

**Fund Commentary**
**Performance Review**

- The close of 2021's first quarter marks the one-year anniversary of the start of the COVID-19 pandemic. While the line of sight to the end of the pandemic is evident, execution of the largest mass vaccination program in history has not been without its challenges. US real GDP continues to recover, and we suspect that US growth will outperform Canada going forward considering this country's third wave of infections, slow vaccine rollout and much smaller relative fiscal impulse.
- Events over the quarter, especially in the United States, proved to be a boon for risk assets and kryptonite for fixed income markets. The FTSE Canada Universe Bond Index had its worst quarter in over 40 years as all segments of the market posted negative returns. The long segment was hardest hit, returning -10.69%, while the mid-term segment posted -4.53% and the short segment returned -0.59%. The Canadian corporate segment returned -3.50, the softest quarter in 10 years, taking one-year corporate returns to 7.60%.
- For the quarter, the fund's Series F shares returned -4.36%, and its benchmark, the FTSE Canada Universe Bond Index, returned -5.04%.

**QUARTERLY KEY PERFORMANCE DRIVERS**

<b>HELPED</b>	Security selection was largest contributor, driven by strong performance from investment-grade energy and investment-grade financials securities. Canadian dollar-denominated high yield also added value, along with smaller contributions from investment-grade communication and infrastructure securities.
	Asset allocation boosted relative returns, led by the fund's corporate overweight positions in US high yield, bank loans and selective investment-grade corporates, notably energy. The fund's underweight position in federal bonds was also additive.
	Yield curve and duration positioning contributed as rates increased broadly, with the yield curve steepening, led by long yields. The fund was underweight duration relative to benchmark over the quarter, on average. Canadian duration underweight, especially to the long end of the yield curve, added to relative performance as Canadian rates underperformed US rates on the yield backup.
<b>HURT</b>	Foreign currency detracted as the Canadian dollar outperformed the US dollar, to which we added on weakness. A small position in the Mexican peso was initiated over the quarter.
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**Outlook & Strategy**

- We remain constructive on credit longer term considering return expectations across all fixed income sectors. We expect corporates will continue to outperform given a strong fundamental and technical backdrop, although richer valuations suggest a more modest expected return profile for corporate debt this year. As active fixed income managers, we will look to capitalize on both current absolute and relative valuations and trading opportunities presented by bouts of volatility.
- With the growing evidence of a lagging Canadian recovery, we continue to expect Canadian rates will outperform US long rates, steepening by a smaller amount.

**Fund Details**

Inception Date	08/01/1986
Benchmark Name	FTSE Canada Universe Bond Index

**Fund Description**

This Fund seeks high current income and some long-term capital appreciation by investing primarily in Canadian federal and provincial government and corporate bonds, debentures and short-term notes. The Fund maintains an overweighted position in high-quality corporate and provincial issues and an underweighted position in Canadian federal bonds. The Fund may invest in foreign securities.

## Performance Data

### Performance (%) as of 03/31/2021

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception	Inception Date
Series A	-1.19	-4.49	-4.49	4.15	3.11	2.97	3.26	4.07	11/24/2000
Series F	-1.14	-4.36	-4.36	4.71	3.68	3.60	3.96	6.42	08/01/1986
FTSE Canada Universe Bond Index <sup>a</sup>	-1.49	-5.04	-5.04	1.62	3.77	2.83	3.98	5.12	-

Indicated rates of return include changes in unit or share value and reinvestment of all distributions and dividends and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any security holder that would have reduced returns. Please refer to the prospectus for further details. **For details on the respective series inception dates, please consult the Fund Facts or simplified prospectus for the fund.** Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. **Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.**

## Investment Team

**Darcy Briggs, CFA**  
 Years with Firm 16  
 Years Experience 27

**Thomas O'Gorman, CFA**  
 Years with Firm 10  
 Years Experience 31

**Important Legal Information**

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