

MB Global Equity C\$ Hedged Fund

Global equities bounce back

Equity markets rebounded during the past quarter but significant risks remain. The team maintains a focus on high-quality, large capitalization companies with strong balance sheets and sustainable earnings growth.

INVESTMENT PROCESS

- Global sector-based research
- Bottom up fundamental research
- Efficient team-based decisions
- Targeted stock weights
- Risk controls: industry sectors, single security

PERFORMANCE	3mo	1yr	2yrs
MB Global Equity C\$ Hedged Fund	8.2	-7.8	-1.1
MB Global Equity Fund	5.1	-5.9	-2.0
MSCI World US\$ Hedged (in C\$)	5.1	-5.5	-1.4
MSCI World (in C\$)	5.5	-2.9	1.8
Over/under performance of the MB Global Equity Fund vs. Index	-0.3	-3.0	-3.9
Net Currency Hedging Impact	3.1	-2.3	0.3

OUTPERFORMANCE DURING A VOLATILE QUARTER

The portfolio outpaced the benchmark for the quarter. Industry sector allocation was a positive factor due primarily to an underweight in the relatively weak utilities sector. Stock selection produced mixed results as strong contributions in the health care (Merck, Pfizer) and consumer staples (Estée Lauder, Wal-Mart de Mexico) sectors were offset by weak performance in energy (Peabody Energy, Transocean) and financials (Bank of America, Credit Suisse). Other top relative contributors included International Paper and financial services firm ACE Limited; detractors included Research In Motion and Newcrest Mining. The portfolio's currency hedging process had a slightly positive impact.

STRATEGY:

POSITIONED FOR LONG-TERM GROWTH

The portfolio currently favours exposure to industry-leading companies with sustainable earnings growth and strong balance sheets in the materials and health care sectors. Utilities and financials remain the most significantly underweight sectors.

The Fund holds units of the MB Global Equity Fund and a small cash position for liquidity purposes only. It therefore mirrors the positioning of the MB Global Equity Fund and seeks to reduce foreign security risks by hedging between 80% and 90% of the underlying Fund's total currency exposure.

The following material pertains to the MB Global Equity Fund.

MB Global Equity Fund

LONG-TERM PERFORMANCE (includes cash)

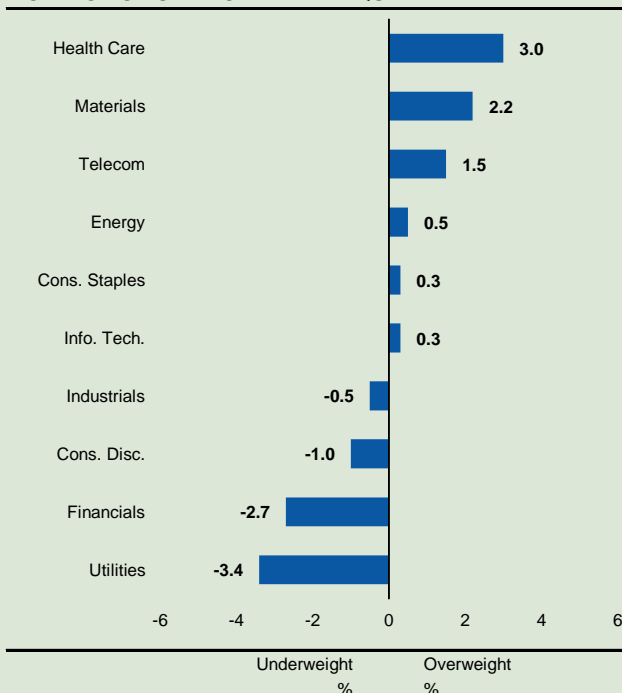
	3mo	1yr	2yrs	3yrs	4yrs	5yrs	7yrs	10yrs
Total Port	5.1	-5.9	-2.0	2.9	-3.9	-4.7	-0.1	-0.6
Benchmark*	5.5	-2.9	1.8	5.0	-3.8	-4.5	0.3	-0.4

*MSCI World

DIVERSIFICATION - MB Global Equity Fund

	Portfolio		MSCI World	
	09/30/11	12/31/11	09/30/11	12/31/11
Health Care	12.5 %	13.3 %	10.5 %	10.5 %
Materials	8.6	9.3	7.3	7.2
Telecom	6.5	5.8	4.6	4.4
Energy	10.1	12.1	10.9	11.8
Cons. Staples	10.7	11.1	11.0	11.0
Info. Tech.	14.4	12.1	12.2	12.0
Industrials	9.4	10.5	10.7	11.1
Cons. Disc.	9.0	9.2	10.4	10.3
Financials	15.1	14.8	18.1	17.6
Utilities	1.1	0.6	4.2	4.0
Cash	2.7	1.2	0.0	0.0
Total	100.0 %	100.0 %	100.0 %	100.0 %

PORTFOLIO VS BENCHMARK AT QUARTER END*



*MB Global Equity Fund (Ex Cash)

**ACTIVITY – MB GLOBAL EQUITY FUND:
OPPORTUNITIES IDENTIFIED IN VOLATILE MARKETS**

New Holding(s) Royal Dutch Shell, Transocean	Holding(s) Eliminated Lenovo, EDF, Electronic Arts, Research In Motion, Nintendo
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Notable Increase(s) CME Group, Atlas Copco	Notable Decrease(s) Credit Suisse
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**NEW HOLDING(S):
ADDITIONS IN ENERGY**

Royal Dutch Shell is engaged in various activities related to oil and natural gas, chemicals, power generation and renewable resources in over 135 countries. The company has greater exposure to Asian growth markets than its peers, a deep portfolio of long-term up-stream opportunities, favourable earnings leverage from large investments made in the past several years, and an undemanding valuation, all of which suggest strong upside potential.

The team re-introduced a position in **Transocean**, an offshore deep water oil driller, after the company's shares basically halved due to concerns over the Gulf of Mexico liability from the Macondo Deep Horizon oil spill. Any liability from the spill appears to be priced into the stock. While possibly early on this name, the team believes the stock – which has an 8% dividend yield – is at or close to its lows and a recovery should be close at hand.

**HOLDING(S) ELIMINATED:
REPOSITIONED INTO MORE ATTRACTIVE INVESTMENTS**

While **Research In Motion's** most recent quarterly results were disappointing, management's guidance for the near future was clouded by delays and marketing missteps and was the primary catalyst behind our decision to eliminate RIM from the portfolio. Much potential had been tied to the launch of the BB10 operating system (formerly QNX) allowing Blackberry smartphones to align with the Playbook tablet. But additional delays in chipsets have pushed this launch well into 2012 and potentially 2013. Thus, faith in management's ability to deliver has been eroded and the reputational damage has reached critical levels, raising concerns of significant changes that could further disrupt the company's focus and profitability. Risks surpassing the near-term potential dictated an exit from the position.

The position in **Electronic Arts** was sold on recent strength on the basis that the company lacks momentum in their product development. In addition, the video-game maker is more heavily reliant on sports games which are most popular with the youth market, a segment where the team feels less comfortable.

Lenovo was sold on recent strength due to lower input costs and solid PC and notebook sales. In a commoditized sector,

the stock's performance is cyclical and unsustainable in the long term, hence the decision to exit.

Nintendo was sold as its stock came under pressure following falling sales and a recent price cut for its new 3D portable gaming device. The company is further threatened as smartphones are increasingly being used as gaming devices, exposing weakness in Nintendo's business model.

EDF was sold as the company remains snared by government policy that seeks to limit energy price increases for consumers. In addition, in the fall out from Fukushima, French regulators have demanded higher safety measures for France's older nuclear reactors which are expected to cost billions of euros, thereby limiting the potential for significant stock price appreciation.

**NOTABLE INCREASE(S):
INCREASED POSITIONS IN FINANCIALS AND
INDUSTRIALS**

CME Group was increased during the quarter. The company trades at an attractive valuation and does not face the same balance sheet risks as other financials names.

The team added to **Atlas Copco** as the stock suffered a significant and, in the team's assessment, overdone correction during the "risk-off" trade.

**NOTABLE DECREASE(S):
REDUCING DUE TO CHALLENGES AHEAD**

Credit Suisse was trimmed as its investment banking operations will continue to face challenges.