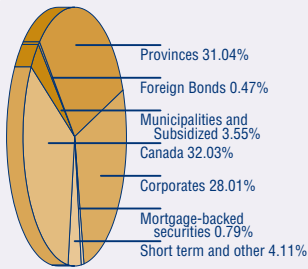


Asset mix of the Fund



Characteristics of the Fund

Bond and short term Portfolios

Average rating - Bonds	AA
Average term	2.92 years
Modified duration	2.57 years
Average coupon	3.57%
Yield at cost	2.18%
Yield at market value	1.66%

Top 10 holdings of the Fund

Canada Housing Trust, 2.750%, 2014-12-15	9.18%
Gov. of Canada, 3.500%, 2013-06-01	7.87%
Prov. of Ontario, 4.750%, 2013-06-02	7.11%
Gov. of Canada, 1.500%, 2017-03-01	5.37%
Financement-Québec, Floating Rate, 4.323%, 2013-09-16	4.46%
Prov. of Quebec, 4.500%, 2018-12-01	4.12%
Prov. of Quebec, 5.250%, 2013-10-01	3.79%
Gov. of Canada, 2.000%, 2014-12-01	3.62%
Gov. of Canada, 2.750%, 2016-09-01	3.47%
Prov. of Quebec, 5.500%, 2014-12-01	3.45%
	52.44%

Investment limits

	Min.	Max.
Short term	0%	20%
Bonds	80%	100%

The average duration of the portfolio must be situated between 50% and 200% of the duration of the DEX Short Term Bond Index.

Commentary

The fund is managed according to a management style primarily based on securities selection and issuers. The manager also integrates interest rate anticipation in his management process. The fund is characterized by a short and medium term maturity, which minimizes the impact of interest rate fluctuations while generating a good income.

Investment Advisor



Louis Gagnon, CFA
François Lalande, CFA
Christian Pouliot, MBA, CFA

Inception date: January 1998

Management expense ratio (MER): 2.14% (GST and HST incl.)

Objectives of the Fund

- Oriented toward current income
- Moderate long-term capital growth
- Conforms to a medium- to long-term investment horizon

Investment style

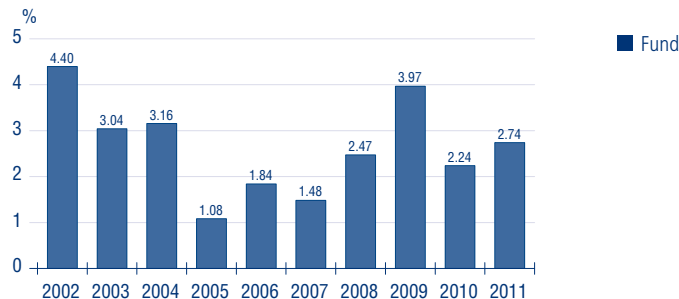
Interest rate forecasts

Performance Data

The returns or performance information shown assume that all income/realized net gains are retained by the segregated fund in the periods shown and are reflected in higher unit values of the segregated fund. The return or performance information do not take into account sales, redemption, distribution or other optional charges or income taxes payable that would have reduced returns or performance. How the segregated fund has performed in the past does not necessarily indicate how it will perform in the future.

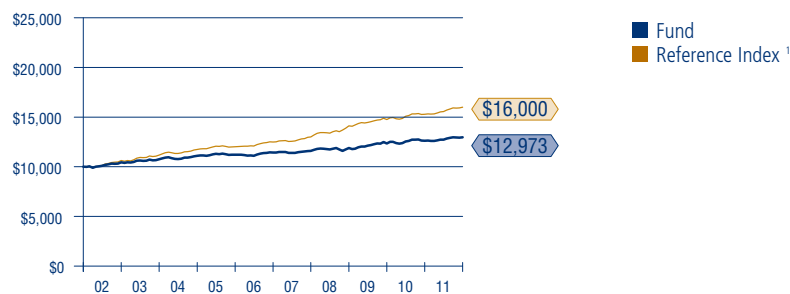
Year By Year Returns

This chart shows you the fund's annual performance and how an investment made on January 1 would have changed by December 31.



Past Performance

This graph shows you how a \$10,000 investment in this fund would have changed in value compared with the reference index.



Annual Compound Returns

This table shows the simple returns for the monthly periods and the historical annual compound total return of the segregated fund compared with the reference index.

	Since January 1998	10 years	5 years	3 years	2 years	1 year	6 months	3 months	1 month	YTD
Fund	3.1	2.6	2.6	3.0	2.5	2.7	1.9	0.0	0.3	2.7
Reference Index ¹		4.8	5.1	4.3	4.1	4.7	2.8	0.5	0.5	4.7

¹ DEX Short Term Bond Index.