

BONDS (NATCAN)

GROUP PENSIONS

Inception date: December 2001

FU472

TOTAL NET ASSETS: \$10.0 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

Industrial Alliance Fund

	Min.	Max.
Short term	0%	20%
Units of an underlying fund	80%	100%

Volatility



Underlying Fund

Natcan Canadian Bond Fund

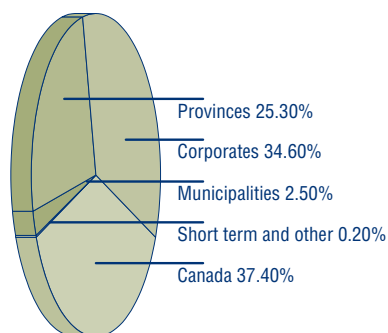
Asset mix of the Industrial Alliance Fund

As at June 30, 2010	Distribution
Short term	0.04%
Units of the underlying fund	99.96%
	100.00%

Commentary

The Fund aims to provide investors with a moderate real rate of return primarily through interest income. Returns in excess of income will be gained through duration, yield and sector management. The Fund invests primarily in a diversified portfolio of bonds issued or guaranteed by Canadian governments (federal and provincial) and corporations.

Asset mix of the underlying fund As at June 30, 2010



Characteristics of the underlying fund As at June 30, 2010

Bond and Short term Portfolios

Average rating - Bonds	N/A
Average term	N/A
Modified duration	6.10 years
Average coupon	N/A
Yield at cost	3.76%
Yield at market value	3.43%

Performance of the Industrial Alliance Fund - Gross returns

Returns before deduction of management and administration fees.

Compound returns

As at June 30, 2010 /	YTD	1 month	3 months	6 months	1 year	2 years	3 years	5 years	7 years	10 years
Fund	4.0	1.7	2.5	4.0	7.5	7.5	7.2	5.1	5.6	6.7*
Reference Index ¹	4.2	1.8	2.9	4.2	6.9	6.9	6.9	4.9	5.7	6.6

Annual returns

As at December 31	09	08	07	06	05	04	03	02	01	00
Fund	6.9	6.0	3.8	3.6	6.2	6.5	7.3	8.7	8.7*	10.1*
Reference Index ¹	5.4	6.4	3.7	4.1	6.5	7.1	6.7	8.7	8.1	10.2

¹ DEX Universe Bond Index.

* Simulation of past returns as if the Fund had been in effect for these periods.

Past performance is not a guarantee of future returns.