

# Tradex Bond Fund

April 25, 2007

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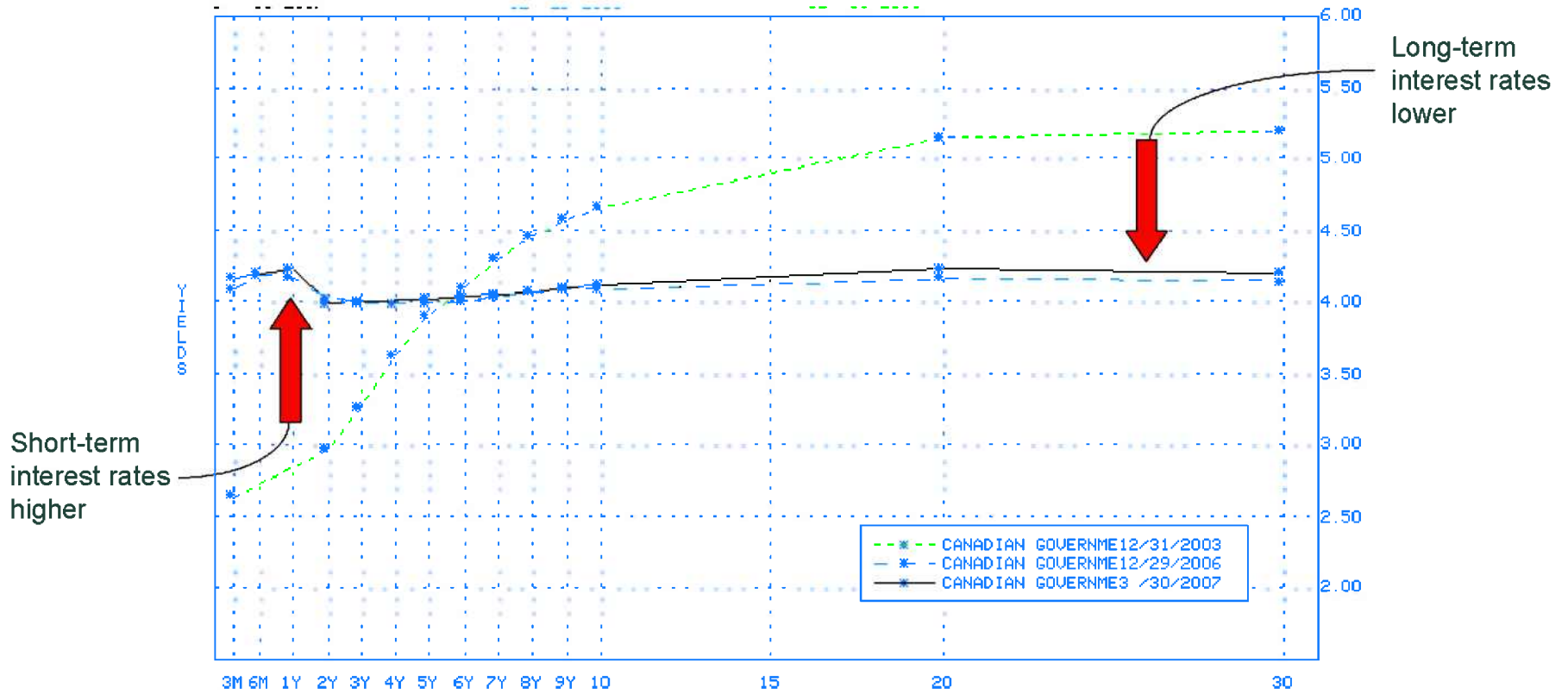
## Why invest in Bonds?

- Bonds help *diversify* your portfolio and *reduce risk*.
- The performance of bonds over the last several years has been *consistently positive*.
- The short-term outlook for bonds is more *modest*.

## Review of “Outlook for Bonds 2006”

- Bank of Canada to continue rate hikes in first half of 2006 only
  - 4 rate cuts in 2006, with the last in May
- Long term interest rates expected to be little changed by year-end
  - Long bond yield remained relatively flat increasing by 9 bps
- Short term interest rates expected to be slightly higher by year-end
  - 3-month T-bill rate has climbed up by 68 basis points in 2006
- Modest yield curve flattening to continue, albeit less pronounced
  - Difference in yield between 3-month and 30 year narrowed by 11 bps
- Positive returns, although less than last year
  - The Fund’s 1-year return was 2.7% in 2006, lower than 5.2% in 2005 – remains positive

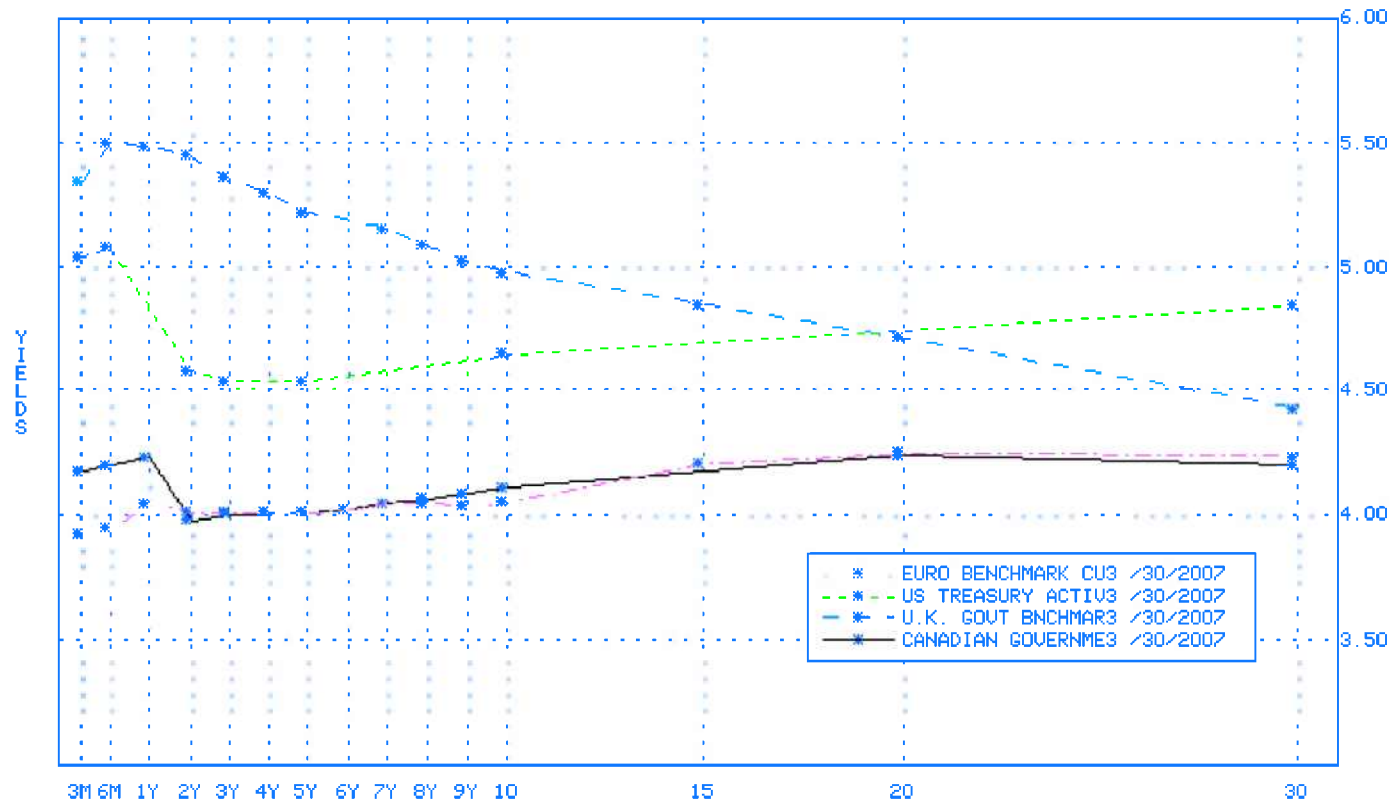
Interest rates have fallen over the last several years...



Source: Bloomberg

...good news for bonds, but better for borrowers!

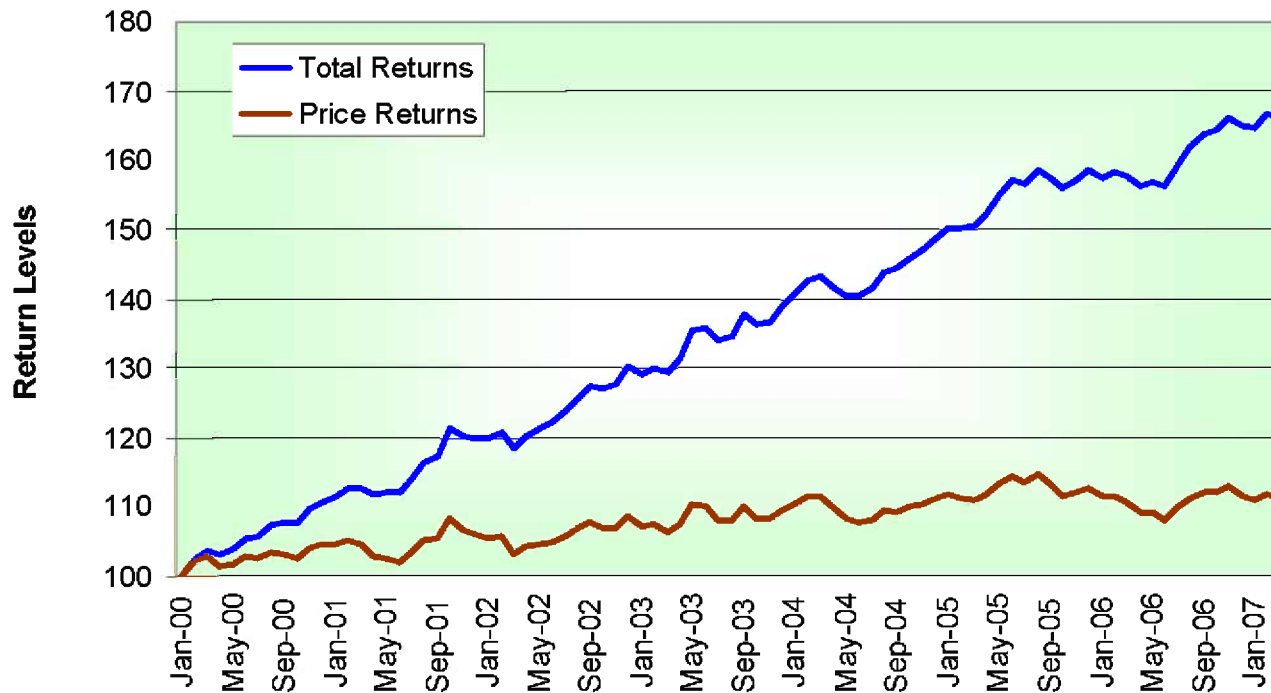
## Low interest rates not isolated to Canada



Source: Bloomberg

Global interest rates have also fallen.

## Total vs. Price Returns



Source: PC Bond Index

Coupons play an important role in bond returns.

## Tradex Bond Fund

- Quantitative investment approach
- Progressive but conservative strategy
- Diversified holdings
- Maximize income without undue risk
- Solid credit quality



# Tradex Bond Fund

Characteristics in Detail  
as of March 31, 2007

	Tradex Bond Fund
<b>Weights:</b>	
Canadas	32.9%
Provincials	36.2%
Corporates	30.9%
<b>Portfolio Characteristics</b>	
Yield	4.38%
Duration	6.49 years

