

March 2010

## Carefully selecting securities

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The year just past was characterized by a rapid market recovery. We expect 2010 to be a more normalized period where returns will be more closely tied to quality investments. Our portfolios have therefore been defensively positioned to benefit from this outlook. Stock markets had a correction in January and have been choppy since then. Our safety and quality first strategy led to outperformance for most of our mandates versus the market indexes for the year-to-date. Our Canadian Equity Alpha mandate (Class W) was up 0.3% for the two months through February, compared to the S&P/TSX Composite Index which lost 0.8%. The International Equity Value mandate, although down by 2.5% during that period, substantially outperformed the benchmark MSCI EAFE Index (C\$), which declined by 5%.

### Portfolio positioning

In recent months, our portfolio managers have repositioned our portfolios as new opportunities become available due to fluctuations in the markets. Most notably, we have increased exposure to the telecommunications and consumer discretionary sectors while reducing the weighting in gold and financials.

In the real estate mandate, portfolio manager Luke Sullivan of Cohen & Steers Capital Management, Inc., has increased exposure to Hong Kong. He took advantage of a short-term correction, driven by market fears that the Chinese government will begin using tougher policies to cool down the over-heated economy. We met with Mr. Sullivan in Hong Kong recently, and he believes that Asia, excluding Japan, is recovering at a faster rate than the rest of the world. Fundamentals in general are solid and he expects steady income growth in the region. This is expected to support higher rental income and reduce vacancy rates – all of which would be favourable for real estate investments.

### Currency management

The appetite for Canadian dollars has grown as investors question the stability of the euro and government debt loads of Portugal, Ireland, Greece and Spain. Among the major currencies, the U.S. dollar, euro and British pound lost 2%, 3%, and 6%, respectively, against the Canadian dollar in February. Our currency management strategies implemented for the U.S. equity, real estate and global fixed-income portfolios added value in February.





## Portfolio manager tactics

*Combined top 15 equity holdings as of February 28, 2010 of a representative balanced United portfolio:*

1. Microsoft	6. Suncor Energy	11. ExxonMobil
2. Visa	7. Potash Corp. of Sask.	12. Simon Property Group
3. Sun Hung Kai Properties	8. Power Corp. of Canada	13. CCL Industries
4. Toronto-Dominion Bank	9. Anadarko Petroleum	14. Nestlé
5. Royal Bank of Canada	10. Boeing	15. Talisman Energy

To see the top 15 holdings of the individual United Pools or of the equity Alpha Pools, please visit the [unitedfinancial.ca](http://www.assante.com/wp/optima/financials.jsp#united15) website by right clicking on this link and selecting “open web link in browser”: <http://www.assante.com/wp/optima/financials.jsp#united15>. The top 15 for the Institutional Managed Portfolios’ Pools are available by right clicking on this link and selecting “open web link in browser”: <http://www.assante.com/wp/institutional/financials.jsp#imp>.

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