

RECOMMENDED LIST OF FUNDS



October 2015

Contents

The Recommended List	3
Benchmark Returns	6
List Changes	7
Additions	7
Deletions	7
Funds of Note	8
Fixed Income Core	8
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 September 30, 2015					Correlations							
	3 Mth	1 Yr	3 Yr	5 Yr	Sharpe Ratio	Alpha	Beta	TSX	S&P 500	MSCI EAFE	FTSE/TMX Cdn Bond Universe	MER	
Fixed Income - Core													
1	Dynamic Advantage Bond Fund	-1.1%	1.1%	1.9%	3.2%	0.28	0.08%	0.50	0.195	0.240	0.348	0.786	1.58%
2	PH&N Total Return Bond Fund	0.0%	4.9%	3.4%	4.2%	0.28	0.01%	0.92	-0.060	0.228	0.253	0.990	0.58%
3	PowerShares 1-5 Yr Laddered Corp Bond	-0.4%	2.2%	2.0%	2.5%	0.30	-0.01%	0.98	-0.048	0.251	0.347	0.885	0.99%
4	TD Canadian Core Plus Bond	-0.5%	3.4%	2.3%	3.7%	0.24	-0.01%	0.85	-0.017	0.223	0.294	0.969	1.50%
Fixed Income - Specialty													
1	Manulife Strategic Income Fund	1.7%	7.9%	6.8%	5.9%	0.29	0.27%	0.58	0.332	0.585	0.642	0.445	2.01%
2	PIMCO Monthly Income Fund	-1.1%	0.6%	5.2%		0.57	0.80%	0.27	0.378	0.064	0.242	0.205	1.38%
3	RBC Global Corporate Bond	-0.4%	0.9%	2.2%	3.7%	0.23	0.07%	0.65	0.219	0.214	0.389	0.719	1.74%
Canadian Equity - Core													
1	CI Cambridge Cdn Equity	-3.3%	2.5%	14.1%	12.4%	0.40	0.74%	0.66	0.795	0.627	0.627	-0.140	2.44%
2	Fidelity Canadian Large Cap Fund	-1.7%	3.8%	16.0%	13.9%	0.51	0.94%	0.43	0.599	0.683	0.648	-0.048	2.56%
3	IA Clarington Cdn Conservative Equity	-10.1%	-20.3%	-0.6%	1.8%	0.04	-0.10%	0.68	0.838	0.267	0.380	-0.126	2.44%
4	RBC North American Value Fund	-5.8%	-0.9%	11.2%	9.3%	0.29	0.47%	0.74	0.888	0.703	0.706	-0.184	2.10%
5	Signature Select Canadian Fund	-6.9%	-3.8%	8.8%	6.4%	0.18	0.21%	0.86	0.901	0.678	0.721	-0.185	2.44%
Canadian Small Mid Cap Equity													
1	CI Cambridge Pure Canadian Equity	-8.3%	-4.6%	21.0%		0.47	1.26%	0.69	0.721	0.328	0.415	-0.165	2.44%
2	IA Clarington Canadian Small Cap	-7.8%	-10.1%	11.3%	10.8%	0.33	0.72%	0.54	0.713	0.415	0.484	-0.349	2.93%
3	Sentry Small Cap Income Fund	-7.8%	-1.0%	15.1%	15.1%	0.44	1.04%	0.54	0.712	0.684	0.602	-0.126	2.71%

Name	Returns at September 30, 2015					Correlations							
	3 Mth	1 Yr	3 Yr	5 Yr	Sharpe Ratio	Alpha	Beta	TSX	S&P 500	MSCI EAFE	FTSE/TMX Cdn Bond Universe	MER	
US Equity - Core													
1	Franklin U.S. Rising Dividends	-3.1%	12.4%	18.6%	13.8%	0.42	-0.20%	0.87	0.310	0.920	0.571	0.212	2.51%
2	Mackenzie U.S. Large Cap Class	-2.0%	12.0%	20.8%	16.8%	0.43	-0.26%	1.05	0.509	0.942	0.696	0.067	2.56%
3	RBC O'Shaughnessy U.S. Value Fund	-11.4%	-9.0%	13.6%	13.1%	0.30	-0.10%	0.78	0.703	0.597	0.616	-0.236	1.55%
4	TD U.S. Blue Chip	1.0%	23.4%	25.6%	19.7%	0.44	-0.17%	1.14	0.423	0.880	0.708	0.191	2.54%
5	Trimark U.S. Companies Fund	-2.1%	16.1%	23.0%	18.0%	0.44	-0.27%	1.12	0.461	0.947	0.653	0.101	2.98%
US Small Mid-Cap Equity													
1	Fidelity Small Cap America	-1.4%	27.9%	28.1%	25.2%	0.58	0.98%	0.71	0.413	0.849	0.525	0.096	2.59%
2	TD U.S. Mid - Cap Growth Fund	-0.1%	29.6%	27.4%	19.3%	0.46	0.53%	0.73	0.495	0.876	0.641	0.059	2.54%
3	Trimark U.S. Small Companies Class	-4.5%	6.0%	16.0%	15.9%	0.41	0.39%	0.65	0.556	0.781	0.596	0.114	2.81%
Global / International Equity - Core													
1	Guardian Global Dividend Growth Fund	0.4%	13.0%	14.1%		0.35	0.03%	0.80	0.397	0.800	0.825	0.518	2.02%
2	IA Clarington Global Equity	-2.3%	8.0%	11.8%	8.9%	0.23	-0.33%	0.91	0.641	0.706	0.843	0.063	2.65%
3	Invesco International Growth Class	-4.2%	9.1%	15.4%	9.8%	0.26	0.15%	0.78	0.591	0.767	0.927	0.157	2.87%
4	Mac Ivy Foreign Equity Fund	2.6%	17.1%	17.1%	12.0%	0.40	0.18%	0.66	0.218	0.819	0.700	0.270	2.53%
5	Manulife World Investment	-0.9%	14.7%	15.8%	10.4%	0.25	0.13%	0.86	0.608	0.738	0.900	0.149	2.57%
6	Trimark Fund	-4.5%	11.7%	16.8%	13.3%	0.39	0.09%	0.83	0.463	0.840	0.833	0.283	1.71%
Global Small Mid Cap Equity													
1	Brandes Global Small Cap	3.0%	15.2%	22.9%	16.0%	0.38	0.18%	0.88	0.640	0.680	0.794	-0.018	2.70%
2	Trimark Global Endeavour	-2.1%	19.0%	19.6%	15.8%	0.44	0.33%	0.74	0.492	0.755	0.781	0.095	2.64%

Name	Returns at September 30, 2015					Correlations							
	3 Mth	1 Yr	3 Yr	5 Yr	Sharpe Ratio	Alpha	Beta	TSX	S&P 500	MSCI EAFE	FTSE/TMX Cdn Bond Universe	MER	
Specialty / Sector Funds													
1	BMO Asian Growth & Income Fund	-4.7%	4.2%	8.8%	6.3%	0.18	0.09%	0.58	0.465	0.541	0.723	0.313	2.67%
2	Brandes Emerging Markets	-14.2%	-6.2%	7.0%	1.6%	0.03	0.00%	0.97	0.697	0.436	0.661	-0.076	2.71%
3	Dynamic Power Global Growth Class	-6.2%	16.4%	18.8%	11.8%	0.20	-0.32%	1.15	0.421	0.582	0.610	0.110	2.50%
4	Manulife Global Infrastructure Fund	-4.3%	-2.9%	12.7%	11.5%	0.37	0.27%	0.56	0.381	0.587	0.631	0.464	2.77%
Balanced / Income Funds													
1	CI Signature High Income Fund	-4.5%	-1.5%	5.8%	6.9%	0.37	0.33%	0.60	0.691	0.568	0.711	0.249	1.60%
2	Fidelity Canadian Balanced Fund	-3.5%	4.5%	8.6%	7.1%	0.30	0.27%	0.83	0.752	0.757	0.740	0.265	2.35%
3	Manulife Monthly High Income	-1.8%	4.4%	10.8%	8.3%	0.46	0.53%	0.37	0.571	0.767	0.623	0.175	2.04%
4	Sentry Conservative Balanced Income	-2.8%	-2.6%	6.2%	7.1%	0.46	0.38%	0.51	0.732	0.669	0.621	0.191	2.23%
5	TD Monthly Income Fund	-3.1%	-3.0%	5.6%	5.8%	0.30	0.27%	0.53	0.825	0.453	0.544	0.038	1.47%
Income Options													
1	PowerShares 1-5 Yr Laddered Corp Bond	-0.4%	2.2%	2.0%	2.5%	0.30	-0.01%	0.98	-0.048	0.251	0.347	0.885	0.99%
2	PH&N Monthly Income Fund	-5.3%	-6.7%	4.1%	4.7%	0.22	0.10%	0.75	0.878	0.449	0.603	0.072	1.09%
3	Sentry Canadian Income Fund A	-2.5%	1.7%	10.6%	11.0%	0.48	0.71%	0.44	0.749	0.752	0.621	0.003	2.66%
4	BMO Monthly High Income Fund II	-5.9%	-10.3%	3.9%	6.8%	0.24	0.35%	0.56	0.760	0.302	0.400	-0.040	2.20%
Passive Options													
1	TD Canadian Bond Index Fund	-0.1%	4.5%	2.6%	3.6%	0.21	-0.06%	0.99	-0.150	0.146	0.165	0.999	0.83%
2	RBC Canadian Index Fund	-8.0%	-9.0%	4.9%	3.7%	0.10	-0.05%	0.98	1.000	0.452	0.555	-0.150	0.72%
3	TD U.S. Index Fund	-0.3%	17.3%	22.8%	18.1%	0.52	-0.08%	0.99	0.460	0.996	0.735	0.154	0.54%
4	TD International Index Fund	-4.0%	8.3%	16.0%	8.6%	0.20	-0.11%	0.99	0.551	0.715	0.988	0.162	0.99%

Benchmark Returns at September 30, 2015

Benchmark	3 mth	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Fixed Income					
FTSE TMX 90 Day T-Bill Index	0.14%	0.75%	0.90%	0.89%	1.71%
FTSE TMX Short Term Bond Index	-0.01%	3.03%	2.42%	2.66%	
FTSE TMX Canadian Bond Universe	0.15%	5.30%	3.40%	4.45%	5.00%
Canadian Equity					
S&P/TSX 60 Capped Index	-6.74%	-6.50%	6.89%	3.83%	3.36%
S&P/TSX Composite	-7.86%	-8.38%	5.71%	4.46%	4.83%
S&P/TSX Completion Index TR	-11.24%	-13.84%	2.34%	3.20%	4.26%
S&P/TSX Small Cap Index TR	-15.17%	-21.75%	-4.07%	-2.74%	
U.S. Equity					
S&P 500 (C\$)	-0.04%	18.46%	24.44%	19.39%	8.28%
Russell 2000 C\$	-6.86%	15.66%	21.22%	16.71%	7.60%
Global & Specialty Equity					
MSCI EAFE (C\$)	-3.56%	9.62%	17.58%	10.16%	4.96%
MSCI World (C\$)	-1.57%	14.04%	21.01%	14.84%	6.84%
MSCI World Small / Mid Cap Index (C\$)	-2.27%	17.42%	22.58%	15.55%	7.93%
MSCI Europe C\$	-1.92%	8.93%	18.16%	10.56%	5.41%
S&P/TSX Capped REIT Index	-3.53%	0.19%	1.32%	7.52%	7.73%
MSCI Emerging Markets (C\$)	-11.71%	-3.18%	5.37%	1.98%	6.10%
MSCI Pacific C\$	-6.72%	10.79%	16.39%	9.27%	4.04%
MSCI Pacific ex Japan C\$	-9.74%	-0.41%	8.76%	6.44%	7.04%

Data Sources:

Fundata

PC Bond

Bank of Canada

MSCI

Returns as of September 30, 2015

List Changes

Additions

There were no funds added to the list at this update.

Deletions

Manulife Monthly High Income Fund (MMF 583 – Front End Units, MMF 483 – DSC Units) – I added this high quality Canadian balanced fund to the Recommended List in December 2015. It is managed by the team of Alan Wicks and Jonathan Popper, with an equity approach that is rooted in a value philosophy that looks for businesses that generate high and sustainable profits that are trading at attractive valuations. The fixed income sleeve is managed using a combination top down economic review combined with a bottom up credit analysis. The process looks to generate returns by focusing on sector allocation, credit quality and individual credit selection. They also emphasize risk management by actively managing the yield curve and duration exposure. Performance, over the long term has been excellent, although recently has lagged a bit, gaining 1.08% year-to-date, which is just above the category average. Given the team and process in place, I expect that it will continue to deliver above average returns, with below average volatility.

Unfortunately, Manulife closed the fund to new purchases effective August 28. This move was made in an effort to protect current investors, as the fund was approaching a size that the managers felt may detract from their ability to continue to effectively manage it. Clearly this move was made with the best interests of investors in mind. However, because it is now closed, I am removing it from the Recommended List. I will continue to follow it closely, and should it be re-opened will consider adding it back to the list.

If you hold the fund, and it is in line with your investment objectives, risk tolerance, and time horizon, and it is still appropriate for your portfolio, there is no immediate reason to sell. I believe it will continue to be a solid Canadian balanced fund offering.

Funds of Note

PH&N Total Return Bond Fund (RBF 1340 – No Load Units, RBF 6340 – Front End Units, RBF 4340 – Low Load Units) – Starting the quarter with a duration that basically matched the FTSE/TMX Universe Bond Index was one of the factors that allowed the fund to outperform its peers in the third quarter. Over the quarter however, management became concerned over the potential for rising rates, and pared the duration back. At the end of September, the duration was 7.0 years, slightly below the 7.3 years of the index.

It was underweight in corporate bonds, but management added to the position over the quarter, after the selloff. At September 30, it held 47% in government bonds, and 44% in corporate bonds. They have also recently added a modest position in real return bonds, as they believe they are mispriced by the market.

Given the positioning, I expect it to be the best performing Canadian bond fund on the recommended list in the near term. It offers a duration that is roughly in line with the index, and a yield that is stronger. This should allow it to do well in a flat rate environment, and if we do see another cut from the Bank of Canada, which at the moment is not expected, this fund will outperform. It also has a great management team in place, using a very disciplined and repeatable process. My preference would be to use the lower cost D or F Series of units, but even paying full freight of the Advisor Series Units, the fund remains my top Canadian bond pick for the near term.

Manulife Strategic Income Fund (MMF 559 – Front End Units, MMF 459 – DSC Units) – Managed by a team headed by Dan Janis, this tactically managed global bond fund focuses on four key risks for investors; interest rate risk, credit risk, currency risk, and liquidity risk. For the quarter, it gained 1.75%, outpacing both its global bond and high yield fund peers.

In a recent commentary, Charles Tomes, a trader, and member of the management team of this fund said they expect the recent high levels of volatility to continue. One reason for this view is the uncertainty caused by the divergent policies of many central banks. There are some countries, most notably the U.S., that are poised to start normalizing their interest rate policy by raising rates. Other countries remain rather accommodative and may lower rates further, or take other stimulative actions, such as quantitative easing. Another concern is the potential global economic fallout that could result from China's slowing growth rate. Combined, these uncertainties are likely to result in continued high levels of volatility in the near term.

In this environment, the managers do not hold any U.S. Treasuries. Instead, they have been focusing on U.S. corporate bonds. Given the uncertainty and spreads, they have also been actively reducing their high yield exposure, instead, investing in higher quality, investment grade names. At the end of September, approximately 60% of the fund was invested in the U.S. For their global exposure, they continue to like countries where they expect a favourable interest rate outlook to remain, this includes Canada, New Zealand and Australia. Combined, these three nations make up 20% of the portfolio. As the Canadian dollar has continued to drop, they have increased their currency hedge position, which will help to protect against any unexpected rise in the Canadian dollar.

For emerging market holdings, they like countries that have strong fundamentals, with most of their exposure in three countries; Singapore, the Philippines, and South Korea. Each carries an investment grade credit rating, and are running a current account surplus.

On average, the fund's duration is expected to range between 3.25 and 3.75 years. The duration policy is the result of their duration calls on each of their underlying country investments.

I continue to like this as an excellent diversifier within the fixed income sleeve of a portfolio. It is classified as a high yield fund, however, I tend to look at it more as an actively managed global bond fund. I expect that it will continue to deliver above average returns with average volatility.

IA Clarington Canadian Conservative Equity Fund (CCM 1300 – Front End Units, CCM 1400 – DSC Units) – It is taking an increasing amount of patience to keep recommending this fund. Year to date, it is down more than 15%, and is off nearly 20% in the past year. In comparison, the S&P/TSX Composite is down 7% year to date, and 8.4% over the past year.

The biggest reason for this dramatic underperformance stems from its significant overweight in high yielding energy names. At the end of September, it held nearly 30% in energy compared with an 18% weight in the index. Most of the energy names held tend to be pipeline or infrastructure plays, such as TransCanada Corp., Pembina, and Enbridge. These types of names make up about half the energy exposure, and unlike previous energy corrections, have been punished just as severely as a number of the lower quality companies. The managers believe that a rebound to a more sustainable oil price is forthcoming over the near to medium term, which will bode well for the fund.

Another positive note is dividends paid by the underlying companies has continued to grow, and has grown by more than 15% in the past five years. The current underlying yield of the portfolio is nearly 5%, which is an all-time high, and they believe put an underpinning of support under the fund, helping to restore its downside protection.

While I don't disagree with their position, I have been extremely disappointed in the volatility profile. Historically, downside capture had been around 50%, meaning the fund experienced about half the drop of the market. But over the past year, it has tripled to nearly 150%. I am monitoring the fund closely and am looking for a significant improvement to the downside protection. If I do not see any such improvement, I will be removing the fund from the Recommended List. The strong downside protection was the key differentiator for this fund. Without that, there are many other Canadian Equity and Canadian Focused Equity Funds that offer potentially better risk reward profiles.

Franklin U.S. Rising Dividends Fund (TML 201 – Front End Units, TML 301 – DSC Units) – I have long viewed this fund as somewhat similar to the IA Clarington Canadian Conservative Equity Fund. With its focus on fundamentally sound companies that have generated growing and sustainable dividend streams, the fund's returns have been much less volatile than the broader market. It has lagged in rising markets, but that is a tradeoff I'm willing to make for the fund's downside protection. However, of late, I have noticed a jump in volatility and an erosion in the fund's downside protection. Much of this has been the result of a sharp selloff in many of the fund's consumer names, such as GAP, which is down 25% for the past three months (to October 31), Wal-Mart is down 20%, and Walgreens is down 10%. Another

drag on the fund is its significant allocation to materials, which make up more than 10% of the fund, compared to a 2.7% weight in the S&P 500. **I am placing the fund UNDER REVIEW** effective immediately, and will be monitoring it closely for any further erosion in the risk reward metrics of the fund.

Fidelity Small Cap America Fund (FID 261 – Front End Units, FID 561 – DSC Units) – Despite dropping 1.4% in the third quarter, the fund’s trend of outperformance to its peers and benchmark continued. The Russell 2000 was down 6.9% in Canadian dollar terms, while the average U.S. Small / Mid Cap equity fund lost nearly 5%. The recent outperformance was the result of strong relative returns from a number of technology and consumer discretionary names, with both Ingram Micro and Jardine Group helping the cause.

In building the portfolio, manager Steve MacMillan, uses a bottom up approach. This means the fund’s sector exposure is the result of available investment opportunities. He continues to look for well-managed, high quality companies that have strong recurring revenue and a high return on equity. Of late, he has been finding these types of attractive opportunities in the technology, consumer, and healthcare sectors.

During the recent market volatility, the manager used the selloff to put some cash to work by adding to some existing names, and adding a couple new ones at attractive prices. At the end of September, he held just shy of 4% in cash.

Looking ahead, the manager believes the U.S. will hold up well in the face of global economic uncertainty. He sees the stronger dollar keeping inflation in check, which will allow the U.S. Federal Reserve to hold interest rates low for the foreseeable future. Lower commodity, and specifically energy prices will also be a boost to consumer spending, which is a significant contributor to the U.S. economy.

The valuation metrics of the portfolio look attractive compared with its benchmark, offering a lower P/E ratio, higher returns on equity, and higher growth rates. In addition to the strong performance, its volatility has remained in line with the index, but has offered much better downside protection.

Still, with a one year gain of 28%, an annualized three year gain of 28%, and an annualized five year gain of 25%, it may be time to take some money off the table and take some profits in the fund. If it is appropriate for you, I wouldn’t suggest selling your entire positing, but instead, rebalancing your portfolio, bringing its weight to a more neutral level, based on your objectives and risk tolerance.

Mackenzie Ivy Foreign Equity Fund (MFC 081 – Front End Units, MFC 611 – DSC Units) – I have said it before, and I will say it again – when global equity markets get rocky, this is the fund you want to own. With markets on a rollercoaster, the MSCI World Index lost 1.6% in the third quarter. According to Morningstar, the average global equity fund was down 3.4%. Yet this high conviction, quality focused offering managed to gain 2.6%. Part of this outperformance can be attributed to its cash position, which at the end of September sat just shy of 30%. The rest of it is the result of stock selection, with consumer staples and financial names outperforming. The portfolio is concentrated, holding 30 names at the end of August. The sector mix and country allocation is the result of the manager’s disciplined stock selection process.

In a recent commentary, the managers noted the recent selloff has improved the outlook for a number of their holdings. However, they voiced concerns the market valuation remains high, particularly in light of the potential for slow and potentially slowing growth. They continue to focus on well managed, high quality companies.

I continue to like this fund. It offers one of the most attractive risk reward profiles of any equity mutual fund. It offers decent upside when markets are rising, but to me the selling feature is how it behaves in down markets. The downside protection of this fund is excellent, participating in only 60% of the markets drops over the past five years. Given there has been no material changes to the way the managers execute their strategy, I don't envision a substantial change to this on a go forward basis. I expect it will continue to do what it does, offering strong risk adjusted returns. It is likely to lag in a rising market, but that's a tradeoff I'm comfortable with for the downside protection.

PH&N Monthly Income Fund (RBF 1660 – No Load Units, RBF 6660 – Front End Units, RBF 4660 – Low Load Units) – I continue to be disappointed by the performance of this fund. After a solid 2011 and 2012, it has lagged dramatically. I am a fan of PH&N on the fixed income side, and had hoped that was enough to offset middle of the road equity management. To date, I've been wrong. Right now, the only positive I can find in the fund is the cash flow it generates, which is currently about 5.4%. Unfortunately with a mutual fund, cash flow does not equal quality. I am placing the fund UNDER REVIEW immediately, and will be looking for signs of a turnaround. If that doesn't happen, it will be replaced.

Brandes Emerging Markets Value Fund (BIP 171 – Front End Units, BIP 271 – DSC Units) – To say this fund has struggled of late would be a bit of an understatement. Over the past year (to September 30), it has lost more than 20%, significantly underperforming its peers. In the past quarter alone, it was down 14%, again lagging both its peers and its benchmark. Does that mean the fund has lost its mojo? No. The problem the fund is experiencing at the moment has more to do with its deep value style, than the manager's skill. Brandes has a well-deserved reputation as being a very strong, deep value manager. They also have a reputation of sticking to their style, regardless of what the markets are doing. Unfortunately at the moment, the value style is significantly underperforming growth and more core styles in the emerging markets. This has no doubt affected the fund. Another factor that has hurt performance is it is more of an all cap fund compared to many of its peers, holding many more small and mid-cap names. While this is a positive over the long term, there are periods when small and mid-caps will lag. We are in one of those periods. However, I don't expect we will be forever.

If I look at the valuation metrics of this fund compared to its peers and benchmark, it offers a significantly more attractive portfolio. For example, according to Morningstar, the P/E ratio of the MSCI Emerging Markets Index is 10.6 times. For this fund, it is 6.6 times. For the price to cash flow, the index is 5.2 times, while the fund is 2.5 times. It is even more attractive compared to its peers, with Morningstar reporting the category average P/E is 12.5 times, and the price to cash flow is 8.0 times.

That doesn't mean the near term will be any easier. With continued worry over China, combined with lower demand for commodities, emerging markets are likely in for more trouble. If you are uncomfortable with this outlook, you may want to avoid this and other emerging market funds. However, if you are comfortable with it, and you have a medium to long time horizon, I believe this is a solid pick.

Fixed Income Core

Fund	Style	Managers	MER	Assets (\$ mil)	Notes
Dynamic Advantage Bond	Multi-Strategy	Michael McHugh Domenic Bellissimo	1.58%	\$922.7	<ul style="list-style-type: none"> Outperformed in Q3 because of defensive positioning Duration remains less than half that of the index Approximately 20% invested in real return bonds Expected to outperform in rising rate environment
PH&N Total Return Bond Fund	Multi-Strategy	PH&N Fixed Income Team	1.16%	\$7,377.2	<ul style="list-style-type: none"> With yields in Canada likely to remain on hold or move lower, this is my top bond pick for near term. Cautiously positioned. Have been active in recent volatility. Increased corporate holdings after sell off Reduced duration to 7, now below FTSE/TMX. Should outperform in flat or falling rate environment. Duration is at 3.05 years, higher than TD or PH&N Invests in an equally weighted laddered portfolio of corporate bonds rated BBB or higher, in 5 maturity buckets ranging from 1 to 5 years.
PowerShares 1-5 Yr Laddered Corp Bond	Rules Based	PowerShares Management Team	0.99%	\$408.2	<ul style="list-style-type: none"> Lower cost, higher yield and corporate focus should allow outperformance in most market environments
TD Canadian Core Plus Bond	Multi-Strategy	Rob Pemberton Christopher Case	1.51%	\$11,373.4	<ul style="list-style-type: none"> Similar to the TD Canadian Bond except it can invest up to 30% in global, high yield & Emerging Mkt. debt Duration is 6.8, slightly shorter than PH&N. Expected to lag it in flat or falling rate environment. Remains a great long-term bond pick

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	-1.1	1.1	1.9	3.2	4.0	4.3	-0.1	4.2	6.5	7.3	13.8	59%	61%	50%	27%	2.38%
Quartile	4	4	2	1	1	4	1	1	3	1	1					
PH&N Total Return Bond Fund	-0.1	4.3	2.8	3.6	N/A	8.0	-1.5	3.4	7.5	5.9	10.6	104%	94%	102%	87%	3.48%
Quartile	2	1	2	2		1	2	3	2	3	1					
PShrs 1-5 Yr Lad. Corp Bond	-0.4	2.3	2.1	2.5	N/A	2.8	1.4	3.0	4.1	N/A	N/A	71%	70%	59%	39%	1.48%
Quartile	3	1	1	1		1	1	1	1							
TD Canadian Core Plus Bond	-0.5	3.4	2.3	3.7	N/A	6.9	-1.3	4.9	8.0	6.2	14.7	95%	90%	101%	78%	3.28%
Quartile	3	2	2	2		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%	\$5,611.4	<ul style="list-style-type: none"> Tactically managed global bond fund that invests in global government, corporate and high yield bonds Currency risk is actively managed. Added to CAD hedged position as CAD continues to fall. Reducing exposure to high yield and increasing exposure to high quality U.S. credits. Hold 0 in Treasuries Selective in EM. Focusing only in investment grade countries now (Singapore, Korea & Philippines.) A great way to diversify from domestic bonds
PIMCO Monthly Income Fund	Tactical	Alfred Murata	1.38%	\$7,773.0	<ul style="list-style-type: none"> 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 EM debt. Duration at September 30 was 2.96 years.
RBC Global Corporate Bond	Credit Analysis	Frank Gambino Marty Balch Soo Boo Che	1.71%	\$5,268.1	<ul style="list-style-type: none"> Invests mainly in investment grade corporate bonds from issues around the world. EM and high yield exposure dragged returns, while investment grade U.S. and Europe bonds helped Near term outlook remains somewhat cloudy, given the exposure to oil prices and other commodities Modestly 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	1.8	8.0	6.8	5.9	N/A	8.1	4.5	9.1	2.0	8.4	8.8	55%	52%	87%	53%	4.92%
Quartile	1	1	1	1		1	2	3	4	4	4					
PIMCO Monthly Income Fund	-1.1	2.1	6.2	N/A	N/A	5.3	6.3	23.7	N/A	N/A	N/A	13%	N/A	-96%	N/A	3.63%
Quartile	4	3	2			4	1	1								
RBC Global Corporate Bond	-0.4	0.9	2.2	3.7	4.5	6.7	-0.6	8.8	6.2	6.8	12.7	18%	27%	5%	-7%	3.40%
Quartile	3	3	3	3	2	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 run against the most appropriate benchmark

Canadian Equity Core

Fund	Style	Managers	MER	Assets (\$ mil)	Notes
CI Cambridge Canadian Equity	Large Cap Growth	Brandon Snow	2.44%	\$3,957.5	<ul style="list-style-type: none"> • Bottom up investment process. • Remains cautiously positioned. Cash sits at 21%. • Will use volatility to find attractive opportunities • Offers excellent downside protection
Fidelity Canadian Large Cap	Large Cap Value	Daniel Dupont	2.30%	\$4,207.3	<ul style="list-style-type: none"> • Used recent volatility to deploy some cash, adding to financials, and industrials. Cash now at 14% of fund • Average market cap is also falling, well below index. • Manager remains concerned about valuations.
IA Clarington Cdn Conservative Eqty	Large Cap Blend	Doug Kee Ryan Bushell	2.44%	\$624.1	<ul style="list-style-type: none"> • Energy continues to drag returns, with a 30% weight • Internal portfolio yield is at 4.6%, highest since 2009 • Manage believes worst of energy rout behind us • I believe in the approach, but it's UNDER REVIEW
RBC North American Value	Large Cap Blend	Stu Kedwell Doug Raymond	2.06%	\$2,445.7	<ul style="list-style-type: none"> • Manager remains bearish on Canadian equities until energy and financials show signs of a turnaround. • Sees the U.S. as a better opportunity near term.
Signature Select Canadian	Large Cap Blend	Eric Bushell	2.44%	\$2,175.2	<ul style="list-style-type: none"> • Underperformed on financial and consumer names • Finding opportunities in Banks, namely Scotiabank, which is undervalued on worries over EM exposure

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	-3.3	2.6	14.8	12.8	N/A	14.2	27.2	16.7	-1.3	12.5	23.8	102%	100%	18%	33%	8.19%
Quartile	1	1	1	1		1	1	1	1	2	3					
Fidelity Canadian Large Cap	-1.6	4.1	16.4	14.2	9.8	10.6	36.6	6.0%	10.6	17.8	37.2	97%	83%	-5%	-1%	7.08%
Quartile	1	1	1	1	1	2	1	3	1	1	1					
IA Clarington Cdn. Cons. Eq.	-10.1	-19.8	-0.2	2.0	2.6	5.1	9.5	5.8	2.4	13.6	24.6	67%	68%	109%	77%	7.93%
Quartile	4	4	4	4	4	4	4	3	1	1	3					
RBC North American Value	-5.7	-0.9	11.2	9.4	9.2	7.6	23.1	11.8	-3.6	15.3	28.7	55%	67%	84%	115%	8.26%
Quartile	4	4	4	3	1	3	2	1	1	1	1					
Signature Select Canadian	-6.9	-3.7	8.8	6.4	5.4	11.6	19.2	8.2	-8.5	10.3	28.0	91%	94%	57%	75%	9.38%
Quartile	3	3	3	2	2	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	2.44%	\$257.1	<ul style="list-style-type: none"> • Energy and financials dragged performance. Holds 11% in cash. Sector mix largely unchanged over Q3 • Will use cash to take advantage of opportunities • Managed using a fundamentally driven, bottom up process, Blends core holdings with opportunity trades • Strong risk reward metrics. Solid all cap offering.
IA Clarington Canadian Small Cap	Mid Cap Blend	Joe Jugovic Ian Cooke	2.93%	\$785.2	<ul style="list-style-type: none"> • Canadian market continues to be hindered by energy, slowing economy, and negative global sentiment. • Bottom up, value focused stock selection approach • Continue to focus on balance sheet strength and valuation. See markets as high, but not overvalued • I also like NEI Ethical Special Equity and CI Can-Am Small Cap, which are very similar funds. • Outperformed the index because of its limited exposure to energy names.
Sentry Small Mid Cap Income Fund	Mid Cap Blend	Michael Simpson Aubrey Hearn	2.71%	\$1378.7	<ul style="list-style-type: none"> • Becoming more defensive, looking for companies with history of growth throughout market cycle. • Using market volatility to add to and take new positions in attractive investment opportunities. • Pays a monthly distribution. Currently yielding 2.8%

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	-8.3	-4.6	21.0	N/A	N/A	14.7	47.3	34.3	N/A	N/A	N/A	133%	N/A	-1%	N/A	10.61%
	Quartile	2	1	1		1	1	1								
IA Clarington Cdn Small Cap	-7.8	-10.1	11.4	10.9	6.9	5.9	37.3	20.2	-3.3	13.9	29.6	85%	77%	12%	20%	8.61%
	Quartile	2	3	2	1	1	2	1	1	4	4					
Sentry Small Mid Cap Income	-7.8	-0.8	15.3	15.2	12.6	12.7	36.4	15.5	6.5	26.3	43.5	104%	86%	6%	2%	8.84%
	Quartile	1	2	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%	\$920.7	<ul style="list-style-type: none"> Industrial names dragged in Q3 Managers worry lower oil prices and strong U.S. dollar will take toll on S&P 500 earnings in Q4. Longer term outlook is more positive. 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%	\$340.1	<ul style="list-style-type: none"> Looking for stocks that have market like P/E ratios with growth rates that are stronger than the S&P 500 Valuations starting to look a bit rich. Caution!
RBC O'Shaughnessy U.S. Value	Large Cap Value	Jim O'Shaughnessy	1.50%	\$1,844.7	<ul style="list-style-type: none"> Fully hedged currency exposure hurt in Q3, amplifying losses compared with unhedged funds. Stock selection is quantitative
TD U.S. Blue Chip	Large Cap Growth	Larry Puglia	2.56%	\$2,217.4	<ul style="list-style-type: none"> 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%	\$436.1	<ul style="list-style-type: none"> Concentrated portfolio, overweight technology Healthcare names dragged performance in Q3 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	-3.1	12.4	18.6	13.8	5.3	16.8	36.1	5.5	6.3	10.2	-1.1	83%	76%	118%	90%	9.53%
Quartile	3	3	4	3	3	3	3	4	1	2	4					
Mackenzie U.S. Large Cap Cl.	-2.0	12.0	20.8	16.8	7.5	17.5	40.6	13.5	1.6	11.7	4.0	93%	93%	136%	115%	10.85%
Quartile	3	3	3	2	1	3	2	1	1	1	4					
RBC O'Shaughnessy US Value	-11.4	-9.0	13.7	13.2	N/A	10.7	47.5	12.4	6.7	14.5	24.8	71%	87%	142%	147%	11.72%
Quartile	4	4	4	4		4	1	1	1	1	1					
TD U.S. Blue Chip	1.0	23.4	25.6	19.8	8.1	16.8	47.6	13.7	1.8	8.2	18.7	107%	104%	124%	111%	12.82%
Quartile	1	1	1	1	1	3	1	1	1	2	1					
Trimark U.S. Companies	-2.1	16.1	23.0	18.0	7.3	25.7	40.8	10.3	0.3	15.6	5.9	103%	105%	154%	144%	11.14%
Quartile	3	2	1	1	2	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	2.34%	\$2,061.4	<ul style="list-style-type: none"> Remains my top pick in U.S. Small/Mid Cap category Tech & Consumer discretionary names drove outperformance in Q3. Ingram Micro & Jardine contributed Finding strong opportunities (strong revenue & ROE) in tech, consumer discretionary and healthcare. 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%	\$973.1	<ul style="list-style-type: none"> Has the largest average market cap of US SMID picks Bottom up approach that looks for quality management, leadership and attractive valuation Positioned for growth. Overweight industrials & health Strong performer in past year. Take profits!
Trimark U.S. Small Companies	Small Cap Blend	Rob Mikalachki Virginia Au Jason Whiting	2.81%	\$139.2	<ul style="list-style-type: none"> Very small cap focused. Lowest avg. mkt cap on list Energy & tech names were detractors in Q3, but they used volatility to add at attractive valuations. Managers expecting high volatility to continue Portfolio trades at a 45% discount to Russell 2000 Cash is sitting at 29%, 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	-1.4	28.2	28.4	25.5	10.6	17.5	54.2	19.9	7.7	18.9	31.9	100%	100%	63%	48%	12.38%
	Quartile	1	1	1	1	1	1	1	1	2	1					
TD U.S. Mid Cap Growth Fund	-0.1	29.6	27.4	19.3	9.7	21.5	43.8	9.7	-0.5	20.2	22.7	96%	89%	56%	66%	10.97%
	Quartile	1	1	1	1	2	2	2	2	2	2					
Trimark U.S. Small Companies	-4.5	6.0	16.0	15.9	7.3	16.3	33.4	10.0	8.8	13.7	42.2	65%	74%	55%	54%	10.00%
	Quartile	2	3	3	2	3	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 Blend	Sri Iyer Fiona Wilson	2.01%	N/A	<ul style="list-style-type: none"> Managed using a multi factor quant model that focuses on dividend growth, payout and sustainability Looks for positive rates of change in 31 factors Diversified portfolio holding 70-100 names Overweight high yielding consumer staples, telecom and utilities. Also overweight healthcare. 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%	\$138.0	<ul style="list-style-type: none"> Focused on balance sheet strength & valuation Worried earnings growth will not support valuations Recent selloff has identified a growing number of strong investment candidates 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	2.86%	\$458.5	<ul style="list-style-type: none"> Bottom up approach looks for quality companies with strong earnings, and reasonable valuations Has about 14% emerging market exposure which weighed on returns in third quarter Managers used recent volatility to add to portfolio
Mackenzie Ivy Foreign Equity Fund	Large Cap Blend	Paul Musson Matt Moody	2.53%	\$4,071.0	<ul style="list-style-type: none"> Remains one of the best for downside protection High cash balance, currently nearly 30%, was key contributor to Q3 outperformance. Used recent volatility to add to undervalued names. Also took profits in some approaching full valuation Still view the market as expensive for growth outlook Continue to focus on quality and valuation. This is nearly identical to the highly regarded Mawer International Equity Fund
Manulife World Investment	Large Cap Blend	David Ragan Jim Hall	2.57%	\$801.4	<ul style="list-style-type: none"> Managed using a fundamentally driven, bottom up GARP process that looks for well-managed, wealth creating companies trading below its true value Currently focusing on high quality names. 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	\$2,604.1	<ul style="list-style-type: none"> Lagged in quarter on industrial and consumer names, and emerging market exposure. Holds 11% in EM. Managers worried over impact of China slowdown, but remain focused on 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.
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2014	2013	2012	2011	2010	2009	3Yr	5Yr	3Yr	5Yr	Risk
GDN Global Dividend Growth	0.4	13.0	14.1	N/A	N/A	13.8	20.0	4.6	N/A	N/A	N/A	78%	N/A	123%	N/A	9.56%
Quartile	1	2	3			1	4	4								
IA Clarington Global Equity	-2.3	8.5	12.0	9.0	N/A	8.2	21.1	12.5	-4.8	8.5	14.6	65%	76%	93%	105%	10.14%
Quartile	2	3	4	3		3	3	2	2	2	3					
Invesco International Growth	-4.2	9.1	15.4	9.8	5.3	7.6	27.3	12.4	-6.1	7.0	17.3	85%	82%	79%	71%	9.96%
Quartile	2	2	2	1	1	1	2	3	1	1	1					
Mackenzie Ivy Foreign Equity	2.6	17.0	17.1	12.0	7.5	8.3	31.0	7.9	3.2	3.6	5.8	80%	72%	73%	56%	7.80%
Quartile	1	1	2	2	1	3	2	4	1	3	4					
Manulife World Investment	-0.9	14.7	15.8	10.4	N/A	7.3	21.6	19.2	-8.8	8.1	22.3	86%	92%	79%	84%	11.36%
Quartile	1	1	2	1		1	4	3	2	2	2					
Trimark Fund (SC)	-4.5	11.7	16.8	13.3	5.9	10.0	30..5	12.0	3.2	5.0	10.4	84%	82%	101%	69%	9.40%
Quartile	3	2	2	1	2	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%	\$96.9	<ul style="list-style-type: none"> • Strong quarter, outpacing peers and index. • Stock selection drove this outperformance. • 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 September 30 was 12.3% • More volatile than its peers. More volatility expected. • Remains a good long-term pick
Trimark Global Endeavour	Mid Cap Blend	Jeff Hyrich Erin Greenfield	2.64%	\$1,189.9	<ul style="list-style-type: none"> • 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. • Consumer names dragged performance in Q3 • Management used recent volatility to add to current names at more attractive prices. • Even with recent selloff, they believe valuations are still extended in many names. • Cash moved up to 17%, up from 16% in Q2. 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	3.0	15.2	22.9	16.0	4.6	8.1	34.8	33.7	-15.2	21.9	41.9	87%	90%	45%	75%	11.05%
Quartile	1	2	1	1	3	3	3	1	3	1	1					
Trimark Global Endeavour	-2.1	19.0	19.6	15.8	8.2	11.0	31.9	14.3	1.5	19.7	31.9	87%	91%	63%	63%	9.29%
Quartile	2	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 Blend	Robert Horrocks Kenneth Lowe	2.67%	\$662.9	<ul style="list-style-type: none"> Held up well in highly volatile Q3, largely because of the more balanced approach. Approximately 11% was invested in convertible bonds and preferreds Outlook remains challenging due to China Continuing to focus on high quality names.
Brandes Emerging Markets	Large Cap Value	Brandes Management Team	2.71%	\$243.3	<ul style="list-style-type: none"> Performance struggled on Brazilian holdings. Deep value approach that looks for quality companies that have been beaten down by the market I remain patient given it trades at significant discount.
Dynamic Power Global Growth	Large Cap Growth	Noah Blackstein	2.52%	\$924.8	<ul style="list-style-type: none"> Concentrated portfolio of stocks with growing earnings. Focuses on growth over a 3 to 5 year period Concentrated in tech, consumer, & healthcare names High volatility with potential for high return.
Manulife Global Infrastructure Fund	Large Cap Growth	Craig Noble	2.77%	\$299.4	<ul style="list-style-type: none"> Managed by Brookfield, a leader in infrastructure Invests in companies that own and operate infrastructure assets around the world. Near term outlook mixed because of energy woes, but medium to long term outlook remains strong 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.	-4.7	4.2	8.8	6.3	6.5	6.7	9.3	21.9	-10.1	12.5	27.0	62%	61%	74%	50%	8.87%
Quartile	1	4	4	2	1	3	4	1	1	2	1					
Brandes Emerging Markets	-14.2	-20.5	1.3	-1.7	4.0	-1.2	13.3	10.5	-19.8	10.2	79.5	95%	93%	126%	116%	14.79%
Quartile	4	4	4	3	3	4	1	4	3	3	1					
Dynamic Power Global Growth	-6.2	16.4	18.8	11.8	10.1	9.1	40.6	7.2	-5.9	22.3	30.0	116%	106%	230%	159%	16.74%
Quartile	4	1	1	2	1	2	1	4	2	1	1					
Manulife Global Infrastructure	-4.3	-2.9	12.7	11.5	N/A	15.8	22.9	12.8	9.6	7.8	21.0	67%	64%	90%	38%	8.044%
Quartile	3	4	3	2		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%	\$9,661.8	<ul style="list-style-type: none"> Invests in high yielding equities, Corp & HY bonds Very well diversified. Holds 11% cash. Expect more volatility in short term. Long term strong
Fidelity Canadian Balanced Fund	Strategic	Geoff Stein David Wolf	2.10%	\$7,258.1	<ul style="list-style-type: none"> Asset mix is at target – 47% stocks, 49% bond Invests in underlying Fidelity pools Rate sensitivity may hurt in rising rate environment
Manulife Monthly High Income Fund	Tactical	Alan Wicks Jonathan Popper	2.04%	\$9,517.3	<ul style="list-style-type: none"> Fund is being removed from the Recommended List as at September 30 as it was closed to new investors. Still, it remains a high quality balanced fund offering.
Sentry Conservative Balanced Income Fund	Tactical	Michael Simpson James Dutkiewicz	2.23%	\$1,912.3	<ul style="list-style-type: none"> Used recent selloff to add attractively valued names Finding opportunities in energy related sectors 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%	\$7,794.22	<ul style="list-style-type: none"> Asset mix is set by committee. Bond sleeve is neutral duration, overweight corporates Nearly half the equity exposure is in financials, and another 9% in real estate. Overweight utilities. Portfolio contains a high degree of interest sensitivity

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	-4.5	-1.6	5.9	6.9	5.7	8.6	8.6	11.6	4.8	15.3	30.6	42%	55%	61%	33%	4.64%
Quartile	4	4	4	2	1	2	4	1	1	1	1					
Fidelity Canadian Balanced	-3.4	5.0	9.0	7.4	6.3	11.1	12.7	6.0	-1.1	13.3	22.3	124%	116%	52%	65%	5.88%
Quartile	3	1	1	1	1	1	1	2	2	1	1					
Manulife Mthly High Income	-3.2	4.4	10.8	8.3	5.5	16.5	15.9	7.5	1.4	8.7	22.3	130%	102%	25%	21%	4.49%
Quartile	1	1	1	1	1	1	1	1	1	3	3					
Sentry Cons. Bal. Income	-2.8	-2.3	6.4	7.2	N/A	8.6	12.3	8.6	6.1	N/A	N/A	96%	93%	50%	24%	3.83%
Quartile	2	3	2	1		2	1	1	1							
TD Monthly Income Fund	-3.1	-3.0	5.7	5.8	5.2	9.9	8.9	8.5	3.6	9.8	30.7	99%	97%	70%	63%	4.63%
Quartile	2	4	3	2	2	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	Rules Based	PowerShares Management Team	0.99%	\$408.2	<ul style="list-style-type: none"> • Cautiously positioned. Have been active in recent volatility. Increased corporate holdings after sell off • Reduced duration to 7, now below FTSE/TMX. • Should outperform in flat or falling rate environment • Variable distribution. Currently yielding 3.1%
PH&N Monthly Income Fund	Tactical	Scott Lysakowski William John	1.94%	\$2,810.4	<ul style="list-style-type: none"> • Continues to disappoint – UNDER REVIEW!! • Pays a monthly distribution of \$0.0420, which works out to an annualized yield of more than 5.4% • Equities can range between 60% & 80%. 53% today • Fixed income positioning remains neutral to index • High exposure to energy dragged again.
Sentry Canadian Income Fund	Large Cap Blend	Michael Simpson Aubrey Hearn	2.66%	\$5,411.7	<ul style="list-style-type: none"> • Recently reclassified as Canadian Focused equity because of high foreign exposure, now at 32% • Pays a monthly distribution of \$0.0775 per unit, which works out to an annualized yield of 4.7% • Invests in high yielding equities & REITs in CDA & US. Well diversified. Solid income offering
BMO Monthly High Income II	Large Cap Blend	Kevin Hall Michele Robitaille	2.32%	\$1,447.7	<ul style="list-style-type: none"> • 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 • Energy exposure and lack of U.S. holdings hurt in Q3. • 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	-0.4	2.3	2.1	2.5	N/A	2.8	1.4	3.0	4.1	N/A	N/A	71%	70%	60%	40%	1.57%
	Quartile	3	1	1	1	1	1	1	1							
PH&N Monthly Income Fund	-5.5	-7.4	3.2	3.8	N/A	6.6	6.9	7.6	0.8	N/A	N/A	87%	87%	97%	84%	4.92%
	Quartile	4	4	4	4	3	4	1	1							
Sentry Canadian Income Fund	-2.5	2.1	11.0	11.3	8.4	15.9	18.6	11.5	6.1	18.6	33.0	74%	74%	7%	10%	5.90%
	Quartile	1	2	2	1	1	1	1	1	1	1					
BMO Monthly High Income II	-5.9	-10.4	3.9	6.9	5.3	3.7	14.2	7.7	10.4	20.7	34.0	69%	75%	71%	47%	7.22%
	Quartile	3	3	4	2	2	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%	\$657.2	<ul style="list-style-type: none"> 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%	\$629.8	<ul style="list-style-type: none"> 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%	\$994.1	<ul style="list-style-type: none"> 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%	\$438.2	<ul style="list-style-type: none"> 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. Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2014	2013	2012	2011	2010	2009	3Yr	5Yr	3Yr	5Yr	
TD Canadian Bond Index	-0.1	4.5	2.5	3.6	4.1	7.9	-2.0	2.8	8.7	6.0	4.3	104%	99%	110%	101%	3.72%
Quartile	2	1	2	2	2	1	2	2	1	2	3					
RBC Canadian Index	-8.0	-9.0	5.0	3.8	4.2	9.8	12.2	6.4	-9.2	16.8	34.1	96%	97%	103%	102%	9.65%
Quartile	4	3	4	3	3	2	4	2	2	2	2					
TD U.S. Index	-0.3	17.3	23.3	18.4	7.4	22.9	40.0	12.5	3.8	8.2	6.5	97%	96%	110%	103%	9.05%
Quartile	2	2	1	1	1	1	2	1	1	2	3					
TD International Index	-4.0	8.3	16.0	8.6	3.4	2.0	28.6	14.5	-10.8	0.9	8.6	96%	95%	107%	105%	11.82%
Quartile	2	2	2	2	2	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.

Disclaimer

Financial Information provided by Fundata Canada. (c) Fundata Canada. All Rights Reserved.

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.