

RECOMMENDED LIST OF FUNDS



April 2016

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The Recommended List

Returns at March 31, 2016									Correlations				
Name		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	0.5%	-1.0%	1.5%	3.1%	0.26	0.04%	0.50	0.253	0.265	0.351	0.757	1.58%
2	PH&N Total Return Bond Fund	1.6%	0.6%	3.8%	4.9%	0.33	0.01%	0.92	-0.029	0.212	0.228	0.989	0.58%
3	PowerShares 1-5 Yr Laddered Corp Bond	0.6%	0.4%	1.9%	2.7%	0.34	-0.01%	0.98	0.043	0.251	0.322	0.877	0.99%
4	TD Canadian Core Plus Bond	1.1%	-0.5%	2.5%	4.2%	0.29	-0.01%	0.84	0.019	0.211	0.263	0.968	1.50%
Fixed Income - Specialty													
1	Manulife Strategic Income Fund	1.4%	0.8%	5.5%	5.7%	0.28	0.23%	0.57	0.375	0.549	0.609	0.435	2.00%
2	PIMCO Monthly Income Fund	1.0%	-0.6%	2.9%	8.6%	0.48	0.59%	0.26	0.372	0.155	0.310	0.210	1.38%
3	RBC Global Corporate Bond	2.6%	-0.3%	2.5%	4.5%	0.30	0.11%	0.62	0.359	0.228	0.374	0.666	1.74%
Canadian Equity - Core													
1	CI Cambridge Cdn Equity	-0.2%	-3.7%	9.1%	9.0%	0.29	0.61%	0.66	0.795	0.646	0.645	-0.125	2.44%
2	Fidelity Canadian Large Cap Fund	3.4%	3.1%	13.0%	12.6%	0.47	0.92%	0.41	0.595	0.674	0.645	-0.038	2.53%
3	IA Clarington Cdn Conservative Equity	6.9%	-8.8%	-1.0%	0.6%	0.00	-0.08%	0.73	0.838	0.267	0.366	-0.101	2.42%
4	Manulife Dividend Income Fund	5.2%	1.3%	12.3%		0.52	0.96%	0.48	0.809	0.615	0.569	0.066	2.29%
5	RBC North American Value Fund	1.0%	-2.6%	9.3%	7.2%	0.22	0.45%	0.76	0.870	0.729	0.725	-0.172	2.10%
6	Signature Select Canadian Fund	-2.3%	-9.0%	6.2%	3.8%	0.10	0.17%	0.87	0.885	0.707	0.746	-0.174	2.44%
Canadian Small Mid Cap Equity													
1	CI Cambridge Pure Canadian Equity	0.3%	-12.1%	11.8%	15.9%	0.40	1.20%	0.71	0.721	0.360	0.442	-0.152	2.44%
2	IA Clarington Canadian Small Cap	5.2%	-1.3%	9.3%	9.6%	0.28	0.73%	0.59	0.728	0.387	0.437	-0.340	2.93%
3	Sentry Small Cap Income Fund	-2.0%	-8.6%	11.1%	11.7%	0.33	0.90%	0.56	0.697	0.704	0.631	-0.109	2.76%

Returns at March 31, 2016									Correlations				
Name	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	Mackenzie U.S. Large Cap Class	-8.3%	-3.0%	16.8%	14.2%	0.34	-0.40%	1.07	0.479	0.952	0.754	0.066	2.53%
2	Manulife U.S. Equity Fund	-4.4%	1.3%	18.7%	16.5%	0.42	-0.12%	1.00	0.446	0.949	0.694	0.025	2.48%
3	RBC O'Shaughnessy U.S. Value Fund	2.1%	-9.1%	10.5%	11.3%	0.24	-0.19%	0.80	0.713	0.598	0.587	-0.259	1.55%
4	TD U.S. Blue Chip	-12.2%	-0.4%	21.7%	17.4%	0.36	-0.33%	1.21	0.394	0.905	0.773	0.168	2.54%
5	Trimark U.S. Companies Fund	-7.7%	-3.6%	18.6%	15.1%	0.35	-0.39%	1.12	0.440	0.959	0.718	0.106	2.71%
US Small Mid-Cap Equity													
1	Fidelity Small Cap America	-4.9%	-0.7%	22.3%	21.7%	0.51	0.98%	0.66	0.372	0.869	0.595	0.105	2.56%
2	TD U.S. Mid - Cap Growth Fund	-7.1%	0.7%	21.6%	16.1%	0.36	0.49%	0.75	0.473	0.893	0.714	0.080	2.54%
3	Trimark U.S. Small Companies Class	-2.4%	-10.6%	11.4%	11.5%	0.30	0.29%	0.61	0.531	0.791	0.645	0.154	2.81%
Global / International Equity - Core													
1	Guardian Global Dividend Growth Fund	-6.9%	-1.5%	11.6%		0.31	0.01%	0.80	0.350	0.823	0.848	0.461	0.00%
2	IA Clarington Global Equity	-2.7%	-1.9%	8.3%	7.8%	0.20	-0.29%	0.87	0.635	0.725	0.851	0.044	2.58%
3	Invesco International Growth Class	-5.5%	-2.2%	11.9%	9.6%	0.25	0.20%	0.78	0.614	0.812	0.941	0.117	2.87%
4	Mac Ivy Foreign Equity Fund	-1.4%	4.3%	14.0%	12.8%	0.42	0.34%	0.63	0.242	0.815	0.719	0.249	2.51%
5	Manulife World Investment	-3.4%	1.1%	12.6%	9.9%	0.23	0.19%	0.85	0.624	0.760	0.903	0.130	2.57%
6	Trimark Fund	-3.1%	3.5%	15.1%	14.2%	0.39	0.21%	0.85	0.491	0.866	0.844	0.226	1.70%
Global Small Mid Cap Equity													
1	Brandes Global Small Cap	-0.4%	6.9%	16.9%	14.7%	0.35	0.26%	0.86	0.662	0.692	0.789	-0.021	2.70%
2	Fidelity NorthStar Fund	-5.0%	4.5%	19.5%	13.6%	0.39	0.41%	0.63	0.323	0.670	0.717	0.140	2.55%
	Trimark Global Endeavour	-2.5%	2.1%	17.2%	13.5%	0.39	0.32%	0.71	0.508	0.795	0.824	0.096	2.56%

Returns at March 31, 2016									Correlations			
Name	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	-1.9%	-2.2%	5.9%	7.2%	0.20	0.14%	0.60	0.524	0.589	0.776	0.298	2.62%
2 Brandes Emerging Markets	6.2%	-4.3%	7.4%	2.9%	0.06	0.11%	0.97	0.768	0.463	0.669	-0.085	2.71%
3 Dynamic Power Global Growth Class	-12.9%	-9.2%	17.3%	8.6%	0.14	-0.60%	1.28	0.404	0.651	0.696	0.120	2.52%
4 Manulife Global Infrastructure Fund	-0.4%	-9.5%	8.0%	10.3%	0.31	0.23%	0.57	0.450	0.599	0.640	0.411	2.75%
Balanced / Income Funds												
1 CI Signature High Income Fund	-2.4%	-7.1%	3.5%	5.0%	0.25	0.24%	0.61	0.681	0.619	0.758	0.260	1.59%
2 Fidelity Canadian Balanced Fund	-0.6%	-4.5%	7.4%	5.3%	0.22	0.21%	0.79	0.714	0.738	0.748	0.302	2.32%
3 Sentry Conservative Balanced Income	1.3%	-3.3%	5.0%	6.2%	0.37	0.34%	0.54	0.752	0.662	0.628	0.197	2.27%
4 TD Monthly Income Fund	4.1%	-1.1%	5.3%	5.1%	0.23	0.27%	0.59	0.824	0.469	0.543	0.038	1.47%
Income Options												
1 PowerShares 1-5 Yr Laddered Corp Bond	0.6%	0.4%	1.9%	2.7%	0.34	-0.01%	0.98	0.043	0.251	0.322	0.877	0.99%
2 PH&N Monthly Income Fund	3.5%	-2.5%	3.9%	4.1%	0.18	0.11%	0.81	0.869	0.472	0.596	0.066	1.09%
3 Sentry Canadian Income Fund A	2.5%	-1.1%	9.9%	9.1%	0.40	0.65%	0.45	0.764	0.746	0.626	0.025	2.70%
4 BMO Monthly High Income Fund II	7.0%	-5.0%	3.0%	4.2%	0.14	0.24%	0.58	0.767	0.291	0.385	-0.006	2.14%
Passive Options												
1 TD Canadian Bond Index Fund	1.2%	0.0%	3.1%	4.3%	0.27	-0.06%	0.99	-0.131	0.126	0.135	0.999	0.83%
2 RBC Canadian Index Fund	4.3%	-7.3%	4.3%	1.4%	0.03	-0.06%	0.98	1.000	0.444	0.550	-0.129	0.72%
3 TD U.S. Index Fund	-5.5%	3.4%	19.8%	17.0%	0.45	-0.09%	1.00	0.449	0.996	0.774	0.135	0.54%
4 TD International Index Fund	-9.4%	-6.9%	9.9%	7.4%	0.17	-0.11%	0.98	0.550	0.754	0.988	0.133	0.99%

Benchmark Returns at March 31, 2016

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	0.13%	0.52%	0.81%	0.85%	1.57%
FTSE TMX Short Term Bond Index	0.40%	1.10%	2.30%	2.84%	
FTSE TMX Canadian Bond Universe	1.39%	0.77%	3.86%	5.15%	5.22%
Canadian Equity					
S&P/TSX 60 Capped Index	4.24%	-6.12%	5.79%	1.79%	2.62%
S&P/TSX Composite	4.54%	-6.57%	5.03%	2.10%	4.05%
S&P/TSX Completion Index TR	5.52%	-7.89%	2.84%	0.73%	3.68%
S&P/TSX Small Cap Index TR	8.52%	-5.69%	-0.59%	-4.97%	
U.S. Equity					
S&P 500 C\$	-4.89%	4.14%	21.31%	18.29%	8.15%
Russell 2000 C\$	-7.71%	-7.71%	14.78%	12.90%	6.06%
Global & Specialty Equity					
MSCI EAFE C\$	-8.99%	-5.77%	11.39%	8.96%	3.40%
MSCI World C\$	-6.47%	-0.69%	16.53%	13.58%	5.99%
MSCI World Small / Mid Cap Index C\$	-5.41%	-1.04%	16.87%	13.29%	6.60%
MSCI Europe C\$	-8.52%	-5.87%	12.04%	8.77%	3.74%
S&P/TSX Capped REIT Index	10.69%	-2.22%	2.66%	6.39%	7.36%
MSCI Emerging Markets C\$	-0.90%	-9.69%	4.06%	1.92%	4.44%
MSCI Pacific C\$	-9.74%	-5.60%	10.11%	9.13%	2.62%
MSCI Pacific ex Japan C\$	-4.57%	-7.47%	5.43%	6.80%	7.07%
MSCI ACWI C\$	-5.93%	-1.62%	15.11%	12.08%	5.74%
MSCI All China C\$	-14.38%	-16.35%	14.98%	7.74%	

Data Sources:

Fundata

PC Bond

Bank of Canada

MSCI

Returns as of March 31, 2016

List Changes

Additions

Manulife Dividend Income Fund (MMF 4529 – Front End Units, MMF 4429 – DSC Units) – Managed by the team of Alan Wicks, Conrad Dabiet, and Jonathan Popper, this fund looks to assemble a diversified portfolio of businesses that are creating value at a pace faster than the broader equity markets.

To do this, they use a bottom up, fundamentally driven process that seeks out businesses of any size that have high returns on invested capital. Each potential investment candidate is scored on a number of factors, including stability and level of their earnings power, managerial skill and ownership, and financial leverage. A deeper due diligence review is conducted on the most attractive opportunities. This includes meetings with management and generating an estimate of fair value. They also determine buy and sell prices. Once a company is in the portfolio, they actively manage position sizes based on real time valuation levels. The closer a name is to its buy price, the greater the weight it has in the fund. Surprisingly, turnover levels have been modest, averaging around 70% for the past three years.

The portfolio is much different than many other dividend mandates, with an underweight in energy and financials. It can invest outside of Canada, and has about 30% in the U.S. at the moment. They will also hedge part of their currency exposure.

Performance has been excellent, but more impressive is the volatility has been significantly lower than the broader market and its peer group. Further, it has done an excellent job of protecting capital in falling markets. While the retail version of this fund is only a few years old, it has been operating as an institutional mandate since June 2004 with similar risk reward metrics.

I don't see the absolute levels of return likely to be repeated, but I expect that it will be able to produce above average returns with less risk going forward. I see this as a great core holding for investors looking for Canadian equity exposure.

Manulife U.S. Equity Fund (MMF 4504 – Front End Units, MMF 4404 – DSC Units) – The U.S. market is one of the toughest to beat on a consistent basis, which is why I tend to favour low cost ETFs for my U.S. equity exposure. However, if you are looking for a well-managed, high quality, mutual fund that will give you a shot at outperforming the S&P 500 once in a while, then this fund, which mirrors the **Mawer U.S. Equity Fund (MAW 108 – No Load Units)** is definitely worth considering.

Mawer has built a strong reputation with their multi-layer, disciplined, research driven investment process that looks for well-managed, high quality companies with sustainable competitive advantages that are trading well below what Mawer believes it to be worth. To find potential

investment candidates, the managers screen for companies with high returns on equity that are trading at attractive valuations. Once identified, a more thorough fundamental review is conducted that includes a discounted cash flow analysis and the firm's arduous scenario analysis and stress testing to get a better understanding of the stocks potential upside and downside.

Performance and volatility numbers have been respectable. While the fund has lagged the S&P 500, it has still managed to post above average results every year since 2011.

If you are using a fee based account, or are a do-it-yourself investor, I would suggest that you look at the Mawer offering directly because it offers a lower MER than even the F-Class version of this fund. The MER of the A series is a bit rich at 2.48%, the F-Class is 1.26%, and the Mawer offering comes in at a very reasonable 1.18%.

While I don't see this fund significantly outperforming the S&P 500 on a consistent basis, it is a good option for those looking for a high quality U.S. equity mutual fund.

Fidelity Northstar Fund (FID 253 – Front End Units, FID 553 – DSC Units) – While this fund is considered a global small and mid-cap fund, it is, in reality, more of a go anywhere, all cap fund managed by the team of Joel Tillinghast and Daniel Dupont. Both managers use their unique individual bottom up stock selection process.

Mr. Tillinghast looks for well-managed, high margin companies with little or no debt that are growing faster than their peers. There also must be sustainable competitive advantages and high levels of free cash flow. He tends to be very well diversified, typically holding between 400 and 500 names.

Mr. Dupont, on the other hand, tends to run a more concentrated book, typically in the 20 to 50 stock range. He uses more of a value focused process that looks for stocks that are significantly undervalued. He likes strong companies with unrealized growth potential, excellent management teams, and high return on invested capital.

The managers meet formally on a monthly basis to discuss the relative attractiveness of the various investment opportunities available. With this information, they decide which of the managers can most effectively allocate capital in the coming month. Sector mix and geographic exposure is solely the by-product of the stock selection process.

Performance, particularly since 2012 has been very strong, but more impressive, the volatility and downside protection numbers have been stellar. Given the all-cap nature of the fund, I would be reluctant to use it as a core holding, but rather as a compliment to an otherwise well diversified portfolio.

Deletions

IA Clarington Canadian Conservative Equity (CCM 1300 – Front End Units, CCM 1400 – DSC Units) – This is a fund I have struggled with for a few quarters now. I originally added it to the list because of its conservative nature, decent returns, and lower than average levels of volatility. To do this, the managers focus on well managed, high quality Canadian companies that pay an above average dividend that is not only sustainable, but also growing. One of the risks of this strategy was over time, it became fairly concentrated in energy. More specifically, it invested heavily in energy infrastructure such as pipelines - the types of names that historically exhibited much less commodity sensitivity. However, when the energy swoon hit last year, investors sold off anything related to energy, including many of the names held in this fund. The result was a significant increase in volatility and levels of downside participation that were uncharacteristic for this fund.

I had numerous conversations with management, who remained consistent in their approach and continued to believe in these high quality, “backbone” type companies. Their belief was that as the energy markets normalized, so too would the risk reward profile of the fund. I felt comfortable with this, and continued to keep the fund on the list.

In February, IA Clarington made a change to the management team, bringing Terry Thib into the co-manager role alongside long-time manager Doug Kee. Along with the new manager, the fund was given a bit more flexibility in its mandate, allowing for some exposure to smaller companies, and also some non-Canadian holdings.

In a meeting with Mr. Thib, he reiterated that despite the manager change and the new flexibility, the fund’s positioning is likely to remain consistent for the near term. The focus will remain on high quality, well managed companies that deliver high levels of sustainable cash flow. In fact, he underscored that under his leadership, the fund will once again put an emphasis on the conservative. He expects that over time, the concentration in energy will be lessened as many of the names rebound and are sold as they approach full valuation.

I am strongly encouraged by the changes and what I heard from Mr. Thib. I believe that if successful in executing its strategy, it will return to its former self. That said, these changes are in fact significant. Further, I have some concerns on how the new managers will work together and how the changes may be executed in real time. Until that is determined, I feel it prudent to remove the fund, and monitor it closely.

Mackenzie U.S. Large Cap Class (MFC 1022 – Front End Units, MFC 1172 – DSC Units) – Over the past few quarters, I have noticed an uptick in the valuation levels in the portfolio, which has corresponded with higher volatility and an overall erosion in the risk reward metrics of the fund. The managers use an approach that is a mix of top down thematic with bottom up security selection, which gives it a bit of a growth tilt that has strongly outperformed over the past few years. However, as the market leadership looks to be shifting towards more value names, I expect this fund may be due for some slowdown in growth or potentially a bit of profit taking. Given the outlook, the valuation levels, and erosion of the risk reward metrics, I am removing the fund from the Recommended List, but will continue to monitor it closely.

PH&N Monthly Income (RBF 1660 – No Load Units, RBF 6660 – Front End Units, RBF 4660 – Low Load Units) – With some level of stability returning to the energy markets, this Canadian neutral balanced fund rebounded nicely. The advisor sold units gained an impressive 3.25% in the first quarter, outpacing its benchmark and peer group. While this is encouraging, it is not enough for me to keep it on the Recommended List. While the bond portion is solid, the equities have been merely average. Returns have disappointed and volatility has been on the increase. I will continue to monitor the fund for any meaningful improvement in the outlook.

Funds of Note

Dynamic Advantage Bond Fund (DYN 258 – Front End Units, DYN 688 – DSC Units) – On an absolute basis, the fund has continued to struggle, gaining a very modest 0.51% while the FTSE / TMX Universe Bond Index rose by 1.39%. The main reason for this underperformance is the fund's very conservative positioning. It has a duration of 3.0 years, which is less than half the duration of the broader market. While this will no doubt help when yields start rising, it will create a headwind when yields fall, as they did slightly in the first quarter.

The managers have kept its positioning very defensive, as they are expecting an uptick in volatility in the bond markets. They will likely keep the duration low until we see the Canada ten year yield in the 2% range, at which point they will likely start to increase duration. On April 30, the yield was 1.5%, so there is a way to go before we should expect a meaningful rise in duration.

They are also defensively positioned with respect to credit quality, and have only a modest 3% weight in high yield. They believe there is more volatility on the horizon in the high yield space and that credit conditions are deteriorating. Liquidity has also been a concern for them. They expect to remain patient and use downward volatility in the space to move into higher quality high yield issues.

Considering the above, I would expect this fund to continue to lag in the near term. However, when things get rocky and there is upward pressure on yields, this will be a bond fund you'll want to hold. In the interim, I prefer the more benchmark like duration positioning of the **TD Canadian Core Plus Bond Fund** or the **PH&N Total Return Bond Fund**.

Fidelity Canadian Large Cap Fund (FID 231 – Front End Units, FID 531 – DSC Units) – Despite lagging the S&P/TSX Composite Index, the fund still managed to outpace most of its peers in the first quarter. Much of this outperformance happened in January and February, when its underweight exposure to energy names and foreign holdings helped. However in March, with energy on the rebound and the Canadian dollar rising against the U.S. greenback, the fund lagged its peers.

The portfolio continues to look much different than the benchmark and its peers, with a substantial underweight in financials, real estate, materials and energy. It is overweight in the more defensive sectors such as consumer, healthcare, and utilities. It is also well represented in the technology space.

Despite being managed using a value focused style, the portfolio does not appear to be cheap, with valuation levels looking stretched. If you have held it for a while and have realized some solid gains, you may want to consider rebalancing, and taking some profits off the table. Still, for the long term, this continues to be one of my favourites in the Canadian equity space.

IA Clarington Canadian Small Cap Fund (CCM 520 – Front End Units, CCM 521 – DSC Units) – With a top quartile gain of 5.25%, the fund continues to deliver above average returns, with lower than average levels of volatility. To do this, the managers use a fundamentally driven, bottom up investment process that looks for high quality businesses, run by strong management teams that are trading at attractive valuations.

Because the managers pay very little attention to the benchmark, the portfolio looks nothing like it. It is significantly underweight in materials, which created a bit of a headwind in the first quarter, as gold and silver shot significantly higher. It is significantly overweight in consumer focused names, with modest overweights in energy and industrials.

Valuation is key to the management team, and that is reflected by the portfolio which is trading at significantly lower multiples than the benchmark or its peer group. They also tend to favour companies that offer not only a dividend, but the ability to maintain and grow that dividend over time. The portfolio yield is 2.9%.

Looking ahead, the managers believe we are in a low return environment and have continued to place an emphasis on capital preservation. Volatility has historically been lower than the benchmark and its peer group, and downside protection has been excellent.

I believe this to be one of the best small cap funds available to investors. If you're looking for a fund that will shoot the lights out, you might want to keep looking. But, if you're looking for a well-managed, high quality fund that has the potential to deliver above average returns and below average volatility over the long-term, this is definitely one to consider.

RBC O'Shaughnessy U.S. Value Fund (RBF 552 – No Load Units, RBF 776 – Front End Units, RBF 134 – Low Load Units) – With a gain of 2.1%, this was the best performing U.S. equity fund on the Recommended List for the quarter. The biggest reason for this outperformance was the fact the currency exposure is fully hedged. During the quarter, the Canadian dollar rose from \$0.7225 USD to \$0.7710 USD, which created a headwind for any funds that were unhedged.

The portfolio is built using a very transparent quantitative process developed by manager Jim O'Shaughnessy. He screens the universe of U.S. companies on a number of factors that history has shown can add to performance over the long term. These factors include such things as valuation, liquidity, sales, cash flow, and shareholder yield. Each stock is scored on these factors, with the top 50 or so names making up the final portfolio. It is always fully invested, carrying very little in the way of cash.

It often looks much different than the benchmark, and its current position is no exception. It carries nearly double the index weight consumer cyclical and more than double the index weight in industrials. It has no exposure to utilities, and real estate and only a fraction in healthcare.

Because of the value focus, the portfolio is very attractively valued, trading at levels well below the benchmark and the peer group. That has also been a key contributor to its underperformance, with many value names lagging the broader market. The other reason for the underperformance has been the currency policy, which prevented it from realizing any gains resulting from a declining Canadian dollar.

Looking ahead, as the market leadership shifts back to more value focused names, and some stability returns to the energy market, this fund is well positioned to benefit. However, given the value focus, low cash balance and unhedged currency position, it has the potential to be more volatile than other funds that use a more active process. It is very attractively priced, with an MER of 1.49% for the advisor units. If you have a longer term time horizon and are comfortable with a bit more volatility, this may be a fund you want to consider.

Trimark U.S. Small Companies Class (AIM 5523 – Front End Units, AIM 5521 – DSC Units) – With an average 23% cash weighting, the fund was able to outpace both its benchmark and peers in the first quarter. With U.S. small cap names selling off, the high cash balance helped to provide a buffer to this downside.

Over the past few quarters, the managers have expressed concern about the high level of valuation in the small cap space. That had led them to raise a significant amount of cash in the fund. But with the year starting out as it did, with high levels of volatility and some decent selloffs, the team was able to find a few high quality candidates and put some cash to work. Over the quarter, they added a new tech name, Liberty Broadband, and added to some existing positions that had become even more attractively valued. At the end of the quarter, the cash balance was still high, sitting at 17%. While this is high, it is because the managers remain disciplined, and would rather hold cash than invest in an idea that does not meet their quality and valuation standards. They are committed to using periods of market volatility to step in and pick up attractively priced names as appropriate.

Over the long term, the fund tends to be less volatile than its peers or index, and offers excellent downside protection. However, given the high cash balance, I would expect it to lag in a rising market. Still, if you are looking for U.S. small cap exposure that is much different than the index, this is definitely worth taking a look at.

Mackenzie Ivy Foreign Equity Fund (MFC 081 – Front End Units, MFC 611 – DSC Units) – With market volatility high in the first quarter, this concentrated, quality focused global equity offering did what it does – protect capital better than its benchmark and peer group. For the three months ending March 31, the fund was down by 1.4%, handily beating the -6.5% showing of the MSCI World Index. Historically, the fund has experienced about half to two-thirds of the drawdowns of the market, as the managers place an extraordinary emphasis on preservation of capital.

This outperformance came from a couple areas. First, the fund is carrying a high level of cash, which at the end of March sat at more than a third of the fund. Also helping were the fund's U.S. and UK stocks, which were net contributors to the performance.

In a recent commentary, managers commented that they continue to find the market valuations extremely expensive. As a result, they are having trouble finding new opportunities. Further, they have needed to trim exposure to a number of existing holdings to reduce risk in the

portfolio as many names reached full valuation. The result is a very high cash balance. This will help buffer against any downside in the markets, but will also be a headwind in a rising market.

Still, this remains one of my favourites, particularly for periods of higher than normal market volatility, which I believe we will continue to experience in the near to medium term. I see this as an excellent core global equity holding for risk averse investors looking for global equity exposure. I expect it to provide average returns and excellent downside protection over the long-term.

Dynamic Power Global Growth Class (DYN 014 – Front End Units, DYN 714 – DSC Units) – If you have a weak stomach, this is not the fund for you. It is a concentrated, growth focused, high conviction portfolio that has the ability to take investors on a wild ride, outperforming when markets rally, and selling off sharply when they fall. It holds 22 names, and more than half is invested in technology, a third in consumer discretionary, and the balance split between industrials and healthcare. Manager Noah Blackstein is very active, with portfolio turnover averaging more than 200% per year over the past five years. Obviously I wouldn't view this as a suitable core holding, but it can be a great return enhancer for those investors looking for a bit of octane in their portfolios.

CI Signature High Income Fund (CIG 686 – Front End Units, CIG 786 – DSC Units) – In April, it was announced that Ryan Fitzgerald, co-manager of the fund had moved over to the Harbour Team, where he was appointed lead manager of the **CI Harbour Fund, CI Harbour Global Equity**, and **CI Harbour Voyageur**.

A manager change is a significant event that often leads to a fund being removed from the Recommended List. In this case however, the fund will remain on the list. There are a couple of reasons for this.

First, the replacement is Eric Bushell, who is the CIO of the Signature Group, and is very well versed in the Signature house process, given that he was instrumental in its development.

Second, Mr. Bushell has managed this fund on a couple of other occasions, so is extremely familiar with it.

Third, given the size of the team, and the team approach used by the Signature group, this departure is less impactful than it would be with a less well-resourced team.

Combined, these factors lead us to remain very comfortable with the CI Signature High In-come Fund as a well-managed, global balanced fund offering for the long-term.

Fixed Income Core

Fund	Style	Managers	MER	Assets (\$ mil)	Notes
Dynamic Advantage Bond	Multi-Strategy	Michael McHugh Domenic Bellissimo	1.58%	\$826.3	- Remains conservatively positioned with a duration of less than half the index. - Approximately 20% invested in real return bonds - Low duration expected to drag in near term
PH&N Total Return Bond Fund	Multi-Strategy	PH&N Fixed Income Team	1.16%	\$7,884.8	- With yields in Canada likely to remain on hold or move lower, this is my top bond pick for near term. - Managers were active in Q1, using market volatility as an opportunity to improve portfolio positioning - The duration was shortened as they believe interest rates are more likely to move higher from here
PowerShares 1-5 Year Laddered Corp Bond	Rules Based	PowerShares Management Team	0.99%	\$431.7	- Duration is roughly in line with TD & PH&N short term - Equally weighted laddered portfolio of investment grade corporate bonds in 5 maturity buckets. - 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	1.50%	\$11,721.2	- Similar to the TD Canadian Bond except it can invest up to 30% in global, high yield & Emerging Mkt. debt - Duration increased to 7.2, slightly longer than PH&N. - Excellent long-term bond pick

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2015	2014	2013	2012	2011	2010	3Yr	5Yr	3Yr	5Yr	
Dynamic Advantage Bond	0.5	-1.0	1.5	3.1	3.2	0.7	4.3	-0.1	4.2	6.5	7.3	45%	53%	43%	24%	2.45%
Quartile	4	3	4	4	4	4	4	1	1	3	1					
PH&N Total Return Bond Fund	1.5	0.1	3.2	4.3	-	2.6	8.0	-1.5	3.4	7.5	5.9	97%	90%	93%	78%	3.44%
Quartile	1	2	1	2	-	2	1	2	3	2	3					
PShrs 1-5 Yr Lad. Corp Bond	0.7	0.4	1.9	2.7	-	1.8	2.8	1.4	3.0	4.1	N/A	63%	65%	48%	24%	1.47%
Quartile	1	2	2	1	-	2	1	1	1	1						
TD Canadian Core Plus Bond	1.1	-0.6	2.5	4.2	-	1.8	6.9	-1.3	4.9	8.0	6.2	85%	86%	92%	71%	3.22%
Quartile	2	3	2	2	-	3	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 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	2.00%	\$6,814.7	- Tactically managed global bond fund that invests in global government, corporate and high yield bonds - Expecting higher levels of volatility from here - Remains defensive, reducing high yield and emerging market exposure, increasing credit quality - Currency is now about 90% hedged back to CAD - Looking for more clarity and stronger economic data - A great way to diversify from domestic bonds
PIMCO Monthly Income Fund	Tactical	Alfred Murata	1.39%	\$8,000.5	- 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. - March 31 duration was 2.71, down from 3.35 in Dec.
RBC Global Corporate Bond	Credit Analysis	Frank Gambino Marty Balch Soo Boo Che	1.72%	\$5,558.2	- Invests mainly in investment grade corporate bonds from issues around the world. - Corporate bond exposure was volatile, but managed to finish the quarter in positive territory - Outpaced its peers but lagged the benchmark, with EM, US & European bonds dragging. - Modestly positioned with duration of 6.0 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	2015	2014	2013	2012	2011	2010	3Yr	5Yr	3Yr	5Yr	
Manulife Strategic Income	1.4	0.8	5.5	5.7	7.0	5.5	8.1	4.5	9.1	2.0	8.4	56%	52%	69%	54%	4.88%
Quartile	2	1	1	1	1	1	1	2	3	4	4					
PIMCO Monthly Income Fund	1.1	1.5	4.4	9.6	-	2.4	5.3	6.3	23.7	N/A	N/A	8%	35%	-59%	-85%	3.95%
Quartile	2	2	2	1	-	3	4	1	1							
RBC Global Corporate Bond	2.6	-0.3	2.5	4.5	4.9	-0.6	6.7	-0.6	8.8	6.2	6.8	11%	22%	-16%	-27%	3.44%
Quartile	1	3	3	3	2	4	3	3	2	2	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%	\$4,262.6	- Bottom up investment process. -Managers continue to be cautious. Cash has increased to 27% from just over 20%. - US consumer & financials have been big drag YTD
Fidelity Canadian Large Cap	Large Cap Value	Daniel Dupont	2.30%	\$4,604.1	- Defensively positioned with 24% cash and underweight to cyclical names. Overweight defensives. - Valuations look rich. Take some profits. Solid pick!
Manulife Dividend Income Fund	Large Cap Blend	Alan Wicks Conrad Dabiet Jonathan Popper	2.29%	\$638.2	- Concentrated, yet diversified portfolio of businesses that are creating value faster than broader markets - Use quant process to evaluate companies on many factors including earnings, management & leverage - Excellent risk/reward. Strong downside protection
RBC North American Value	Large Cap Blend	Stu Kedwell Doug Raymond	2.06%	\$2,348.4	- Energy names helped in Q1, but until energy recovery is sustainable, more volatility is expected. - Excellent long-term core equity fund.
Signature Select Canadian	Large Cap Blend	Eric Bushell	2.44%	\$2,008.9	- Has struggled YTD on financials and healthcare. - Overweight defensive and consumer names - Valuations look attractive. Solid long-term outlook

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2015	2014	2013	2012	2011	2010	3Yr	5Yr	3Yr	5Yr	
CI Cambridge Cdn Equity	-0.2	-3.7	9.8	9.4	-	0.6	14.2	27.2	16.7	-1.3	12.5	85%	96%	35%	39%	8.29%
Quartile	3	2	2	1	-	2	1	1	1	1	2					
Fidelity Canadian Large Cap	3.5	3.4	13.4	12.9	9.7	3.6	10.6	36.6	6.0%	10.6	17.8	83%	82%	2%	-3%	6.84%
Quartile	1	1	1	1	1	1	2	1	3	1	1					
Manulife Dividend Income	5.2	1.3	12.3	-	-	-1.1	5.1	9.5	5.8	2.4	13.6	91%	N/A	23%	N/A	6.68
Quartile	2	1	1	-	-	1	4	4	3	1	1					
RBC North American Value	1.0	-2.6	9.4	7.3	-	-0.3	7.6	23.1	11.8	-3.6	15.3	87%	95%	42%	54%	8.64%
Quartile	2	2	2	1	-	4	3	2	1	1	1					
Signature Select Canadian	-2.3	-9.0	6.3	3.9	4.2	-2.4	11.6	19.2	8.2	-8.5	10.3	86%	95%	69%	80%	9.69%
Quartile	4	4	3	3	2	3	1	3	2	2	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 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%	\$261.1	- Consumer and financial names detracted in Q1 - Positioned for a rebound in growth – overweight energy, industrials and technology. - Defensively positioned. Cash remains at 20% of fund - 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%	\$806.9	- Focus on quality paid off big in Q1, posting best returns of any Canadian equity fund on List. - Continue to focus on balance sheet strength and valuation. See markets as high, but not overvalued - Remains an excellent long-term small cap pick! - 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%	\$1,226.0	- Struggled in Q1 thanks largely to an underweight in materials and energy. - Managers expecting a pullback in the Canadian market, and will look to use weakness to find opportunity - Believe it is a stock pickers market and are looking for high quality companies trading at attractive values - Pays a monthly distribution. Currently yielding 3.0%

Fund	Annualized Returns (%)						Calendar Year Returns (%)					Upside		Downside		Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2015	2014	2013	2012	2011	2010	3Yr	5Yr	3Yr	5Yr	
CI Cambridge Pure Cdn Equity	0.3	-12.0	11.9	15.9	-	-5.8	14.7	47.3	34.3	N/A	N/A	99%	118%	35%	21%	10.59%
Quartile	3	4	1	1	-	3	1	1	1							
IA Clarington Cdn Small Cap	5.3	-1.3	9.3	9.6	6.1	-6.8	5.9	37.3	20.2	-3.3	13.9	70%	85%	18%	27%	8.94%
Quartile	1	1	2	1	1	3	2	1	1	1	4					
Sentry Small Mid Cap Income	-1.7	-8.4	11.4	11.9	11.7	-0.2	12.7	36.4	15.5	6.5	26.3	82%	87%	18%	14%	9.24%
Quartile	3	3	1	1	1	3	1	1	1	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/TSX Completion Index

U.S. Equity Core

Fund	Style	Managers	MER	Assets (\$ mil)	Notes
Manulife U.S. Equity Fund	Large Cap Blend	Grayson Witcher	2.48%	\$351.8	• Mirrors the respected Mawer U.S. Equity Fund • Managed using a fundamental, research focused, and bottom up approach. Risk management is key! • Looks for well managed companies with high ROE, sustainable competitive advantages & compelling P/E • Solid long-term pick if you want active U.S. equity exposure in a mutual fund.
RBC O'Shaughnessy U.S. Value	Large Cap Value	Jim O'Shaughnessy	1.49%	\$1,651.9	• Unhedged currency exposure helped in Q1 as the Canadian dollar gained ground on the U.S. greenback. • Quality, yield focused names also contributed • Stock selection done using quantitative process
TD U.S. Blue Chip	Large Cap Growth	Larry Puglia	2.56%	\$1,645.7	• 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 • Might be time to take some profits...
Trimark U.S. Companies	Large Cap Growth	Jim Young	2.71%	\$563.4	• Underperformed again in Q1, largely due to its holdings in healthcare, which was weakest sector • Unhedged currency exposure also detracted. • Manager believes stock selection will be key • Becoming concerned about an erosion to the risk reward metrics. Putting the fund UNDER REVIEW

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2015	2014	2013	2012	2011	2010	3Yr	5Yr	3Yr	5Yr	
Manulife U.S. Equity	-4.4	1.3	18.7	16.5	-	17.9	19.3	40.5	11.4	2.5	4.4	94%	97%	110%	111%	10.28%
Quartile	2	2	1	1	-	2	2	2	2	1	4					
RBC O'Shaughnessy US Value	2.1	-9.1	10.5	11.4	-	-8.9	10.7	47.5	12.4	6.7	14.5	67%	83%	111%	130%	13.11%
Quartile	1	4	4	3	-	4	4	1	1	1	1					
TD U.S. Blue Chip	-12.2	-0.4	21.7	17.4	7.4	30.8	16.8	47.6	13.7	1.8	8.2	114%	106%	148%	129%	13.05%
Quartile	4	2	1	1	1	1	3	1	1	1	2					
Trimark U.S. Companies	-7.7	-3.6	18.6	15.1	6.8	15.4	25.7	40.8	10.3	0.3	15.6	102%	100%	140%	138%	11.41%
Quartile	4	3	1	1	2	2	1	2	2	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 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%	\$2,255.4	• My top pick in U.S. Small/Mid Cap category • Remains defensive, with cash sitting at nearly 14% • Sector mix looks stable compared with end of Q4 • Delivers excellent downside protection • Valuations look okay compared to peers and benchmark, but high compared to large caps. Take profits.
TD U.S. Mid Cap Growth Fund	Mid Cap Growth	Brian Berghuis John Wakeman	2.56%	\$769.3	• Struggled in Q1 on underperforming healthcare names • 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 • More volatility expected. Take profits!
Trimark U.S. Small Companies	Small Cap Blend	Rob Mikalachki Virginia Au Jason Whiting	2.81%	\$183.8	• Had a strong showing in Q1, outpacing the index thanks to high cash balance and healthcare and tech names. • Managers used recent volatility to put some cash to work, bringing cash balance to 17% from 23% at end Q1 • Expect it to lag in rising markets because of high cash. • Very small cap focused. Lowest avg. mkt cap on list • Managers expecting high volatility to continue • Continue to look for high quality companies with high free cash flow dependability & strong balance sheets

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2015	2014	2013	2012	2011	2010	3Yr	5Yr	3Yr	5Yr	
Fidelity Small Cap America	-4.8	-0.5	22.6	22.0	9.6	24.3	17.5	54.2	19.9	7.7	18.9	98%	97%	56%	45%	11.17%
Quartile	3	1	1	1	1	1	1	1	1	1	2					
TD U.S. Mid Cap Growth Fund	-7.1	0.6	21.5	16.1	8.8	25.9	21.5	43.8	9.7	-0.5	20.2	97%	90%	61%	66%	11.71%
Quartile	4	1	1	1	2	1	1	2	2	2	2					
Trimark U.S. Small Companies	-2.4	-10.6	11.4	11.5	6.5	2.5	16.3	33.4	10.0	8.8	13.7	62%	67%	51%	51%	10.13%
Quartile	2	4	3	3	3	4	1	4	2	1	4					

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	2.03%	\$284.5	- 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. Yield is higher than benchmark - 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%	\$138.3	- Quality focus helped in Q1 with above average results - Portfolio valuation looks better than index and peers. - Remaining patient, with focus on capital protection - Expecting lower returns with higher volatility. - Should provide strong downside protection, but expected to lag in market rally
Invesco International Growth Class	Large Cap Blend	Jason Holzer Clas Olsson	2.87%	\$612.7	- Bottom up approach looks for quality companies with strong earnings, and reasonable valuations - Q4 outperformance result of financials & tech names - High cash balance helped preserve capital in volatility - Seeing strong opportunities in emerging markets
Mackenzie Ivy Foreign Equity Fund	Large Cap Blend	Paul Musson Matt Moody	2.53%	\$4,384.2	- Remains one of the best funds around for downside protection and performance in volatile markets. - High cash balance, currently nearly 30%, was key contributor to Q1 outperformance. - Will not try to predict markets in the short term, instead focus on quality company fundamentals - Valuations remain a concern. Defensive positioning
Manulife World Investment	Large Cap Blend	David Ragan Jim Hall	2.57%	\$904.1	- This is nearly identical to the highly regarded Mawer International Equity Fund - Managed using a fundamentally driven, bottom up GARP process that looks for well-managed, wealth creating companies trading below its true value - Outperformed in Q1 on healthcare and tech 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	1.70%	\$2,827.9	- Strong quarter thanks to industrial & health names - Managers see many downside risks on horizon, but remain optimistic for long term outlook for stocks - I prefer the SC Series to A because of lower MER

Fund	<u>Annualized Returns (%)</u>					<u>Calendar Year Returns (%)</u>						<u>Upside</u>		<u>Downside</u>		5 yr. Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2015	2014	2013	2012	2011	2010	3Yr	5Yr	3Yr	5Yr	
GDN Global Dividend Growth	-6.9	-1.5	11.6	-	-	16.1	13.8	20.0	4.6	N/A	N/A	84%	N/A!	109%	N/A	10.51%
Quartile	3	2	3	-	-	2	1	4	4							
IA Clarington Global Equity	-2.7	-1.9	-	-	-	8.8	8.2	21.1	12.5	-4.8	8.5	N/A!	N/A!	N/A!	N/A!	N/A!
Quartile	2	2	-	-	-	3	3	3	2	2	2					
Invesco International Growth	-5.5	-2.2	11.9	9.6	3.9	15.3	7.6	27.3	12.4	-6.1	7.0	91%	87%	77%	72%	10.13%
Quartile	1	2	1	1	1	3	1	2	3	1	1					
Mackenzie Ivy Foreign Equity	-1.4	4.3	14.0	12.8	6.8	16.0	8.3	31.0	7.9	3.2	3.6	76%	78%	54%	52%	7.86%
Quartile	1	1	2	1	1	2	3	2	4	1	3					
Manulife World Investment	-3.4	1.1	12.6	9.9	-	19.4	7.3	21.6	19.2	-8.8	8.1	93%	95%	76%	84%	11.51%
Quartile	1	1	1	1	-	2	1	4	3	2	2					
Trimark Fund (SC)	-3.1	3.5	15.1	14.2	5.4	19.2	10.0	30..5	12.0	3.2	5.0	93%	91%	93%	70%	9.50%
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 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	2.70%	\$95.3	• Uses an actively managed, bottom up process looking for names trading below its intrinsic value • Will hold cash when no opportunities available. Cash at March 31 was 12% • More volatile than its peers. More volatility expected. • Remains a good long-term pick
Fidelity Northstar Fund	Mid Cap Value	Joel Tillinghast Daniel Dupont	2.36%	\$3,809.3	• All cap go anywhere fund managed by Joel Tillinghast and Daniel Dupont, each using their distinct styles • Tillinghast is very diversified, Dupont is concentrated • Strong performance with an emphasis on capital protection. Excellent risk reward metrics • Tends to be less volatile than peers. • Solid compliment to well-diversified portfolio.
Trimark Global Endeavour	Mid Cap Blend	Jeff Hyrich Erin Greenfield	2.56%	\$1,313.5	• Bottom up approach that looks for well-managed, high quality, attractively valued mid-sized businesses • Concentrated portfolio. Holds around 40 names. • Outperformed in Q1 largely due to consumer & tech names and high cash balance • Used recent volatility as an opportunity to put some cash to work. At March 31, cash sat at 12%. • Managers continue to remain patient.

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		5 yr. Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2015	2014	2013	2012	2011	2010	3Yr	5Yr	3Yr	5Yr	
Brandes Global Small Cap	-0.4	6.9	16.9	14.7	4.7	22.2	8.1	34.8	33.7	-15.2	21.9	84%	94%	56%	75%	11.26%
Quartile	1	1	1	1	2	1	3	3	1	3	1					
Fidelity Northstar Fund	-5.0	4.8	19.7	13.9	6.1	24.9	13.5	46.0	8.0	-9.2	11.5	78%	78%	16%	49%	9.19%
Quartile	2	1	1	1	1	1	1	1	3	2	1					
Trimark Global Endeavour	-2.5	2.1	17.2	13.5	6.9	18.8	11.0	31.9	14.3	1.5	19.7	92%	90%	66%	73%	9.08%
Quartile	2	1	1	1	1	1	2	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 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	2.62%	\$665.7	• “Sin” stocks such as casino and tobacco names helped the fund outperform in Q1 • Holds approximately 14% in prefs and convertibles • Managers expecting high volatility to continue, with more central bank easing taking place. • Looking to navigate vol by focusing on quality names
Brandes Emerging Markets Value	Large Cap Value	Brandes Management Team	2.71%	\$215.9	• Deep value approach that looks for quality companies that have been beaten down by the market • Trades at a significant discount to its index and peers
Dynamic Power Global Growth	Large Cap Growth	Noah Blackstein	2.52%	\$924.0	• Tech names hurt in Q1. • 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	2.75%	\$270.5	• Rebound in energy infrastructure helped in Q1 • Managed by Brookfield, a leader in infrastructure • Invests in companies that own and operate infrastructure assets around the world. • Low historic correlation to traditional asset classes makes it an excellent diversifier in a portfolio.

	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		5 yr.
Fund	3mt	1 Yr	3 Yr	5 Yr	10Yr	2015	2014	2013	2012	2011	2010	3Yr	5Yr	3Yr	5Yr	Risk
BMO Asian Growth & Inc.	-1.9	-2.2	5.9	7.2	6.0	10.2	6.7	9.3	21.9	-10.1	12.5	57%	61%	50%	41%	9.12%
Quartile	1	1	2	1	2	4	3	4	1	1	2					
Brandes Emerging Mkts Value	6.2	-4.3	1.7	-0.4	3.9	-6.9	-1.2	13.3	10.5	-19.8	10.2	93%	94%	106%	106%	15.43%
Quartile	1	1	2	3	1	4	4	1	4	3	3					
Dynamic Power Global Growth	-12.9	-9.2	17.3	8.6	7.6	24.5	9.1	40.6	7.2	-5.9	22.3	140%	113%	209%	183%	17.81%
Quartile	4	4	1	3	1	1	2	1	4	2	1					
Manulife Global Infrastructure	-0.4	-9.4	8.1	10.4	-	-3.2	15.8	22.9	12.8	9.6	7.8	58%	63%	73%	39%	8.58%
Quartile	1	4	4	2	-	4	1	4	2	1	2					

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 Eric Bushell	1.60%	\$8,743.6	• Manager Ryan Fitzgerald left team to join Harbour • He is being replaced by Eric Bushell who is CIO of Signature and one of the architects of this fund • Move expected to be a positive on a go forward basis.
Fidelity Canadian Balanced Fund	Strategic	Geoff Stein David Wolf	2.10%	\$6,823.1	• Asset mix slightly favours bonds at end of Q1 • Invests in underlying Fidelity pools • With Canadian yields stable or possibly moving lower, the 50/50 target asset mix keeps it well positioned
Sentry Conservative Balanced Income Fund	Tactical	Michael Simpson James Dutkiewicz	2.23%	\$1,703.3	• Asset mix is 50% bonds / 50% equity. Near target now • Overweight to cash, bonds and U.S. equities hurt in Q1 • Remain defensive. Slightly shortened bond duration and are expecting modest correction in Cdn equities • Continue to look for quality, well valued companies.
TD Monthly Income Fund	Tactical	Doug Warwick Gregory Kocik Michael Lough	1.46%	\$7,455.1	• Asset mix is set by committee. • Bond sleeve has a slightly lower duration than the benchmark, overweight corporates • Nearly half the equity exposure is in financials, and another 9% in real estate. Overweight utilities. This positioning helped in Q1. • 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	2015	2014	2013	2012	2011	2010	3Yr	5Yr	3Yr	5Yr	
CI Signature High Income	-2.4	-7.2	3.5	5.1	4.9	-1.0	8.6	8.6	11.6	4.8	15.3	37%	50%	70%	62%	4.79%
Quartile	3	4	4	3	1	4	2	4	1	1	1					
Fidelity Canadian Balanced	-0.5	-4.2	7.8	5.6	5.8	3.5	11.1	12.7	6.0	-1.1	13.3	112%	106%	52%	66%	5.91%
Quartile	4	4	1	1	1	1	1	1	2	2	1					
Sentry Cons. Bal. Income	1.6	-3.0	5.3	6.4	-	-2.0	8.6	12.3	8.6	6.1	N/A	90%	93%	59%	29%	4.01%
Quartile	2	3	2	1	-	3	2	1	1	1						
TD Monthly Income Fund	4.1	-1.0	5.3	5.1	5.0	-3.8	9.9	8.9	8.5	3.6	9.8	107%	104%	92%	73%	5.22%
Quartile	1	1	2	2	2	4	1	4	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 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%	\$431.7	- Duration is roughly in line with TD & PH&N short term - Equally weighted laddered portfolio of investment grade corporate bonds in 5 maturity buckets. - Lower cost, higher yield and corporate focus should allow outperformance in most market environments - Variable distribution. Currently yielding 3.2%
Sentry Canadian Income Fund	Large Cap Blend	Michael Simpson Aubrey Hearn	2.66%	\$5,362.6	- Sentry cut the management fee on the front-end version of the fund, bringing it down to 1.95% - Recently reclassified as Canadian Focused equity because of high foreign exposure, now at 38% - 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	2.14%	\$1,324.7	- Bounce in energy names helped in Q1 - Pays a monthly distribution of \$0.06 per unit, which works out to an annualized yield of just over 5.3% - Invests in high yielding equities & REITs in Canada - More mid cap focused than Sentry - 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	2015	2014	2013	2012	2011	2010	3Yr	5Yr	3Yr	5Yr	
PShrs 1-5 Yr Lad. Corp Bond	0.7	0.4	1.9	2.7	-	1.8	2.8	1.4	3.0	4.1	N/A	63%	65%	48%	24%	1.47%
Quartile	1	2	2	1	-	2	1	1	1	1						
Sentry Canadian Income Fund	2.9	-0.7	10.3	9.5	8.0	0.1	15.9	18.6	11.5	6.1	18.6	71%	72%	11%	11%	5.84%
Quartile	1	1	1	1	1	2	1	1	1	1	1					
BMO Monthly High Income II	7.0	-5.0	3.1	4.2	4.9	-9.8	3.7	14.2	7.7	10.4	20.7	73%	71%	79%	50%	7.46%
Quartile	1	3	4	3	2	2	4	4	2	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%	\$703.5	- 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%	\$643.3	- I prefer this over the TD Canadian Index Fund because its MER is 16 bps lower - Lower MER should translate into higher returns
TD U.S. Index Fund	Passive	Vishal Bhatia Dino Vevaina	0.54%	\$1,070.1	- 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	0.99%	\$464.1	- 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	2015	2014	2013	2012	2011	2010	3Yr	5Yr	3Yr	5Yr	Risk
TD Canadian Bond Index	1.2	0.0	3.1	4.3	4.3	2.8	7.9	-2.0	2.8	8.7	6.0	99%	97%	101%	95%	3.66%
Quartile	2	2	2	2	2	1	1	2	2	1	2					
RBC Canadian Index	4.3	-7.3	4.3	1.4	3.4	-9.0	9.8	12.2	6.4	-9.2	16.8	97%	97%	103%	102%	9.64%
Quartile	2	4	4	4	3	3	2	4	2	2	2					
TD U.S. Index	-5.5	3.4	20.3	17.3	7.3	20.5	22.9	40.0	12.5	3.8	8.2	99%	98%	107%	103%	9.79%
Quartile	3	1	1	1	1	1	1	2	1	1	2					
TD International Index	-9.4	-6.9	9.9	7.4	1.8	18.3	2.0	28.6	14.5	-10.8	0.9	97%	96%	105%	104%	12.22%
Quartile	3	3	2	2	2	2	2	2	2	2	3					

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.

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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.