

## 2010-2011 Mutual Fund Recommended List

Funds added	Funds removed	2010-2011 Recommended List
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### Changes to the Mutual Fund Recommended List

The 2010-2011 edition of the Mutual Fund Recommended List bears a lot of resemblance to last year. We feel the fact that very few changes were made this year is a testament to our long-term focus and repeatable process. Although we take a long-term approach when reviewing mutual funds, from time to time changes are required. In total, three funds have been added and three have been removed from the list. In this newsletter, we will highlight the changes we made and provide our rationale for adding and or removing funds from the Recommended List.

### Rationale for fund additions:

A lot of work goes into analyzing and ultimately adding a fund to the Recommended List. There are many factors to consider, including making sure the overall Recommended List reflects a balanced representation of investment styles available to investors. We endeavor to provide investors with a broad selection of quality mutual funds from which to choose that are diversified across various characteristics such as asset class, market capitalization, and investment style.

The process begins with a detailed quantitative analysis of attractive fund investment options. We analyze data from the Canadian mutual fund universe, and based on a proprietary multi-factor model, narrow the universe to identify funds that are “quantitatively attractive”. Once this process is complete, we then focus on the qualitative side of the analysis, which includes manager meetings and a desire to truly understand the driving forces behind the returns generated by these funds.

From a high-level perspective, we attempt to identify “best-in-class” mutual funds by focusing on what we call the “Four P’s”; People, Philosophy, Process, and Performance. Some of the factors we consider are as follows:

- People:** Tenure of fund managers, organizational resources and support, competitive advantage(s).
- Philosophy:** Focus on understanding the investment style and the consistency in its application over time, patience and conviction in investment beliefs over time, and the consistency within the firm with respect to its investment philosophy.
- Process:** Criteria for buy/sell/hold decisions, and the consistency in which these are applied, risk management.
- Performance:** Consistent longer-term track record versus benchmark(s) and peers. Risk-adjusted performance over time. Understand how the managers have generated the returns. Focus on the value-add of the managers and justification for the fees they charge.

There are a large number of moving parts when analyzing funds for inclusion in the Recommended List, but with the repeatable process we have in place, we are confident that our selections for the 2010 Recommended List are “best-in-class” funds in their respective categories.

### Funds added

FUND NAME	CLASSIFICATION	INVESTMENT STYLE
PH&N High Yield Fund - C	High Yield Fixed Income	Credit Selection
TD Monthly Income Fund - A	Canadian Equity Balanced	Large Cap Blend
Manulife World Investment Class	International Equity	Large Cap Blend

continued...

### About Us: We Are Your Financial Advantage

The Spiess McGlade Team helps you achieve peace of mind by providing trusted advice and designing personalized solutions to help you meet your financial goals.

### The Spiess McGlade Team

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## 2010 Mutual Fund Recommended List

### Rationale for fund removals:

There are a variety of factors (individually or in combination) that could lead to a fund being removed from the Recommended List. Some of the factors include the following:

- Poor and/or inconsistent performance over time, particularly in instances where the manager is not delivering on their stated objectives (over time);
- Depending on how the fund is managed, turnover in the fund's management could be a factor;
- In some cases, the reason is simply that there are better alternatives available, and it makes sense to take advantage of these opportunities.

Since every fund has its own unique characteristics, it is difficult to list all possible reasons why a fund would be removed from the Recommended List. The list above simply highlights some of the more obvious examples. It should be noted that as a rule, short-term performance is not by itself a significant issue, but if a fund is showing an inability to turn its performance around over time, or shows a lack of consistency in delivering on its stated objectives, it is definitely justified to review the fund, and potentially remove it from the Recommended List.

If you hold these funds, please contact us for a suitable replacement.

### Funds removed

FUND NAME	CLASSIFICATION	INVESTMENT STYLE
Acuity High Income	Canadian Equity Balanced	Large Cap Blend
Trimark Global Balanced	Global Equity Balanced	Large Cap Blend
Mac Maxxum Dividend	Canadian Dividend & Income Equity	Large Cap Value

### Funds on "Performance Watch":

Finally, funds on the "Performance Watch" list are those funds that have been temporary put on hold for new purchases. These funds are still technically on the recommended list but we do not recommend them for new purchases due to inconsistent performance. If you have an existing position in a fund(s) that has been placed on performance watch, we recommend continuing to hold the position. We will continue to closely monitor these funds and will reintegrate them to the Recommended List if their performance improves. Should we remove any of these funds from our recommended list, we will inform you and ask you to contact us for a suitable replacement. Contact the Spiess McGlade Team for more information.

### Funds Placed on Performance Watch

FUND NAME	CLASSIFICATION	INVESTMENT STYLE
Templeton Growth	Global Equity	Large Cap Value
AGF International Stock Class	International Equity	Large Cap Value

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## 2010 MUTUAL FUND RECOMMENDED LIST

LIFE CYCLE FUNDS	PAC NUMBER
Fidelity ClearPath Income Port Series B	FID777
Fidelity ClearPath 2005 Port Series B	FID705
Fidelity ClearPath 2010 Port Series B	FID710
Fidelity ClearPath 2015 Port Series B	FID715
Fidelity ClearPath 2020 Port Series B	FID702
Fidelity ClearPath 2025 Port Series B	FID725
Fidelity ClearPath 2030 Port Series B	FID730
Fidelity ClearPath 2035 Port Series B	FID735
Fidelity ClearPath 2040 Port Series B	FID740
Fidelity ClearPath 2045 Port Series B	FID745
EQUITY FUNDS	PAC NUMBER
AGF Canadian Stock	AGF781
CI Canadian Investment	CIG7420
Northwest Canadian Equity	NWT108
IA Clarington Canadian Small Cap A	CCM520
Bissett Canadian Equity Class A	TML202
Fidelity Canadian Opportunities Sr B	FID215
Acuity All Cap 30 Canadian Equity	CEM443
Scotia Canadian Index	BNS381
BALANCED FUNDS	PAC NUMBER
AIM Canadian Balanced	AIM597
Manulife Monthly High Income	MMF583
Scotia Canadian Balanced	BNS378
Dynamic Focus+ Balanced	DYN202
CI Harbour Growth & Income	CIG691
Fidelity Canadian Asset Allocation Sr B	FID281
TD Monthly Income - A	TDB821
Dynamic Power Balanced	DYN001
BOND FUNDS	PAC NUMBER
Fidelity Canadian Short-Term Bond Sr B	FID285
Mac Sentinel Bond	MFC432
Scotia Canadian Income	BNS377
Bissett Bond Class A	TML200
PH&N Bond - C	PHN3110
SHORT TERM (CASH EQUIVALENTS)	PAC NUMBER
Scotia T-Bill	BNS358
Scotia Money Market	BNS357
GLOBAL FUNDS	PAC NUMBER
Capital Intl-Global Equity CI A	CIF843
Mac Cundill Value Series C	MFC736
Fidelity NorthStar Sr B	FID253
Templeton International Stock	TML735
Manulife Mawer World Investment Class	MMF8521
Templeton Global Smaller Companies	TML707
Templeton Growth	*has been placed on performance watch
AGF International Stock Class	*has been placed on performance watch
NON-REGISTERED/TAXABLE ACCOUNTS	PAC NUMBER
Dynamic Dividend	DYN048
Scotia Canadian Dividend	BNS385

\* On performance watch. Contact the Spiess McGlade Team for more information.

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