

RECOMMENDED LIST OF FUNDS



October 2017

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The Recommended List

Returns at September 30, 2017										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	-0.8%	-0.7%	0.7%	1.3%	0.07	0.02%	0.43	0.430	0.369	0.497	0.738	1.57%
2	Lysander-Canso Sht Trm & Fltng Rate	0.1%	1.5%	1.8%	N/A	0.34	0.10%	0.39	0.161	0.456	0.526	0.554	1.34%
3	PH&N Total Return Bond Fund	-1.9%	-3.0%	2.8%	2.7%	0.15	0.01%	0.96	0.117	0.361	0.452	0.997	0.58%
4	PowerShares 1-5 Yr Laddered Corp Bond	-0.7%	-1.1%	1.1%	1.4%	0.13	-0.03%	1.02	0.212	0.442	0.538	0.873	0.99%
	TD Canadian Core Plus Bond	-2.2%	-3.7%	1.6%	1.7%	0.08	-0.06%	0.91	0.128	0.386	0.467	0.989	1.41%
Fixed Income - Specialty													
1	IA Clarington Floating Rate Income	0.2%	2.8%	3.2%	N/A	0.40	0.23%	0.16	0.606	0.136	0.353	0.110	1.84%
2	Manulife Strategic Income Fund	0.7%	1.0%	4.6%	5.2%	0.31	0.26%	0.75	0.081	0.490	0.516	0.708	1.98%
3	PIMCO Monthly Income Fund	1.3%	3.7%	3.0%	4.8%	0.30	0.35%	0.23	0.505	0.219	0.386	0.234	1.38%
4	RBC Global Corporate Bond	0.2%	0.1%	2.8%	2.9%	0.18	0.09%	0.68	0.357	0.257	0.442	0.780	1.74%
Canadian Equity - Core													
1	CI Cambridge Cdn Equity	1.2%	6.3%	7.3%	12.3%	0.44	0.56%	0.65	0.685	0.658	0.574	0.142	2.44%
2	Fidelity Canadian Large Cap Fund	-0.5%	1.1%	5.2%	11.9%	0.49	0.70%	0.38	0.461	0.699	0.590	0.235	2.49%
3	Manulife Dividend Income Fund	1.8%	8.8%	9.6%	14.1%	0.63	0.74%	0.57	0.753	0.549	0.518	0.210	2.27%
4	RBC North American Value Fund	2.2%	10.3%	7.0%	11.2%	0.43	0.44%	0.69	0.787	0.708	0.626	0.078	1.93%
5	Signature Select Canadian Fund	5.1%	16.4%	7.0%	10.4%	0.37	0.32%	0.79	0.820	0.640	0.631	0.011	2.44%
Canadian Small Mid Cap Equity													
1	CI Cambridge Pure Canadian Equity	0.8%	4.7%	4.3%	16.0%	0.43	0.89%	0.77	0.701	0.417	0.426	-0.013	2.43%
2	IA Clarington Canadian Small Cap	2.7%	5.8%	3.3%	11.1%	0.35	0.57%	0.65	0.685	0.194	0.201	-0.300	2.93%
3	Sentry Small Cap Income Fund	2.3%	10.5%	7.5%	13.9%	0.44	0.80%	0.62	0.704	0.629	0.581	0.020	2.46%

		Returns at September 30, 2017					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	Capital Group U.S. Equity Fund	-0.1%	6.1%			0.47	0.01%	0.81	0.484	0.914	0.714	0.290	2.03%
2	Manulife U.S. Equity Fund	-1.4%	7.8%	13.1%	17.3%	0.46	-0.09%	0.95	0.278	0.957	0.695	0.288	2.45%
3	RBC O'Shaughnessy U.S. Value Fund	4.9%	21.0%	5.5%	13.6%	0.31	0.27%	0.55	0.605	0.465	0.358	-0.200	1.55%
4	TD U.S. Blue Chip	2.2%	18.2%	16.1%	20.2%	0.41	-0.20%	1.17	0.218	0.891	0.797	0.395	2.44%
5	Trimark U.S. Companies Fund	2.5%	15.2%	11.1%	17.0%	0.39	-0.32%	1.09	0.301	0.957	0.718	0.302	2.79%
US Small Mid-Cap Equity													
1	Fidelity Small Cap America	-1.7%	3.1%	11.5%	17.9%	0.41	0.44%	0.66	0.252	0.856	0.594	0.291	2.52%
2	TD U.S. Mid - Cap Growth Fund	0.0%	12.7%	16.4%	20.3%	0.46	0.54%	0.70	0.278	0.902	0.687	0.353	2.54%
3	Trimark U.S. Small Companies Class	-4.4%	9.4%	7.6%	12.9%	0.32	0.07%	0.66	0.355	0.800	0.555	0.221	2.96%
Global / International Equity - Core													
1	EdgePoint Global Portfolio	2.3%	18.9%	15.6%	20.3%	0.50	0.58%	0.75	0.442	0.723	0.530	0.020	2.13%
2	Guardian Global Dividend Growth Fund	-0.1%	7.7%	7.7%	10.4%	0.29	-0.38%	0.92	0.288	0.850	0.832	0.526	2.03%
3	IA Clarington Global Equity	1.5%	11.5%	9.0%	10.9%	0.33	-0.15%	0.77	0.467	0.767	0.798	0.305	2.57%
4	Invesco International Growth Class	0.9%	9.4%	7.6%	11.9%	0.32	0.02%	0.83	0.430	0.787	0.937	0.422	2.88%
5	Mac Ivy Foreign Equity Fund	-4.7%	-1.8%	7.0%	10.9%	0.35	-0.11%	0.74	0.134	0.868	0.745	0.494	2.50%
6	Manulife World Investment	1.0%	8.2%	11.0%	13.1%	0.34	0.12%	0.82	0.325	0.715	0.882	0.576	2.55%
7	Trimark Fund	-0.3%	4.2%	11.0%	14.4%	0.39	-0.13%	0.95	0.428	0.889	0.844	0.436	1.70%
8	Trimark International Companies Fund	2.2%	9.5%	13.1%	16.8%	0.41	0.42%	0.81	0.482	0.684	0.824	0.448	2.96%
Global Small Mid Cap Equity													
1	Brandes Global Small Cap	-3.2%	4.5%	11.7%	17.6%	0.46	0.14%	0.87	0.494	0.739	0.800	0.269	2.70%
2	Fidelity NorthStar Fund	-2.3%	-0.1%	7.0%	15.5%	0.48	0.37%	0.60	0.000	0.690	0.655	0.513	2.57%
	Trimark Global Endeavour	-0.2%	6.6%	10.4%	14.1%	0.40	-0.05%	0.82	0.324	0.821	0.799	0.390	2.58%

		Returns at September 30, 2017					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	-3.7%	-1.6%	4.0%	6.8%	0.20	-0.14%	0.63	0.267	0.599	0.738	0.630	2.64%
2	Brandes Emerging Markets	4.4%	15.2%	4.9%	8.5%	0.18	-0.03%	0.97	0.638	0.270	0.499	0.270	2.71%
3	Trimark Emerging Markets Fund	0.5%	9.1%	10.2%	10.9%	0.25	0.19%	0.90	0.509	0.474	0.626	0.359	2.79%
4	Dynamic Power Global Growth Class	10.9%	26.4%	18.1%	18.8%	0.30	0.07%	1.11	0.143	0.525	0.617	0.409	2.49%
5	Manulife Global Infrastructure Fund	-1.0%	0.4%	2.4%	9.6%	0.27	-0.14%	0.70	0.387	0.579	0.681	0.636	2.73%
Balanced / Income Funds													
1	CI Signature High Income Fund	-1.0%	2.1%	2.5%	5.3%	0.27	0.10%	0.70	0.598	0.634	0.775	0.488	1.59%
2	Fidelity Canadian Balanced Fund	0.1%	0.9%	4.0%	6.7%	0.31	0.16%	0.80	0.563	0.728	0.734	0.619	2.28%
3	Sentry Conservative Balanced Income	-0.6%	-0.2%	1.2%	4.9%	0.30	0.10%	0.63	0.707	0.667	0.611	0.408	2.19%
4	TD Monthly Income Fund	1.4%	6.4%	4.8%	6.9%	0.36	0.17%	0.72	0.862	0.391	0.475	0.156	1.47%
Income Options													
1	PowerShares 1-5 Yr Laddered Corp Bond	-0.7%	-1.1%	1.1%	1.4%	0.13	-0.03%	1.02	0.212	0.442	0.538	0.873	0.99%
2	Sentry Canadian Income Fund A	0.7%	3.9%	4.6%	8.7%	0.42	0.42%	0.43	0.615	0.751	0.580	0.277	2.32%
3	BMO Monthly High Income Fund II	1.4%	4.2%	1.7%	5.6%	0.21	-0.02%	0.74	0.821	0.249	0.355	0.077	2.14%
Passive Options													
1	TD Canadian Bond Index Fund	-2.1%	-3.8%	2.0%	1.8%	0.08	-0.06%	0.99	0.063	0.340	0.428	1.000	0.83%
2	RBC Canadian Index Fund	3.5%	8.4%	3.8%	7.3%	0.25	-0.05%	0.98	1.000	0.311	0.406	0.065	0.72%
3	TD U.S. Index Fund	0.3%	11.8%	13.8%	18.4%	0.48	-0.09%	1.00	0.311	0.997	0.745	0.343	0.55%
4	TD International Index Fund	1.1%	12.0%	7.9%	12.6%	0.30	-0.11%	0.99	0.383	0.735	0.992	0.439	1.00%

Benchmark Returns at September 30, 2017

Benchmark	3 mth	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Fixed Income					
FTSE TMX 90 Day T-Bill Index	0.12%	0.42%	0.55%	0.72%	1.01%
FTSE TMX Short Term Bond Index	-0.44%	-0.70%	1.44%	1.70%	3.29%
FTSE TMX Canadian Bond Universe	-1.83%	-2.97%	2.79%	2.66%	4.74%
Canadian Equity					
S&P/TSX 60 Capped Index	3.98%	10.47%	5.28%	8.79%	2.80%
S&P/TSX Composite	3.68%	9.18%	4.54%	8.06%	4.06%
S&P/TSX Completion Index TR	2.81%	5.52%	2.45%	5.99%	3.93%
S&P/TSX Small Cap Index TR	2.36%	1.21%	2.45%	3.94%	1.41%
U.S. Equity					
S&P 500 C\$	0.48%	12.76%	14.90%	19.80%	9.87%
Russell 2000 C\$	1.71%	14.99%	15.16%	18.66%	9.99%
Global & Specialty Equity					
MSCI EAFE C\$	1.51%	13.95%	9.41%	14.20%	4.18%
MSCI World C\$	1.03%	13.16%	12.29%	17.08%	7.22%
MSCI World Small / Mid Cap Index C\$	1.55%	13.10%	13.90%	18.31%	8.56%
MSCI Europe C\$	2.50%	17.14%	8.82%	14.31%	4.02%
S&P/TSX Capped REIT Index	0.19%	4.45%	5.65%	4.13%	6.37%
MSCI Emerging Markets C\$	3.99%	17.05%	9.16%	9.46%	3.98%
MSCI Pacific C\$	0.07%	9.05%	10.83%	14.14%	4.63%
MSCI Pacific ex Japan C\$	-0.20%	9.12%	8.56%	10.57%	5.26%
MSCI ACWI C\$	1.36%	13.60%	12.00%	16.22%	6.84%
MSCI All China C\$	5.00%	15.44%	15.06%	15.97%	

Data Sources:

Fundata

FTSE / TMX

Bank of Canada

MSCI

Returns as of September 30, 2017

List Changes

Additions

Lysander-Canso Short Term and Floating Rate Income Fund (LYZ 805A – Front End Units) – In the bond space, there are few shops that are as well respected as Canso Investment Counsel, the managers of Lysander-Canso Short Term & Floating Rate Fund. Manager John Carswell aims for high current income and some long-term capital appreciation with a fundamentally-driven credit analysis process.

Carswell can invest not only in traditional short-term bonds, but also in floating-rate securities and convertible bonds. The fund has a go-anywhere mandate, but as of the end of July, more than 90% of the portfolio was invested in Canada.

The fund also has flexibility around credit quality, and can invest up to 40% in non-investment grade issuers. And at the end of September, nearly 10% was in fact allocated to non-investment grade debt.

Canso's 28-member investment team gives it the bench strength for an in-depth fundamental review to understand a company's cash flow picture to assess creditworthiness, and covenants, to understand their rights should things go south. An internal credit rating system and maximum loss score sets up a worst-case scenario.

The managers are active in their approach, and will manage credit quality based on the risks of the market. The result is a concentrated portfolio, with the fund holding just north of 60 securities. The top 10 holdings make up roughly half of the portfolio. In the expectation of higher yields, the fund is defensively positioned, with half of the portfolio invested in floating-rate notes.

This positioning has benefitted the fund. In September, the FTSE/TMX Short Term Bond Index fell by nearly 0.5%, the fund was down only 0.1%. For the quarter, the index was down 0.5%, while the fund gained 0.1%. Longer-term numbers are also strong on a relative basis, with a 3-year average annual compounded rate of return of 1.8% to the end of September, compared with 1.4% for the index.

Looking ahead, given the bench-strength of the management team and the active investment process they use, I would expect this fund to be able to outpace most of its peers on both an absolute and risk-adjusted basis. However, given its focus on corporate debt over government issues, it may be a touch more volatile than its peers over short-term periods.

EdgePoint Global Portfolio (EDG 100 – Front End Units, EDG 300 – Low Load Units) –EdgePoint was launched in late 2008 after Geoff MacDonald and Tye Bousada left Invesco Trimark. Using what they learned there, they launched four core funds at EdgePoint.

This is their global equity offering that invests in companies of any size, located anywhere in the world that have strong competitive positions, excellent long-term growth prospectus, and strong management teams. Valuation is a key component, as they look to buy these companies at prices that are below what they believe it is worth.

The portfolio is built purely on a stock by stock basis, with country and sector weights being the byproduct of the stock selection process. The result is a portfolio that looks nothing like the index. To help ensure proper diversification, they look to diversify across business ideas.

It is a concentrated portfolio, typically holding around 40 names, with the top ten representing just under 40% of the fund. Their time horizon is longer term, typically five or more years, and they are rather patient, allowing their investment thesis to play out. Portfolio turnover has been very modest, averaging around 30% for the past five years.

They will typically sell a company for a couple reasons. First is the investment thesis being no longer valid, and second, they have found a better idea for the portfolio. They are constantly looking to upgrade the portfolio and will sell when one becomes available.

Performance has been excellent, on both an absolute and risk adjusted basis. For the past five years, it's gained an annualized 21.7%, outpacing the index and peer group. Volatility has been above average, which is not surprising given the all cap nature and concentrated portfolio. However, to date, the higher volatility has been more than offset by the higher levels of alpha the Fund has generated.

Costs are also quite competitive, with an MER of 2.13% for the front-end units, which is well below average.

Add it all up and this is a great core global equity offering for those who can stomach the potential for higher volatility. The concentrated portfolio is likely to see periods of dislocation in the performance of the fund and the benchmark, but over the long term, the focus on quality, undervalued businesses has the potential to deliver strong returns.

Trimark International Companies Fund (AIM 1733 – Front End Units, AIM 1735 – Low Load Units) – Since taking the reins in late 2009, manager Jeff Feng has done a great job with this fund, posting above average returns in each year.

Like other Trimark branded equity funds, the managers like to view investing more as taking an ownership in a business, rather than trading stocks. They tend to focus more on the intrinsic value of a company, rather than its share price, leading to lower levels of portfolio turnover. The result is a high conviction portfolio of quality companies with strong management, free cash flow generation, excellent organic growth, and sustainable competitive advantages.

Investing in non-U.S. based companies, they look to buy good companies trading at a discount to intrinsic value. However, if you look at the portfolio valuation metrics, you will see it is not cheap, trading at multiples that are slightly above the market. A reason for this disconnect is management is willing to pay a higher price for what they believe are high quality businesses with growth prospects not yet reflected in the share price. They will not sacrifice quality for “cheap” valuations.

This approach has paid off handsomely. To the end of October, the fund has gained an annualized 17.2% for the past five years, outpacing its peers by a generous margin.

My biggest concern with this fund would be its cost, with an MER of just under 3%.

Given the investment process, I don't expect the absolute level of outperformance to be sustainable over the long-term, but I do believe it can deliver above average returns with average or better volatility over the long term. I see this as a solid pick for those looking for non-North American equity exposure.

Deletions

Invesco International Growth Class (AIM 633 – Front End Units, AIM 635 – Low Load Units) – First off, let me reiterate, this is a very high-quality fund that invests in international equities. It is managed by a team of portfolio managers headed by Clas Olsson using a growth investment style. Their approach is founded on the belief that sustainable earnings growth over a business cycle is what will drive a company's stock price higher. To find these companies, the team focuses on companies that have sustainable earnings growth, high quality characteristics, and are trading at reasonable valuations.

The Fund's long-term performance numbers are very strong, although it struggled in 2016, losing 6.4% while the MSCI EAFE Index was off by 2%, both in Canadian dollar terms. However, I should point out that I am not removing the Fund because of its performance. I still believe it is very well-managed and has the potential to deliver better than average returns over the long-term. If you hold this Fund, have been happy with it, and it still is a match for your investment objectives and risk tolerance there is no reason to make a change. However, if you are looking to make a new allocation to an international equity fund, I believe the **Trimark International Companies Fund** offers a modestly more attractive risk reward outlook over the long-term.

Trimark Fund (AIM 1513 – Front End Units, AIM 1515 – Low Load Units) – As with the Invesco International Growth Class that was highlighted above, this is a very solid global equity offering. It is managed in a near identical manner to the Trimark International Companies Fund, focusing more on the intrinsic value of a company, rather than its share price. A key differentiator between this fund and the Trimark International Companies Fund is this fund has a global mandate rather than a non-north American mandate.

I am removing this Fund from the Recommended List because I believe the EdgePoint Global Portfolio offers a more compelling risk reward profile than this Fund. As with the Invesco International Growth Class, if you currently hold this fund, it still fits within your investment objectives and risk tolerance there is no reason to make a change. However, if you are looking to make a new allocation, I would favour the EdgePoint offering at this time.

Funds of Note

PIMCO Monthly Income Fund (PMO 005 – Front End Units, PMO 105 – Low Load Units) – In a very volatile bond market, this global focused offering continued to outperform not only the Canadian bond funds, but most of the global offerings as well. This outperformance can be attributed to PIMCO's diverse global team, and active management style.

They use a mix of top down economic analysis and bottom up security selection to consistently identify mispriced opportunities, while maintaining a focus on generating yield. At the end of September, the Fund had a very modest duration of 3.09 years, with most of that exposure coming from its high quality, government related security holdings in the U.S. and Australia.

Looking ahead, this remains one of the most consistent bond offerings around, and an excellent way to access the global bond markets.

In early October, this Fund was launched under an ETF structure, trading on the Toronto Stock Exchange under the ticker PMIF. Its costs are the same as the F Class mutual fund, offering another great way to access this top shelf bond offering.

RBC North American Value Fund (RBF 766– Front End Units, RBF 130 – Low Load Units) – Managed by the team of Stu Kedwell and Doug Raymond, this Fund invests in a mix of Canadian and U.S. companies that are attractively valued, fundamentally sound, and offer above average returns on capital.

Their investment process is a multi-stage portfolio construction process that incorporates both quantitative screening and fundamental, bottom up analysis. The first stage in their process is a series of quantitative screens that weed out the undesirable companies in their selection universe. Then the team conducts a fundamental analysis on each of the companies and conducts a series of scenario analysis, looking at a wide range of possible outcomes for each stock. Stocks are also evaluated using a 2 Factor Matrix Model that evaluates earnings projections relative to valuation.

For the quarter, it gained 2.2%, outpacing most of its peers, but trailed the S&P/TSX Composite which gained 3.7%. Much of this underperformance can be attributed to its U.S. holdings, which at September 30 sat at just shy of 40% of the Fund.

Portfolio valuations look a bit rich for a value fund, however, when you factor in the expected growth rates of the underlying holdings, it is much more reasonably valued. From a sectors standpoint, it is overweight technology and healthcare, and is modestly underweight energy and financials.

Managers concede that in absolute terms, stock valuations are high, but note that when compared to fixed income they are reasonable. At this stage in the cycle, it will take strong earnings growth to propel the market higher, which explains their tilt towards higher growth sectors in the market.

This remains a strong pick for those looking for a mix of Canadian and U.S. equities for the long-term.

Dynamic Power Global Growth Class (DYN 014– Front End Units, DYN 614 – Low Load Units) – This global offering should come with a warning label telling those who suffer from heart conditions they may want to avoid this Fund. However, for those looking for a way to add a little excitement to their investment portfolio, this fund may be just the ticket.

Managed by Noah Blackstein, it is a very active concentrated portfolio that invests in 20 to 30 companies from around the world that he believes to have the best growth prospects, strong earnings momentum and a history of upside earnings surprises.

Over the long-term, Mr. Blackstein has been very successful with this strategy, gaining an annualized 15.3% for the past 15 years, nearly doubling the 7.8% rise in the MSCI World Index. Recent numbers have also been strong, gaining more than 50% year-to-date to the end of October.

However, running such a concentrated, growth focused portfolio, it has experienced significant levels of volatility over the year. When it wins, it wins big, but when it loses, it tends to lose big. In the past five years, portfolio volatility has been nearly doubling the broader market. Further, if we look at 2008, the Fund lost more than 47%, while the index was down 25% in Canadian dollar terms.

It is concentrated not only in number of holdings, but also sectors. At the end of September, it held 22 names, and nearly two-thirds were invested in tech, with the balance in consumer names.

The portfolio turnover is high as Mr. Blackstein goes where the growth is. In the past five years, turnover has averaged nearly 200%.

Over the long-term however, it has the potential to outpace its peers, but be warned the ride will be very bumpy. But if you have the stomach to stick with this high conviction offering, you have the potential for outsized returns over time. This is more a fund you'll want to trade, taking profits after a big run to protect your capital.

Fixed Income Core

Fund	Style	Managers	MER	Assets (\$ mil)	Notes
Dynamic Advantage Bond	Multi-Strategy	Michael McHugh Domenic Bellissimo	1.57%	\$541.1	- With yields rising, the defensive positioning allowed the Fund to outperform. Remains defensive - Maintaining short duration and high quality bias
Lysander-Canso Sht Trm & Fltng Rate	Fundamental Credit Analysis	John Carswell	1.32%	\$187.4	- Focused on short-term and floating rate debt - Bottom up, deep value security selection process - Concentrated, high conviction portfolio
PH&N Total Return Bond Fund	Multi-Strategy	PH&N Fixed Income Team	1.10%	\$8,361.8	- Tough quarter in rising yield environment. - Diversifying in TIPs, and out of benchmark securities. - Remains a strong pick for traditional bond exposure
PowerShares 1-5 Year Laddered Corp Bond	Rules Based	PowerShares Management Team	0.99%	\$484.2	- Continued pressure on short end of curve hurt in Q3 - 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%	\$13,826.0	- Defensive bias to protect capital, while looking for opportunities to enhance return. - Modest underweight in duration, and an overweight to corporate bonds for higher income potential.

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2016	2015	2014	2013	2012	2011	3Yr	5Yr	3Yr	5Yr	
Dynamic Advantage Bond	-0.8	-0.7	0.7	1.3	3.5	1.6	0.7	4.3	-0.1	4.2	6.5	19%	42%	10%	25%	2.32%
Quartile	1	1	4	4	3	2	4	4	1	1	3					
Lys. Cnso Sht Trm Fltng Rate	0.1	1.5	1.8	-	-	2.8	1.4	2.2	-	-	-	35%	N/A	-27%	N/A	1.02%
Quartile	1	1	1	-	-	1	2	3	-	-	-					
PH&N Total Return Bond Fund	-2.0	-3.5	2.2	2.2	-	1.8	2.6	8.0	-1.5	3.4	7.5	96%	101%	82%	84%	3.82%
Quartile	4	3	2	2	-	2	2	1	2	3	2					
PShrs 1-5 Yr Lad. Corp Bond	-0.7	-1.1	1.1	1.4	-	1.3	1.8	2.8	1.4	3.0	4.1	61%	69%	40%	42%	1.52%
Quartile	4	3	2	2	-	2	2	1	1	1	1					
TD Canadian Core Plus Bond	-2.2	-3.7	1.6	1.7	4.2	1.5	1.8	6.9	-1.3	4.9	8.0	88%	93%	83%	85%	3.60%
Quartile	4	4	3	3	2	3	3	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 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
IA Clarington Floating Rate Income Fund	Bottom up Credit	Jeff Sujitno	1.84%	\$1,099.3	- Portfolio will typically be 75% - 80% in floating rate loans, the rest in high yield and asset backed debt - Focus is on quality and yield generation - Floating rate strategy lessens duration risk. - Many of the loans trade above par, limiting potential gains. Looking for modest 3%-4% gains next 12 mths
Manulife Strategic Income	Tactical	Dan Janis Thomas Goggins	1.98%	\$9,375.0	- In Q3, defensive positioning detracted from returns - Many events point to potential higher volatility, so they are remaining cautious with shorter duration - Majority of currency exposure is currently hedged. - Still a great way to diversify domestic bond exposure
PIMCO Monthly Income Fund	Tactical	Alfred Murata Daniel Ivascyn	1.38%	\$13,833.9	- Actively managed global bond fund that blends top down macro and bottom up security selection. - Is a mix of high quality core holdings and riskier trades in high yield, mortgages, and EM debt. - Added modestly to duration, bringing it to 3.09 up from 2.95. Still remains very defensive.
RBC Global Corporate Bond	Credit Analysis	Frank Gambino Marty Balch Soo Boo Cheah	1.72%	\$8,994.4	- Invests mainly in investment grade corporate bonds from issuers around the world. - Corporate bonds posted another strong quarter on the back of improving economic fundamentals. - More defensive positioning was headwind in Q3 - Underweight high yield, overweight NA IG corporates

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2016	2015	2014	2013	2012	2011	3Yr	5Yr	3Yr	5Yr	
IA Clarington Floating Rate Inc	0.2	2.8	3.2	-	-	6.5	0.9	3.9	-	-	-	8%	N/A	-23%	N/A	2.08%
Quartile	3	3	3	-	-	3	2	2								
Manulife Strategic Income	0.7	1.0	4.6	5.2	7.4	3.1	5.5	8.1	4.5	9.1	2.0	41%	45%	31%	44%	4.21%
Quartile	3	4	2	2	1	4	1	1	2	3	4					
PIMCO Monthly Income Fund	1.3	6.7	5.2	6.4	-	7.1	2.4	5.3	6.3	23.7		17%	20%	-28%	-54%	3.14%
Quartile	1	1	1	1	-	1	3	4	1	1						
RBC Global Corporate Bond	0.2	0.2	2.9	2.9	5.1	5.1	-0.6	6.7	-0.6	8.8	6.2	23%	23%	6%	0%	3.43%
Quartile	2	2	3	3	2	1	4	3	3	2	2					

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%	\$4,975.2	- Conservative positioning was headwind in Q3 - Lots of dry powder. Cash now sits at 17%. Defensive - Bottom up, benchmark agnostic process. NO BANKS!
Fidelity Canadian Large Cap	Large Cap Value	Daniel Dupont	2.28%	\$5,726.7	- Underweight energy, tech and healthcare dragged - U.S. exposure was also a headwind with rising \$CAD - Remains defensive & sees catalysts for slowdown
Manulife Dividend Income Fund	Large Cap Blend	Alan Wicks Conrad Dabiet Jonathan Popper	2.27%	\$2,734.2	- Concentrated, yet diversified portfolio of businesses that are creating value faster than broader markets - All cap portfolio, with nearly 45% in small/mid-caps - Holds 58% Cdn equity, 20% US, 1% prefs & 16% cash.
RBC North American Value	Large Cap Blend	Stu Kedwell Doug Raymond	1.97%	\$2,939.4	- Outperformed on its U.S. exposure, now 40% of Fund. - Sees valuations high, but supported by fundamentals - Have tilted the portfolio to higher growth sectors
Signature Select Canadian	Large Cap Blend	Eric Bushell	2.44%	\$2,587.2	- Outperformed on exposure to strong tech names - Less bullish on energy & materials than in previous cycles. Oil likely range bound, and less demand for materials coming from China. EM could bump demand - Remains bullish on equities

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2016	2015	2014	2013	2012	2011	3Yr	5Yr	3Yr	5Yr	
CI Cambridge Cdn Equity	1.2	6.3	7.3	12.7	-	16.0	0.6	14.2	27.2	16.7	-1.3	96%	101%	62%	42%	7.31%
Quartile	4	3	1	1	-	1	2	1	1	1	1					
Fidelity Canadian Large Cap	-0.5	1.3	5.5	12.2	8.7	10.2	3.6	10.6	36.6	6.0%	10.6	64%	81%	33%	7%	6.29%
Quartile	4	4	2	1	1	3	1	2	1	3	1					
Manulife Dividend Income	1.8	8.8	9.7	14.1	-	15.7	-1.1	5.1	9.5	5.8	2.4	93%	95%	27%	11%	5.82%
Quartile	3	3	1	1	-	3	1	4	4	3	1					
RBC North American Value	2.2	10.3	7.1	11.3	7.3	12.7	-0.3	7.6	23.1	11.8	-3.6	90%	90%	54%	38%	6.76%
Quartile	2	2	1	2	1	3	4	3	2	1	1					
Signature Select Canadian	5.1	16.4	7.0	10.4	5.0	13.1	-2.4	11.6	19.2	8.2	-8.5	105%	97%	78%	64%	7.42%
Quartile	1	1	1	2	2	2	3	1	3	2	2					

Note: Risk is the annualized three or five-year standard deviation

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	2.43%	\$430.4	• Positive but lagged the peers in Q3, largely on higher cash balance. Ended Q3 at 17%, down from 21%. • Energy is largest sector weight at 21%, followed by consumers and industrials at 16% each. Defensive • 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 Value	Joe Jugovic Ian Cooke	2.93%	\$1,021.4	• Strong showing from banks on lower rates in Q3 • Consensus expectations are for optimistic growth • Continues to focus on balance sheet quality • Underlying dividend yield continues to grow • Cash sits at nearly 7%, providing dry powder... • Focus on quality make it a great long-term 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	Aubrey Hearn Michael Simpson	2.44%	\$1,798.7	• During the quarter, CI's takeover of Sentry was finalized. Initially there is no change to the investment management team, but we are watching closely. • Portfolio valuations high, but better than peers. • Looks for high quality, trading at attractive values • Pays a monthly distribution. Currently yielding 2.6%

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2016	2015	2014	2013	2012	2011	3Yr	5Yr	3Yr	5Yr	
CI Cambridge Pure Cdn Equity	0.8	4.7	4.3	16.1	-	21.9	-5.8	14.7	47.3	34.3	N/A	89%	111%	71%	19%	9.75%
Quartile	3	2	2	1	-	2	3	1	1	1						
IA Clarington Cdn Small Cap	2.7	5.8	3.3	11.1	6.4	22.3	-6.8	5.9	37.3	20.2	-3.3	66%	82%	51%	20%	8.30%
Quartile	1	2	2	1	1	2	3	2	1	1	1					
Sentry Small Mid Cap Income	2.3	10.5	7.7	14.1	12.8	14.6	-0.2	12.7	36.4	15.5	6.5	82%	96%	32%	14%	8.22%
Quartile	2	2	2	1	1	3	3	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 S&P/TSX Completion Index

U.S. Equity Core

Fund	Style	Managers	MER	Assets (\$ mil)	Notes
Capital Group U.S. Equity Fund	Large Cap Blend	Christopher Buchbinder Barry Crosthwaite Mark Hickey	2.04%	\$131.1	- Return in Q3 muted on disappointing consumer names - Managed using a unique multi manager structure, with central oversight and risk management. - Significant alignment of interests with investors.
Manulife U.S. Equity Fund	Large Cap Blend	Grayson Witcher	2.45%	\$399.0	- Mirrors the respected Mawer U.S. Equity Fund - Strong showing in financials offset by weak healthcare. - Looks for well managed companies with high ROE, sustainable competitive advantages & compelling P/E - Solid long-term pick for active U.S. equity exposure
RBC O'Shaughnessy U.S. Value	Large Cap Value	Jim O'Shaughnessy	1.49%	\$1,675.8	- Fully hedged currency exposure helped with rising USD - Well positioned with focus on quality and valuation - Stock selection done using quantitative process - I continue to like it long term. Much different than index!
TD U.S. Blue Chip	Large Cap Growth	Larry Puglia	2.55%	\$2,208.6	- Q3 was strong on back of tech gains. - Growthiest" fund in the category with very rich multiples - 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	2.79%	\$552.8	- Remains UNDER REVIEW. Closely watching risk metrics - Strong quarter on tech holdings. Unhedged USD dragged - Continuing to focus on a concentrated portfolio

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2016	2015	2014	2013	2012	2011	3Yr	5Yr	3Yr	5Yr	
Capital Group U.S. Equity	-0.1	6.1	10.1	-	-	15.5	7.9	-	-	-	-	76%	N/A	88%	N/A	10.01%
Quartile	3	4	3	-	-	1	4									
Manulife U.S. Equity	-1.4	7.9	13.1	17.4	-	4.5	17.9	19.3	40.5	11.4	2.5	93%	92%	101%	102%	10.02%
Quartile	4	4	2	2	-	3	2	2	2	2	1					
RBC O'Shaughnessy US Val	4.9	21.0	5.5	13.7	5.5	12.6	-8.9	10.7	47.5	12.4	6.7	45%	68%	57%	62%	12.06%
Quartile	1	1	4	4	4	1	4	4	1	1	1					
TD U.S. Blue Chip	2.2	18.2	16.1	20.2	9.8	-4.7	30.8	16.8	47.6	13.7	1.8	117%	108%	132%	126%	13.24%
Quartile	2	1	1	1	1	4	1	3	1	1	1					
Trimark U.S. Companies	2.5	15.2	11.1	17.0	9.0	-1.9	15.4	25.7	40.8	10.3	0.3	102%	101%	141%	145%	11.54%
Quartile	1	1	3	2	1	3	2	1	2	2	2					

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	2.31%	\$2,465.8	• Trailed both the index and peer group as holdings in industrials and healthcare detracted • Overweight tech and consumer names. • Holds more cash on recent M&A activity for fund holdings. Looking to patiently deploy in quality opportunities • Valuations elevated, economic growth likely scarce • Manager is now more defensive at this stage in cycle
TD U.S. Mid Cap Growth Fund	Mid Cap Growth	Brian Berghuis John Wakeman	2.55%	\$1,119.4	• Flat on quarter, lagging peers. Equifax was biggest drag • Positioned for economic growth – overweight consumer, tech and industrials, Also overweight healthcare. • Valuation very rich, trading way higher than index • More volatility expected. Consider rebalancing
Trimark U.S. Small Companies	Small Cap Blend	Rob Mikalachki Virginia Au Jason Whiting	2.96%	\$211.0	• Lagged in quarter due to industrials and tech names that lagged, combined with high cash weight. • Valuations remain very high, hence 19% cash weight • 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	2016	2015	2014	2013	2012	2011	3Yr	5Yr	3Yr	5Yr	
Fidelity Small Cap America	-1.6	3.3	11.7	18.2	10.9	-1.4	24.3	17.5	54.2	19.9	7.7	74%	82%	76%	65%	11.58%
Quartile	4	4	2	1	1	4	1	1	1	1	1					
TD U.S. Mid Cap Growth Fund	0.0	12.7	16.4	20.2	10.8	1.1	25.9	21.5	43.8	9.7	-0.5	85%	87%	71%	62%	11.55%
Quartile	3	2	1	1	1	4	1	1	2	2	2					
Trimark U.S. Small Companies	-4.4	9.4	7.6	12.9	8.3	14.6	2.5	16.3	33.4	10.0	8.8	64%	67%	81%	66%	10.86%
Quartile	4	3	4	4	2	2	4	1	4	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 Russell 2000 C\$ Total Return Index

Global / International Equity Core

Fund	Style	Managers	MER	Assets (\$ mil)	Notes
EdgePoint Global Portfolio	Large Cap Growth	Tye Bousada Geoff MacDonald Ted Chisholm	2.13%	\$7,901.7	- Concentrated portfolio of high quality, undervalued businesses of any size with good long-term prospects - Fundamental, bottom up stock selection approach - Look to understand true value of the business and buy in at a price well below that value - Tends to be a more volatile than the index or peers, but manages to protect capital in down markets
Guardian Global Dividend Growth	Large Cap Blend	Sri Iyer Fiona Wilson	2.13%	\$7,661.0	UNDER REVIEW - Disappointing quarter on weak consumer stocks - Continues to overweight yield generating sectors - Looks for stocks with favourable valuations, and the potential to grow and sustain dividend payouts. - Managed using a multi factor quant model that focuses on dividend growth, payout and sustainability - Also available with BMO Global Dividend Fund or as a Horizons Active Global Dividend ETF (HAZ)
IA Clarington Global Equity Fund	Large Cap Value	Joe Jugovic	1.93%	\$324.7	- Decent quarter, outpacing peers. Cash was a drag - Put cash to work, bringing it down to 7% from 11% - At this stage in the cycle, valuation remains key - Manager expecting higher volatility in near term - Should provide strong downside protection, but expected to lag in market rally
Mackenzie Ivy Foreign Equity Fund	Large Cap Blend	Paul Musson Matt Moody	2.54%	\$191.9	- Remains defensive on valuation. Hold ~30% cash. - High cash was a headwind in a rising market. Poor stock selection in consumer & industrials hurt. - Mgr. sees many issues on horizon. Remains cautious - Historically been one of the best for volatile markets
Manulife World Investment	Large Cap Blend	David Ragan Jim Hall	2.50%	\$4,417.9	- Identical to 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 - Advertising agency WPP was headwind in Q3 - Valuations looking rich. Markets priced for perfection
Trimark International Companies Fund	Large Cap Growth	Jeff Feng Matt Pedan	2.55%	\$1,277.7	- High conviction mix of quality companies with strong mgmt., growth, cash flow & competitive advantage. - Willing to pay up for high quality businesses - Low turnover - Strong gains, with excellent upside downside capture

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		5 yr. Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2016	2015	2014	2013	2012	2011	3Yr	5Yr	3Yr	5Yr	
EdgePoint Global Portfolio	2.3	19.0	15.7	20.4	-	13.4	12.7	18.7	44.5	11.1	-2.7	98%	100%	67%	56%	10.65%
	1	1	1	1	-	1	2	1	1	3	1					
GDN Global Dividend Growth	-0.1	7.7	7.9	10.6	-	-1.9	16.1	13.8	20.0	4.6	N/A	85%	77%	109%	111%	9.54%
Quartile	4	4	3	4	-	4	2	1	4	4						
IA Clarington Global Equity	1.5	11.6	9.2	-	-	8.3	8.8	8.2	21.1	12.5	-4.8	75%	N/A	75%	N/A	N/A
Quartile	2	2	2	-	-	1	3	3	3	2	2					
Mackenzie Ivy Foreign Equity	-4.7	-1.8	7.0	10.9	6.5	-0.1	16.0	8.3	31.0	7.9	3.2	70%	70%	85%	81%	8.16%
Quartile	4	4	4	3	1	3	2	3	2	4	1					
Manulife World Investment	1.0	8.2	11.1	13.1	5.0	-4.0	19.4	7.3	21.6	19.2	-8.8	101%	92%	92%	92%	10.46%
Quartile	3	4	1	2	1	3	2	1	4	3	2					
Trimark Int'l Comps.	2.2	9.5	13.1	16.9	4.8	2.2	17.3	12.2	27.6	15.9	-8.0	101%	98%	77%	69%	10.97%
Quartile	2	4	1	1	1	1	2	1	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 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%	\$139.8	- Lagged both the index and peer group in Q3 - Uses an actively managed, bottom up process looking for names trading below its intrinsic value - Valuation levels remain a concern. Underweight U.S., and carrying nearly 17% in cash. - Will hold cash when no suitable opportunities found - More volatile than its peers. Volatility is an opportunity to pick up mispriced stocks at better prices. - Remains a good long-term pick
Fidelity NorthStar Fund	Mid Cap Value	Joel Tillinghast Daniel Dupont	2.34%	\$9,087.1	- All cap go anywhere fund managed by Joel Tillinghast and Daniel Dupont, each using their distinct styles - Tillinghast is very diversified, Dupont is concentrated - Continued to lag peers and index, with Asian holdings and higher cash balance weighing on gains - Valuations remain a concern to Daniel Dupont, who is carrying a substantial cash balance. Cash sits at 34% - Focus on less cyclical names. Prepared for downside
Trimark Global Endeavour	Mid Cap Blend	Jeff Hyrich Erin Greenfield	2.58%	\$1,535.8	- Lagged index and peers on weak industrials, and underweight exposure to materials. - Much geopolitical and trade uncertainty remains - Still able to find quality, reasonably priced companies - Bottom up approach that looks for well-managed, high quality, attractively valued mid-sized businesses

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		5 yr. Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2016	2015	2014	2013	2012	2011	3Yr	5Yr	3Yr	5Yr	
Brandes Global Small Cap	-3.2	4.5	11.7	17.6	8.1	14.2	22.2	8.1	34.8	33.7	-15.2	81%	87%	86%	73%	10.03%
Quartile	4	4	1	1	1	1	1	3	3	1	3					
Fidelity NorthStar Fund	-2.2	0.1	7.3	15.8	6.1	-2.0	24.9	13.5	46.0	8.0	-9.2	54%	71%	61%	42%	8.49%
Quartile	4	4	3	1	2	4	1	1	1	3	2					
Trimark Global Endeavour	-0.2	6.6	10.4	14.1	7.0	1.3	18.8	11.0	31.9	14.3	1.5	85%	85%	86%	89%	9.28%
Quartile	4	4	2	2	1	3	1	2	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 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	2.64%	\$1,204.5	- Lagged index and peers on underweight exposure to China and tech, both of which underperformed in Q3 - Remain cautious on valuation and worries over Fed - More balanced portfolio is a great way to access Asia
Brandes Emerging Markets Value	Large Cap Value	Brandes Management Team	2.72%	\$284.4	- Bottom up deep value approach that looks for quality companies beaten down by the market - Remains overweight Russian and Brazil - Trades at a significant discount to its index and peers
Trimark Emerging Markets Fund	Large Cap Blend	Jeff Feng Matt Peden	2.79%	\$131.4	- Underperformed on weak consumer names. - Capital markets favour EM over developed markets - Fundamental, bottom up, with focus on quality - Managers willing to pay up for high quality business
Dynamic Power Global Growth	Large Cap High Growth	Noah Blackstein	2.49%	\$1,347.8	- Another stellar qtr. on strength in technology names. - Concentrated in tech, consumer, & industrial names - High volatility with potential for high return.
Manulife Global Infrastructure Fund	Large Cap Growth	Craig Noble	2.73%	\$297.4	- Lagged on underweight China, overweight energy - Low historic correlation to traditional asset classes makes it an excellent diversifier in a portfolio.

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		5 yr. Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2016	2015	2014	2013	2012	2011	3Yr	5Yr	3Yr	5Yr	
BMO Asian Growth & Inc.	-3.7	-1.6	4.0	6.8	4.8	-2.9	10.2	6.7	9.3	21.9	-10.1	50%	57%	67%	62%	9.28%
Quartile	4	4	4	4	2	2	4	3	4	1	1					
Brandes Emerging Mkts Value	4.4	15.2	4.9	8.6	4.1	20.4	-6.9	-1.2	13.3	10.5	-19.8	81%	96%	99%	99%	13.48%
Quartile	2	2	4	1	1	1	4	4	1	4	3					
Trimark Emerging Markets	0.5	9.1	10.2	10.9	-	7.0	7.7	7.3	10.8	6.6	-	96%	97%	88%	84%	11.88%
Quartile	4	4	1	1	-	2	1	2	1	4						
Dynamic Power Global Growth	10.9	26.4	18.1	18.8	9.5	-12.0	24.5	9.1	40.6	7.2	-5.9	124%	115%	103%	129%	17.25%
Quartile	1	1	1	1	1	4	1	2	1	4	2					
Manulife Global Infrastructure	-1.0	0.4	2.5	9.7	-	6.8	-3.2	15.8	22.9	12.8	9.6	81%	82%	107%	100%	9.69%
Quartile	3	4	4	3	-	2	4	1	4	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 Eric Bushell	1.59%	\$8,401.0	• Modest Q3 loss as real estate, telcos & cash dragged. • Valuations remain tight, but supported by growth • See markets at inflection point between de-leveraging and re-leveraging. Portfolios tilted towards equities • Well positioned for a rising rate environment.
Fidelity Canadian Balanced Fund	Strategic	Geoff Stein David Wolf	2.07%	\$7,082.3	• Asset mix was 48% bonds/51% equity, 1% cash • Stock selection in equity sleeve and higher fixed income weight saw the fund lag the index and peers • Equity sleeve fully invested. Bottom up process • Bond sleeve overweight corporates. Spreads are tight
Sentry Conservative Balanced Income Fund	Tactical	Michael Simpson James Dutkiewicz	2.22%	\$1,306.3	• Bonds weighed in Q3, lagging peers and index • target mix - 50% bonds / 50% equity. Near target now • Current mix is 2% cash, 47% bonds, 50% equity • Equity valuations remain elevated. Watching closely.
TD Monthly Income Fund	Tactical	Doug Warwick Gregory Kocik Michael Lough	1.46%	\$8,311.4	• Strong quarter on financial and energy holdings • Overweight financials, REITs and Utilities. • Equities focus on companies that can grow dividends • Bonds are overweight corporates for yield advantage. • Equity valuations look reasonable. Bond sleeve is high quality, index like, which may see higher volatility. • Running about 60% equity, 37% bonds, 3% cash.

	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		5 yr.
Fund	3mt	1 Yr	3 Yr	5 Yr	10Yr	2016	2015	2014	2013	2012	2011	3Yr	5Yr	3Yr	5Yr	Risk
CI Signature High Income	-1.0	2.1	2.5	5.4	5.6	6.5	-1.0	8.6	8.6	11.6	4.8	45%	49%	69%	57%	4.86%
Quartile	4	4	4	4	2	2	4	2	4	1	1					
Fidelity Canadian Balanced	0.2	1.1	4.4	7.0	5.2	5.5	3.5	11.1	12.7	6.0	-1.1	109%	111%	87%	66%	5.50%
Quartile	3	4	2	2	2	4	1	1	1	2	2					
Sentry Cons. Bal. Income	-0.6	-0.2	1.4	5.1	-	6.5	-2.0	8.6	12.3	8.6	6.1	72%	90%	95%	69%	3.98%
Quartile	4	4	4	4	-	3	3	2	1	1	1					
TD Monthly Income Fund	1.4	6.4	4.8	7.0	5.3	14.9	-3.8	9.9	8.9	8.5	3.6	121%	116%	97%	79%	4.93%
Quartile	1	1	2	2	1	1	4	1	4	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 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%	\$484.2	- Continued pressure on short end of curve hurt in Q3 - Offers YTM of 2.9% with a duration of 3.04 years. - Laddered portfolio of investment grade corporate bonds in 5 equally weighted maturity buckets. - Lower cost, higher yield and corporate focus should allow outperformance in most market environments - Variable distribution, yielding 2.94% for past 12 mths
Sentry Canadian Income Fund	Large Cap Blend	Michael Simpson Aubrey Hearn	2.33%	\$5,284.4	- Sentry takeover of CI completed in quarter. NO changed to investment management team, but am watching closely for any erosion in risk reward - Struggled in Q3. Healthcare and real estate dragged - Cash remains high, sitting at around 8%. - 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%	\$1,352.5	- Lagged peers in Q3 on energy names. - Remain cautious. Outlook for quality, yield stocks looks good long term. - Pays a monthly distribution of \$0.06 per unit, which works out to an annualized yield of just over 5.1% - 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.
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2016	2015	2014	2013	2012	2011	3Yr	5Yr	3Yr	5Yr	Risk
PShrs 1-5 Yr Lad. Corp Bond	-0.7	-1.1	1.1	1.4	-	1.3	1.8	2.8	1.4	3.0	4.1	61%	69%	40%	42%	1.52%
Quartile	4	3	2	2	-	2	2	1	1	1	1					
Sentry Canadian Income Fund	0.8	3.9	4.9	9.1	8.2	9.5	0.1	15.9	18.6	11.5	6.1	54%	67%	25%	18%	5.39%
Quartile	4	4	3	3	1	3	2	1	1	1	1					
BMO Monthly High Income II	1.4	4.2	1.7	5.7	5.9	19.8	-9.8	3.7	14.2	7.7	10.4	71%	72%	90%	73%	6.93%
Quartile	3	4	4	4	1	2	2	4	4	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 benchmark for the fund type

Passive Options

Fund	Style	Managers	MER	Assets (\$ mil)	Notes
TD Canadian Bond Index Fund	Passive	Michelle Hegeman	0.83%	\$776.6	- At 0.83%, this is a pretty costly option compared to near identical ETF. But it is still the cheapest option for a diversified passive bond mutual 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%	\$765.4	- I prefer this over the TD Canadian Index Fund because its MER is lower - Lower MER should translate into higher returns
TD U.S. Index Fund	Passive	Vishal Bhatia Dino Vevaina	0.55%	\$1,079.1	- 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	1.01%	\$644.7	- MER has dropped from 1.25% to 1.01%, making this a more attractive option. Still, I'd likely lean towards an actively managed fund over this offering. - This remains the best choice for index offerings

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		5 yr.
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2016	2015	2014	2013	2012	2011	3Yr	5Yr	3Yr	5Yr	Risk
TD Canadian Bond Index	-2.1	-3.8	2.0	1.8	3.9	0.8	2.8	7.9	-2.0	2.8	8.7	98%	102%	90%	93%	3.90%
Quartile	4	4	2	3	3	4	1	1	2	2	1					
RBC Canadian Index	3.5	8.4	3.8	7.3	3.4	20.1	-9.0	9.8	12.2	6.4	-9.2	96%	97%	103%	103%	7.50%
Quartile	2	2	3	3	2	2	3	2	4	2	2					
TD U.S. Index	4.2	17.6	9.8	13.2	6.5	7.3	20.5	22.9	40.0	12.5	3.8	97%	97%	103%	104%	9.56%
Quartile	3	2	1	1	1	2	1	1	2	1	1					
TD International Index	1.1	12.0	7.9	12.6	2.7	-3.1	18.3	2.0	28.6	14.5	-10.8	100%	97%	112%	109%	11.20%
Quartile	3	3	3	2	2	2	2	2	2	2	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 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 months, 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 more than 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.