	4	2	2	2	2					
TD U.S. Equity Index	-1.3	24.7	24.5	20.1	7.2	22.9	40.0	12.5	3.8	8.2	6.5	97%	96%	105%	99%	8.31%
Quartile	2	1	1	1	1	1	2	1	1	2	3					
TD International Index	-0.9	11.1	18.5	12.2	4.2	2.0	28.6	14.5	-10.8	0.9	8.6	95%	96%	111%	106%	11.44%
Quartile	3	3	1	1	1	2	2	2	2	3	4					

Note: Risk is the annualized three or five year standard deviation, whichever is longest
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 type 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

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

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 scored on six key risk reward metrics. The scores are totaled and a rating assigned based on the results.

Fund Score	Rating
More than 80%	A
65% to 80%	B
55% to 65%	C
40% to 55%	D
Below 40%	F

The metrics are:

Alpha – This is the excess return that a manager has been able to generate. The higher the Alpha, the higher the score.

Sharpe Ratio – This is a measure of risk adjusted performance. It measures how much return an investment has delivered for each unit of risk assumed. The higher the Sharpe Ratio, the more return the investment has delivered for each unit of risk.

Standard Deviation – this is a measure of volatility or risk. It measures the fluctuation that an investment has exhibited. The higher the standard deviation, the more fluctuation the fund has shown, so the lower the score it receives in the ratings model

Information Ratio – is a measure of how consistently a manager has outperformed its benchmark. It is basically the Sharpe Ratio of the monthly excess returns. Like with the Sharpe Ratio, the higher the better.

Batting Average – this is another measure of how consistently the fund has outperformed. While the information ratio will factor in the level of outperformance, batting average is a measure of how frequently. It's like the win/loss percentage in baseball. A batting average of 500 means it has outperformed as often as it has underperformed. The model favours funds that win more than they lose. The higher the batting average, the better the score.

R-Squared – This is a statistical measure that shows how much of the return of an investment are the result of the benchmark. The higher the R-Square, the more the fund behaves like the benchmark. And as we know, if you want to beat the benchmark, you can't be the benchmark. The model favours those funds that have a lower R-Squared.

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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 historical standard deviation for the most recent 60 month, or since inception of the fund, whichever is lower.

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, ETFs, hedge funds and other exempt market products to financial advisors, individual investors and investment dealers.

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.

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.