

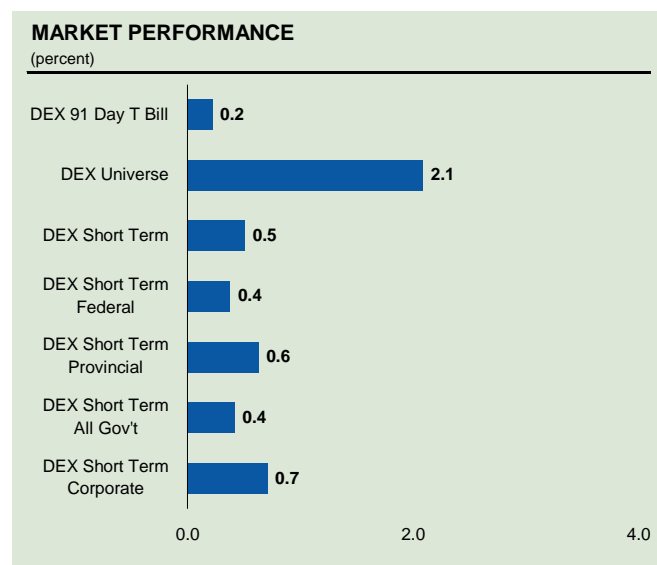
MB Short-Term Fixed Income Fund

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
Total Port	0.4	4.7	4.2	4.6	5.5	5.1
Benchmark*	0.5	4.7	4.1	4.3	5.3	5.1

*DEX Short Term

PERFORMANCE: CORPORATE BOND OVERWEIGHT OFFSET BY SHORT DURATION STRATEGY

The portfolio's quarterly return slightly lagged that of the DEX Short Term Bond Index. The portfolio's overweight position in corporate bonds, relative to the Index, bolstered performance as short-term corporate bonds outperformed short-term government bonds. However, this was more than offset by the portfolio's short duration strategy during a period when long duration bonds considerably outperformed shorter dated issues.

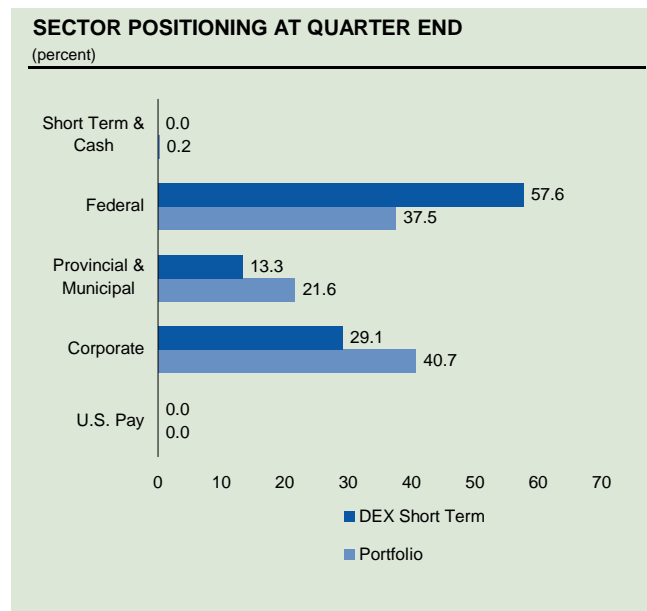
STRATEGY: SHORT DURATION STRATEGY MAINTAINED

Duration and Maturity Profile

Over the course of the quarter, the portfolio's duration was trimmed by a further 0.1 of a year to 0.6 of a year below that of the DEX Short Term Bond Index. Despite the ongoing flight-to-quality bid in the government bond market, global leading economic indicators have improved. The team believes that the bond market appears 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

The portfolio maintained its relative overweight in credits, including provincial, municipal and corporate bonds. The team added positions in John Deere Credit, Shoppers Drug Mart and Caterpillar Financial.



MB Short-Term Fixed Income Fund continued

FIXED INCOME DETAILS (PERCENT)

	Fixed Income Portfolio 9/30/11	Fixed Income Portfolio 12/31/11	DEX Short Term 12/31/11
Sector Distribution			
Short Term & Cash	0.1	0.2	0.0
Federal	37.4	37.5	57.6
Provincial & Municipal	21.2	21.6	13.3
Corporate	41.3	40.7	29.1
U.S. Pay	0.0	0.0	0.0
Total	100.0	100.0	100.0
Maturity Profile			
Less than 2 years	56.4	61.3	32.0
2 to 4 years	22.7	17.9	46.8
Over 4 years	20.9	20.8	21.2
Total	100.0	100.0	100.0
Yield	1.68	1.72	1.54
Duration (years)	2.18	2.10	2.75