





Quarterly Investment Update

First Quarter 2016


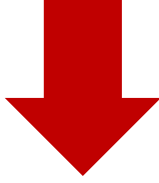



Market Update: A Quarter in Review

March 31, 2016


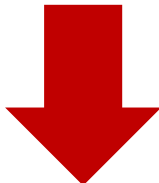


CANADIAN STOCKS

Large Cap	Small Cap	Growth	Value
+4.24%	+7.74%	+1.40%	+7.24%
			






INTERNATIONAL STOCKS

Large Cap	Small Cap	Growth	Value	Emerging
-8.96%	-7.44%	-8.08%	-9.86%	-0.77%
				

US STOCKS

Large Cap	Small Cap	Growth	Value
-4.87%	-7.56%	-5.82%	-4.59%
			

REAL ESTATE AND FIXED INCOME

Global REITs	1-Month T-Bills	Short-Term Bonds	Intermediate Bonds	Global Bonds (hedged)
+0.38%	+0.12%	+0.41%	+1.39%	+1.13%
				

Data is in Canadian dollars. Market segment (index representation) as follows: Canadian stocks: Large Cap (S&P/TSX 60), Small Cap (MSCI Canadian Small), Growth (MSCI Canadian Growth), Value (MSCI Canadian Value); US stocks: Large Cap (S&P 500), Small Cap (Russell 2000), Growth (Russell 3000 Growth), Value (Russell 3000 Value); International stocks: Large Cap (MSCI EAFE [net div]), Small Cap (MSCI EAFE Small Cap [net div]), Growth (MSCI EAFE Growth [net div]), Value (MSCI EAFE Value [net div]), Emerging Markets (MSCI Emerging [net div]); Real Estate: Global REITs (S&P Global REIT [net div]); Fixed Income: Canadian (Canadian 1-month T-bills), Short Term Bonds (FTSE TMX Canada Short-Term Bond), Intermediate Bonds (FTSE TMX Canada Universe Bond), Global Bonds-Hedged (Citigroup World Government Bond Index 1-5 Years [hedged to CAD]). Indexes are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Past performance does not guarantee future returns.

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Survey of Long-Term Performance

March 31, 2016

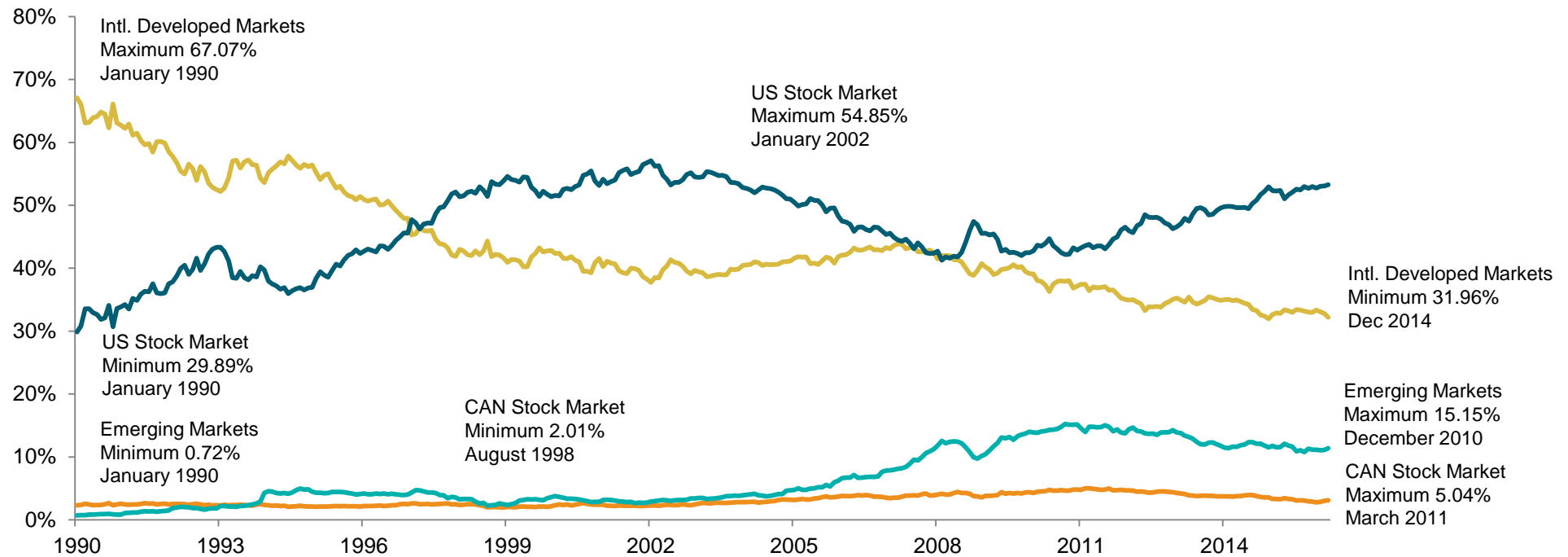
Asset Class	Index	Annualized (%)					Since Inception	Inception date
		1 Year	3 Years	5 Years	10 Years	20 Years		
CANADIAN STOCKS								
Large Cap	S&P/TSX 60	-6.12	5.79	2.57	4.30	8.11	8.37	Feb-87
Small Cap	MSCI Canadian Small	-6.83	0.05	-2.76	2.51	6.85	8.24	Jul-90
Growth	MSCI Canadian Growth	-9.93	5.60	0.32	3.01	6.19	7.01	Jan-82
Value	MSCI Canadian Value	-5.07	3.17	2.10	4.35	9.82	10.63	Jan-82
US STOCKS								
Large Cap	S&P 500	4.35	21.36	18.29	8.16	7.74	11.18	Feb-51
Small Cap	Russell 2000	-7.48	15.96	13.65	6.39	7.43	11.55	Jan-79
Growth	Russell 3000 Growth	3.90	22.82	18.74	9.26	6.97	11.11	Jan-79
Value	Russell 3000 Value	0.42	18.39	16.57	6.74	8.10	12.34	Jan-79
INTERNATIONAL STOCKS								
Large Cap	MSCI EAFE (net div.)	-5.96	10.95	8.45	2.90	3.88	9.12	Jan-70
Small Cap	MSCI EAFE Small Cap (net div.)	5.39	16.28	11.77	4.52	4.94	6.51	Jan-93
Growth	MSCI EAFE Growth (net div.)	-1.27	12.65	9.94	4.03	3.19	9.10	Jan-75
Value	MSCI EAFE Value (net div.)	-10.62	9.17	6.89	1.69	4.44	11.68	Jan-75
Emerging Markets	MSCI Emerging Markets (net div.)	-9.81	3.65	1.64	4.13	4.93	10.43	Jan-88
REAL ESTATE								
Global REITs	S&P Global REIT (net div.)	5.34	16.06	15.56	5.45	9.12	8.86	Jul-89
FIXED INCOME								
Canadian Bills	Canadian 1-Month T-Bills	0.49	0.77	0.82	1.50	2.53	6.27	Jun-73
Canadian Short-Term Bonds	FTSE TMX Canada Short-Term Bond	1.12	2.31	2.84	3.86	4.94	7.90	Jan-80
Canadian Bonds	FTSE TMX Canada Universe Bond	0.78	3.87	5.15	5.22	6.44	9.10	Jan-80
Global Bonds (hedged)	Citigroup World Government Bond Index 1-5 Years	1.76	2.13	2.58	3.30	4.20	6.45	Jan-85

Data is in Canadian dollars. MSCI EAFE Small Cap Index return is price-only prior to January 1999 data inception. MSCI Emerging Markets Index return is gross dividends prior to January 1999 data inception. S&P Global REIT Index return is gross dividends prior to January 2001 data inception. S&P/TSX data provided by S&P/TSX. MSCI data copyright MSCI 2016, all rights reserved. The S&P data are provided by Standard & Poor's Index Services Group. Russell data copyright © Russell Investment Group 1995-2016, all rights reserved. Canadian fixed income data provided by FTSE TMX Global Debt Capital Markets Inc., all rights reserved. Citigroup bond indexes copyright 2016 by Citigroup. Indexes are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results.

Value of Stock Markets around the World

January 1990–March 2016

	Number of Countries	Number of Stocks	Total Value	Weights		
				March 31, 2016	Change from Previous Year	01/90-03/16 Average
Canada	1	320	1.37 Trillion	3.1%	↓ -10.0%	3.1%
United States	1	2,523	23.51 Trillion	53.3%	↑ +4.3%	46.5%
Developed Markets	21	3,098	14.21 Trillion	32.2%	↓ -3.5%	43.8%
Emerging Markets	23	2,691	5.04 Trillion	11.4%	↓ -5.8%	6.6%
Total	46	8,632	44.12 Trillion	100.0%		



Global market capitalization weights are not static; they change across time.

Data is in US dollars and values are beginning of month. The proxies for the Canadian and US equity markets are based on the respective country markets from the MSCI All Country World IMI Index. The international developed market proxy is the MSCI All Country World IMI ex USA ex Canada Index. The proxy for emerging markets is the MSCI All Country World IMI Index (Emerging Markets). MSCI data copyright MSCI 2016, all rights reserved.

The Randomness of Quarterly Returns

March 31, 2016

This table shows from top to bottom the highest returning asset classes each quarter over the last 15 quarters. Each asset class is color coded based on the legend below.

	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
Highest Return	7.59	13.67	6.31	9.26	13.67	11.38	6.41	4.99	13.77	14.37	0.14	6.26	10.18	4.54	?
	6.59	10.18	2.52	6.25	9.01	6.12	4.16	1.31	9.16	13.00	0.02	0.66	8.75	1.39	?
	4.81	7.59	0.24	4.15	7.29	6.06	2.87	1.06	2.70	11.49	-0.71	0.15	8.56	1.13	?
	1.72	3.34	-0.14	3.58	5.00	4.76	1.99	0.71	0.70	11.01	-0.79	0.12	4.36	0.38	?
	1.21	0.69	-1.02	0.68	2.09	3.62	1.21	0.50	0.23	4.15	-1.26	-0.91	0.98	0.12	?
	0.59	0.68	-2.36	0.26	0.45	2.77	0.79	0.23	0.02	2.58	-1.63	-4.10	0.11	-0.77	?
	0.30	0.44	-4.08	0.11	0.38	0.78	0.45	-0.59	-0.94	0.82	-1.71	-7.86	-0.06	-5.23	?
Lowest Return	0.24	0.21	-4.84	-2.23	0.24	0.20	0.23	-1.19	-1.47	0.20	-9.19	-12.28	-1.40	-8.96	?

Canadian Stocks
US Stocks
International Developed Markets
Emerging Markets
Global REITs
Canadian 1-Month T-Bills
Canadian Bonds
Global Bonds

The lack of a pattern indicates that picking which asset classes will be the best or worst performers is virtually impossible.

Portfolios combining these various investments will avoid extreme returns.

Data is in Canadian dollars. Indexes represented as follows: Canadian stocks (S&P/TSX Composite Index), US stocks (Russell 3000 Index), International Developed Markets (MSCI EAFE Index), Emerging Markets (MSCI Emerging Markets Index), Global REIT (S&P Global REIT Index), Canadian 1-Month T-Bills, Canadian Bonds (FTSE TMX Canada Universe Bond Index), Global Bonds (Citigroup World Government Bond Index Canada 1-5 Years). Indexes are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results.





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Currency

March 31, 2016

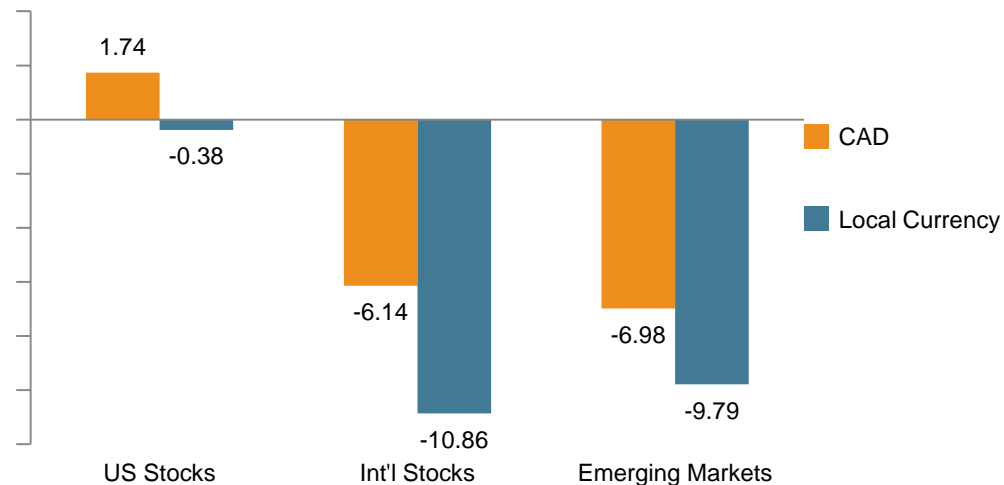
CHANGE IN FOREIGN EXCHANGE RATES (%)

FX/\$CAD

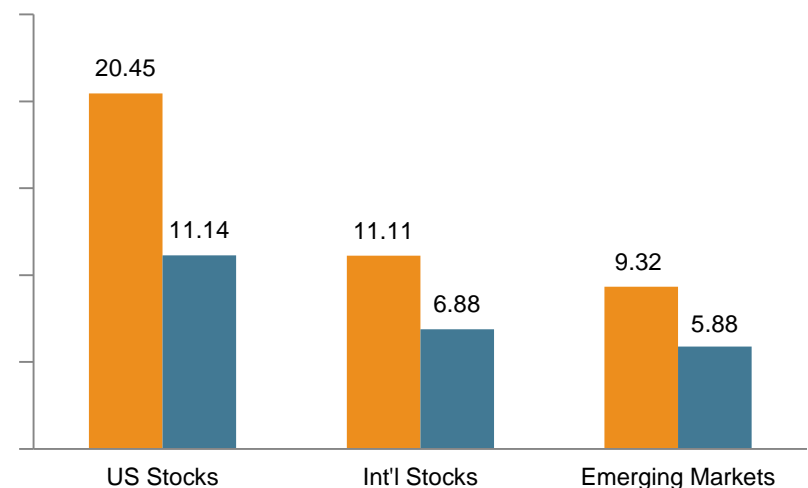
Currency	Q1 2016	One Year	Three Years
 \$ US Dollars	6.84%	-2.23%	-21.54%
 € Euro	1.86%	-7.78%	-11.66%
 £ Pounds	9.54%	0.94%	-17.04%
 ¥ Yen	-0.42%	-8.38%	-6.38%

IMPACT OF CURRENCY FLUCTUATIONS

Annual Returns in CAD and Local Currency



Three-Year Annualized Returns in CAD and Local Currency





Data is in Canadian dollars. The market for the United States, International Developed Markets, and Emerging Markets is defined as: Russell 3000 Index, MSCI EAFE Index, and MSCI Emerging Markets Index, respectively. The S&P data are provided by Standard & Poor's Index Services Group. Russell data copyright © Russell Investment Group 1995-2016, all rights reserved. MSCI data copyright MSCI 2016, all rights reserved. Indexes are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results. FX Rates courtesy of Federal Reserve of New York.



MSCI Country Returns in Canadian Dollars and Local Currency

March 31, 2016

FIRST QUARTER 2016 RETURNS

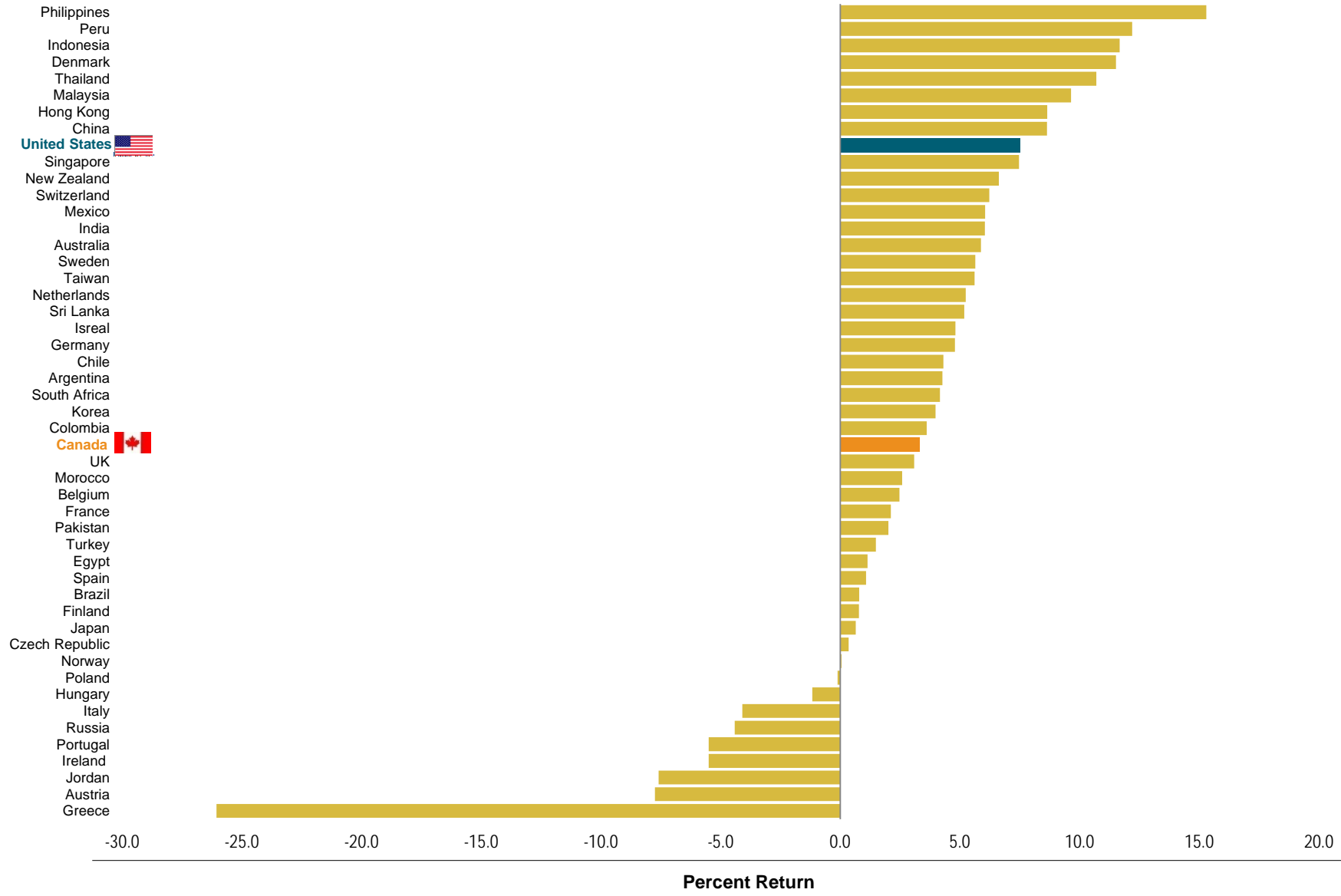
	Return in CAD	Return in Local Currency	Impact of Currency
1. Brazil	19.17%	14.64%	4.52%
2. Peru	18.27%	23.97%	-5.70%
.			
.			
 12. Canada	4.34%	4.34%	0.00%
.			
.			
 27. United States	-6.02%	0.93%	-6.95%
.			
45. Greece	-16.34%	-14.35%	-1.99%
46. Italy	-17.07%	-15.10%	-1.97%

ONE YEAR RETURNS IN CAD AND LOCAL CURRENCY

	Return in CAD	Return in Local Currency	Impact of Currency
1. Hungary	40.95%	36.29%	4.66%
2. Ireland	14.51%	5.67%	8.84%
.			
 9. United States	1.82%	-0.30%	2.12%
.			
.			
 27. Canada	-7.45%	-7.45%	0.00%
.			
45. Egypt	-28.03%	-17.99%	-10.04%
46. Greece	-36.65%	-41.54%	4.89%

MSCI Country Returns

Country Rankings—Ten-Year Annualized Returns as of March 31, 2016



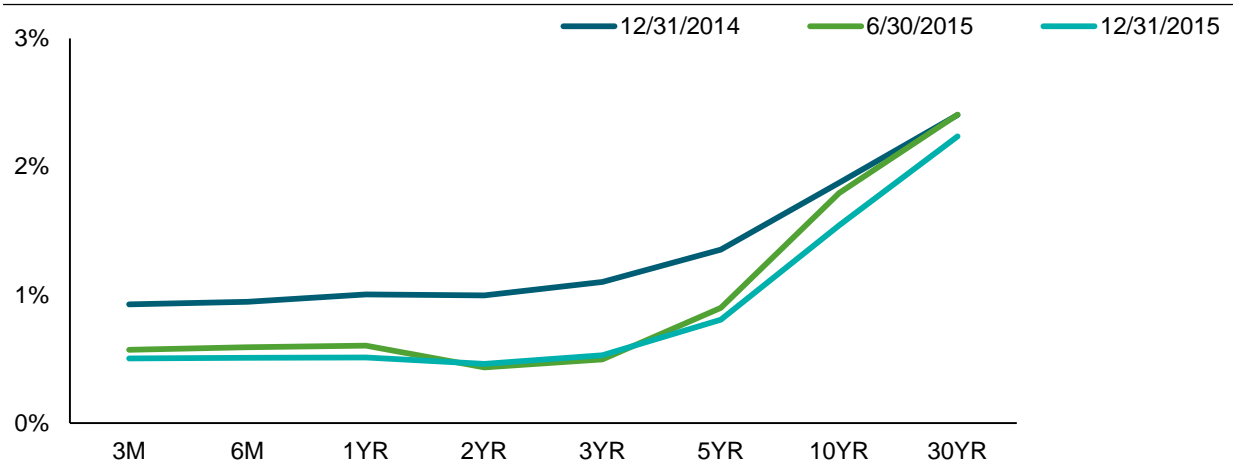
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Bond Returns

March 31, 2016

Index	Return (%)		
	Q1 2016	One Year	Three Years Annualized
Canadian 1-Month T-Bills	0.12%	0.49%	0.77%
FTSE TMX Canada Short-Term Bond Index	0.41%	1.12%	2.31%
FTSE TMX Canada Mid-Term Bond Index	1.53%	2.07%	4.44%
FTSE TMX Canada Long-Term Bond Index	2.63%	-0.56%	5.59%
FTSE TMX Canada Universe Bond Index	1.39%	0.78%	3.87%
Citigroup World Government Bond Index 1-5 Years (hedged to CAD)	1.13%	1.76%	2.13%

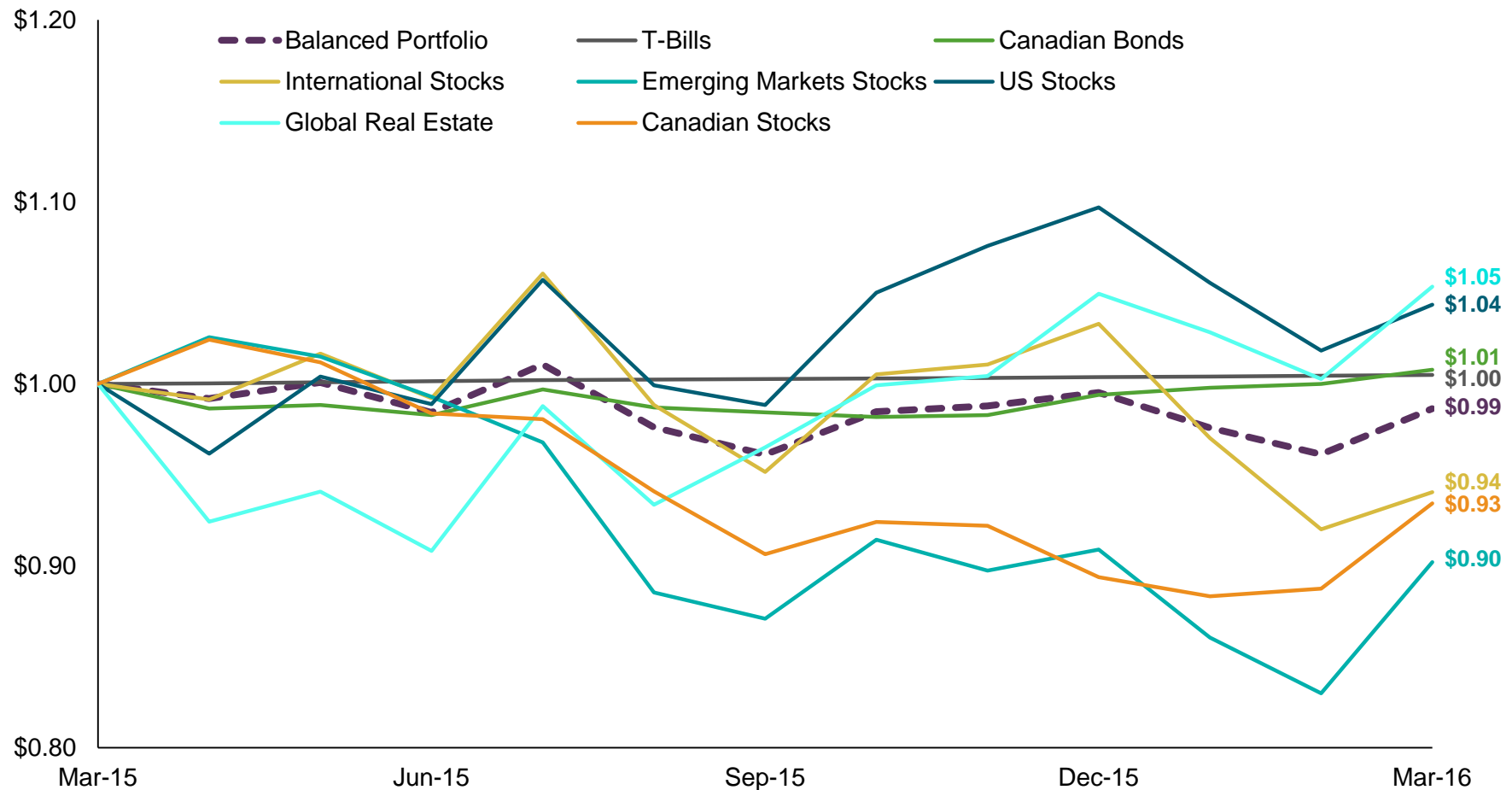
CAN Treasury Yield Curve



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Growth of Wealth

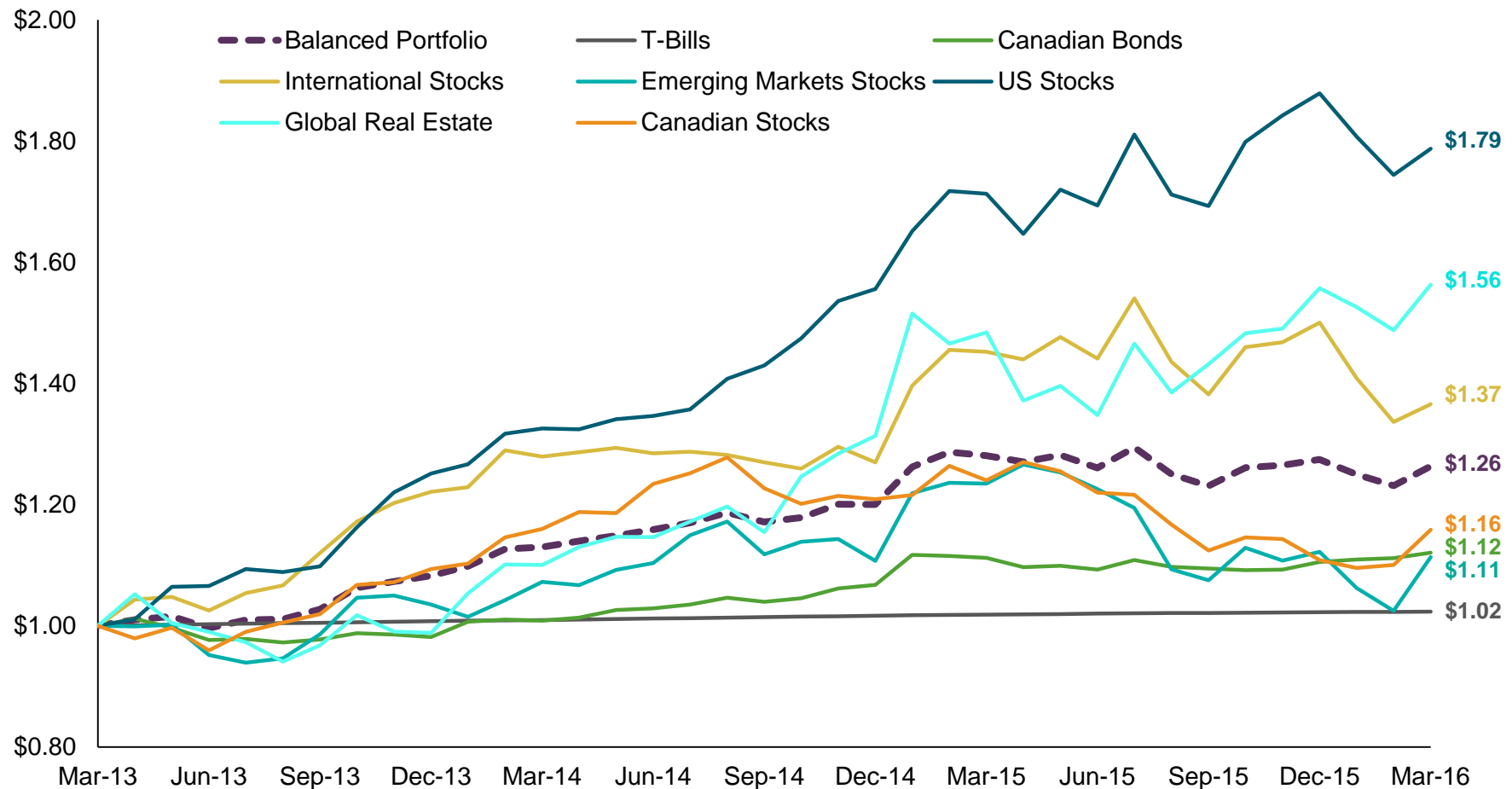
One Year as of March 31, 2016



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Growth of Wealth

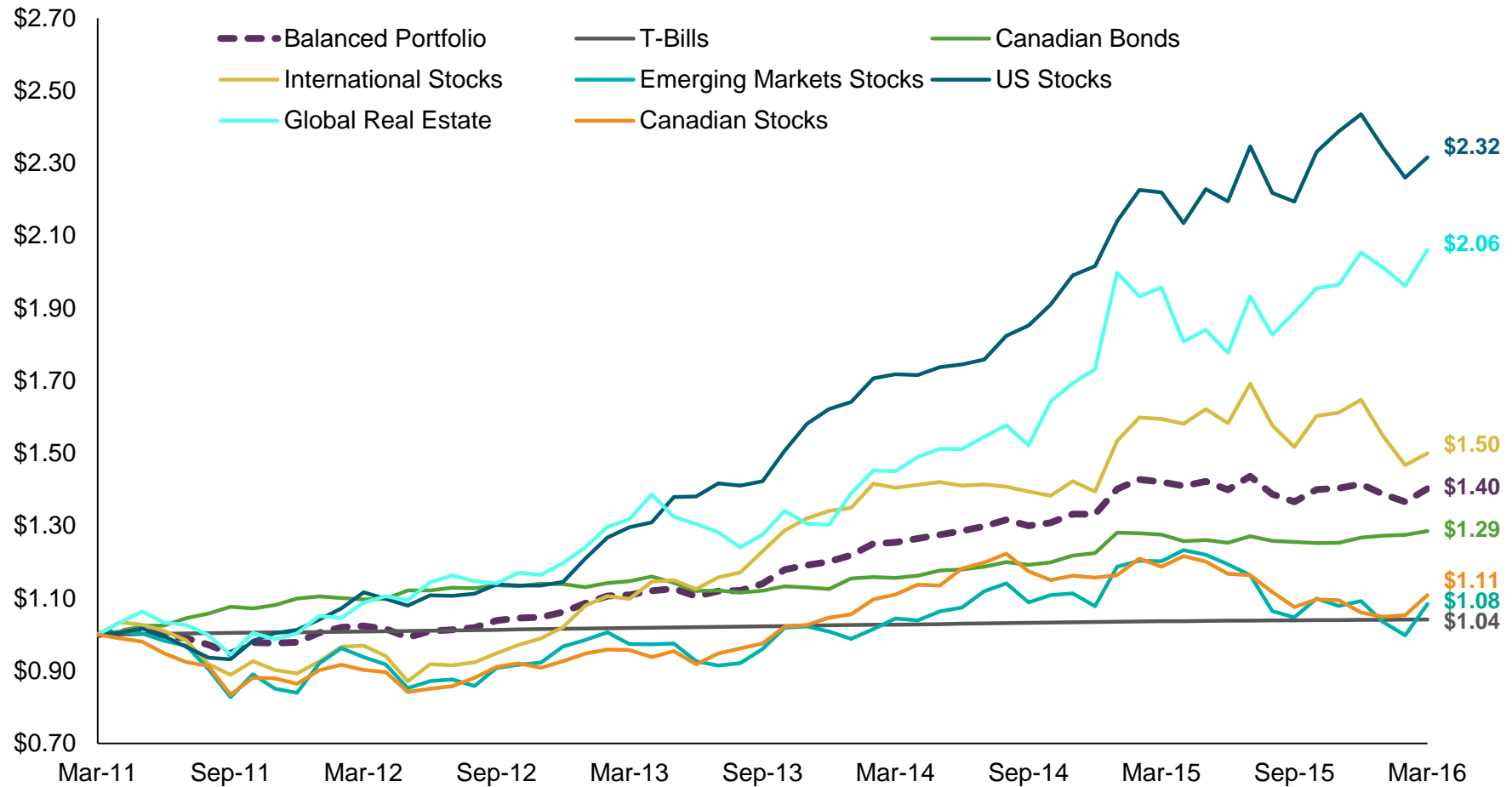
Three Years as of March 31, 2016



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Growth of Wealth

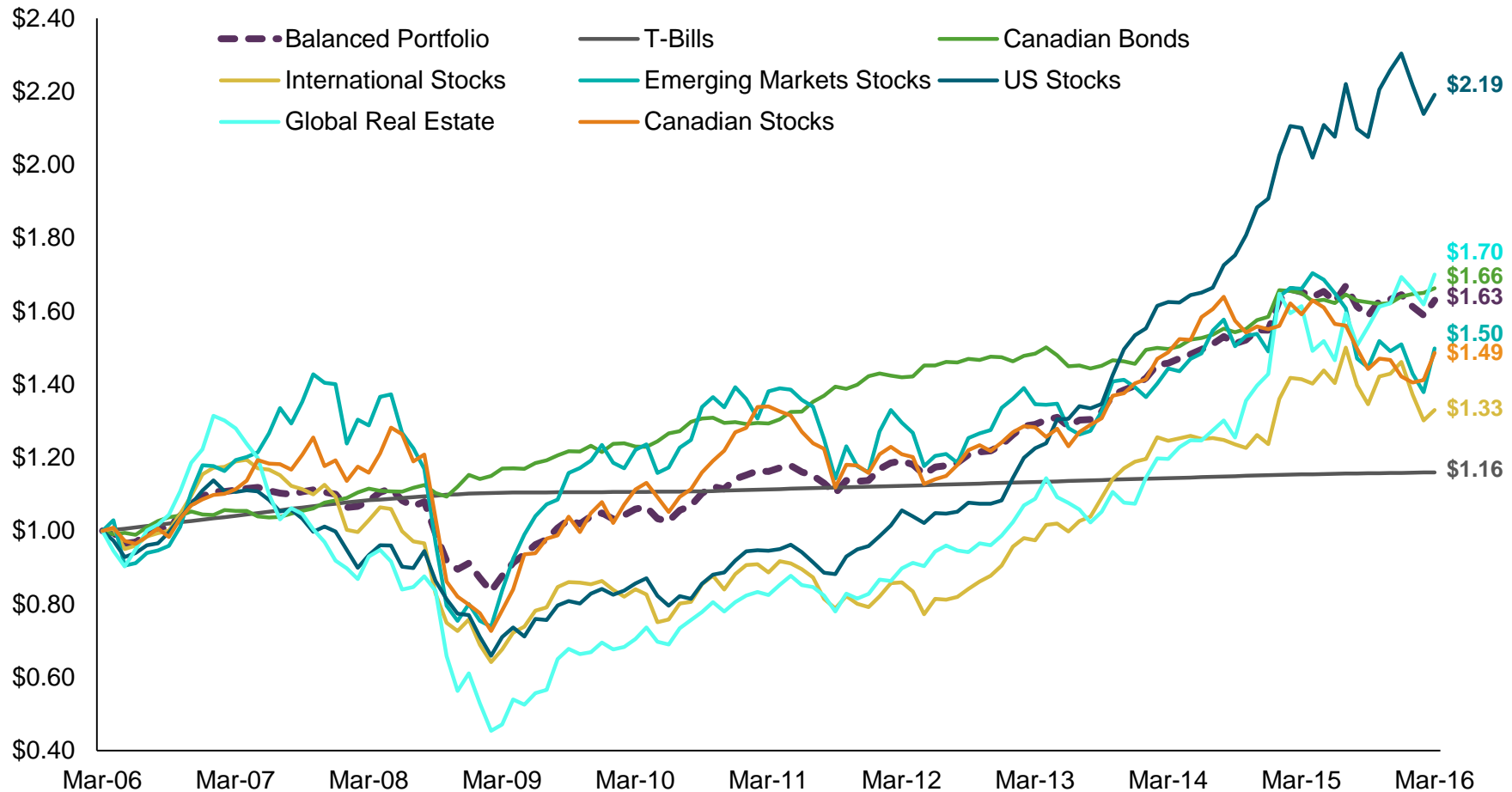
Five Years as of March 31, 2016



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Growth of Wealth

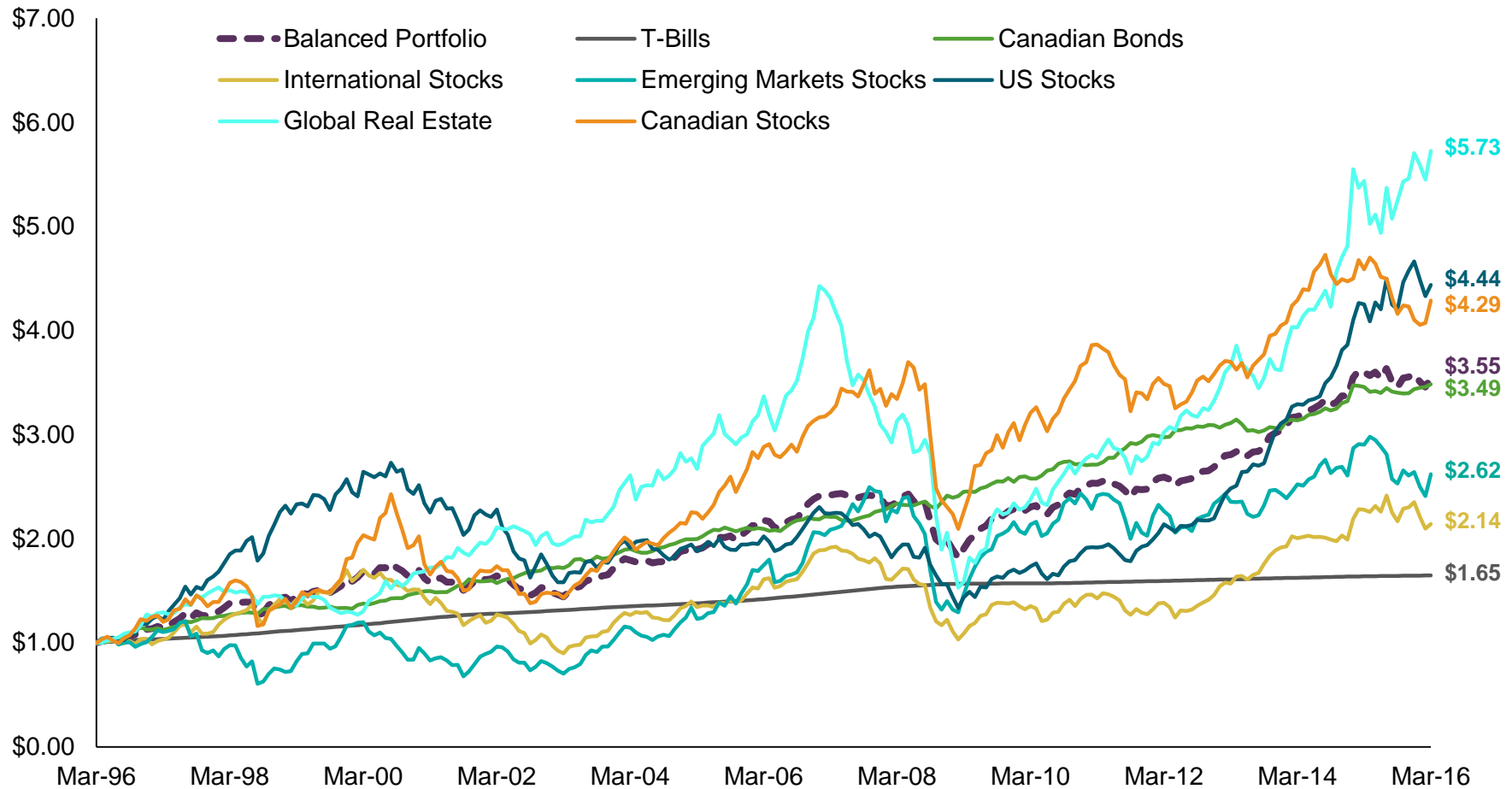
Ten Years as of March 31, 2016



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Growth of Wealth

Twenty Years as of March 31, 2016



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Free Throws

Dave Butler offers a sports example to help investors apply discipline in a stressful market

“What do you regard as the most difficult period in the financial markets during your 25 years in the investment business?”

I am often asked this question, usually by people who already have a framework and opinion as a result of living through one or several market downturns. For example, many older advisors and their clients regard the 1973–1974 bear market as the toughest period in their investment lifetime. Middle-aged investors may consider the tech boom and bust of the late 1990s and early 2000s to be the bellwether event for a generation of investors who assumed they could get rich on one great stock pick. Today, just about everyone remembers the 2008–2009 global financial crisis, having experienced the anxiety of declining investment accounts themselves or knowing someone who did.

The market decline in early 2016 has much of the same feel as past events. Times like these are never easy for clients or advisors, who must confront their concern that “things just might be different this time.” When in the midst of a market decline, it is natural to sense that the

volatility is lasting longer and is worse than anything before. As a result, advisors spend a lot of time talking to their clients in an effort to alleviate elevated concerns and fears.

How do we find the words that might help minimize the fear and anxiety advisors’ clients feel about their investment portfolios and retirement security? As you know, no single word or story can ease their concerns—and certainly not overnight. The more effective course may be for advisors to steadily lead clients down a path from worry to calm through a conversational approach that emphasizes the importance of sticking with their plan.

LINKING PROCESS TO DISCIPLINE

I had the opportunity a few weeks ago to speak at an advisor’s client event in California. As I was driving to the event, I thought about how to make the presentation conversational and ensure the concepts of process and discipline resonate with the audience.

The audience was a sports-oriented crowd, and I had about 15 minutes to get across one important concept that might help them navigate

the choppy markets. Then I remembered an article I read about world-class athletes and their approach to success. The author described how the greatest athletes, from Olympians to all-star professionals, focus on process rather than outcome when competing at the highest level. I thought about this in context of my own college athletic experience, which, although not at the Olympic level, involved the same need for calm and focus during high-pressure moments in a basketball game.

Imagine yourself playing in a championship basketball game. Your team is trailing by one point. You are fouled just as the game clock goes to zero. You have two free throws. Make both and you win. Miss them and you lose.

What do you do to contain the pressure and focus on the task? The great athletes look to process. While each process may be different, each one reflects a personal routine a player has performed thousands of times in practice. For instance, you start your routine as you approach the free throw line; you take a deep
(CONTINUED ON PAGE 15)

Free Throws (continued from page 14)

Dave Butler offers a sports example to help investors apply discipline in a stressful market

breath and imagine the ball going through the hoop; you step to the line and find the exact spot (usually a nail right behind the painted line) where your right foot will anchor; you look at the back (or front) of the rim and notice the paint peeling or the net missing a connecting loop—or anything else to help you concentrate and calm your mind; and you take the ball from the referee and continue your routine. You dribble twice and flip the ball in the air, take a couple of knee bends, find the grooves on the ball, and spread your fingers across it. You feel the texture of the ball, the rough orange leather and the smooth black rubber on the grooves, and finally time the motion so that your body, the release of the ball, and the follow-through of your hand are all in perfect synch as the ball elevates and descends to the basket.

The effective athlete does not hope for an outcome or get nervous or scared as the moment approaches. He or she immediately falls back on the tried and tested routine performed countless times in a more serene environment (practice). Following the routine dulls the noise of the crowd and brings clarity of mind.

The same lessons apply to the seasoned investor. A chaotic market is akin to what the visiting team experiences in a gym, where opposing fans and players are doing everything possible to distract you. You stay focused on a routine burned into your nature through coaching and repetitive practice.

The components of the seasoned investor's routine are similar: the investment policy statement, the regular review of family goals and liquidity needs, and the regular calls an advisor makes during good and bad markets. These and other actions are all part of the process developed to summon that muscle memory needed in stressful times. Just as the great athlete navigates through the moments of pressure in any athletic event, the actions are part of the routine that allows the individual to navigate through a chaotic market like we have today.

I believe there are many stories and anecdotes that parallel the basic needs of an investor, but it is up to the advisor to find one that resonates with a particular client or audience. The example could involve a great violinist, a world-

class chef, or even a gardener. In each case, there is a story of discipline behind the person who continually works to perfect the craft and a reminder of how a successful investor can do the same.

Statistics and data are the bedrock for the insights we gain about the capital markets, but it is often the conversational story that can help clients of advisors focus on the simplest and most important tenets of investment success. Regardless of the market or time period, advisors can encourage their clients to maintain the discipline needed to follow a process, which can lead to a great investment experience.