





# Quarterly Investment Update

Second Quarter 2015

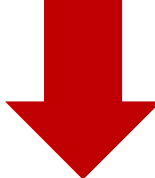


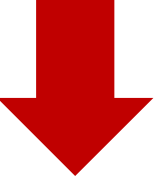

# Market Update: A Quarter in Review

June 30, 2015


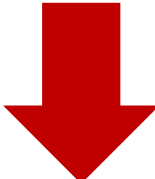


## CANADIAN STOCKS

Large Cap	Small Cap	Growth	Value
-1.75%	+1.19%	-1.55%	-1.83%
			






## INTERNATIONAL STOCKS

Large Cap	Small Cap	Growth	Value	Emerging
-0.79%	+2.86%	-0.40%	-1.18%	-0.71%
				

## US STOCKS

Large Cap	Small Cap	Growth	Value
-1.12%	-0.98%	+0.56%	-2.57%
			

## REAL ESTATE AND FIXED INCOME

Global REITs	1-Month T-Bills	Short-Term Bonds	Intermediate Bonds	Global Bonds (hedged)
-9.19%	+0.14%	+0.21%	-1.71%	+0.02%
				

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

June 30, 2015

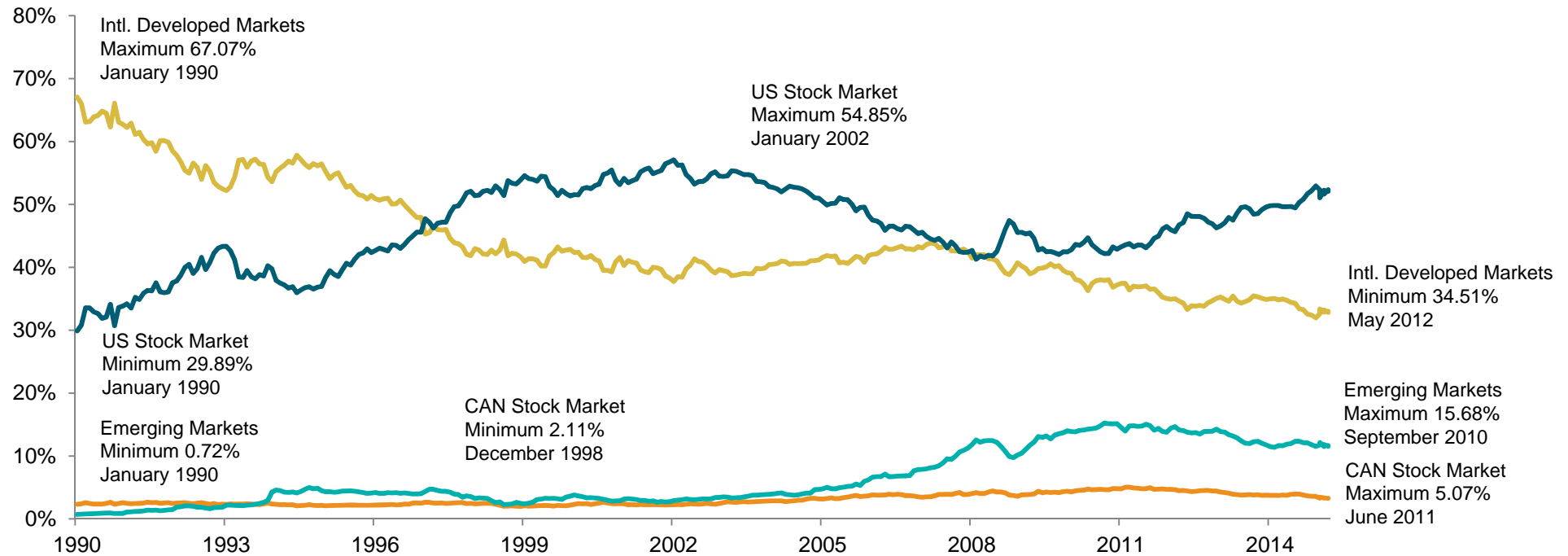
Asset Class	Index	Annualized (%)					Since Inception	Inception date
		1 Year	3 Years	5 Years	10 Years	20 Years		
<b>CANADIAN STOCKS</b>								
Large Cap	S&P/TSX 60	0.70	11.80	8.15	7.10	8.99	8.77	Feb-87
Small Cap	MSCI Canadian Small	-13.55	6.15	5.70	5.44	8.17	8.85	Jul-90
Growth	MSCI Canadian Growth	6.03	12.22	7.51	6.46	7.36	7.46	Jan-82
Value	MSCI Canadian Value	-10.19	9.09	7.58	6.96	10.52	10.99	Jan-82
<b>US STOCKS</b>								
Large Cap	S&P 500	25.79	25.59	21.15	8.11	8.40	11.22	Feb-51
Small Cap	Russell 2000	24.69	26.13	20.89	8.62	8.64	12.01	Jan-79
Growth	Russell 3000 Growth	31.54	28.59	23.20	10.07	6.98	10.19	Jan-79
Value	Russell 3000 Value	18.00	23.65	18.54	7.08	9.81	13.45	Jan-79
<b>INTERNATIONAL STOCKS</b>								
Large Cap	MSCI EAFE (net div.)	12.15	19.87	13.10	5.33	4.68	9.41	Jan-70
Small Cap	MSCI EAFE Small Cap (net div.)	16.31	23.77	16.08	6.80	5.25	6.61	Jan-93
Growth	MSCI EAFE Growth (net div.)	15.54	20.02	13.67	6.01	3.72	9.30	Jan-75
Value	MSCI EAFE Value (net div.)	8.79	19.69	12.47	4.58	5.52	12.18	Jan-75
Emerging Markets	MSCI Emerging Markets (net div.)	11.09	11.03	7.05	8.33	5.60	11.12	Jan-88
<b>REAL ESTATE</b>								
Global REITs	S&P Global REIT (net div.)	17.58	15.80	16.26	5.06	8.73	8.51	Jul-89
<b>FIXED INCOME</b>								
Canadian Bills	Canadian 1-Month T-Bills	0.80	0.89	0.86	1.68	2.74	6.38	Jun-73
Canadian Short-Term Bonds	FTSE TMX Canada Short-Term Bond	3.43	2.66	2.99	3.76	5.28	8.05	Jan-80
Canadian Bonds	FTSE TMX Canada Universe Bond	6.25	3.77	5.07	5.00	6.73	9.22	Jan-80
Global Bonds (hedged)	Citigroup World Government Bond Index 1-5 Years	2.06	2.22	2.34	3.15	4.45	6.65	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 2015, all rights reserved. The S&P data are provided by Standard & Poor's Index Services Group. Russell data copyright © Russell Investment Group 1995-2015, all rights reserved. Canadian fixed income data provided by FTSE TMX Global Debt Capital Markets Inc., all rights reserved. Citigroup bond indexes copyright 2015 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–June 2015

	Number of Countries	Number of Stocks	Total Value	Weights		
				June 30, 2015	Change from Previous Year	01/90-06/15 Average
Canada	1	330	1.54 Trillion	3.3%	↓ -16.8%	3.1%
United States	1	2,516	24.52 Trillion	52.1%	↑ 5.3%	46.3%
Developed Markets	21	3,074	15.53 Trillion	33.0%	↓ -3.7%	44.2%
Emerging Markets	23	2,720	5.48 Trillion	11.6%	↓ -5.6%	6.5%
Total	46	8,640	44.07 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 2015, all rights reserved.

# The Randomness of Quarterly Returns

June 30, 2015

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 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
Highest Return	8.97	11.71	5.16	7.02	7.59	13.67	6.31	9.26	13.67	11.38	6.41	4.99	13.77	14.37	0.14	?
	6.18	10.52	2.25	4.07	6.59	10.18	2.52	6.25	9.01	6.12	4.16	1.31	9.16	13.00	0.02	?
	3.59	8.56	0.58	3.27	4.81	7.59	0.24	4.15	7.29	6.06	2.87	1.06	2.70	11.49	-0.71	?
	2.09	8.43	0.23	2.60	1.72	3.34	-0.14	3.58	5.00	4.76	1.99	0.71	0.70	11.01	-0.79	?
	1.49	4.39	-1.16	1.24	1.21	0.69	-1.02	0.68	2.09	3.62	1.21	0.50	0.23	4.15	-1.26	?
	0.65	0.71	-5.22	0.96	0.59	0.68	-2.36	0.26	0.45	2.77	0.79	0.23	0.02	2.58	-1.63	?
	0.43	0.20	-5.67	0.23	0.30	0.44	-4.08	0.11	0.38	0.78	0.45	-0.59	-0.94	0.82	-1.71	?
Lowest Return	0.21	-0.21	-7.02	-0.21	0.24	0.21	-4.84	-2.23	0.24	0.20	0.23	-1.19	-1.47	0.20	-9.19	?

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

June 30, 2015

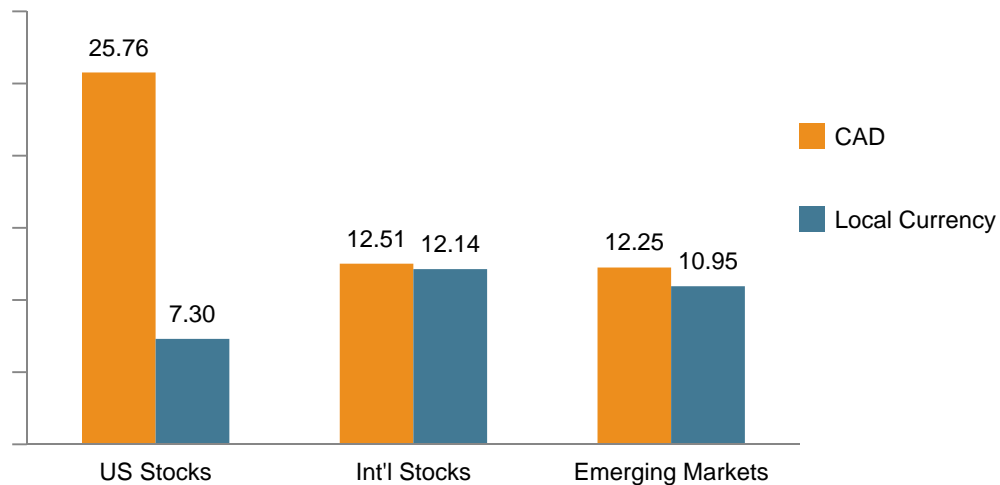
## CHANGE IN FOREIGN EXCHANGE RATES (%)

FX/\$CAD

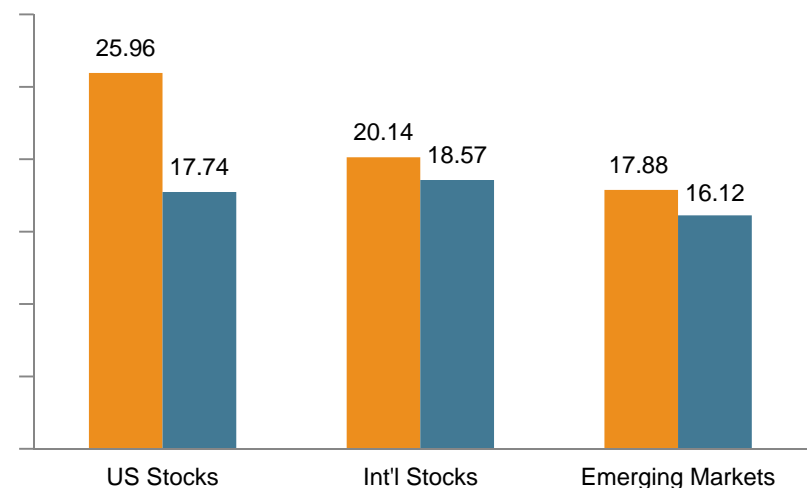
Currency	Q2 2015	One Year	Three Years
 \$ US Dollars	1.13%	-14.45%	-18.51%
 € Euro	-2.37%	5.00%	-7.47%
 £ Pounds	-4.64%	-6.96%	-18.60%
 ¥ Yen	3.28%	3.18%	24.72%

## 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 1995-2015, all rights reserved. MSCI data copyright MSCI 2015, 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

June 30, 2015

## Second Quarter 2015 RETURNS

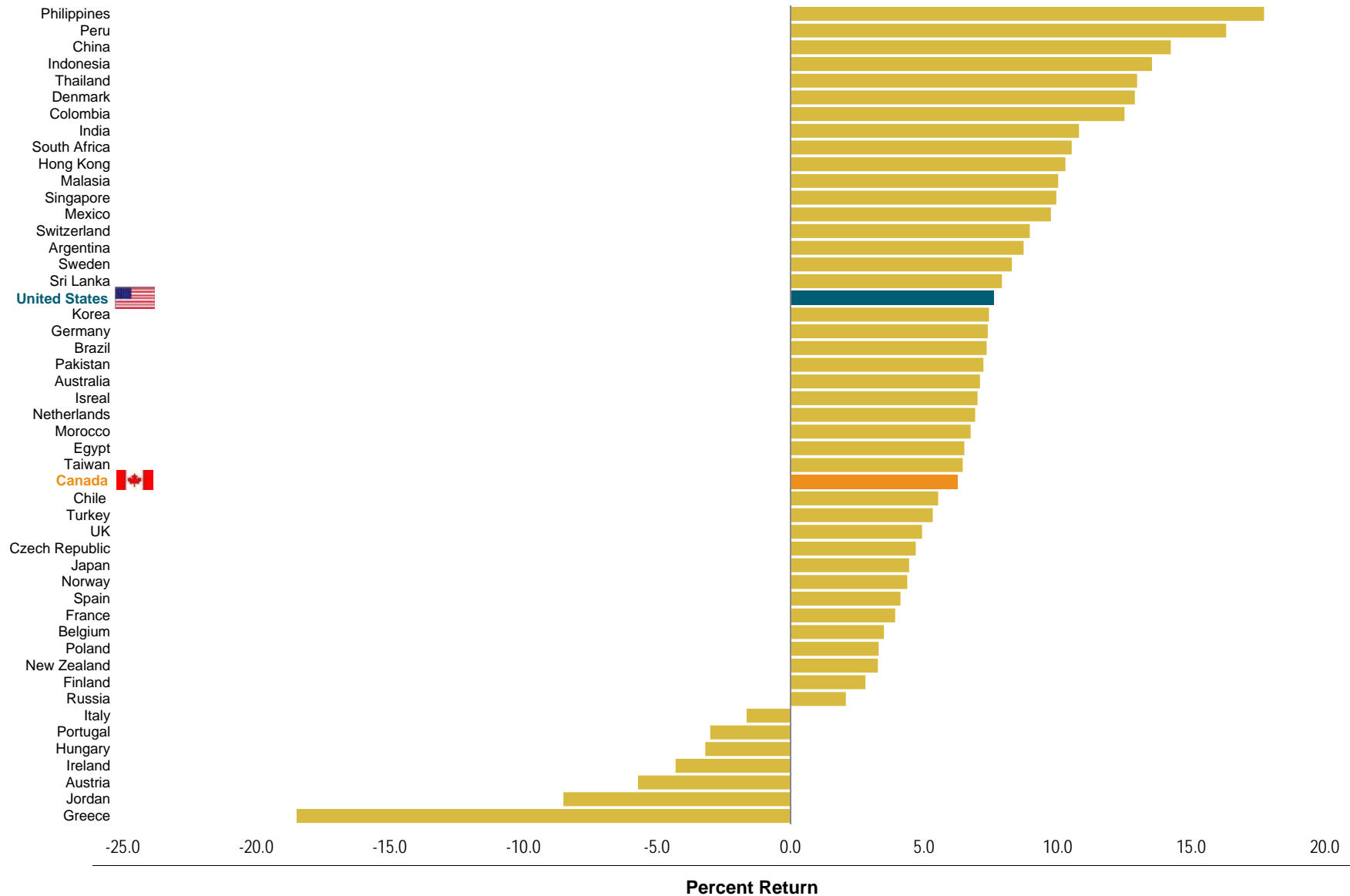
	Return in CAD	Return in Local Currency	Impact of Currency
1. United Arab Emirates	9.52%	10.83%	-1.58%
2. Hungary	8.13%	11.17%	-3.04%
.			
.			
.			
 30. United States	11.38%	1.86%	9.52%
 35. Canada	-1.72%	-1.72%	0.00%
.			
.			
45. New Zealand	-13.10%	-2.25%	-10.85%
46. Indonesia	-15.08%	-12.16%	-2.92%

## ONE YEAR RETURNS IN CAD AND LOCAL CURRENCY

	Return in CAD	Return in Local Currency	Impact of Currency
1. China	47.69%	25.93%	21.77%
2. Ireland	32.79%	39.22%	-6.43%
.			
 12. United States	25.84%	7.36%	18.48%
.			
.			
.			
 42. Canada	-2.17%	-2.17%	0.00%
45. Columbia	-30.51%	-18.01%	-12.50%
46. Greece	-47.43%	-44.88%	-2.54%

# MSCI Country Returns

Country Rankings—Ten-Year Annualized Returns as of June 30, 2015



Data in Canadian dollars gross of fees. MSCI data copyright MSCI 2015, 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.

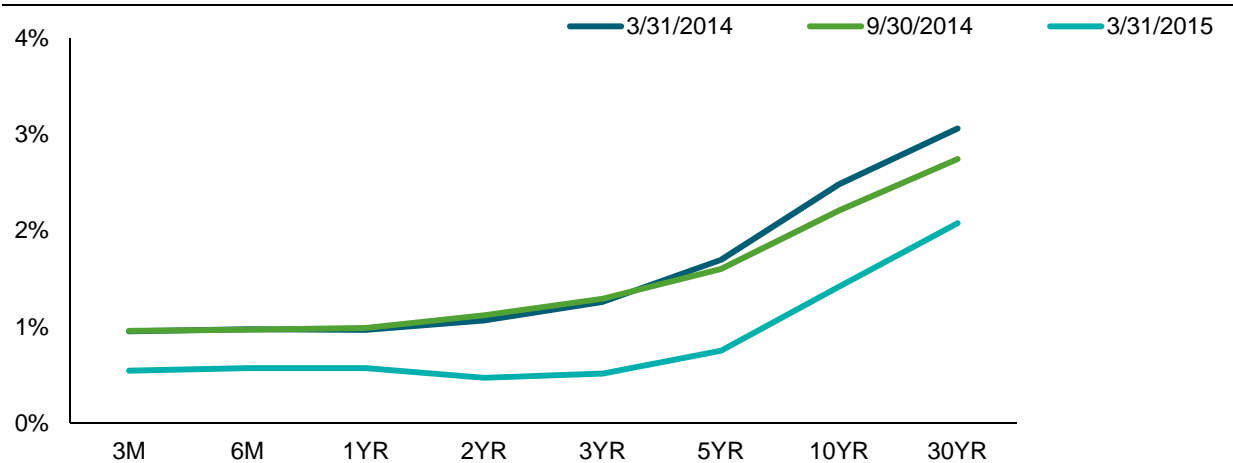


# Bond Returns

June 30, 2015

Index	Return (%)		
	Q2 2015	One Year	Three Years Annualized
Canadian 1-Month T-Bills	0.14%	0.80%	0.89%
FTSE TMX Canada Short-Term Bond Index	0.21%	3.43%	2.66%
FTSE TMX Canada Mid-Term Bond Index	-1.21%	6.70%	4.39%
FTSE TMX Canada Long-Term Bond Index	-4.56%	10.07%	4.78%
FTSE TMX Canada Universe Bond Index	-1.71%	6.25%	3.77%
Citigroup World Government Bond Index 1-5 Years (hedged to CAD)	0.02%	2.06%	2.22%

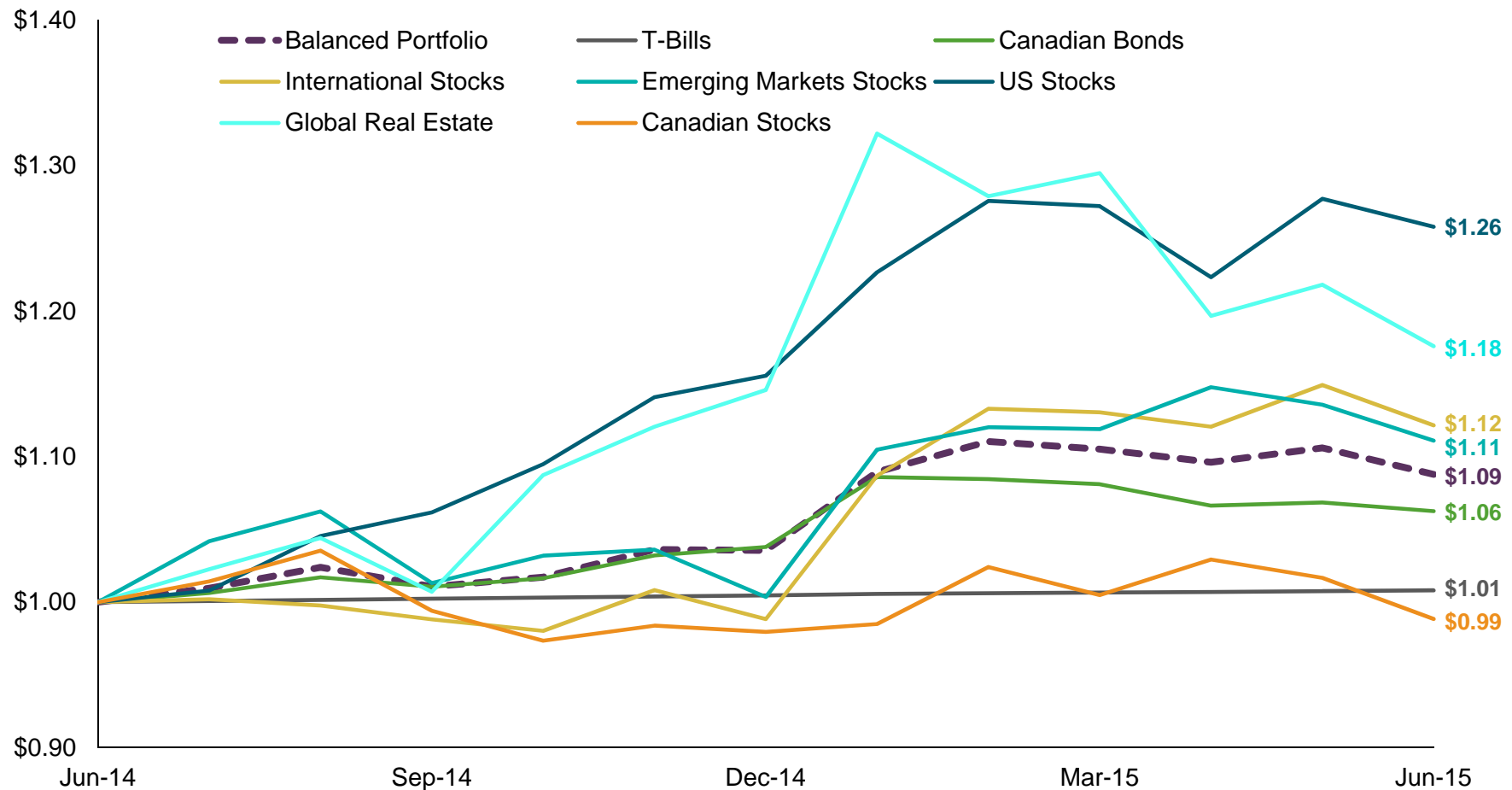
## CAN Treasury Yield Curve



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# Growth of Wealth

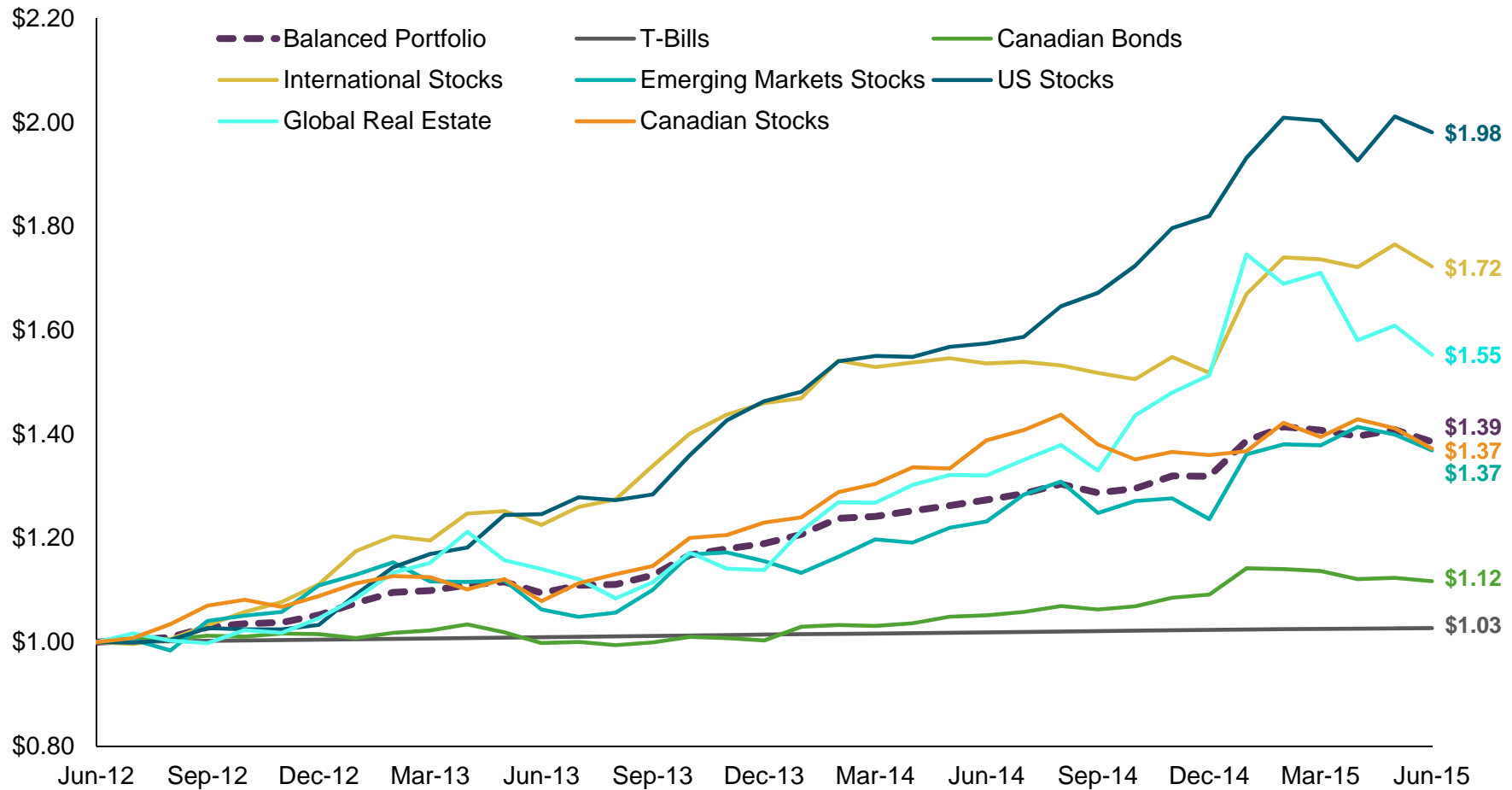
One Year as of June 30, 2015



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# Growth of Wealth

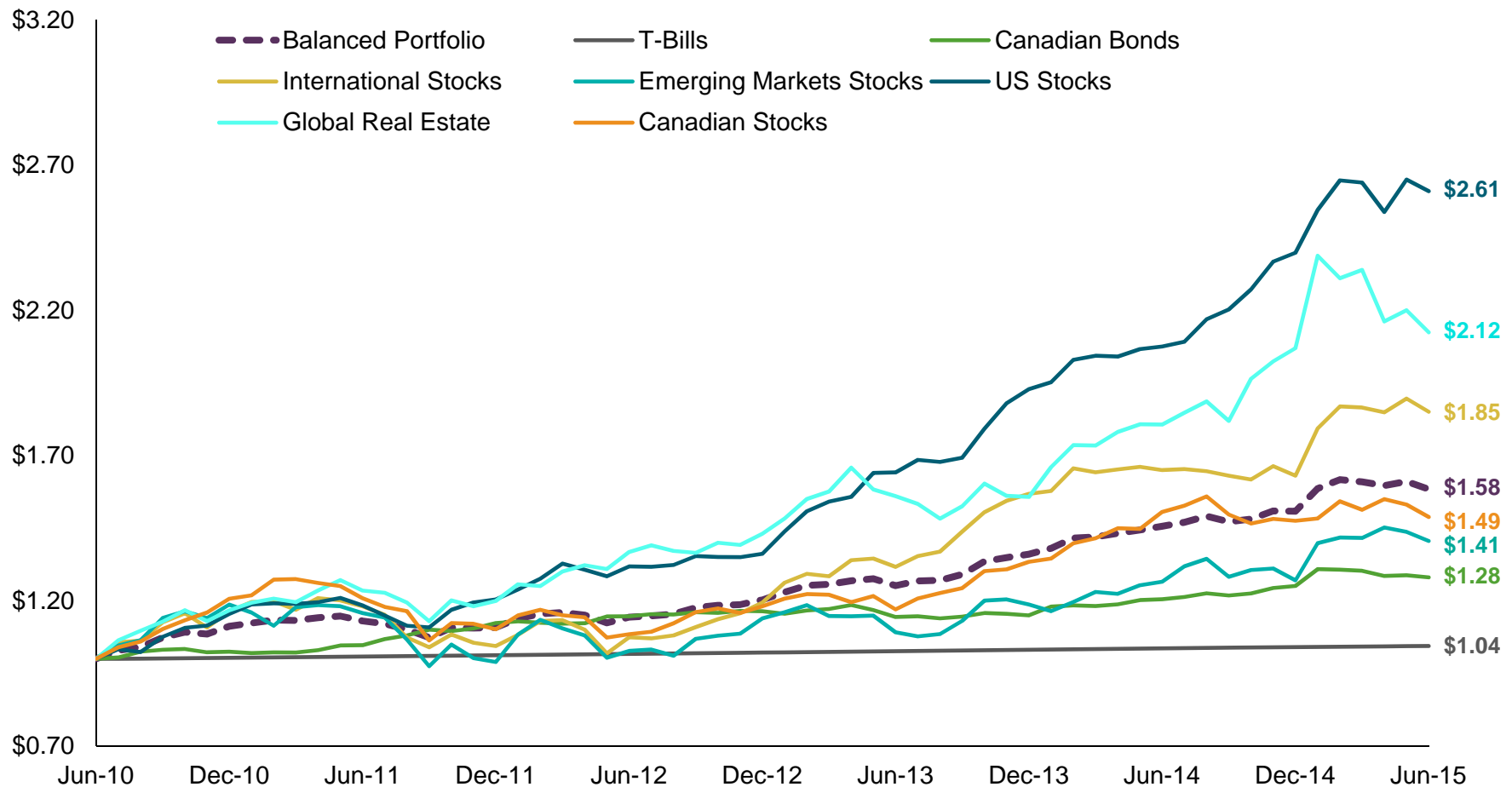
Three Years as of June 30, 2015



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# Growth of Wealth

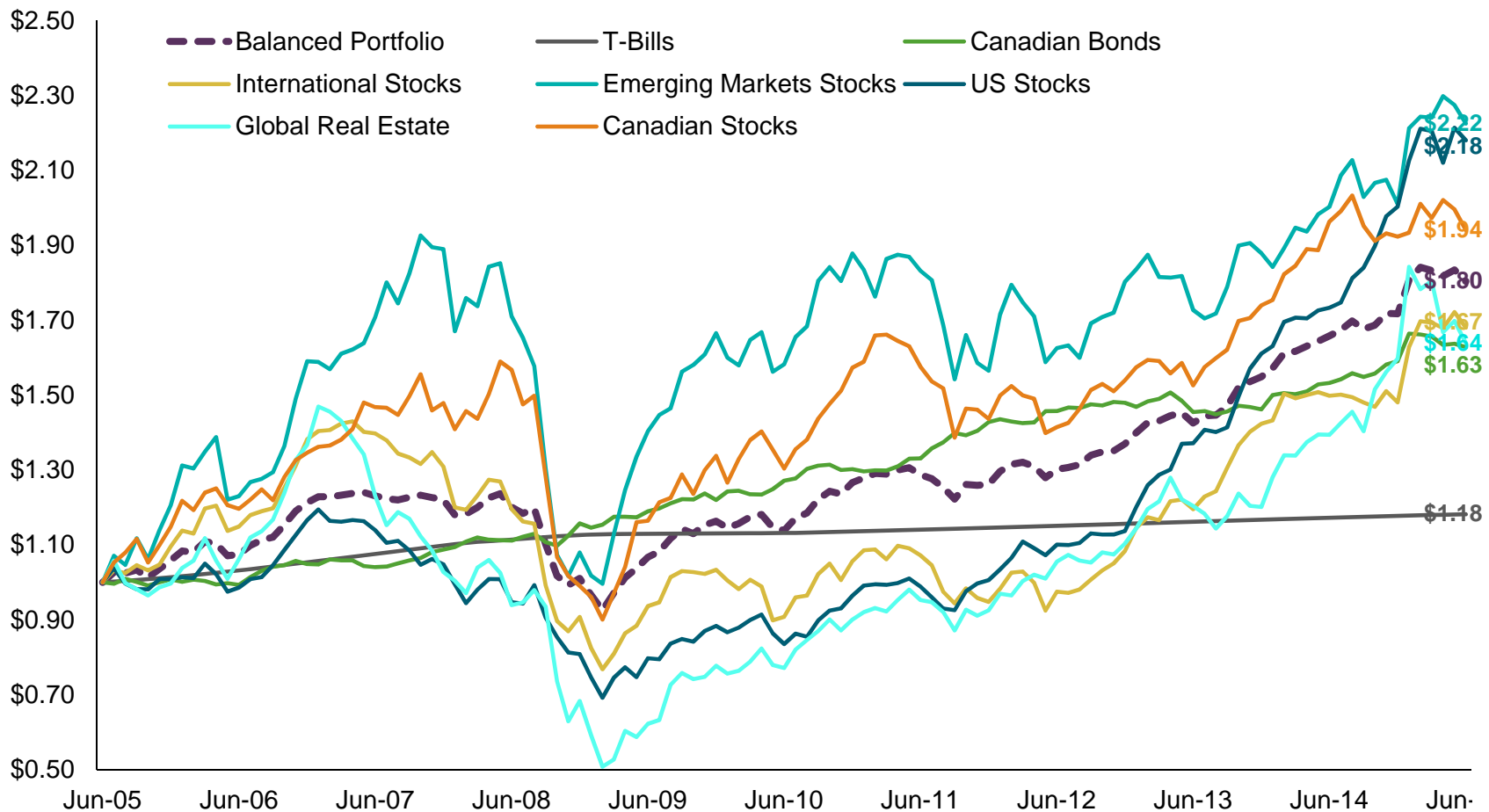
Five Years as of June 30, 2015



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# Growth of Wealth

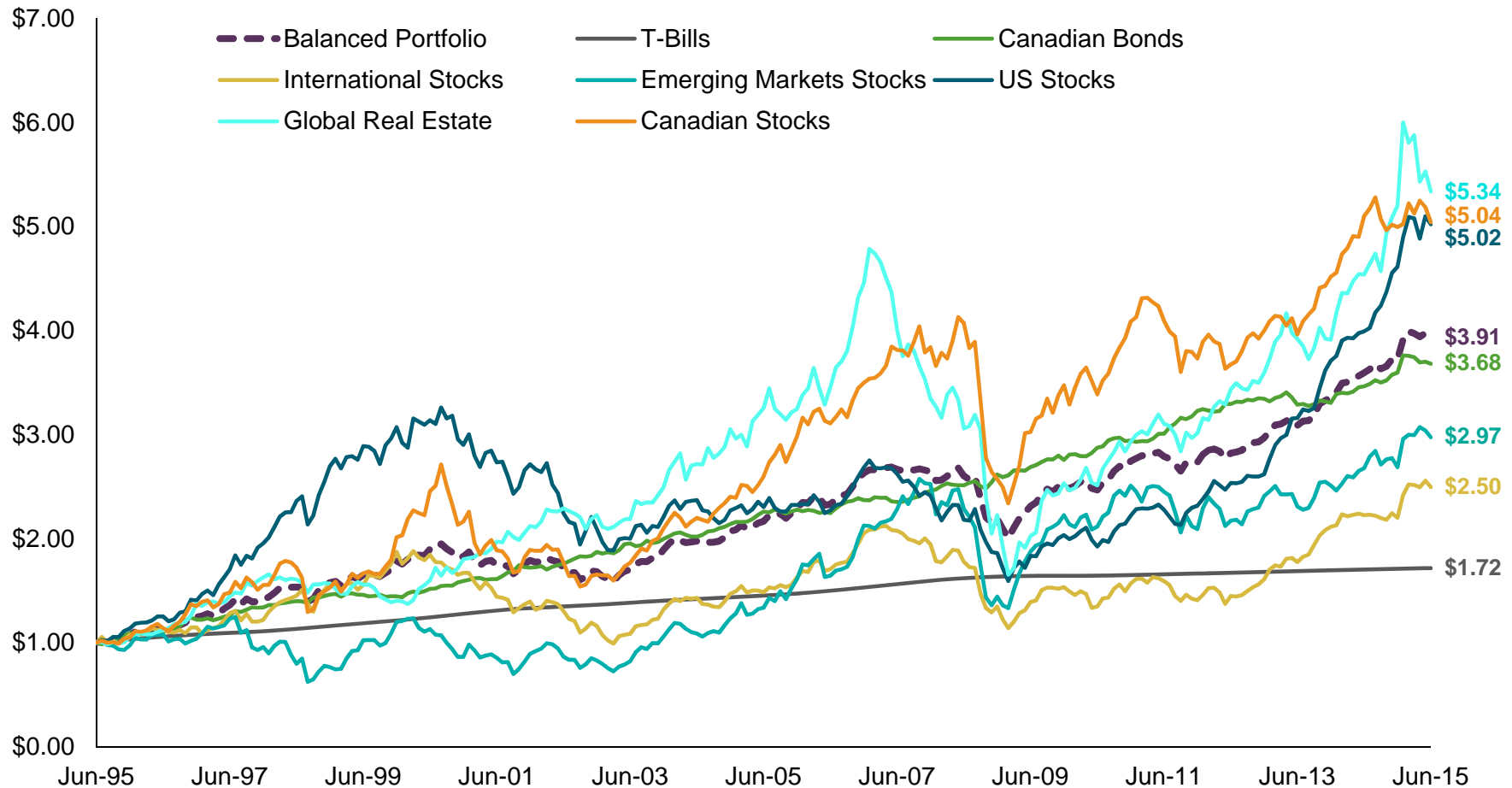
Ten Years as of June 30, 2015



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# Growth of Wealth

Twenty Years as of June 30, 2015



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# The Seven Roles of an Advisor

Second Quarter 2015

What is a financial advisor for? One view is that advisors have unique insights into market direction that give their clients an advantage. But of the many roles a professional advisor should play, soothsayer is not one of them.

The truth is that no one knows what will happen next in investment markets. And if anyone really did have a working crystal ball, it is unlikely they would be plying their trade as an advisor, broker, analyst, or financial journalist.

Some folks may still think an advisor's role is to deliver market-beating returns year after year. Generally, those are the same people who believe good advice equates to making accurate forecasts.

But in reality, the value a professional advisor brings is not dependent on the state of markets. Indeed, their value can be even more evident when volatility and emotions are running high.

The best of this new breed play multiple and nuanced roles with their clients. None of these roles involve making forecasts about markets or economies. Indeed, there are at least seven hats an advisor can wear to help clients without ever once having to look into a crystal ball:

**1. The Expert:** Investors need advisors who can provide client-centered expertise in assessing the state of their finances and developing risk-aware strategies to help them meet their goals.

**2. The Independent Voice:** The global financial turmoil of recent years demonstrated the value of an independent and objective voice in a world full of product pushers and salespeople.

**3. The Listener:** A good advisor will listen to clients' fears, tease out the issues driving those feelings, and provide practical, long-term answers.

**4. The Teacher:** Getting beyond the fear-and-flight phase often is just a matter of teaching investors about risk and return, diversification, the role of asset allocation, and the virtue of discipline.

**5. The Architect:** Once these lessons are understood, the advisor becomes an architect, building a long-term wealth management strategy that matches each person's risk appetites and lifetime goals.

**6. The Coach:** Even when the strategy is in place, doubts and fears inevitably arise. At this point, the advisor becomes a coach, reinforcing first principles and keeping the client on track.

**7. The Guardian:** Beyond these experiences is a long-term role for the advisor as a kind of lighthouse keeper, scanning the horizon for issues that may affect the client and keeping them informed.

These are just seven valuable roles an advisor can play in understanding and responding to clients' whole-of-life needs, which are a world away from the old notions of selling product off the shelf or making forecasts.

Knowing the advisor is independent—and not plugging product—can lead the client to trust the advisor as a listener or sounding board. From this point, the listener can become the teacher, architect, coach, and, ultimately, the guardian. Just as people's needs and circumstances change over time, the nature of the advice service evolves.

However you characterize these various roles, good financial advice ultimately is defined by the patient building of a long-term relationship founded on the values of trust and independence and knowledge of each individual.

Now, how can you put a price on that?