

Bond Fund (Addenda) Addenda Capital Inc.

Lead Manager(s): Active Duration Fixed Income Team

Performance Review Date: December 31, 2013

Investment Objective: Provide capital gain and interest income by investing in government and investment-grade corporate bonds.

Investment Style: Active

Annual Fund Performance (%)

	2009	2010	2011	2012	2013	5 yrs
Bond Fund (Addenda)	9.38	5.72	7.17	4.57	-0.57	5.20
DEX Universe Bond Index	5.41	6.74	9.67	3.60	-1.19	4.78
Value Added (+) / Lost (-)	3.97	-1.02	-2.50	0.97	0.62	0.42
Quartile Ranking ⁽¹⁾	1st	4th	4th	3rd	2nd	3rd

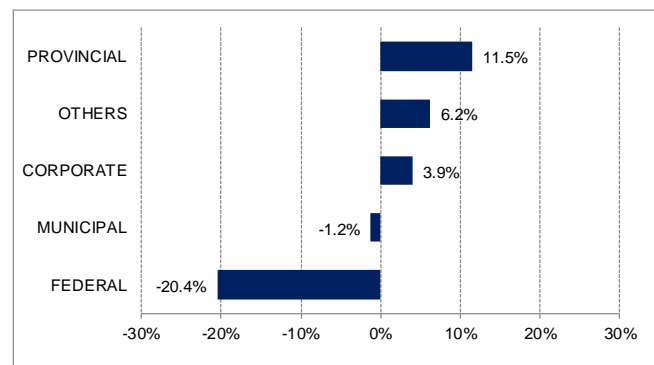
Annualized Performance – Relative Rankings ⁽¹⁾ (ending December 31, 2013)

3 years	3 rd	Quartile
5 years	3 rd	Quartile
7 years	2 nd	Quartile
10 years	n/a	

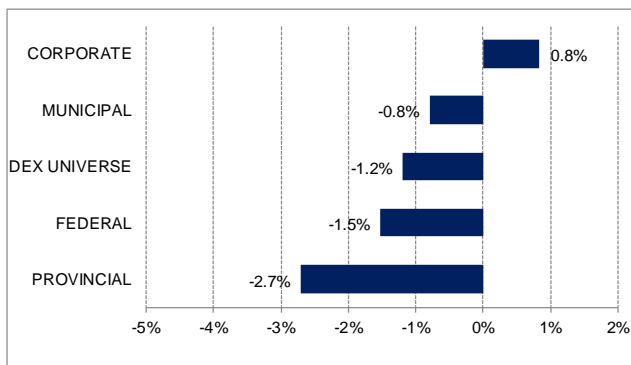
Risk Characteristics	2012	2013	Index 2013
Mod. Duration (yrs)	5.69	6.27	6.72
Yield	2.37%	2.89%	2.75%
Corporate	32.40%	41.00%	30.36%
Foreign	0.00%	4.70%	0.00%

Portfolio Positioning

Fund Sector Deviations



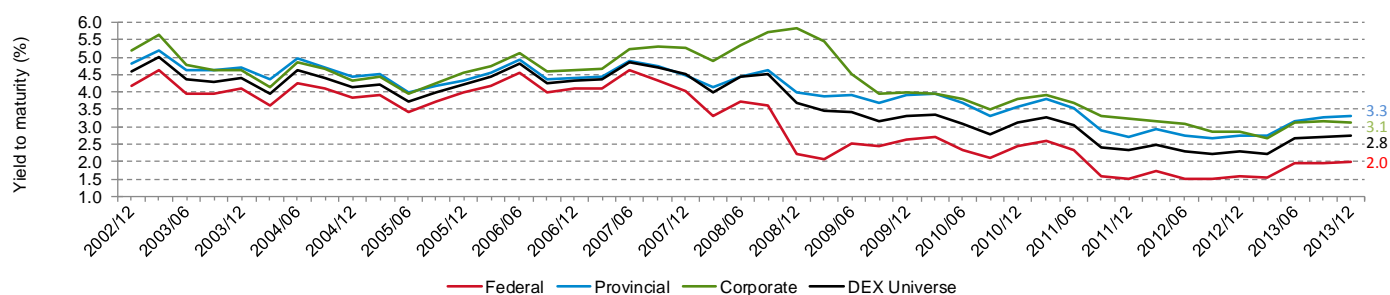
Year-to-date Index Sector Performance



Short-Term Performance Analysis

- In 2013, the fund outperformed its benchmark and ranks in the second quartile relative to its peers.
- Duration and Curve positioning was the main driver of added value, mainly due to the fund's shorter duration relative to the index.
- Sector allocation also had a positive impact on relative performance, primarily due to an underweight position in the underperforming federal bond sector.

Long-Term Yield-to-Maturity Analysis



Long-Term Performance Analysis

- The fund outperformed its benchmark in three of the past five years and added value on a five-year annualized basis. This long-term performance ranks it in the third quartile when compared to its peers.

Significant Corporate Events

Corporate

- There have been no significant corporate events over the last five years.

Fund Specific

- In July 2009, Addenda Capital announced the appointment of Richard Beaulieu to the position of Senior Economist. Working with Benoît Durocher, Executive Vice President and Chief Economic Strategist, he collaborates in developing the economic scenarios that underpin Addenda Capital's strategies.
- In June 2009, Addenda Capital announced the appointment of Ian McKinnon to the position of Vice President, Core Fixed Income and Head of Corporate Bonds.
- In March 2009, Michel Bourque, Senior Portfolio Manager responsible for overseeing the Montreal Corporate Bond Team resigned. Ian McKinnon, Vice President, Fixed Income, and a member of the forecasting and asset mix committees in Guelph was appointed to preside over the corporate bond portfolios for both the Guelph and Montreal strategies on an interim basis. The investment management styles remained the same; Montreal being part of the active duration strategy and Guelph being part of the Core bond strategy.

Quality & Choice Commentary

- The Bond Fund (Addenda) is an active fixed income mandate, focusing mainly on generating added value primarily through active management of duration, as well as being attentive to credit spreads and movements in the yield curve. The fund is expected to outperform the market when interest rates fluctuate within their anticipated duration range of 100 to 125 basis points. Should interest rates trade outside anticipated ranges, such conditions would make it harder for the fund to achieve positive added value.

Conclusion: The fund is No Longer Promoted as a Quality & Choice investment option as of December 2011 based on the analysis done at that time.

Manager Outlook

- The manager has decided not to provide an investment outlook.

⁽¹⁾ Quartile rankings are based on the underlying fund's returns.

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* Sources may include, but are not limited to, Mercer MPA, Morningstar, Principia and Thomson Baseline

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