

BONDS

GROUP SAVINGS
AND RETIREMENT

Inception date: May 1977

FU020

TOTAL NET ASSETS: \$1,945.2 MILLION

Investment Advisor



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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

Investment limits

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

The average duration of the portfolio must be situated between 50% and 150% of the duration of the DEX Universe Bond Index.

Risk level

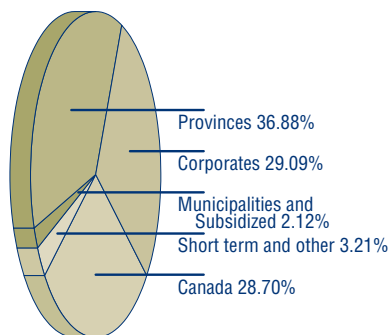
Very low	Low	Low to moderate	Moderate	Moderate to high	High

Commentary

The fund's approach in bond management is based on interest-rate movement forecasts, derived from analyses of macroeconomic trends. The management of the duration and the yield curve positioning are the main sources of added value compared to the benchmark. Sector and security selection also contribute to add value. On occasion, the manager may add securities denominated in foreign currencies, real return bonds or other special situations likely to improve the portfolio's return or to reduce volatility.

Asset mix of the Fund

As at December 31, 2011



Characteristics of the Fund

As at December 31, 2011

Bond and Short term Portfolios

Average rating - Bonds	AA
Average term	9.02 years
Modified duration	6.45 years
Average coupon	3.75%
Yield at cost	2.95%
Yield at market value	2.43%

Performance - Gross returns

Returns before deduction of management and administration fees.

Compound returns

As at December 31, 2011 / YTD	1 month	3 months	6 months	1 year	2 years	3 years	5 years	7 years	10 years	
Fund	10.0	1.6	2.2	7.4	10.0	8.2	7.2	6.5	6.2	6.8
Reference Index ¹	9.7	1.7	2.1	7.3	9.7	8.2	7.3	6.4	6.0	6.5

Annual returns

As at December 31	11	10	09	08	07	06	05	04	03	02
Fund	10.0	6.4	5.3	8.0	2.7	4.6	6.7	7.4	7.3	9.8
Reference Index ¹	9.7	6.7	5.4	6.4	3.7	4.1	6.5	7.1	6.7	8.7

¹ DEX Universe Bond Index.

Past performance is not a guarantee of future returns.