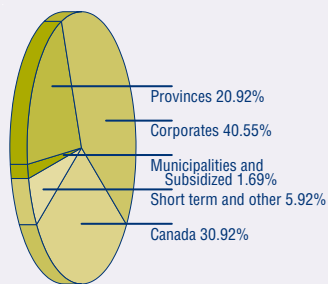


**Asset mix of the Fund**



**Characteristics of the Fund**  
**Bond and short term Portfolios**

|                        |            |
|------------------------|------------|
| Average rating - Bonds | AA         |
| Average term           | 8.88 years |
| Modified duration      | 6.27 years |
| Average coupon         | 3.97%      |
| Yield at cost          | 3.16%      |
| Yield at market value  | 2.44%      |

**Top 10 holdings of the Fund**

|   |        |
|---|--------|
| Gov. of Canada, 5.000%, 2037-06-01                      | 4.01%  |
| Canada Housing Trust, Series 41-1, 2.750%, 2016-06-15   | 3.78%  |
| Canada Housing Trust, 2.750%, 2014-09-15                | 2.62%  |
| Prov. of Quebec, 4.250%, 2021-12-01                     | 2.50%  |
| Canada Housing Trust, Floating Rate, 3.202%, 2013-06-15 | 2.44%  |
| Prov. of British Columbia, 4.700%, 2037-06-18           | 2.40%  |
| Canada Housing Trust, 3.550%, 2013-09-15                | 2.34%  |
| Gov. of Canada, 3.750%, 2019-06-01                      | 2.14%  |
| Golden Credit Card Trust, 3.510%, 2016-05-15            | 2.14%  |
| Canada Housing Trust, 3.600%, 2013-06-15                | 2.13%  |
|   | 26.50% |

**Investment limits**

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

**Commentary**

The fund's approach in bond management is a topdown fundamental approach starting from determining the duration of the portfolio, the yield curve positioning, sector allocation and security selection. The value added is generated from different sources with the investment style being a combination of interest rate anticipation and spread trading. The Manager may also add foreign bonds, real return bonds or other special situations that would contribute to increasing portfolio return or reducing variability.

**Investment Advisor**



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

Inception date: March 1998  
Ecoflextra first offering: December 2007  
Management expense ratio (MER): 2.14% (GST and HST incl.)  
GSB fee rate: 0.50%

**Objectives of the Fund**

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

**Investment style**

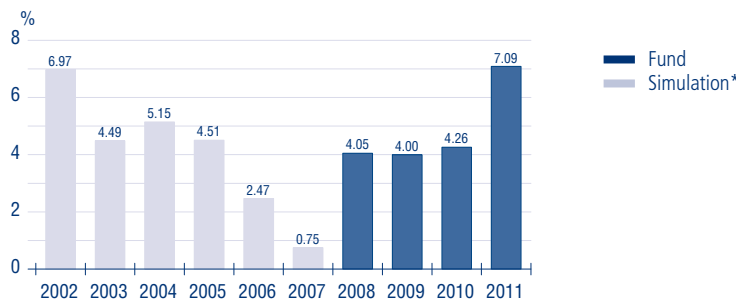
Interest rate forecasts and spread trading

**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.

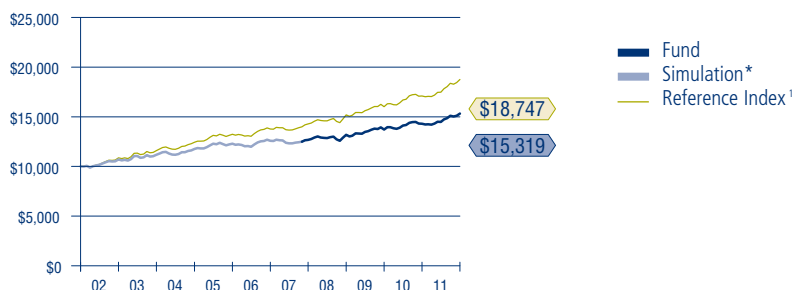
**Year By Year Returns**

This chart shows the annual performance for each calendar year for the fund starting at its inception date and the annual performance that would have resulted if the fund had existed before that date and the assets held at its inception date had been held throughout the earlier period shown.



**Past Performance**

This graph shows you how a \$10,000 investment in the fund would have changed in value compared with the reference index using the year by year returns shown above.



**Annual Compound Returns**

This table shows the simple returns for the monthly period and the historical annual compound total returns calculated for the fund as described above compared to the corresponding returns for the reference index.

|                              | Since November 2007 | 10 years | 5 years | 3 years | 2 years | 1 year | 6 months | 3 months | 1 month | YTD |
|------------------------------|---------------------|----------|---------|---------|---------|--------|----------|----------|---------|-----|
| Fund                         | 4.8                 | 4.4*     | 4.0*    | 5.1     | 5.7     | 7.1    | 5.8      | 1.5      | 1.4     | 7.1 |
| Reference Index <sup>1</sup> |                     | 6.5      | 6.4     | 7.3     | 8.2     | 9.7    | 7.3      | 2.1      | 1.7     | 9.7 |

<sup>1</sup> DEX Universe Bond Index.  
\* Simulation of past returns as if the Fund had been in effect for these periods.