

RECOMMENDED LIST OF FUNDS



July 2018

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The Recommended List

Name	Returns at June 30, 2018					Correlations						
	3 Mth	1 Yr	3 Yr	5 Yr	Sharpe Ratio	Alpha	Beta	TSX	S&P 500	MSCI EAFE	FTSE/TMX Cdn Bond Universe	MER
Fixed Income - Core												
1 Dynamic Advantage Bond Fund	0.3%	0.4%	0.4%	1.6%	0.13	0.03%	0.38	0.445	0.481	0.503	0.718	1.57%
2 Franklin Bissett Core Plus Bond Fund	0.3%	0.4%	1.7%	2.9%	0.18	-0.01%	0.89	0.259	0.505	0.536	0.943	1.49%
3 Leith Wheeler Corporate Advantage Sr. F	0.0%	2.0%	2.8%	N/A	0.25	0.10%	0.49	0.376	0.571	0.649	0.711	0.00%
4 Lysander-Canso Sht Trm & Fltng Rate	0.2%	0.7%	1.3%	N/A	0.33	0.09%	0.35	0.162	0.450	0.526	0.533	1.34%
6 PowerShares 1-5 Yr Laddered Corp Bond	0.0%	-0.4%	0.3%	1.4%	0.12	-0.03%	1.02	0.214	0.508	0.555	0.858	0.99%
Fixed Income - Specialty												
1 IA Clarington Floating Rate Income	0.2%	1.6%	2.2%	N/A	0.40	0.21%	0.14	0.550	0.133	0.358	0.082	1.85%
2 Manulife Strategic Income Fund	-1.4%	-0.8%	2.0%	4.0%	0.23	0.12%	0.74	-0.007	0.468	0.473	0.687	1.98%
3 PIMCO Monthly Income Fund	-0.8%	0.7%	2.2%	3.7%	0.27	0.26%	0.14	0.477	0.196	0.317	0.169	1.38%
4 RBC Global Corporate Bond	-1.1%	-1.3%	1.9%	2.8%	0.19	0.06%	0.60	0.383	0.348	0.449	0.736	1.75%
Canadian Equity - Core												
1 CI Cambridge Cdn Equity	2.4%	3.1%	5.8%	8.4%	0.32	0.19%	0.66	0.727	0.631	0.563	0.195	2.44%
2 Fidelity Canadian Large Cap Fund	3.4%	1.5%	4.0%	7.5%	0.33	0.29%	0.43	0.560	0.686	0.608	0.362	2.51%
3 Manulife Dividend Income Fund	3.1%	6.7%	9.1%	11.9%	0.55	0.51%	0.57	0.769	0.510	0.496	0.249	2.27%
4 RBC North American Value Fund	4.9%	8.8%	7.5%	10.0%	0.39	0.27%	0.71	0.795	0.704	0.622	0.127	1.94%
5 Signature Select Canadian Fund	4.9%	12.7%	8.3%	10.4%	0.37	0.24%	0.81	0.815	0.625	0.627	0.031	2.44%

Returns at June 30, 2018									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
Canadian Small Mid Cap Equity												
1 CI Cambridge Pure Canadian Equity	5.5%	4.0%	4.0%	10.2%	0.29	0.35%	0.83	0.773	0.328	0.367	-0.009	2.43%
2 IA Clarington Canadian Small Cap	6.7%	6.1%	5.4%	8.0%	0.26	0.24%	0.71	0.784	0.156	0.150	-0.242	2.93%
3 Sentry Small Cap Income Fund	3.4%	3.8%	5.6%	10.6%	0.35	0.49%	0.64	0.745	0.594	0.590	0.086	2.45%
US Equity - Core												
1 Capital Group U.S. Equity Fund	6.4%	14.5%			0.45	0.04%	0.80	0.450	0.906	0.742	0.339	2.03%
2 Manulife U.S. Equity Fund	4.3%	14.0%	11.6%	16.0%	0.42	-0.12%	0.95	0.221	0.958	0.722	0.406	2.45%
3 RBC O'Shaughnessy U.S. Value Fund	1.4%	14.3%	7.6%	11.2%	0.25	0.18%	0.52	0.613	0.437	0.376	-0.208	1.55%
4 TD U.S. Blue Chip	7.6%	27.2%	16.8%	21.7%	0.42	-0.06%	1.21	0.181	0.895	0.838	0.429	2.40%
5 Trimark U.S. Companies Fund	0.7%	19.1%	10.4%	16.6%	0.39	-0.23%	1.07	0.258	0.943	0.749	0.392	2.76%
US Small Mid-Cap Equity												
1 Fidelity Small Cap America	5.4%	10.1%	6.1%	15.5%	0.37	0.40%	0.62	0.224	0.841	0.639	0.430	2.47%
2 TD U.S. Mid - Cap Growth Fund	2.6%	14.2%	11.6%	18.4%	0.43	0.52%	0.68	0.233	0.895	0.724	0.458	2.54%
3 Trimark U.S. Small Companies Class	1.2%	7.1%	7.9%	11.3%	0.28	0.07%	0.63	0.320	0.763	0.571	0.343	2.95%
Global / International Equity - Core												
1 EdgePoint Global Portfolio	1.8%	14.2%	11.3%	16.9%	0.44	0.44%	0.73	0.418	0.713	0.591	0.112	2.13%
2 Guardian Global Dividend Growth Fund	1.9%	5.4%	5.4%	10.0%	0.28	-0.35%	0.94	0.300	0.899	0.835	0.550	1.89%
3 IA Clarington Global Equity	4.7%	12.4%	9.1%	10.6%	0.34	-0.07%	0.74	0.485	0.806	0.791	0.300	2.57%
4 Mac Irvy Foreign Equity Fund	1.5%	-0.3%	3.9%	8.1%	0.26	-0.25%	0.74	0.130	0.852	0.773	0.596	2.50%
5 Manulife World Investment	0.6%	8.7%	8.4%	11.9%	0.31	0.15%	0.85	0.276	0.750	0.893	0.617	2.55%
6 Trimark International Companies Fund	0.6%	6.5%	7.4%	14.3%	0.35	0.34%	0.84	0.461	0.702	0.836	0.479	2.97%

Returns at June 30, 2018									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
Global Small Mid Cap Equity													
1	Brandes Global Small Cap	-0.6%	-4.0%	7.3%	12.2%	0.34	-0.08%	0.82	0.450	0.721	0.811	0.331	2.70%
2	Fidelity NorthStar Fund	0.7%	2.3%	3.3%	10.8%	0.36	0.10%	0.59	0.040	0.743	0.690	0.609	2.54%
3	Trimark Global Endeavour	-1.5%	9.1%	6.5%	12.8%	0.36	-0.06%	0.84	0.281	0.814	0.822	0.475	2.58%
Specialty / Sector Funds													
1	BMO Asian Growth & Income Fund	-3.3%	-1.4%	1.8%	4.9%	0.14	-0.21%	0.64	0.255	0.643	0.736	0.659	2.62%
2	Brandes Emerging Markets	-8.7%	0.4%	6.2%	6.6%	0.14	-0.20%	0.92	0.510	0.241	0.488	0.243	2.71%
3	Trimark Emerging Markets Fund	-7.7%	4.8%	8.2%	11.0%	0.25	0.14%	0.91	0.405	0.518	0.646	0.370	2.79%
4	Dynamic Power Global Growth Class	-1.3%	26.9%	14.9%	20.3%	0.31	0.20%	1.19	0.118	0.556	0.629	0.401	2.49%
5	Manulife Global Infrastructure Fund	5.3%	0.0%	2.3%	7.5%	0.21	-0.20%	0.67	0.412	0.585	0.638	0.655	2.73%
Balanced / Income Funds													
1	CI Signature High Income Fund	4.2%	0.9%	2.1%	4.8%	0.24	-0.02%	0.74	0.648	0.670	0.708	0.476	1.59%
2	EdgePoint Global Growth & Income Portfolio	1.5%	10.2%	8.6%	12.8%	0.47	0.39%	0.63	0.437	0.720	0.607	0.138	2.03%
3	Fidelity Canadian Balanced Fund	3.3%	5.8%	3.2%	7.2%	0.33	0.12%	0.82	0.563	0.748	0.731	0.642	2.27%
4	Manulife Monthly High Income Fund	1.2%	5.2%	4.9%	8.0%	0.47	0.35%	0.47	0.580	0.673	0.557	0.381	2.01%
6	TD Monthly Income Fund	2.6%	4.2%	5.7%	6.9%	0.36	0.08%	0.76	0.891	0.422	0.438	0.138	1.47%
Income Options													
1	PowerShares 1-5 Yr Laddered Corp Bond	0.0%	-0.4%	0.3%	1.4%	0.12	-0.03%	1.02	0.214	0.508	0.555	0.858	0.99%
2	Sentry Canadian Income Fund A	4.0%	2.0%	3.5%	7.2%	0.34	0.25%	0.46	0.631	0.728	0.553	0.311	2.34%
3	BMO Monthly High Income Fund II	5.1%	2.2%	3.6%	4.9%	0.17	-0.20%	0.81	0.867	0.242	0.294	0.050	2.12%

		Returns at June 30, 2018						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
Passive Options													
1	TD Canadian Bond Index Fund	0.3%	-0.1%	1.1%	2.6%		0.15	-0.06%	0.98		0.080	0.424	0.432
2	RBC Canadian Index Fund	6.7%	9.6%	6.2%	8.4%		0.30	-0.05%	0.98		1.000	0.293	0.395
3	TD U.S. Index Fund	5.3%	14.9%	12.8%	17.3%		0.45	-0.09%	1.00		0.291	0.997	0.779
4	TD International Index Fund	0.0%	7.0%	5.7%	10.2%		0.25	-0.12%	1.00		0.383	0.783	0.993

Benchmark Returns at June 30, 2018

Benchmark	3 mth	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Fixed Income					
FTSE TMX 90 Day T-Bill Index	0.30%	0.86%	0.59%	0.72%	0.82%
FTSE TMX Short Term Bond Index	0.31%	0.36%	0.70%	1.74%	2.92%
FTSE TMX Canadian Bond Universe	0.50%	0.75%	1.97%	3.48%	4.50%
Canadian Equity					
S&P/TSX 60 Capped Index	7.09%	11.45%	7.65%	10.02%	2.95%
S&P/TSX Composite	6.77%	10.41%	6.96%	9.24%	4.24%
S&P/TSX Completion Index TR	5.79%	7.21%	4.92%	7.02%	4.78%
S&P/TSX Small Cap Index TR	6.58%	5.39%	6.28%	6.45%	2.26%
U.S. Equity					
S&P 500 C\$	5.63%	16.06%	14.14%	18.69%	13.14%
Russell 2000 C\$	10.05%	19.30%	12.99%	17.64%	13.48%
Global & Specialty Equity					
MSCI EAFE C\$	1.15%	8.95%	7.33%	11.86%	6.02%
MSCI World C\$	4.10%	13.34%	11.09%	15.65%	9.64%
MSCI World Small / Mid Cap Index C\$	4.49%	15.04%	11.69%	16.44%	11.19%
MSCI Europe C\$	1.25%	7.50%	6.76%	11.74%	5.66%
S&P/TSX Capped REIT Index	4.66%	12.44%	8.41%	7.61%	9.22%
MSCI Emerging Markets C\$	-5.89%	10.19%	7.91%	10.25%	5.27%
MSCI Pacific C\$	0.79%	11.82%	8.59%	12.13%	6.88%
MSCI Pacific ex Japan C\$	3.98%	10.42%	8.66%	11.07%	7.55%
MSCI ACWI C\$	2.87%	12.95%	10.76%	15.07%	9.14%
MSCI All China C\$	-7.10%	5.56%	-0.46%	14.25%	7.91%
Data Sources:					
Fundata					
FTSE / TMX					
Bank of Canada					
MSCI					

Returns as of June 30, 2018

List Changes

Additions

None

Deletions

Guardian Global Dividend Growth Fund (GCG 570 – Front End Units) – It’s no secret that I’ve been frustrated by the performance of this Fund for some time. While some of this underperformance is a function of the Fund’s investment style, it has also been lagging other Funds with comparable mandates more frequently. Because of this, I have opted to remove the Fund from the Recommended List.

The Fund is managed by Sri Iyer and the systematic equities team at Guardian Capital. The team uses a multi-factor model that scores dividend paying companies on growth, efficiency, quality, credit risk, valuation, size, momentum, and sentiment. While the model uses the same factors across sectors, their importance will differ. Scores are tallied with the top decile representing the buy list, and any stock that lands in the bottom three deciles are sold. The portfolio construction process looks to separate risks and avoiding unintended portfolio exposures. The result is a diversified portfolio of roughly 90 names, high quality companies that offer a sustainable and growing dividend stream to investors.

The portfolio has a value tilt to it, which results in valuation numbers that are more attractive than the broader market or peer group. Unfortunately, in the past few years, it has been the more “growthy” names that have garnered the favour of investors, resulting in underperformance compared to the broader global equity market. However, even when I compare the Fund to other dividend offerings of a similar style, performance has lagged, particularly on a risk adjusted basis. The Fund’s information ratio on a three and five-year basis ranks near the bottom of the value focused global equity peer group category. Further, the batting average on a three and five-year basis is barely above 25%, indicating it underperforms nearly 75% of the time. Most of the other Funds in the peer group are well above 40%, which is still not great, but considering the value tilt is respectable.

While intuitively I appreciate and understand the investment process, the results have been middle of the pack at best. As a result, I am removing the Fund from the Recommended List.

Funds of Note

Invesco 1-5 Year Laddered Corporate Bond Index ETF Fund (AIM 53203 – Front Units, AIM 53207 – Fee Based Units) – I have always liked the concept of this Fund’s laddered approach to investing in short-term investment grade corporate bonds. Very simply, the Fund is divided up into five equally weighted buckets with staggered maturities between one and five years. Each of these buckets will hold ten equally

weighted bonds with roughly the same term to maturity. In a perfect world, the bonds are first purchased when they have a term to maturity of five years and roll down through each of the maturity buckets until they are no longer in the Fund as they approach maturity. The Fund is rebalanced annually in June with those in the lowest maturity bucket moving out of the Fund, and a new batch of five-year bonds are added.

The Fund recently underwent its latest rebalancing. As a result, the duration in the Fund has increased from 2.6 years to 3.3 years. Over the course of the year, the duration will gradually shorten as June approaches, only to be lengthen when the new batch of five-year bonds are added at the next rebalancing. The yield to maturity was also increased in the Fund, moving from 2.7% to 2.9% as higher yielding bonds were added at the rebalance.

While the fund has trailed some of its actively managed peers in the shorter term, its lower cost is expected to allow it to outperform over the longer term. The fund may also trail in periods of extreme equity market volatility as investors move to the safe haven of governments and shun corporate issues.

Still, it remains a very solid pick for those looking for lower cost exposure to short-term corporate bonds.

TD U.S. Blue Chip Fund (TDB 310 – Front Units, TDB 370 – Low Load Units) – With growth stocks continuing to be the market favourites, it's not surprising to see this growth-tilted U.S. equity fund posting above-average returns. For the first half, it has risen by 15.9%, handily outpacing the S&P 500, which is up 7.8%. Longer-term numbers are even more impressive, with a 5-year average annual compounded rate of return of nearly 22% to May 31, compared with 13.4% for the index.

The portfolio is diversified yet focused. It holds just over 100 names, while the top 10 make up 46% of the portfolio. It's exposure to the FAANG stocks has certainly helped propel returns. At the end of June, its top holding, Amazon.com, alone represented more than 10% the portfolio. In fact, tech is the largest sector exposure at 34%, followed by consumer services at 21%, and financials at 15%.

Manager Larry Puglia uses a bottom-up, fundamental investment process that looks for companies with have a history of generating free cash flow and a management team that has demonstrated ability for strong capital allocation. He looks for companies that can grow their cash flow even after covering necessary capital expenditures. Also, like other growth-focused managers, he likes companies that can compound earnings through self-sustained growth.

Puglia is also incredibly patient, with portfolio turnover averaging about 40% for the past five years compared with the 100% for other growth managers. He has reportedly held U.S. tech and health sciences firm Danaher for more than 24 years.

Granted, valuations within the fund are extremely high, with the weighted average P/E listed at more than 25 times earnings, compared with 17 for the index. Other valuation metrics are similarly high. However, forward-looking growth rates are also higher, making the valuation levels a bit more palatable. Given the growth tilt, the fund is more volatile than the index or peer group.

Over the long-term, this is an excellent growth-focused U.S. equity offering, and I see no reason for that to change. However, I do have some concerns about the extremely high levels of valuation. While I expect the fund to run hotter than the market, it is now well ahead of the broader market, and a correction or period of below-average returns is to be expected. Unfortunately, we don't know when that will occur. In the interim, further gains are possible.

If you have held this for a while, you will definitely want to take some profits and reduce your exposure.

Mackenzie Ivy Foreign Equity Fund (MFC 081 – Front Units, MFC 7107 – Low Load Units) – As I have stated a number of times, this has historically been one of the best global equity funds around. It is a concentrated portfolio of high quality, multi-national companies that the manager believes are trading at a level below what they are truly worth. However, in the past few quarters, the Fund has really struggled, delivering performance that has disappointed, trailing not only its benchmark, but also its peer group.

There are several factors at play that are responsible for this underperformance. One of the larger contributors is the high cash balance the manager has carried. The Manager has noted that market valuations are high, and he believes there is trouble on the horizon on a number of fronts. For most of last year, it has carried around a third of the Fund in cash. Only in the past quarter, in the wake of higher levels of volatility has the Manager put some of that cash to work, bringing the cash balance down to roughly a quarter of the Fund. This has created a significant headwind to the Fund, particularly in rising markets.

Another factor that has dragged returns has been its underweight in technology stocks. Given the Manager's focus on quality and valuation, he has been significantly underweight tech names. However, it has been the mega-cap tech names, specifically the FAANG stocks (Facebook, Amazon, Apple, Netflix, and Google) that have been responsible for a big chunk of the market gains. With no exposure to these high-flying tech names, the Fund has trailed much of its global equity brethren.

Yet another significant issue affecting Fund performance has been security specific issues within the consumer discretionary holdings. The biggest detractor in the sector has been clothing brand H&M, which has struggled in the midst of worries over the retail sector and a marketing gaffe or two, the stock has been punished by investors. The Managers believe the company has a business model that is resilient and poised for growth in this challenging retail environment. That combined with the very attractive share price set the table for what the Manager believes will be a solid rebound in the stock.

Other stocks that have dragged include Samsonite which was hit by a short seller's report, and Hyundai Motors which sold off in the face of the potential trade tariffs.

So, where do we go from here? Historically, this has been one of the best funds in volatile market environments. It has exhibited less volatility than the index or peer group and has protected the downside significantly better. I see no reason based on the manager's investment

process or portfolio positioning that it will be any different this time around. I also expect that as the market again rewards fundamentals and valuation over growth, the Fund will see its performance improve accordingly.

For the long-term this can be a great core holding for investors. Unfortunately, it has recently undergone a “perfect storm” which has hurt performance and dampened investor confidence in the Fund. I will continue to watch it closely. Regardless, those looking for more upside and growth potential would be wise to find an alternative to this offering. But for those looking for a very risk managed conservative global offering, this is one that may be worth considering.

That said, the one area which continues to be a source of concern for me is the high cash balance carried by the Manager. I would like to see a continuation of the recent trend where he uses periods of market weakness to effectively deploy cash, picking up attractive names with good prospects at compelling valuations. I am not asking him to fully invest the proceeds immediately, but a more measured approach. If there is a marked increase in cash without a significant erosion in market or economic fundamentals, the Fund’s standing on the Recommended List will need to be reviewed.

Sentry Canadian Income Fund (NCE 717 – Front Units, NCE 217 – Low Load Units) – While this fund has been a solid performer for the long-term, in the past couple of years it has trailed the Canadian market significantly. Its 2-year average annual compounded rate of return to May 31 was a meagre 3.4%, while the S&P/TSX Composite delivered 10%. While it’s easy to point to the large market cap of the holdings for the underperformance, I believe there is another reason.

The fund really started to underperform in 2016 and 2017 and has been focused on larger companies for at least the past five years, if not longer, meaning moving up cap is not the main reason for its recent underperformance. Rather, I believe the underperformance is more a function of the investment process, which has focused on higher-yielding equity securities.

Managers Michael Simpson and Aubrey Hearn look for well-managed, high-yielding equity names that have the ability to deliver strong and growing cash flows.

The portfolio will typically hold around 60 names and tends to look much different than its benchmark. It can invest up to 49% of the fund in the U.S., and it can also hold preferreds, corporate bonds, and low-risk options to help boost the internal yield.

While not a value fund per se, valuation plays a key role in the stock selection process and this eye on valuation has resulted in the fund’s maintaining an underweight position in Canadian banks, which has dampened performance in the short run.

Unlike other Canadian-focused dividend strategies, this fund does not have a bank in the top 10 holdings, mainly because the managers feel the sector is vulnerable to an overheated housing market and excessive consumer debt. A quick back-of-the-envelope calculation shows that banks made up less than 3% of the portfolio at May 31 compared with nearly one quarter of the S&P/TSX Index.

The managers' steadfast refusal to chase hot trends and momentum plays has hurt the fund over the past couple of years. But as we head into a more volatile period, I believe the market will again reward those companies that are producing strong levels of cash flow, have low levels of operating leverage, and are well managed.

The biggest drawback to the fund is its cost, with an MER of 2.33%, which is in the upper end of the category. However, the managers continue to focus on the fundamentals, and that discipline has been very successful for them over the long-term. The fund remains a very strong pick for the long term and I believe it can be a core holding in most portfolios. It also generates an attractive distribution yield.

Manulife Global Infrastructure Fund (MMF 4569 – Front Units, MMF 4769 – Low Load Units) – – The Fund posted a strong quarter on the back of an overweight allocation to energy stocks, with a nice pop coming from Enbridge. Enbridge rose by more than 17% on news it would be simplifying its corporate structure, with a massive consolidation and restructuring of its assets. The markets reacted very favourably to this announcement. The Managers added to their holdings after this announcement, noting it shows a strong execution of the company's strategy. The Managers remain optimistic on energy infrastructure on the belief that volume growth will be strong. Further, they believe that current valuation levels are somewhat compelling, particularly if growth picks up.

Many utility companies have seen their share prices fall sharply in the face of rising interest rates. This has created an excellent opportunity for the Managers to pick up some high-quality names at very attractive prices. They continue to favour companies with an emphasis on low cost renewable power generation.

Geographically, the team is finding attractive opportunities in Europe and Latin America in the transportation sector, but geopolitical factors are causing them to remain cautious and defensive.

Interest rates, particularly in the U.S. are expected to continue to move higher. This is expected to weigh on many areas of the infrastructure sector. This is expected to create strong buying opportunities for the Fund.

I continue to watch the Fund closely. The pedigree of the Management team is keeping the Fund on the list, but I continue to be frustrated by the performance relative to the peer group and the index. The Fund remains UNDER REVIEW.

Fixed Income Core

Fund	Style	Managers	MER	Assets (\$ mil)	Notes
Dynamic Advantage Bond	Multi-Strategy	Michael McHugh Domenic Bellissimo	1.57%	\$402.5	- Defensive positioning helped in rising yield world - Duration held steady, Now 5.0 yrs, less than index - Lower duration should help in rising yield market
Franklin Bissett Core Plus Bond Fund	Top Down Macro Fundamental Security section	Thomas O'Gorman Darcy Briggs	1.49%	\$1,845.4	- Currency exposure was a driver of return in quarter. Corporates & underweight to long bonds weighed - Top down macro with bottom up security selection - Flexible mandate. Can invest up to 25% in high yield 54% corps, 36% in govs, 6% in loans, rest in cash
Leith Wheeler Corporate Advantage	Top Down Macro Fundamental Security section	Jim Gilliland Catherine Heath Dhruv Mallick	0.79%	\$34.8	- Corporate bonds lagged in volatile market - Actively managed with focus on corporate bonds - Mix of top down macro, bottom up security selection - Managers take a defense first approach. Will lag in rising markets but outperform in falling markets.
Lysander-Canso Sht Trm & Fltng Rate	Fundamental Credit Analysis	John Carswell	1.32%	\$228.8	- Focused on short-term and floating rate debt - Bottom up, deep value security selection process - Concentrated, high conviction portfolio
PowerShares 1-5 Year Laddered Corp Bond	Rules Based	PowerShares Management Team	0.99%	\$350.9	- Corps. lagged on flight to safety in rocky markets - Offers Yield to Maturity of 2.9% and duration of 3.3 - Duration extended on recent portfolio rebalancing

Fund	Annualized Returns (%)						Calendar Year Returns (%)						Upside		Downside		Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2017	2016	2015	2014	2013	2012	3Yr	5Yr	3Yr	5Yr		
Dynamic Advantage Bond	0.3	0.4	0.4	1.7	3.2	0.2	1.6	0.7	4.3	-0.1	4.2	22%	39%	18%	19%	2.04%	
Quartile	2	2	4	4	3	4	2	4	4	1	1						
Frklin Bissett Core Plus Bond	0.3	0.4	1.7	2.9	3.6	2.9	3.3	0.6	7.3	-1.4	3.3	85%	90%	60%	65%	3.59%	
Quartile	2	2	1	2	3	1	1	4	2	2	3						
Leith Wheeler Corp.Advantage	0.2	0.9	2.5	-	-	3.0	4.4	1.6				42%	N/A	-6%	N/A	2.40%	
Quartile	3	2	2	-	-	1	1	3									
Lys. Cnso Sht Trm Fltng Rate	0.2	0.7	1.3	-	-	0.9	2.8	1.4	2.2	-	-	28%	N/A	-24%	N/A	0.79%	
Quartile	3	1	1	-	-	1	1	2	3	-	-						
PShrs 1-5 Yr Lad. Corp Bond	0.0	-0.4	0.3	1.4	-	-0.2	1.3	1.8	2.8	1.4	3.0	59%	66%	40%	42%	1.50%	
Quartile	4	4	3	2	-	3	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 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	1.85%	\$1,192.4	- Defensive positioning was headwind in Q2 - 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. - Expecting coupon type return for the Fund in 2018
Manulife Strategic Income	Tactical	Dan Janis Thomas Goggins	2.00%	\$9,288.2	- Currency exposure was the biggest headwind in Q2 - Continues to add duration. Now at 3.2, up from 2.9 - Yield sits at 3.7%, well above FTSE/TMX Universe - Selectively embracing credit risk, with eye on quality
PIMCO Monthly Income Fund	Tactical	Alfred Murata Daniel Ivascyn	1.38%	\$17,630.8	- Lagged peer group as high yield & corps weighed - 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 - Remains defensive, but has added some duration
RBC Global Corporate Bond	Credit Analysis	Frank Gambino Marty Balch Soo Boo Cheah	1.73%	\$10,858.5	- Invests mainly in investment grade corporate bonds from issuers around the world. - Corp bonds trailed governments in volatile markets. Canada and European issues outperformed U.S. - Manager has increased the quality bias in the Fund - Continues to reduce high yield exposure. - Maintaining a neutral weight on EM and Europe - Duration is in line with index

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2017	2016	2015	2014	2013	2012	3Yr	5Yr	3Yr	5Yr	
IA Clarington Floating Rate Inc	0.2	1.6	2.2	-	-	2.4	6.5	0.9	3.9	-	-	5%	N/A	-19%	N/A	1.92%
Quartile	3	4	4	-	-	2	3	2	2							
Manulife Strategic Income	-1.4	-0.8	2.0	4.0	6.6	2.6	3.1	5.5	8.1	4.5	9.1	16%	40%	3%	19%	4.12%
Quartile	4	3	3	2	1	4	4	1	1	2	3					
PIMCO Monthly Income Fund	-0.8	0.7	3.9	5.1	-	6.4	7.1	2.4	5.3	6.3	23.7	15%	18%	-20%	-33%	2.48%
Quartile	3	2	1	1	-	1	1	3	4	1	1					
RBC Global Corporate Bond	-1.1	-1.3	1.9	2.8	4.6	3.6	5.1	-0.6	6.7	-0.6	8.8	15%	20%	2%	-1%	3.09%
Quartile	4	4	3	3	2	1	1	4	3	3	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 Blend	Brandon Snow	2.44%	\$4,842.4	- Defensive positioning hurt in Q2. Value stocks lagged - Used market vol to put cash to work. Cash now at 6% - Bottom up, benchmark agnostic process. NO BANKS!
Fidelity Canadian Large Cap	Large Cap Value	Daniel Dupont	2.28%	\$4,638.1	- Defensive positioning weighed in Q2 - Remains defensive & looking to use periods of volatility to pick up quality names at attractive prices.
Manulife Dividend Income Fund	Large Cap Blend	Alan Wicks Conrad Dabiet Jonathan Popper	2.29%	\$3,835.4	- Finished up, but trailed the index and peers - Concentrated, yet diversified portfolio of businesses that are creating value faster than broader markets - All cap portfolio, with roughly 33% in small/mid-caps - Holds 54% Cdn equity, 30% US, & 13% cash.
RBC North American Value	Large Cap Blend	Stu Kedwell Doug Raymond	1.89%	\$3,213.2	- Outperformed peers in Q2. Canadian names outperformed while U.S. exposure trailed - Expecting positive earnings in next few quarters - Remain cautious with more volatility likely
Signature Select Canadian	Large Cap Blend	Eric Bushell	2.44%	\$2,681.4	- Strong quarter on energy, consumer names & Amazon - Believes Canada well positioned due to cyclicals - Valuations look very attractive compared to market

Fund	Annualized Returns (%)						Calendar Year Returns (%)					Upside		Downside		Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2017	2016	2015	2014	2013	2012	3Yr	5Yr	3Yr	5Yr	
CI Cambridge Cdn Equity	2.4	3.1	5.8	8.8	7.3	4.0	16.0	0.6	14.2	27.2	16.7	81%	81%	79%	63%	6.94%
Quartile	4	4	2	3	1	4	1	2	1	1	1					
Fidelity Canadian Large Cap	3.5	1.7	4.3	7.8	7.6	-0.1	10.2	3.6	10.6	36.6	6.0%	52%	65%	41%	38%	5.79%
Quartile	3	4	3	3	1	4	3	1	2	1	3					
Manulife Dividend Income	3.1	6.7	9.1	11.9	-	12.8	15.7	-1.1	5.1	9.5	5.8	81%	84%	30%	24%	5.66%
Quartile	4	3	1	1	-	1	3	1	4	4	3					
RBC North American Value	4.9	8.8	7.5	10.1	8.0	11.2	12.7	-0.3	7.6	23.1	11.8	92%	85%	76%	52%	6.80%
Quartile	2	2	2	2	1	1	3	4	3	2	1					
Signature Select Canadian	4.9	12.8	8.3	10.4	6.0	15.8	13.1	-2.4	11.6	19.2	8.2	102%	94%	86%	69%	7.49%
Quartile	2	1	1	1	2	1	2	3	1	3	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	Small Cap Growth	Greg Dean Stephen Groff	2.43%	\$387.3	• Strong quarter outpacing index & peers • Energy names and casino operator Great Canadian gaming were strong contributors in Q2 • Portfolio has a modest growth tilt to it. • Managed with a fundamental, bottom up process, Blends core holdings with opportunity trades
IA Clarington Canadian Small Cap	Small Cap Value	Joe Jugovic Ian Cooke	2.93%	\$1,000.6	• Outpaced the benchmark on overweight in energy • Remain defensive. Focus on quality and yield • Used the market volatility to put some cash to work. Ended the quarter at 3.7%, down from 5.5%. • 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%	\$1,801.2	• Trailed the index and peer group • Great Canadian Gaming was a big contributor in Q2 • Managers see the market as richly valued, but are finding company specific opportunities • See very little risk of a recession in the near term. Risks remain, namely housing and trade • Pays a monthly distribution. Currently yielding 2.5%

Fund	Annualized Returns (%)						Calendar Year Returns (%)						Upside		Downside		Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2017	2016	2015	2014	2013	2012	3Yr	5Yr	3Yr	5Yr		
CI Cambridge Pure Cdn Equity	5.5	4.0	4.0	10.2	-	-0.4	21.9	-5.8	14.7	47.3	34.3	78%	94%	76%	56%	9.26%	
Quartile	1	3	3	1	-	4	2	3	1	1	1						
IA Clarington Cdn Small Cap	6.7	6.1	5.4	8.0	7.6	1.9	22.3	-6.8	5.9	37.3	20.2	86%	76%	74%	48%	8.26%	
Quartile	1	2	2	3	1	3	2	3	2	1	1						
Sentry Small Mid Cap Income	3.4	3.8	5.7	10.8	12.4	8.4	14.6	-0.2	12.7	36.4	15.5	79%	83%	60%	32%	7.98%	
Quartile	3	3	3	2	1	3	3	3	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	2.03%	\$138.0	- Strong quarter thanks to stock selection in industrials, consumer discretionary and healthcare. Slight growth tilt - Managed using a unique multi manager structure. - Significant alignment of interests with investors.
Manulife U.S. Equity Fund	Large Cap Blend	Grayson Witcher	2.46%	\$463.2	- Mirrors the respected Mawer U.S. Equity Fund - Lagged on underperformance in consumer names - Solid long-term pick for active U.S. equity exposure
RBC O'Shaughnessy U.S. Value	Large Cap Value	Jim O'Shaughnessy Patrick O'Shaughnessy	1.49%	\$1,599.9	- Trailed in Q2 largely on fully hedged currency exposure and continued underperformance from value names - Well positioned with higher return on capital, less reliance on external financing, and more attractive valuation - Currency may continue to be a near term headwind
TD U.S. Blue Chip	Large Cap Growth	Larry Puglia	2.41%	\$3,213.4	- Tech names continue to push fund higher. Take profits! - 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	2.76%	\$630.9	- Remains UNDER REVIEW. Closely watching risk metrics - Trailed peers on poor showing from Nektar Therapeutics - Manager believes markets are fairly valued - Starting to tilt the portfolio towards better valued names

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2017	2016	2015	2014	2013	2012	3Yr	5Yr	3Yr	5Yr	
Capital Group U.S. Equity	6.4	14.5	11.2	-	-	8.0	15.5	7.9	-	-	-	81%	N/A	82%	N/A	9.68%
Quartile	1	2	2	-	-	2	1	4								
Manulife U.S. Equity	4.3	14.0	11.6	16.0	-	11.9	4.5	17.9	19.3	40.5	11.4	93%	94%	106%	112%	10.08%
Quartile	2	2	2	2	-	3	3	2	2	2	2					
RBC O'Shaughnessy US Val	1.4	14.3	7.6	11.3	8.9	21.5	12.6	-8.9	10.7	47.5	12.4	48%	58%	36%	47%	12.15%
Quartile	4	2	4	4	3	1	1	4	4	1	1					
TD U.S. Blue Chip	7.6	27.2	16.8	21.7	13.7	25.5	-4.7	30.8	16.8	47.6	13.7	127%	118%	136%	125%	13.73%
Quartile	1	1	1	1	1	1	4	1	3	1	1					
Trimark U.S. Companies	0.7	19.1	10.4	16.6	12.0	21.8	-1.9	15.4	25.7	40.8	10.3	99%	103%	133%	135%	11.52%
Quartile	4	1	3	2	1	1	3	2	1	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%	\$2,475.5	• Trailed the index and peers in Q2 • Healthcare and industrial names lagged, offsetting good showing from Charles River Labs and Hanesbrands • Remains focused on minimizing volatility and risk • Defensive positioning has been a headwind, but is expected to improve with volatility likely to return • Continues to deliver strong downside protection
TD U.S. Mid Cap Growth Fund	Mid Cap Growth	Brian Berghuis John Wakeman	2.56%	\$1,660.1	• Trailed index and peer group in Q2 • Positioned for economic growth – overweight consumer, tech and industrials, Also overweight healthcare. • Valuation very rich, trading well above the index • More volatility expected. Consider rebalancing
Trimark U.S. Small Companies	Small Cap Blend	Rob Mikalachki Virginia Au Jason Whiting	2.96%	\$205.1	• Disappointing quarter, trailing peers and index • Continues to be positioned for growth with an overweight exposure to industrials & tech and underweight financials, consumer cyclicals and defensive names • Remain defensive with cash hovering around 11% • 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	2017	2016	2015	2014	2013	2012	3Yr	5Yr	3Yr	5Yr	
Fidelity Small Cap America	5.5	10.3	6.4	15.8	13.5	6.3	-1.4	24.3	17.5	54.2	19.9	60%	79%	69%	66%	11.11%
Quartile	3	3	4	2	1	3	4	1	1	1	1					
TD U.S. Mid Cap Growth Fund	2.6	14.2	11.5	18.4	13.2	15.7	1.1	25.9	21.5	43.8	9.7	80%	87%	71%	65%	11.47%
Quartile	4	2	2	1	1	3	4	1	1	2	2					
Trimark U.S. Small Companies	1.2	7.1	7.9	11.3	13.2	7.1	14.6	2.5	16.3	33.4	10.0	67%	66%	73%	66%	10.75%
Quartile	4	4	3	4	1	1	2	4	1	4	2					

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	2.11%	\$10,152.7	• Strong consumer, industrial, and financial names, • Concentrated Fund of high quality, undervalued businesses 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
IA Clarington Global Equity Fund	Large Cap Value	Joe Jugovic	2.54%	\$265.2	• Value focus helped in Q2. • Manager used recent volatility to put some cash to work. Now at 3%, down from 9%. • Continuing to focus on quality and valuation. • Should provide strong downside protection, but expected to lag in market rally because of quality bias
Mackenzie Ivy Foreign Equity Fund	Large Cap Blend	Paul Musson Matt Moody	2.50%	\$4,316.7	• Disappointing performance from several consumer names (H&M, Samsonite, Hyundai) combined with an underweight to tech have dragged returns of late • Used market weakness to put some cash to work. Still defensive at 25%, but down from 33% in Q1 • Mgr. sees many issues on horizon. • Watching the Manager and Fund very closely. • Historically been one of the best for volatile markets
Manulife World Investment	Large Cap Blend	David Ragan Jim Hall	2.55%	\$1,804.3	• Identical to Mawer International Equity Fund • Outperformed on avoiding European banking stocks • Macro environment including trade, debt levels and rates require caution. Managers continue to focus on finding attractive security specific opportunities. • Managed using a fundamentally driven, bottom up GARP process that looks for well-managed, wealth creating companies trading below its true value
Trimark International Companies Fund	Large Cap Growth	Jeff Feng Matt Pedan	2.97%	\$493.6	• Marginally higher, trailing index outperforming peers • Cash is 6% of Fund, providing some dry powder • High conviction mix of quality companies with strong mgmt., growth, cash flow & competitive advantage. • Willing to pay up for high quality businesses. • Valuation levels look higher than peers, but growth rates are much stronger.

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		5 yr. Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2017	2016	2015	2014	2013	2012	3Yr	5Yr	3Yr	5Yr	
EdgePoint Global Portfolio	1.8	14.1	11.3	17.0	-	16.7	13.4	12.7	18.7	44.5	11.1	90%	93%	76%	59%	10.09%
	3	1	1	1	-	1	1	2	1	1	3					
IA Clarington Global Equity	4.7	12.4	9.1	-	-	12.5	8.3	8.8	8.2	21.1	12.5	78%	N/A	72%	N/A	8.28%
Quartile	1	1	2	-	-	3	1	3	3	3	2					
Mackenzie Ivy Foreign Equity	1.5	-0.3	3.9	8.1	7.5	1.7	-0.1	16.0	8.3	31.0	7.9	56%	64%	78%	88%	8.20%
Quartile	3	4	4	4	2	4	3	2	3	2	4					
Manulife World Investment	0.6	8.7	8.4	12.0	7.0	21.0	-4.0	19.4	7.3	21.6	19.2	97%	95%	87%	86%	10.46%
Quartile	2	2	1	1	1	1	3	2	1	4	3					
Trimark Int'l Comps.	0.6	6.5	7.4	14.3	7.3	20.5	2.2	17.3	12.2	27.6	15.9	97%	97%	95%	69%	11.04%
Quartile	2	3	1	1	1	1	1	2	1	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 MSCI World Gross Index C\$ for Global Equity funds & MSCI EAFE Gross Index C\$ for International Equity funds

Global / International Small / Mid-Cap Equity

Fund	Style	Managers	MER	Assets (\$ mil)	Notes
Brandes Global Small Cap	Small Cap Value	Brandes Management Team	2.71%	\$197.4	- Value tilt continued to drag in second quarter - Uses an actively managed, bottom up process looking for names trading below its intrinsic value - Underweight U.S. and holds more than 12% 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 Blend	Joel Tillinghast Daniel Dupont	2.34%	\$7,804.3	- Dupont remains very defensively positioned. Recent weakness created opportunities healthcare. - Tillinghast favours high quality companies with lower leverage, strong mgmt & consistent profitability - All cap go anywhere fund run by Joel Tillinghast and Daniel Dupont, each using their distinct styles - Tillinghast is diversified, Dupont is concentrated - Defensive positioning and 6% cash should allow the Fund to hold up better in periods of market volatility
Invesco Global Endeavour	Mid Cap Blend	Jeff Hyrich Erin Greenfield	2.58%	\$1,731.4	- Renamed in July 2018 - Trailed on overweight exposure to emerging markets. Consumer names weighed as well. - Initiated a new consumer name, bringing cash down to 2.8% from 4.4%. - Expecting higher levels of volatility in near-term. - Continue to focus on high quality companies.

Fund	Annualized Returns (%)						Calendar Year Returns (%)					Upside		Downside		5 yr. Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2017	2016	2015	2014	2013	2012	3Yr	5Yr	3Yr	5Yr	
Brandes Global Small Cap	-0.6	-4.0	7.3	12.2	11.1	1.7	14.2	22.2	8.1	34.8	33.7	69%	72%	83%	71%	9.68%
Quartile	4	4	3	2	1	4	1	1	3	3	1					
Fidelity NorthStar Fund	0.8	2.6	3.5	11.0	7.4	4.1	-2.0	24.9	13.5	46.0	8.0	46%	59%	68%	47%	7.81%
Quartile	3	4	4	3	3	4	4	1	1	1	3					
Invesco Global Endeavour	-1.5	9.1	6.5	12.8	11.5	15.4	1.3	18.8	11.0	31.9	14.3	73%	84%	87%	86%	9.45%
Quartile	4	2	3	2	1	2	3	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 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%	\$759.2	- Lagged index and peers in choppy markets - Some Chinese names were the biggest detractors - Managers were active, adding convertible bonds - Managers cautious. Fund is attractively valued
Brandes Emerging Markets Value	Large Cap Value	Brandes Management Team	2.71%	\$286.0	- Bottom up deep value approach that looks for quality companies beaten down by the market - EM traded lower on worries over trade war / China - Trades at a big discount to its index and peers
Trimark Emerging Markets Fund	Large Cap Blend	Jeff Feng Matt Peden	2.79%	\$243.5	- Trailed the index and peers on tech and financials. - Used volatility to put some cash to work. - 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%	\$1,556.7	- Tough quarter for the Fund, trailing index and peers - Concentrated in tech, consumer, & industrial names - High volatility with potential for high return.
Manulife Global Infrastructure Fund	Large Cap Growth	Craig Noble	2.74%	\$249.1	- Despite decent Q2, remains UNDER REVIEW - Outpaced index and peers largely on energy names - 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.
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2017	2016	2015	2014	2013	2012	3Yr	5Yr	3Yr	5Yr	Risk
BMO Asian Growth & Inc.	-3.4	-1.4	1.8	4.9	5.6	11.5	-2.9	10.2	6.7	9.3	21.9	47%	51%	67%	68%	9.18%
Quartile	3	4	4	4	2	4	2	4	3	4	1					
Brandes Emerging Mkts Value	-8.7	0.4	6.3	6.7	5.7	16.6	20.4	-6.9	-1.2	13.3	10.5	86%	85%	90%	100%	13.07%
Quartile	4	4	3	4	1	4	1	4	4	1	4					
Trimark Emerging Markets	-7.7	4.8	8.2	11.0	-	26.5	7.0	7.7	7.3	10.8	6.6	99%	99%	96%	91%	12.10%
Quartile	3	3	1	1	-	3	2	1	2	1	4					
Dynamic Power Global Growth	-1.3	27.0	14.9	20.3	10.9	51.4	-12.0	24.5	9.1	40.6	7.2	115%	130%	95%	131%	18.06%
Quartile	4	1	1	1	1	1	4	1	2	1	4					
Manulife Global Infrastructure	5.3	0.0	2.4	7.5	7.5	4.2	6.8	-3.2	15.8	22.9	12.8	88%	84%	108%	101%	9.79%
Quartile	1	4	4	3	2	4	2	4	1	4	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	1.59%	\$7,150.9	- Real estate and energy were key drivers of gains - Valuations remain tight, but supported by growth - Tactical approach expected to help over long-term
EdgePoint Global Growth & Income Portfolio	Tactical	Tye Bousada Geoff MacDonald Ted Chisholm	2.00%	\$7,311.8	- Asset mix determined by potential opportunity set - Currently 54% equity / 30% bonds / 16% cash. - Equities buy well mgd companies with strong growth - Bond sleeve focused on corporate bonds.
Fidelity Canadian Balanced Fund	Strategic	Geoff Stein David Wolf	2.07%	\$6,752.7	- Outpaced peers with both stocks and bonds helping - Equity valuations higher than index and peers - Bond sleeve positioned for rising yields - Asset mix was 47% bonds/49% equity, rest in cash
Manulife Monthly High Income Fund	Strategic	Alan Wicks Duncan Anderson Jonathan Popper	2.02%	\$8,273.0	- Fund recently re-opened to investors - Unique, disciplined investment process for equities - Bonds managed using top down macro, bottom up
TD Monthly Income Fund	Tactical	Doug Warwick Gregory Kocik Michael Lough	1.46%	\$8,280.9	- Overweight equity exposure helped in Q2 - Equity valuations look reasonable. Bond sleeve is high quality, index like, which may see higher volatility. - Running 68% equity, 32% bonds.

Fund	Annualized Returns (%)					Calendar Year Returns (%)						Upside		Downside		5 yr. Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2017	2016	2015	2014	2013	2012	3Yr	5Yr	3Yr	5Yr	
CI Signature High Income	4.2	0.9	2.1	4.8	5.6	3.1	6.5	-1.0	8.6	8.6	11.6	44%	46%	68%	54%	4.83%
Quartile	1	4	4	4	2	4	2	4	2	4	1					
EdgePoint Gbl Grth & Income	1.5	10.3	8.6	12.8	-	12.1	11.5	9.0	13.9	32.4	9.0	90%	93%	73%	59%	7.10%
Quartile	3	1	1	1	-	1	1	1	1	1	2					
Fidelity Canadian Balanced	3.4	6.0	3.4	7.5	5.3	4.9	5.5	3.5	11.1	12.7	6.0	101%	104%	115%	63%	5.58%
Quartile	1	1	3	1	2	3	4	1	1	1	2					
Manulife Mthly High Income	1.3	5.2	4.9	7.9	6.2	10.6	10.6	5.8	16.5	15.9	7.5	96%	98%	63%	34%	4.37%
Quartile	4	1	2	1	1	1	3	2	1	1	1					
TD Monthly Income Fund	2.6	4.2	5.7	6.9	5.7	6.7	14.9	-3.8	9.9	8.9	8.5	127%	111%	105%	96%	4.98%
Quartile	2	2	1	2	1	2	1	4	1	4	2					

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%	\$350.9	• Struggled in Q2 as corporate bonds trailed governments on flight to safety and robust new issues • Underwent rebalancing in June. Duration increased to 3.3 years, YTM rose to 2.9%, above Q1 • Laddered portfolio of investment grade corporate bonds in 5 equally weighted maturity buckets. • Variable distribution, yielded 2.78% for past 12 mth
Sentry Canadian Income Fund	Large Cap Blend	Michael Simpson Aubrey Hearn	2.34%	\$4,174.4	• CI Investments acquired Sentry in Q3 2017. To date, there has been no change to the investment management team, but we are watching closely. • Defensive positioning was headwind in Q2 • 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	2.12%	\$1,185.3	• Outpaced peers energy and financial names. • Significant exposure to traditional yield sectors – energy, telecoms, utilities, REITs and financials. • Pays a monthly distribution of \$0.06 per unit, which works out to an annualized yield of just over 5.2% • Invests in high yielding equities & REITs in Canada • All cap mandate. Invests only in Canadian stocks • Valuations starting to look a bit rich.

	Annualized Returns (%)						Calendar Year Returns (%)						Upside		Downside		5 yr.
Fund	3mt	1 Yr	3 Yr	5 Yr	10Yr	2017	2016	2015	2014	2013	2012	3Yr	5Yr	3Yr	5Yr	Risk	
PShrs 1-5 Yr Lad. Corp Bond	0.0	-0.4	0.3	1.4	-	-0.2	1.3	1.8	2.8	1.4	3.0	59%	66%	40%	42%	1.50%	
Quartile	4	4	3	2	-	3	2	2	1	1	1						
Sentry Canadian Income Fund	4.0	2.0	3.7	7.5	7.7	3.1	9.5	0.1	15.9	18.6	11.5	55%	61%	57%	34%	5.47%	
Quartile	3	4	4	3	1	4	3	2	1	1	1						
BMO Monthly High Income II	5.1	2.2	3.6	4.9	5.4	3.7	19.8	-9.8	3.7	14.2	7.7	73%	73%	95%	99%	7.11%	
Quartile	1	4	4	4	3	4	2	2	4	4	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

Passive Options

Fund	Style	Managers	MER	Assets (\$ mil)	Notes
TD Canadian Bond Index Fund	Cap Weighted Passive	Michelle Hegeman	0.83%	\$819.8	- 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 prefer an active fund over this offering
RBC Canadian Index Fund	Cap Weighted Passive	RBC Global Asset Management	0.69%	\$773.6	- 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	Cap Weighted Passive	Dino Vevaina Wilcox Chan	0.55%	\$1,206.6	- This is the lowest cost option for those looking for low cost access to the S&P 500 - There is also a currency hedged version available
TD International Index Fund	Cap Weighted Passive	Dino Vevaina Wilcox Chan	1.00%	\$724.7	- MER has dropped from 1.25% to 1.00%, 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. Risk
	3mt	1 Yr	3 Yr	5 Yr	10Yr	2017	2016	2015	2014	2013	2012	3Yr	5Yr	3Yr	5Yr	
TD Canadian Bond Index	0.3	-0.1	1.1	2.7	3.6	1.7	0.8	2.8	7.9	-2.0	2.8	97%	101%	88%	90%	3.75%
Quartile	2	3	3	2	2	3	4	1	1	2	2					
RBC Canadian Index	6.7	9.6	6.2	8.4	3.6	8.2	20.1	-9.0	9.8	12.2	6.4	96%	97%	104%	104%	7.44%
Quartile	1	2	3	3	3	2	2	3	2	4	2					
TD U.S. Index	3.2	13.4	10.9	12.4	9.2	20.8	7.3	20.5	22.9	40.0	12.5	97%	97%	103%	103%	9.63%
Quartile	2	2	1	1	1	2	2	1	1	2	1					
TD International Index	0.0	7.0	5.7	10.2	4.5	16.1	-3.1	18.3	2.0	28.6	14.5	98%	97%	109%	109%	11.08%
Quartile	3	2	3	2	2	3	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.