



**Global Equity Fund (Guardian)
Guardian Capital LP**

Lead manager(s): Sri Iyer, Fiona Wilson

Performance review date: December 31, 2014

Investment objective: To achieve long-term growth of capital through the investment in a portfolio of equity or equity-related securities of issuers with business operations located throughout the world.

Investment style: GARP

Annual fund performance (%)

	2010	2011	2012	2013	2014	5 yrs
Global Equity Fund (Guardian)	8.62	-16.60	12.41	26.27	15.20	8.20
MSCI World Net Index (Can\$)	6.48	-2.67	13.96	35.91	15.01	13.04
Value added (+) / lost (-)	2.14	-13.93	-1.55	-9.64	0.19	-4.84
Quartile ranking ⁽¹⁾	1st	4th	4th	4th	2nd	4th

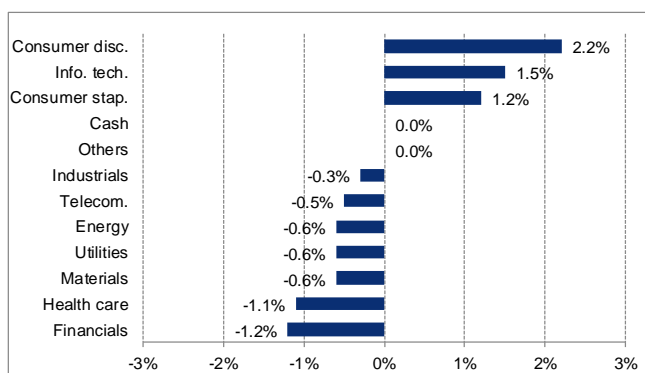
Annualized performance – relative rankings ⁽¹⁾ (ending December 31, 2014) **Risk characteristics (5 years ending December 31, 2014)**

3 years	4th	quartile
5 years	4th	quartile
7 years	4th	quartile
10 years	4th	quartile

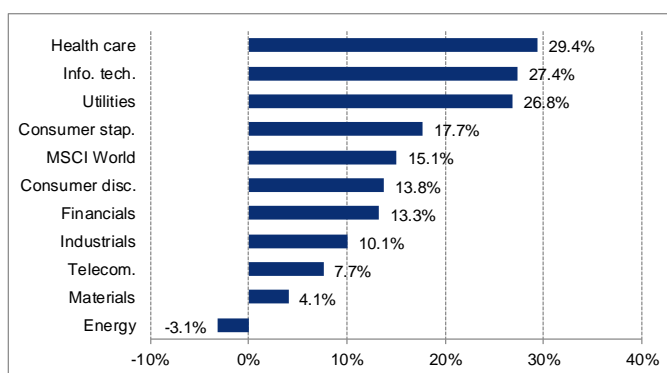
Downside volatility	2.11%	1st	quartile
Standard deviation	10.98%	1st	quartile
Tracking error	4.67%	2nd	quartile
Information ratio	-1.04	4th	quartile
Beta	1.15	1st	quartile

Portfolio positioning

Fund sector deviations



Year-to-date index sector performance



Short-term performance analysis

- In 2014, the fund outperformed its benchmark and ranks in the second quartile relative to its peers.
- Security selection was the main driver of added value, particularly within the Industrials and Energy sectors.
- Sector allocation produced minor positive results.
- Based on the MSCI World style indices, value stocks outperformed on average. Given the fund's growth-tilted GARP investment bias, its style had a negative impact on short-term performance.

Long-term style analysis

	2010	2011	2012	2013	2014	5 years
Outperforming investment style	value	growth	value	growth	value	growth

Long-term performance analysis

- The fund underperformed its benchmark in three of the past five years and failed to add value on a five-year annualized basis. This long-term performance ranks it in the fourth quartile when compared to its peers.
- Security selection was negative more often than not and was the main detractor of relative value on a five-year annualized basis.
- Sector allocation produced mixed results over the long term.
- Based on the MSCI World style indices, growth stocks outperformed on average. Given the fund's growth-tilted GARP investment bias, its style had a positive impact on long-term performance.

Significant corporate events

Corporate

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

Fund specific

- There were no significant fund specific events over the last five years.

Quality & Choice commentary

- The Global Equity Fund (Guardian) is a bottom-up, GARP Global equity mandate that focuses on investing in quality companies with stable earnings growth. The team managing this product employs a quantitative model to identify stocks that fit these criteria. The fund will tend to outperform in steadily rising and falling markets, and underperform in more speculative, momentum driven markets with important volatility spikes.
- Based on our due diligence, we are confident that the manager has remained within the stated investment philosophy and style.
- The fund has failed to add relative value over the long term and ranks in the lower quartiles. This can be partly attributed to its particular quantitative investment process, which tends to underperform in very volatile equity markets (with multiple inflection points), such as the ones we have seen over the past few years.
- However, we believe that underperformance cannot solely be attributed to process and style, but also to poor portfolio implementation, as confirmed by the Manager during our most recent due diligence meeting.
- Moreover, we have come to the conclusion that the quantitative model used to manage the portfolio is more suited for strategies with little or no US exposure, as there is an important regional allocation element to it that cannot be leveraged in the US equity market. The Guardian global equity mandate has an average of 50% US exposure.

Conclusion: We now rate this fund as NO LONGER PROMOTED, as the market inefficiencies the model is trying to capture are more suited for strategies with little to no US equity exposure. This rating takes into account that the fund's underperformance over the long term can be partly attributed to its particular quantitative investment process.

Manager outlook

- The overall outlook for risky assets remains positive, driven by an expectation of steady acceleration in economic growth in the U.S. However, the Manager remains benignly positive with the non-U.S. growth outlook still uncertain and geopolitical tension elevated across the globe. The coming U.S. rate cycle is overall positive for the U.S. markets and the USD, and the portfolio continues to stay overweight the U.S. within their risk guidelines. In contrast, further policy easing remains probable in Europe, and our overall in-line weight in Europe and underweight Japan and Australia would likely be maintained.

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

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