

Cidel Canadian Total Return Equity

The Canadian Total Return Equity strategy is designed for long-term investors seeking above-average total return and a growing dividend. Investors benefit from the strategy's diversified exposure to Canadian equities with less volatility than the market.

Overview

The Investment is an equity portfolio consisting of large- and mid-cap Canadian companies selected for their high quality and expected dividend growth.

The Objective is to deliver strong Canadian equity returns with low volatility.

The Investment Philosophy is to align client interests with companies that consistently grow their cash flows and dividends.

Market Commentary

Over the second quarter of 2017, the Bank of Canada clearly signalled its intention to move to a tightening stance and around the world sentiment shifted to anticipate a broad shift to tighter monetary policy. At the same time, investors took comfort from a generally favourable corporate earnings season. The S&P TSX Composite Index suffered a modest loss of 1.6%. The Healthcare sector was the strongest, up 13%, as Valeant began to show some signs of revenue stabilization. The Energy sector was the weakest, as U.S. producers increased output more rapidly than expected which led to a less supportive supply and demand picture. The Materials sector also underperformed in the face of a lacklustre gold prices and some uncertainty over the outlook for Chinese metal demand. The Financial sector was an area of focus as Home Capital, a second-tier lender, suffered some liquidity issues that posed a potential threat to the availability of certain niche mortgage products. The Canadian Total Return Equity fund outperformed the benchmark over the quarter with a 0.61% return, largely due to stock picking in the Materials sector.

The Process

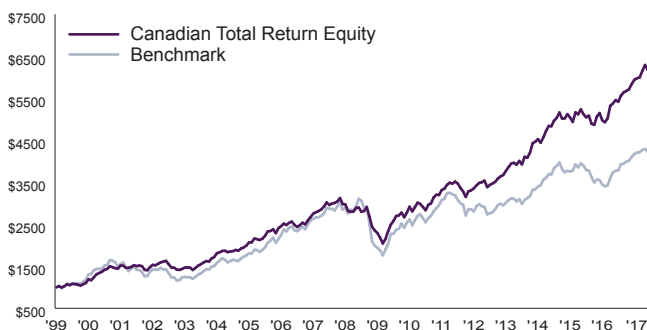
Company Fundamentals. Bottom-up research to thoroughly understand fundamental characteristics of individual companies.

Company Selection. Identifying companies that can sustainably increase their cash flows and dividends over the long term.

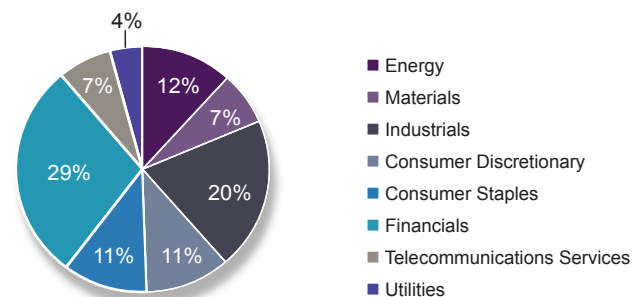
Portfolio Construction. Diversify holdings according to economic activity, sensitivity to economic factors, and geographic exposure.

KEY CHARACTERISTICS	Portfolio	Benchmark	NOTABLE HOLDINGS	
Q2 Return	0.6%	-1.6%	CDN NATL RAILWAY	4.3%
YTD	4.3%	0.7%	ROYAL BANK CDA	3.9%
1 Year Return (Annualized)	14.3%	11.0%	CCL INDUSTRIES INC	3.9%
3 Year Return (Annualized)	7.6%	3.1%	BANK OF NOVA SCOTIA	3.9%
5 Year Return (Annualized)	12.5%	8.7%	FORTIS INC	3.8%
Return Since Inception (Annualized)	10.4%	8.1%	ROGERS COMMUNICATION	3.7%
Standard Deviation (5 Year)	7.3%	7.6%	NATIONAL BK CDA	3.6%
Yield	2.8%	2.9%	BANK OF MONTREAL	3.6%
			TOROMONT INDS LTD	3.5%
			RICHELIEU HARDWARE	3.5%

GROWTH OF \$1,000 VS. BENCHMARK



SECTOR ALLOCATION



ANNUAL PERFORMANCE (%)	YTD	2016	2015	2014	2013	2012	2011	2010	2009	2008	Inception
Portfolio	4.3%	19.3%	-1.3%	11.3%	20.1%	12.4%	1.2%	13.6%	27.4%	-23.0%	10.4%
Benchmark	0.7%	21.1%	-8.3%	10.5%	13.0%	7.2%	-8.7%	17.6%	35.1%	-33.0%	8.1%

Toron AMI Canadian Total Return Equity Fund

* Historic performance should not be interpreted as a guarantee of future results. Performance figures are based on total returns which are time-weighted and geometrically linked (meaning that performance is not influenced by the timing of portfolio additions or withdrawals and is calculated on a compounded basis). Toron AMI and Benchmark performance is gross of applicable management fees. For distribution only to accredited investors as defined by regulatory authorities in your resident jurisdiction. Benchmark depicted is the S&P TSX Capped Composite. Toron Asset Management International and Cidel Financial Group are operating names of Cidel Asset Management Inc.