

Quadrus Cash Management Corporate Class

Q3 2010

Investor profile: This fund is ideal for investors who have a low tolerance for risk and want a cash component equivalent in an investment portfolio. Investors should consider incorporating this fund into their portfolio if they are seeking liquidity and capital stability, with tax-efficient current income.

Objective: This fund seeks to provide preservation of capital and a steady flow of income primarily through investments in Canadian money market securities.

Investment strategy: This fund will invest primarily in commercial paper, federal and provincial treasury bills, bankers' acceptances and other evidences of indebtedness with remaining terms to maturity of 365 days or less. The weighted average term to maturity of the fund's assets will not exceed 90 days. The fund intends to maintain a portfolio with a high credit quality.

Investment performance

	Annualized rates of return (%)				
	Quarter	1 Year	2 Years	3 Year	4 years
Quadrus Cash Management Corp. Class	0.00	0.00	0.15	0.89	1.48

**All returns are net of fees.*

Portfolio management team

	Years of experience	Years with Laketon
Gary Morris, CFA	23	18
Thomas Gomes, CFA	14	10
Siek Djoe, CFA	16	5
Jenny Wan	7	6

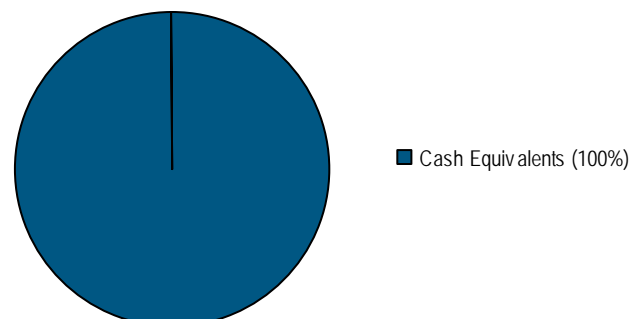
Portfolio information

Assets:	\$35.5 million
Benchmark:	DEX 91-Day T-Bill
Total holdings:	14
Running yield:	0.70% (portfolio) 0.87% (benchmark)
Average term-to-maturity:	91 days

Top 10 holdings

	Portfolio (%)
Gov't of Canada - Disc 10-14-10 14-OCT-10	20.1
Gov't of Canada TB 10-01-10 01-OCT-10	14.1
Gov't of Canada - Disc 11-25-10 25-NOV-10	11.8
Gov't of Canada TB 11-10-10 10-NOV-10	11.0
Gov't of Canada - Disc 03-17-11 17-MAR-11	9.8
CDN Imperial Bank BA 10-12-10 12-OCT-10	8.8
Royal Bank BA 10-29-10 29-OCT-10	5.7
Province of BC - Disc 10-08-10 08-OCT-10	5.2
Bank of Montreal BA 10-29-10 29-OCT-10	3.6
Prov of Ont TB 12-15-10 15-DEC-10	3.2
	92.9

Sector diversification



Fund performance attribution

Positive performance factors in the third quarter

- The fund maintained a significant overweight in provincial treasury bills (22%) and bankers' acceptance notes (20%) throughout the quarter. Three month provincial T-bill and BA's spreads widened marginally (1 and 5 basis points respectively) but this widening was more than offset by the incremental yield pickup of 12 and 31 basis points respectively that these securities provide over Canada T-bills.

Negative performance factors in the third quarter

- Our view that the Bank's shortening projection horizon would create more policy uncertainty over the medium term (and consequently more volatile short-term rates) led us to maintain the portfolio's average term to maturity at approximately 60 days. For the quarter, one, two and three month bills returned 9, 11, and 14 basis points respectively.

Outlook & strategy

- There seems to be little doubt amongst market participants that the Bank of Canada will refrain from raising rates further this year, after having raised the overnight rate to 1% on September 8th. The weaker economic data in both Canada and the U.S. has created a backdrop for the Bank to put monetary policy on hold. We also note the certainty with which the Fed has indicated that overnight rates in the U.S. will not rise any time soon.
- QE2 has become the TLA (three letter acronym) of choice, as members of the Fed have communicated their receptivity to further monetary stimulus through quantitative easing. We are sceptical of QE's ability to deliver more stimulus via both consumer or commercial channels and believe that the Fed will likely resort to QE only in the event that they feel capital markets need more propping up or there appears to be impasse on the fiscal front.
- As we are still in mid-term election season in the U.S., we don't expect much progress on any sort of fiscal stimulus; but we do expect the Obama administration to take up the gauntlet afterward.
- Although we are not immediately concerned about the North American sovereign debt situation, we have noted that the situation in the U.S. is something to be watched. However, we believe that the trouble with European sovereign debt will likely provide a longer window for the U.S. to address its issues.
- The recent widening in provincial and bankers' acceptances has presented an opportunity to increase the portfolio's running yield at attractive yield spreads. We have begun this process and will continue to look for further opportunities.
- We will continue to remain opportunistic in the commercial paper market.

The commentaries on the company specific information and purchases and sales were provided by the fund manager. Quadrus Investment Services Ltd. will not be liable for any loss, or damages whatsoever, whether directly or indirectly incurred, arising out of the use or misuse of or errors or omissions in any information contained in this newsletter. Opinions expressed herein are the sole views of Laketon Investment Management and are subject to change without notice. Securities mentioned herein are not to be construed as recommendations to buy, hold or sell. Past performance is no guarantee of future results.

The data provided in this commentary is for information purposes only and, except where otherwise indicated, is current as September 30, 2010.

Make your investment decisions wisely. Important information about the Quadrus Group of Funds is found in the funds' simplified prospectus. Please read this carefully before investing. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and does not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently. Mutual fund units are not covered by the Canada Deposit Insurance Corporation or by any other government deposit insurer. There can be no assurances that the fund will be able to maintain its net asset value per unit at a constant amount or that the full amount of your investment in the fund will be returned to you. Past performance of the funds may not be repeated.

Laketon Investment Management Ltd. became the portfolio sub-advisor to the fund on June 24, 2005. The performance record of the fund prior to that date was that of the fund's previous portfolio sub-advisor.