

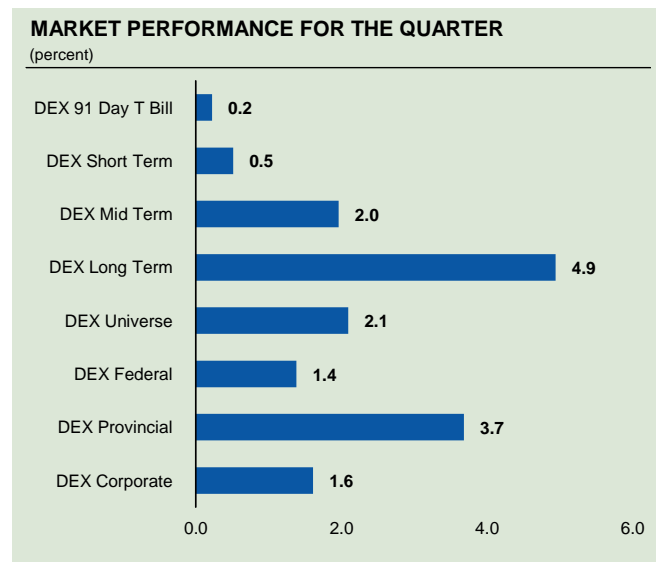
MB Fixed Income Fund

Global politics key downside risk

Global leading economic indicators, Europe aside, have improved. Policy errors offer the biggest source of downside risk to the domestic and global economy.

INVESTMENT PROCESS

- Proprietary strategic and tactical models
- Moderate duration adjustments with a long-term focus
- Optimized yield using high-quality corporates and provincials
- Formal daily weekly & monthly Fixed Income meetings
- Risk controls: duration, mid-term, credit sector and quality, U.S. pay bonds
- Automated Pre-Trade and Post-trade compliance



LONG-TERM PERFORMANCE (includes cash)

	3mo	1yr	2yrs	3yrs	4yrs	5yrs	7yrs	10yrs
Total Port	1.6	8.9	7.9	7.3	7.2	6.3	6.0	6.4
Benchmark*	2.1	9.7	8.2	7.3	7.0	6.4	6.0	6.5

*DEX Universe

PERFORMANCE:

SHORT DURATION STRATEGY HURT BY FALL IN LONG-TERM YIELDS

The portfolio lagged the DEX Universe Bond Index during a quarter in which bonds recorded solid gains as long-term yields declined. As a result, longer duration bonds outperformed those with shorter durations within each of the market's sectors. The portfolio maintained a shorter-than-Index duration target which was the main reason for underperformance. The portfolio's return was also negatively impacted by an overweight position in corporate bonds, which underperformed amid a flight-to-quality bid for Government of Canada issues.

STRATEGY:

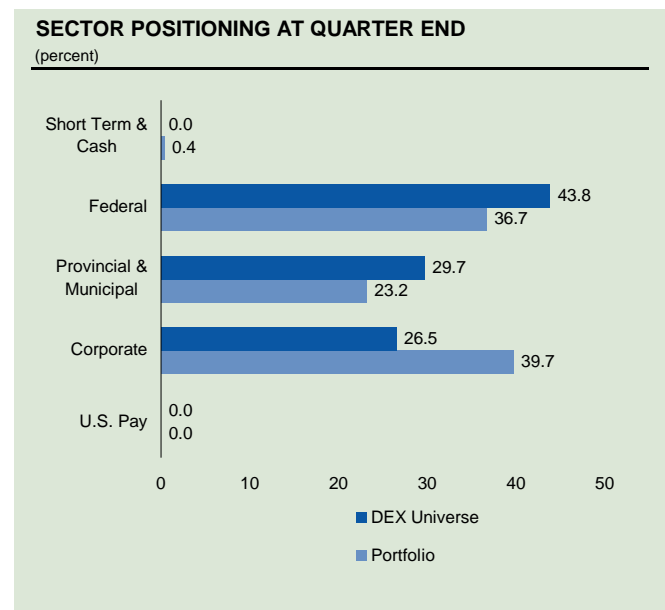
SHORT DURATION STRATEGY MAINTAINED

Duration and Maturity Profile

Over the course of the quarter, the portfolio's duration was trimmed by a modest 0.1 of a year to 1.3 years below that of the DEX Universe Bond Index. Despite the flight-to-quality bid in the government bond market, global leading economic indicators have improved. The team believes that long term bonds appear overvalued and a shorter-than-Index strategy should provide capital protection based on the expectation that yields will begin moving toward their fair-valuations.

Sector Profile

There were no major changes to the portfolio's sector profile. The relative overweight position in corporate bonds was maintained. Notable additions to the portfolio during the quarter included John Deere Credit and Manulife Tier-1 issues.



MB Fixed Income Fund continued

FIXED INCOME DETAILS (PERCENT)

	Fixed Income Portfolio 9/30/11	Fixed Income Portfolio 12/31/11	DEX Universe 12/31/11
Sector Distribution			
Short Term & Cash	0.4	0.4	0.0
Federal	37.4	36.7	43.8
Provincial & Municipal	22.4	23.2	29.7
Corporate	39.8	39.7	26.5
U.S. Pay	0.0	0.0	0.0
Total	100.0	100.0	100.0
Maturity Profile			
Less than 3 years	44.2	45.1	7.4
3 to 10 years	34.5	32.3	45.1
Over 10 years	21.3	22.6	47.5
Total	100.0	100.0	100.0
Yield	2.47	2.46	2.33
Duration (years)	5.44	5.59	6.90