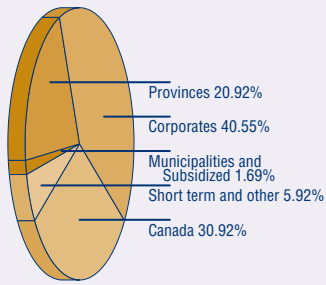


Asset mix of the underlying fund



Characteristics of the underlying 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 underlying 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.	Real
UltraFlex R - M Fund			
Short term	0%	20%	(0.33)%
Units of an underlying fund	80%	100%	100.33%

Commentary

The fund's approach in bond management is a top-down 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 Lalande, CFA
Louis Gagnon, CFA
Christian Pouliot, MBA, CFA

Inception date: December 1962
Management expense ratio (MER): 3.27% (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

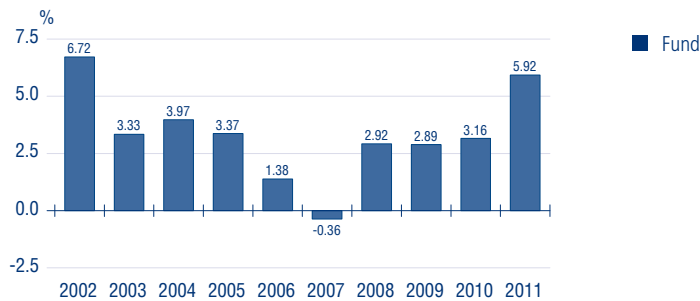
Interest rate forecasts and spread trading

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 does not take into account sales, redemption, distribution or other optional charges or income taxes payable that would have reduced returns or performance. How a segregated fund has performed in the past does not necessarily indicate how it will perform in the future.

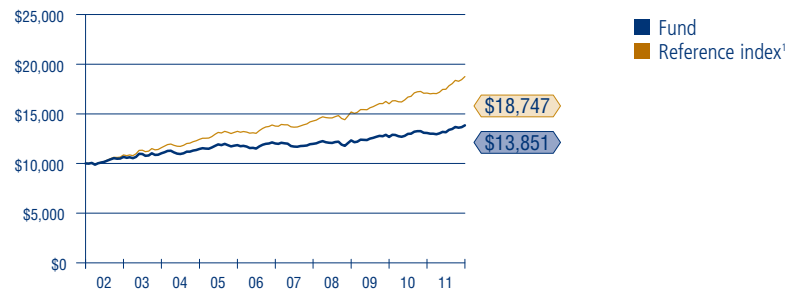
Year By Year Returns

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



Past Performance

This graph shows 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 and an underlying fund compared with the reference index.

	Since Inception	10 years	5 years	3 years	2 years	1 year	6 months	3 months	1 month	YTD
Fund	6.2	3.3	2.9	4.0	4.5	5.9	5.3	1.2	1.4	5.9
Reference index ¹		6.5	6.4	7.3	8.2	9.7	7.3	2.1	1.7	9.7

¹ DEX Universe Bond Index.