

# BONDS - SERIES 2

GROUP SAVINGS  
AND RETIREMENT

**Inception date:** March 1998

**FU210**

**TOTAL NET ASSETS: \$599.6 MILLION**

## Investment Advisor



**Nang Cheung, CFA**

## Objectives of the Fund

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

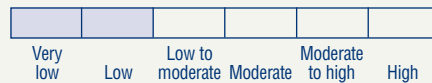
## Investment style

Interest rate forecasts and spread trading

## Investment limits

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

## Risk level

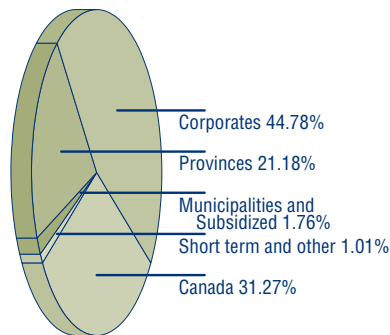


## Commentary

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.

## Asset mix of the Fund

As at September 30, 2011



## Characteristics of the Fund

As at September 30, 2011

### Bond and Short term Portfolios

Average rating - Bonds	AA
Average term	8.84 years
Modified duration	6.19 years
Average coupon	4.16%
Yield at cost	3.33%
Yield at market value	2.59%

## Performance - Gross returns

Returns before deduction of management and administration fees.

### Compound returns

As at September 30, 2011 /YTD	1 month	3 months	6 months	1 year	2 years	3 years	5 years	7 years	10 years
Fund	7.2	1.8	4.9	7.4	6.6	6.8	8.1	6.0	6.6
Reference Index <sup>1</sup>	7.4	1.8	5.1	7.7	6.7	7.0	8.1	6.1	6.5

### Annual returns

As at December 31	10	09	08	07	06	05	04	03	02	01
Fund	6.5	6.2	6.2	2.9	4.6	6.7	7.4	6.7	9.2	8.3
Reference Index <sup>1</sup>	6.7	5.4	6.4	3.7	4.1	6.5	7.1	6.7	8.7	8.1

<sup>1</sup> DEX Universe Bond Index.

## Asset mix of the Industrial Alliance Fund

As at September 30, 2011	Distribution
Short term	1.02%
Units of the underlying fund	98.98%
	100.00%

Past performance is not a guarantee of future returns.