

BALANCED (PH&N)

GROUP SAVINGS
AND RETIREMENT

Inception date: November 2007

FU522

TOTAL NET ASSETS: \$29.7 MILLION

Investment Advisor



Management team composed of several managers

Objectives of the Fund

- Combines capital growth with current income
- Diversification of the risk between the asset classes
- Active allocation of investments by asset classes
- Conforms to a medium- and long-term investment horizon

Investment style

Asset mix favouring a fair balance between asset classes

Investment limits

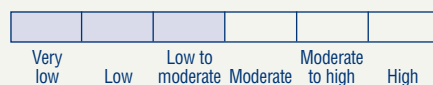
Industrial Alliance Fund

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

Underlying fund

	Min.	Max.
Short term	0%	15%
Bonds	30%	40%
Canadian equity securities	30%	40%
Global equity securities	20%	30%

Risk level



Underlying Fund

Phillips, Hager & North Balanced Pension Trust

Asset mix of the Industrial Alliance Fund

As at December 31, 2011	Distribution
Short term	1.79%
Units of the underlying fund	98.21%
	100.00%

Commentary

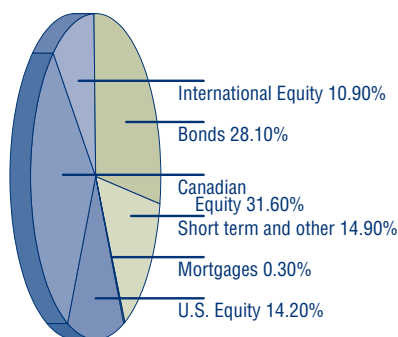
The PH&N balanced approach follows a three part investment philosophy.

1. Investments in high quality common stocks represent the best vehicle for creating wealth over the long term.
2. Wealth preservation and income objectives are best met by balancing common stock and bond investments.
3. The cyclical nature of markets requires the timely adjustment of the mix of common stock and bond investments.

PH&N's goal is to take advantage of market opportunities by anticipating the best performing asset class at each stage of the business cycle. Through increasing exposure to these classes the overall return of the portfolio can be enhanced.

Asset mix of the underlying fund

As at December 31, 2011



Sector Allocation

As at December 31, 2011

Canadian Equity Portfolio

Energy	6.35%
Materials	3.49%
Industrials	3.55%
Consumer Discretionary	2.16%
Consumer Staples	1.68%
Health Care	2.68%
Financials	7.95%
Information Technology	1.33%
Telecommunication Services	1.74%
Utilities	0.67%
Total	31.60%

Characteristics of the underlying fund

As at December 31, 2011

Bond and Short term Portfolios

Average rating - Bonds	AA
Average term	8.71 years
Modified duration	6.01 years
Average coupon	N/A
Yield at cost	N/A
Yield at market value	2.71%

Performance of the Industrial Alliance Fund - 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	(2.6)	0.2	3.4	(3.9)	(2.6)	3.3	8.7	1.2	3.9*	4.3*
Composite Index ¹	(0.5)	(0.1)	3.4	(1.9)	(0.5)	4.7	8.6	1.8	4.8	4.9

Annual returns

As at December 31	11	10	09	08	07	06	05	04	03	02
Fund	(2.6)	9.5	20.4	(17.4)	0.2	11.8	9.9*	10.2*	14.6*	(7.7)*
Composite Index ¹	(0.5)	10.2	16.7	(16.9)	3.0	12.6	12.2	9.5	13.9	(6.7)

¹ DEX Universe Bond Index (35%), S&P/TSX Capped Composite Index (35%), MSCI - World (Can. \$) (net ret.) (25%), DEX 91 day Tbill Index (5%).

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

Past performance is not a guarantee of future returns.