




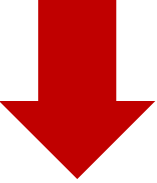
Quarterly Investment Update

Third Quarter 2015




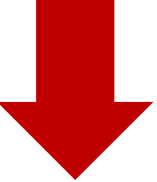

Market Update: A Quarter in Review

September 30, 2015





CANADIAN STOCKS

Large Cap	Small Cap	Growth	Value
-6.74%	-13.46%	-7.61%	-9.39%
			






INTERNATIONAL STOCKS

Large Cap	Small Cap	Growth	Value	Emerging
-4.10%	+0.05%	-2.48%	-5.74%	-12.28%
				

US STOCKS

Large Cap	Small Cap	Growth	Value
-0.04%	-5.98%	+0.50%	-2.34%
			

REAL ESTATE AND FIXED INCOME

Global REITs	1-Month T-Bills	Short-Term Bonds	Intermediate Bonds	Global Bonds (hedged)
+6.28%	+0.12%	+0.00%	+0.15%	+0.66%
				

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

September 30, 2015

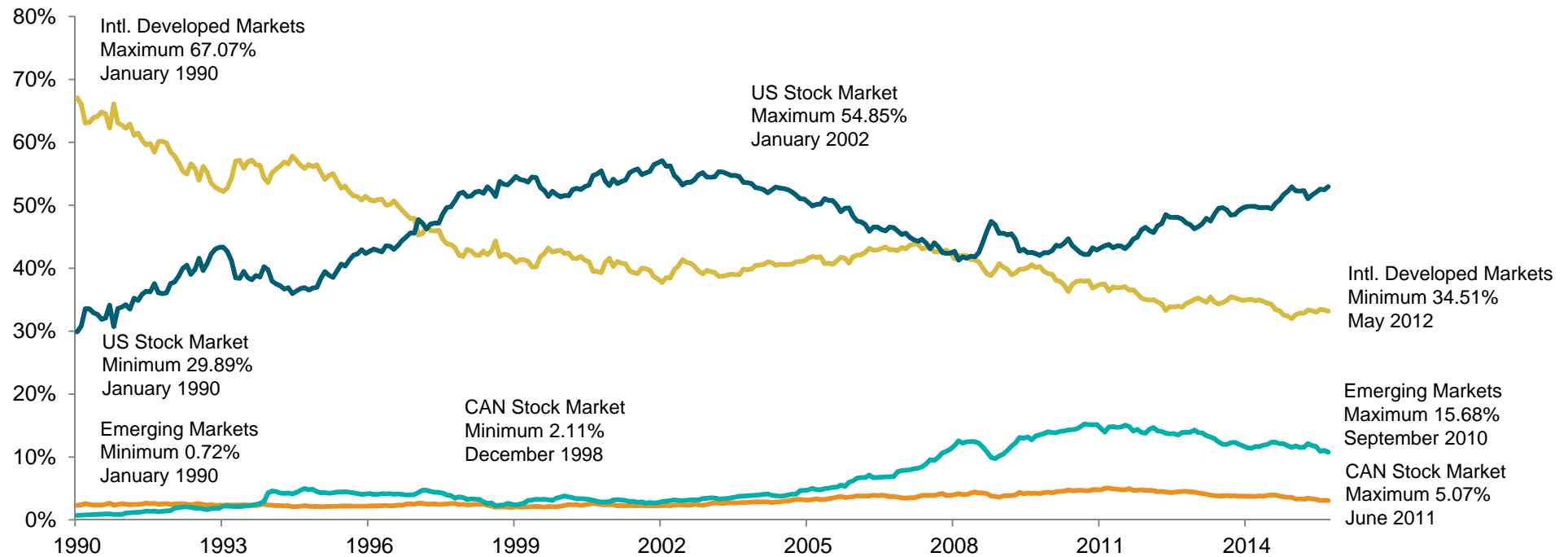
Asset Class	Index	Annualized (%)					Since Inception	Inception date
		1 Year	3 Years	5 Years	10 Years	20 Years		
CANADIAN STOCKS								
Large Cap	S&P/TSX 60	-6.50	6.89	4.88	5.14	8.60	8.43	Feb-87
Small Cap	MSCI Canadian Small	-19.51	-1.84	-0.24	3.35	7.24	8.14	Jul-90
Growth	MSCI Canadian Growth	-3.04	6.79	3.48	4.36	6.88	7.15	Jan-82
Value	MSCI Canadian Value	-16.47	3.18	3.74	4.81	9.97	10.58	Jan-82
US STOCKS								
Large Cap	S&P 500	18.43	24.45	19.39	8.30	8.11	11.17	Feb-51
Small Cap	Russell 2000	20.65	22.92	17.70	8.05	7.93	11.74	Jan-79
Growth	Russell 3000 Growth	22.99	25.70	20.48	9.57	7.31	11.14	Jan-79
Value	Russell 3000 Value	14.13	23.34	18.10	7.16	8.56	12.39	Jan-79
INTERNATIONAL STOCKS								
Large Cap	MSCI EAFE (net div.)	8.85	16.95	9.53	4.42	4.37	9.26	Jan-70
Small Cap	MSCI EAFE Small Cap (net div.)	20.32	22.14	13.20	6.17	5.21	6.54	Jan-93
Growth	MSCI EAFE Growth (net div.)	13.62	17.94	10.43	5.26	3.49	9.17	Jan-75
Value	MSCI EAFE Value (net div.)	4.15	15.91	8.56	3.51	5.11	11.94	Jan-75
Emerging Markets	MSCI Emerging Markets (net div.)	-3.81	4.88	1.57	5.73	5.06	10.49	Jan-88
REAL ESTATE								
Global REITs	S&P Global REIT (net div.)	24.06	18.26	14.89	5.90	9.03	8.68	Jul-89
FIXED INCOME								
Canadian Bills	Canadian 1-Month T-Bills	0.69	0.85	0.87	1.63	2.66	6.34	Jun-73
Canadian Short-Term Bonds	FTSE TMX Canada Short-Term Bond	3.04	2.42	2.66	3.79	5.15	7.99	Jan-80
Canadian Bonds	FTSE TMX Canada Universe Bond	5.29	3.39	4.45	5.00	6.58	9.16	Jan-80
Global Bonds (hedged)	Citigroup World Government Bond Index 1-5 Years	2.21	2.11	2.29	3.22	4.34	6.52	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–September 2015

	Number of Countries	Number of Stocks	Total Value	Weights		
				September 30, 2015	Change from Previous Year	01/90-09/15 Average
Canada	1	326	1.31 Trillion	3.1%	↓ -15.8%	3.1%
United States	1	2,505	22.54 Trillion	53.0%	↑ 2.5%	46.4%
Developed Markets	21	3,052	14.12 Trillion	33.2%	↑ 1.9%	44.0%
Emerging Markets	23	2,705	4.58 Trillion	10.8%	↓ -11.0%	6.5%
Total	46	8,588	42.55 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

September 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.

	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	Q4 2015
Highest Return	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	6.26	?
	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	0.66	?
	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	0.15	?
	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	0.12	?
	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	-0.91	?
	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	-4.10	?
	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	-7.86	?
Lowest Return	-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	-12.28	?

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

September 30, 2015

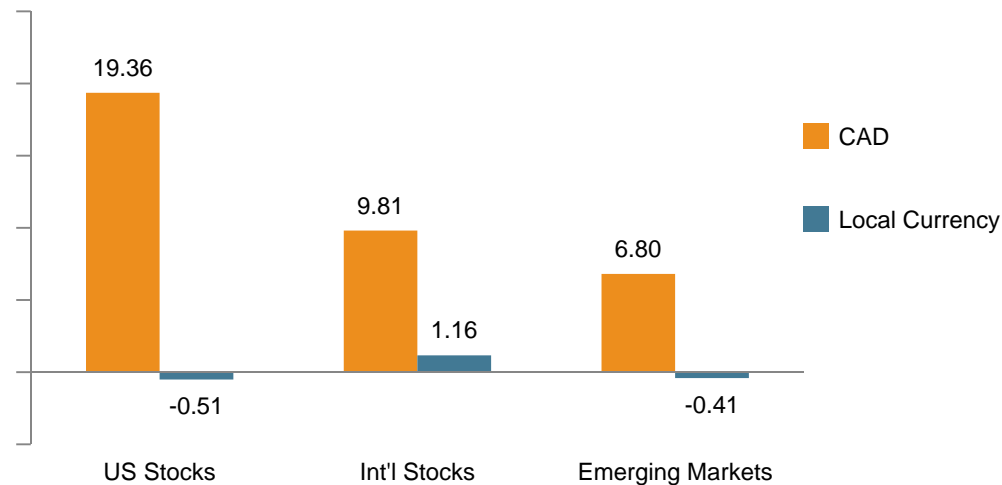
CHANGE IN FOREIGN EXCHANGE RATES (%)

FX/\$CAD

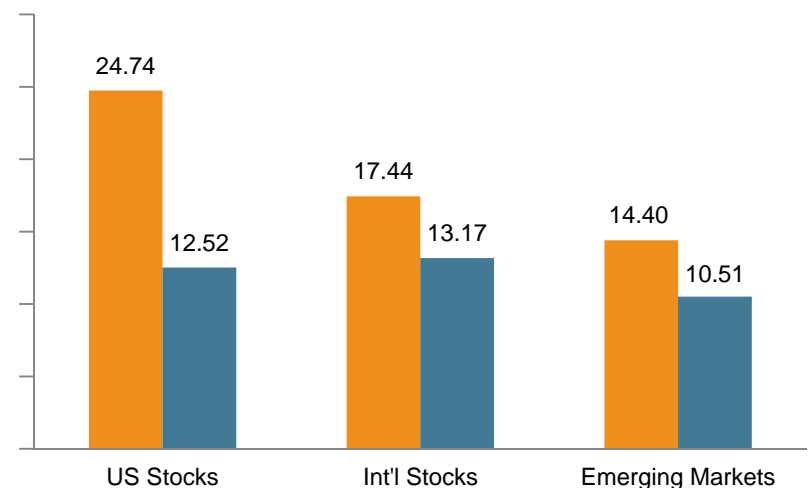
Currency	Q3 2015	One Year	Three Years
 \$ US Dollars	-6.21%	-16.31%	-26.58%
 € Euro	-6.87%	-5.36%	-15.45%
 £ Pounds	-3.08%	-10.18%	-21.48%
 ¥ Yen	-8.70%	-8.61%	12.76%

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

September 30, 2015

Third Quarter 2015 RETURNS

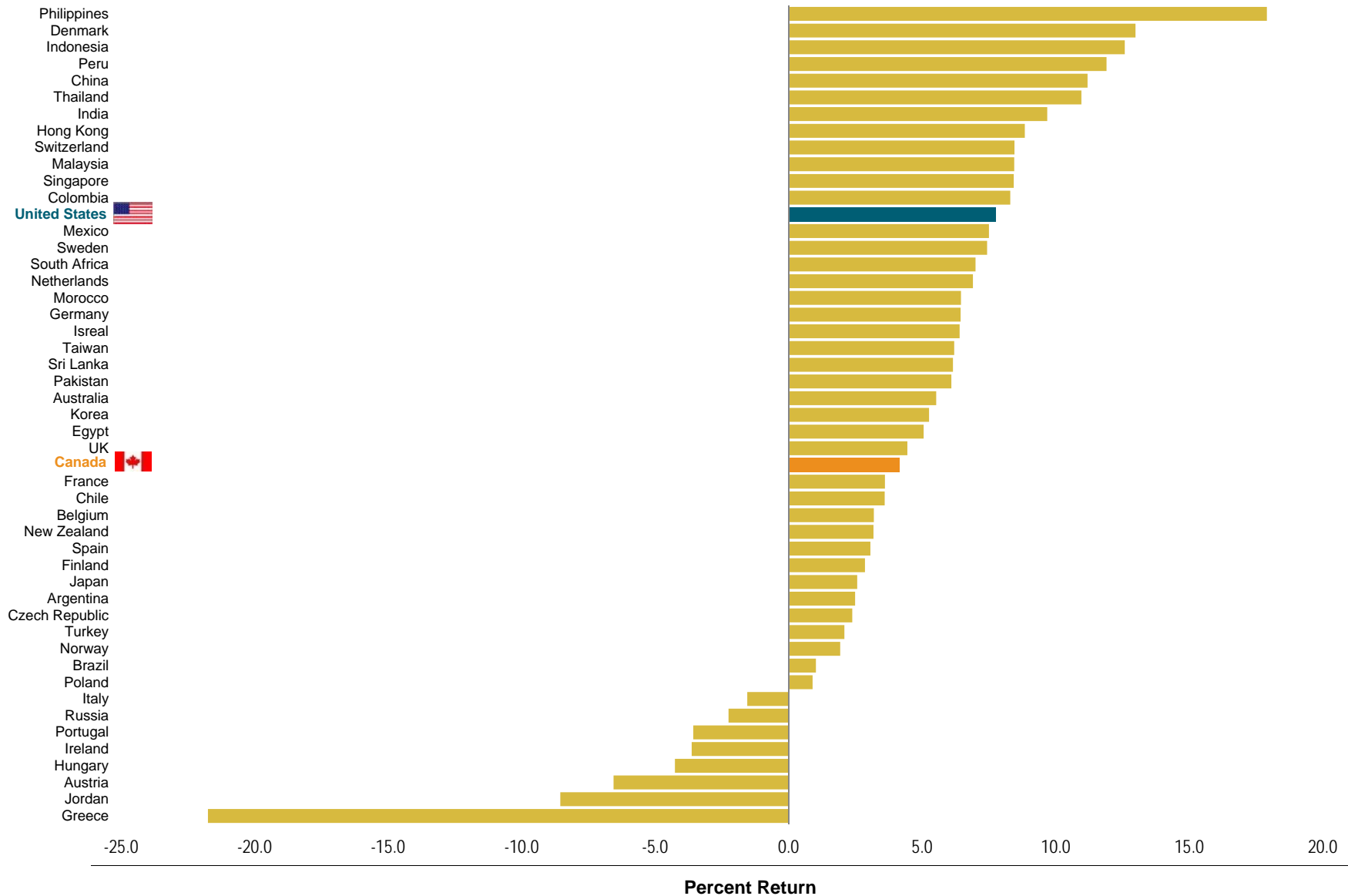
	Return in CAD	Return in Local Currency	Impact of Currency
1. Ireland	6.26%	-1.23%	7.49%
2. Denmark	5.42%	-2.01%	7.43%
.			
 14. United States			
.			
.			
 30. Canada	-8.43%	-8.43%	0.00%
.			
.			
45. Greece	-20.72%	-26.31%	5.59%
46. Brazil	-28.76%	-14.96%	-13.80%

ONE YEAR RETURNS IN CAD AND LOCAL CURRENCY

	Return in CAD	Return in Local Currency	Impact of Currency
1. Ireland	38.91%	31.04%	7.87%
2. Denmark	30.84%	23.70%	7.15%
 6. United States			
.			
.			
.			
.			
 36. Canada	-9.72%	-9.27%	0.00%
.			
45. Columbia	-40.87%	-24.62%	-16.25%
46. Greece	-49.99%	-52.83%	2.83%

MSCI Country Returns

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



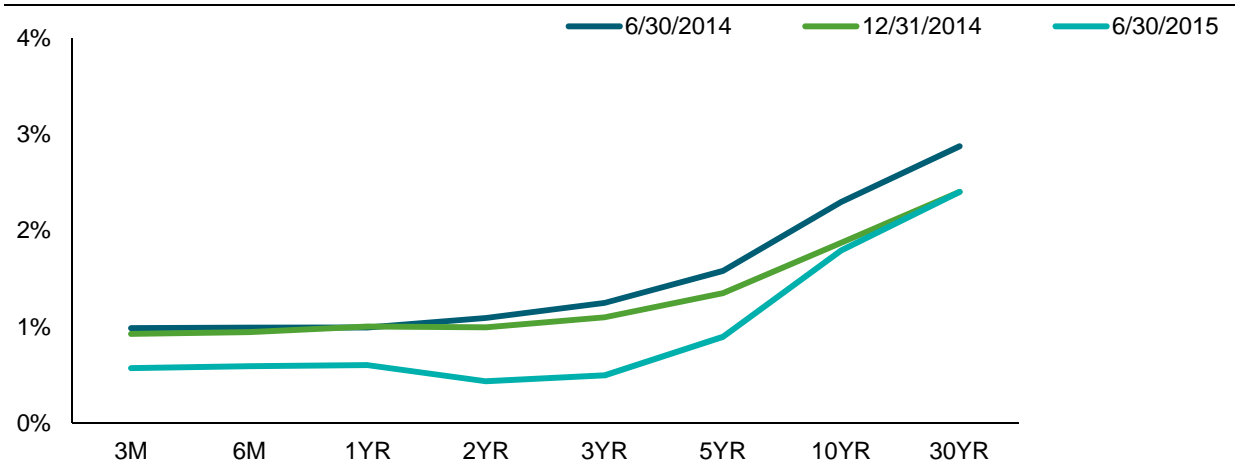
Data in Canadian dollars gross of fees. MSCI data copyright MSCI 2015, all rights reserved. Indexes are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results.

Bond Returns

September 30, 2015

Index	Return (%)		
	Q3 2015	One Year	Three Years Annualized
Canadian 1-Month T-Bills	0.12%	0.69%	0.85%
FTSE TMX Canada Short-Term Bond Index	0.00%	3.04%	2.42%
FTSE TMX Canada Mid-Term Bond Index	0.79%	6.64%	4.19%
FTSE TMX Canada Long-Term Bond Index	-0.12%	7.49%	4.08%
FTSE TMX Canada Universe Bond Index	0.15%	5.29%	3.39%
Citigroup World Government Bond Index 1-5 Years (hedged to CAD)	0.66%	2.21%	2.11%

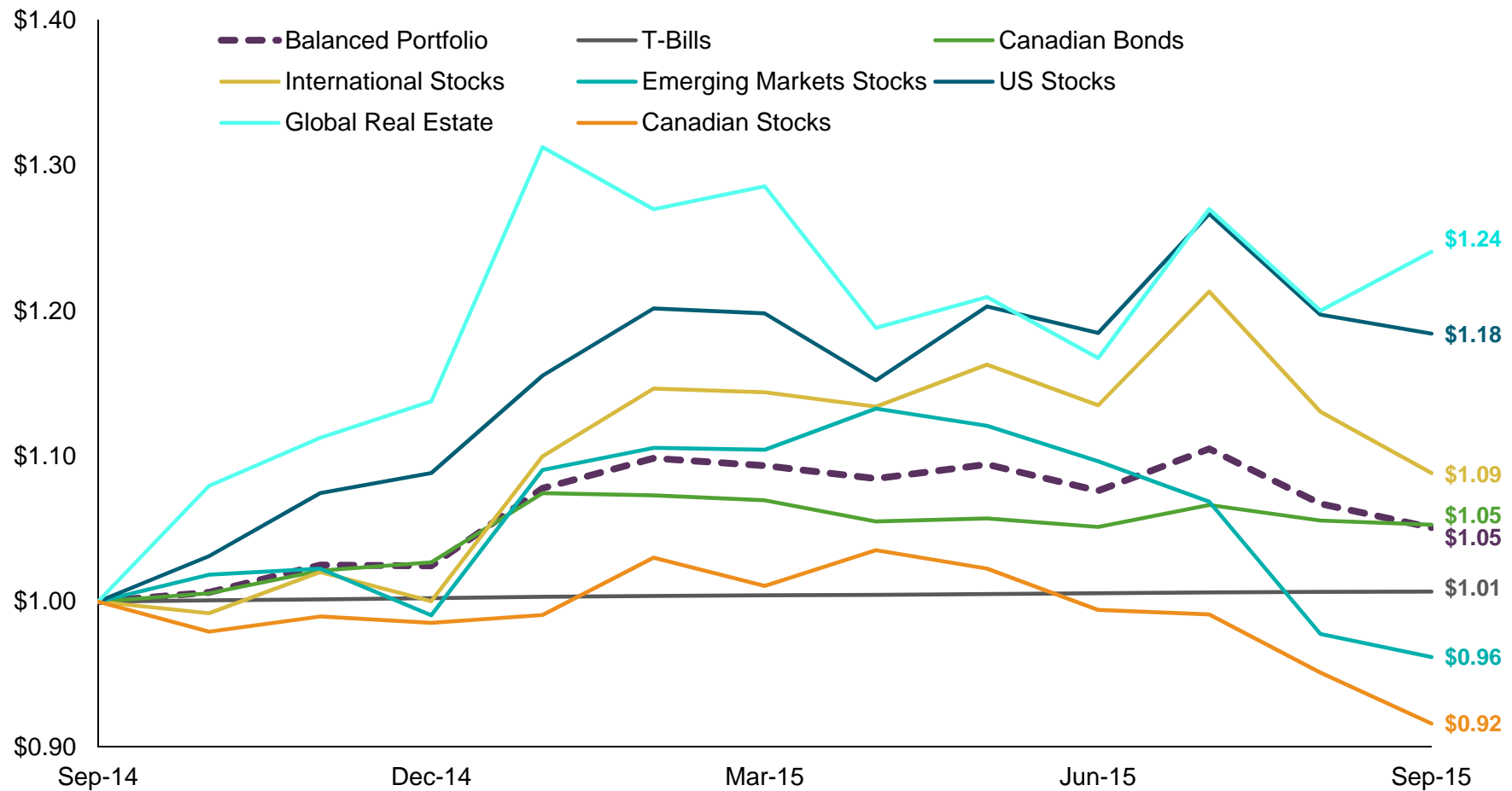
CAN Treasury Yield Curve



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Growth of Wealth

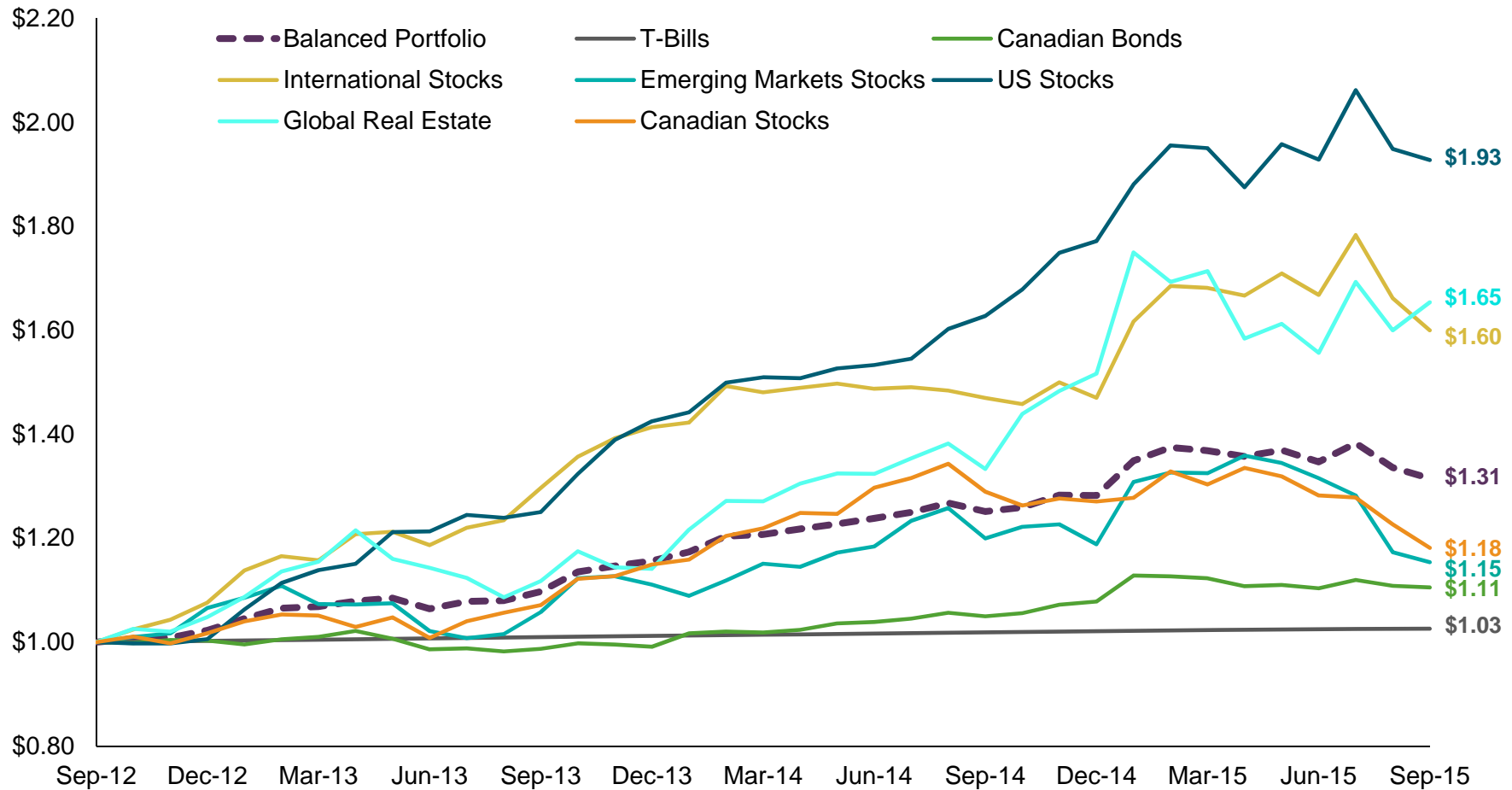
One Year as of September 30, 2015



In Canadian dollars. T-Bills is Canadian 1-Month T-Bills, Canadian Bonds is FTSE TMX Canada Universe Bond Index, International Stocks is MSCI EAFE Index (net div.), Emerging Markets Stocks is MSCI Emerging Markets Index (gross div.) from 01/1988 to 12/1998 and MSCI Emerging Markets Index (net div.) from 01/1999, US Stocks is S&P 500 Index, Global Real Estate is S&P Global REIT Index (gross div.) from 07/1989 to 12/2000 and S&P Global REIT (net div.) from 01/2001 and Canadian Stocks is S&P/TSX Composite Index. Balanced Portfolio is 10% T-Bills, 30% Canadian Bonds, 20% Canadian Stocks, 15% US Stocks, 15% International Stocks, 5% Emerging Markets Stocks and 5% Global Real Estate. Canadian fixed income data provided by FTSE TMX Global Debt Capital Markets Inc., all rights reserved. MSCI data copyright MSCI 2015, all rights reserved. The S&P data are provided by Standard & Poor's Index Services Group. S&P/TSX data provided by S&P/TSX. Indexes are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results.

Growth of Wealth

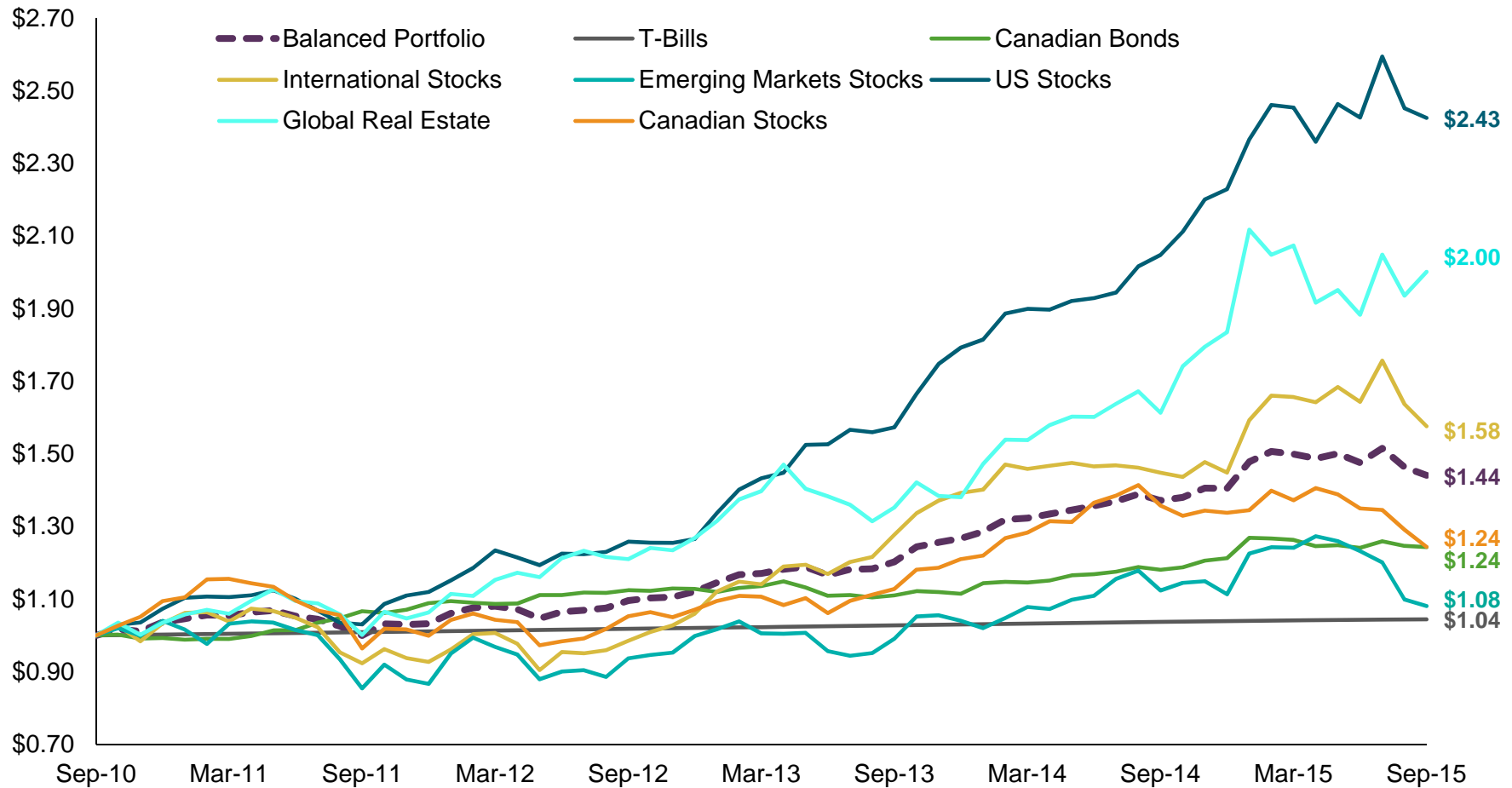
Three Years as of September 30, 2015



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Growth of Wealth

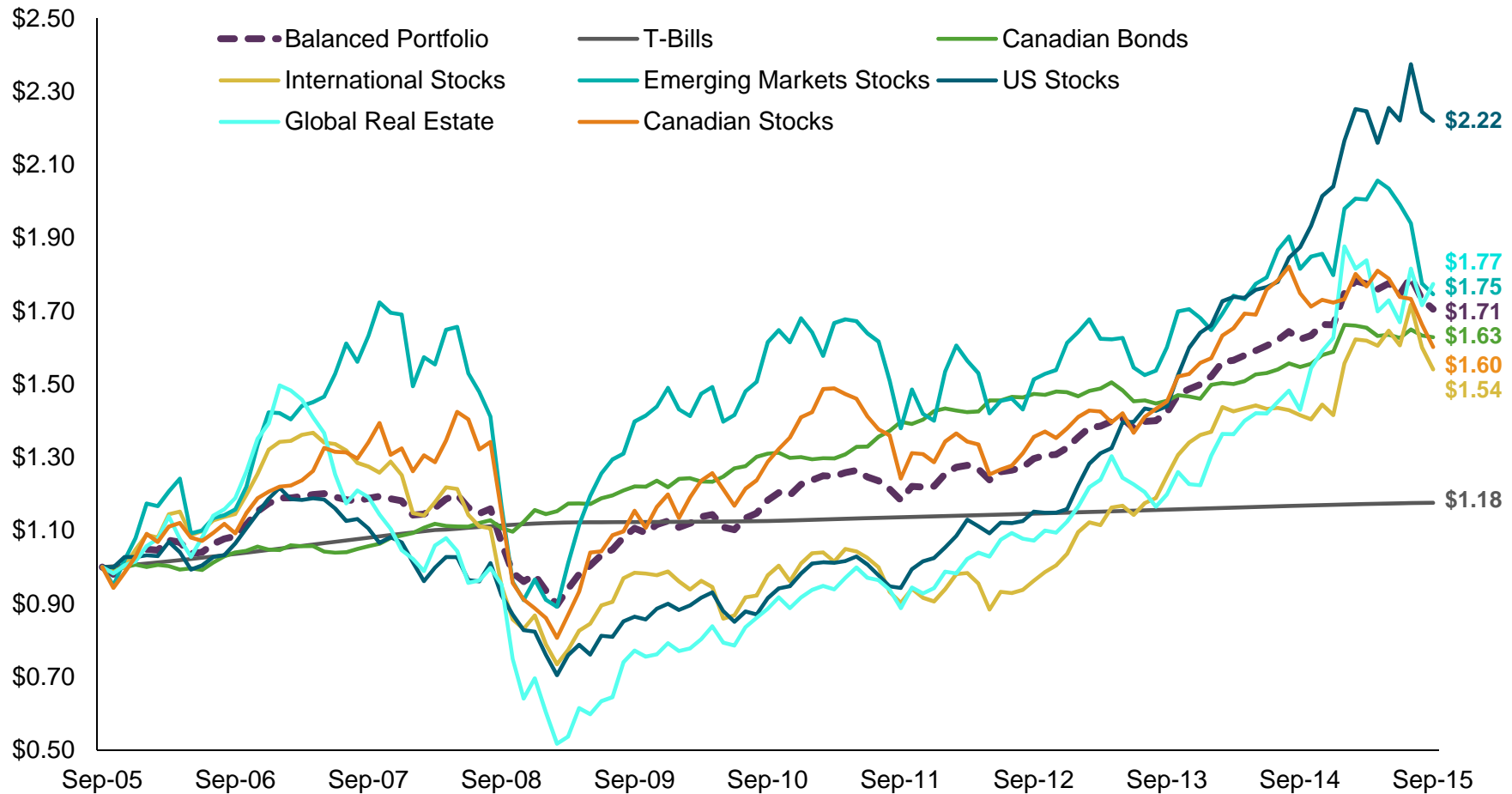
Five Years as of September 30, 2015



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Growth of Wealth

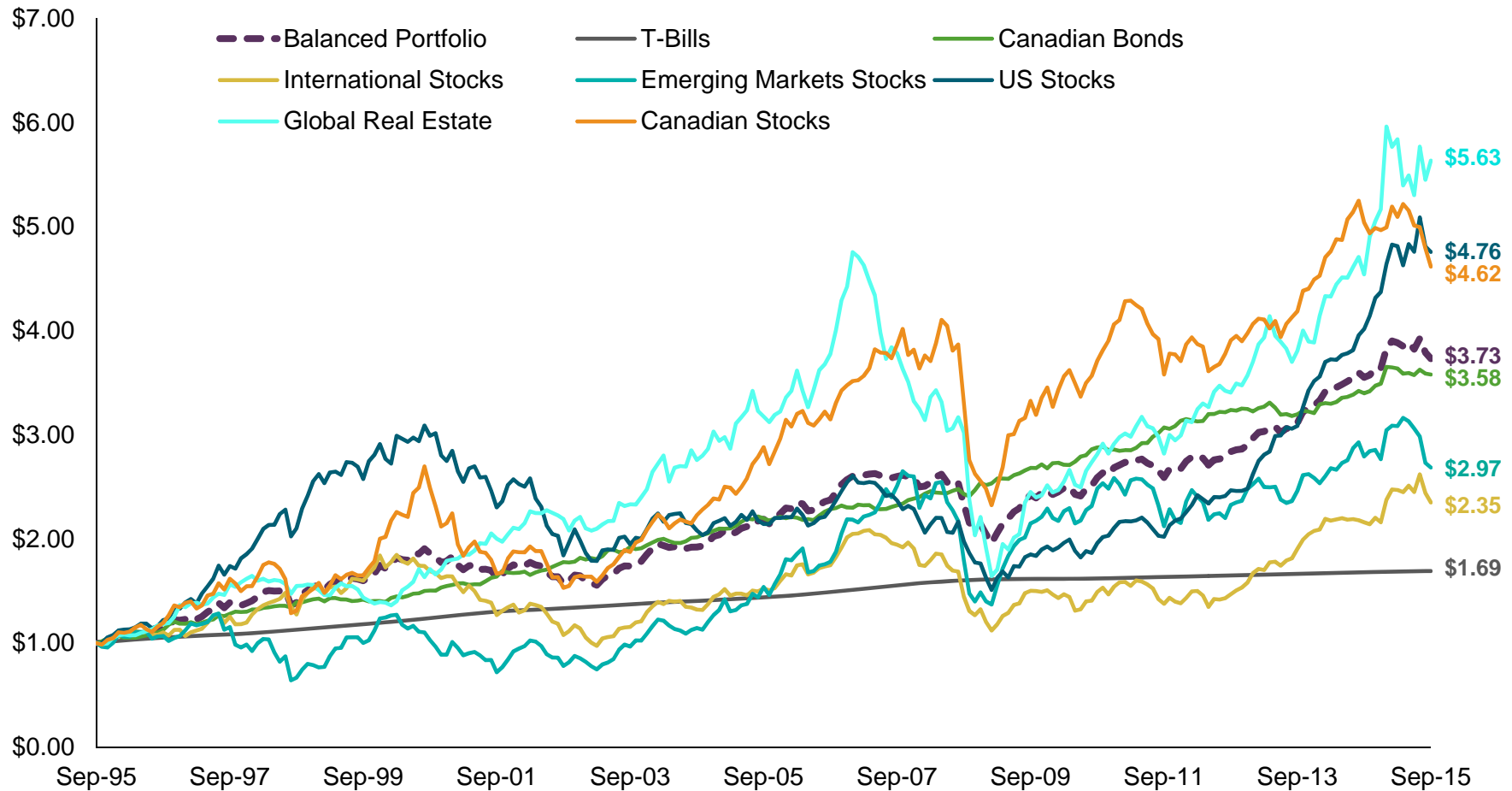
Ten Years as of September 30, 2015



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Growth of Wealth

Twenty Years as of September 30, 2015



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Should Investors Sell After a "Correction"?

Third Quarter 2015

Stock prices in markets around the world fluctuated dramatically for the week ended August 27. On Monday, August 24, the Dow Jones Industrial Average fell 1,089 points—a larger loss than the “Flash Crash” in May 2010—before rallying to close down 588. Prices fell further on Tuesday before recovering sharply on Wednesday, Thursday, and Friday. Although the S&P 500 and Dow Jones Industrial Average rose 0.9% and 1.1%, respectively, for the week, many investors found the dramatic day-to-day fluctuations unsettling.

Based on closing prices, the S&P 500 Index declined 12.35% from its record high of 2130.82 on May 21 through August 24. Financial professionals generally describe any decline of 10% or more from a previous peak as a “correction,” although it is unclear what investors should do with this information. Should they seek to protect themselves from further declines by selling, or should they consider it an opportunity to purchase stocks at more favorable prices?

Based on S&P 500 data, stock prices have declined 10% or more on 28 occasions between January 1926 and June 2015. Obviously, every

decline of 20% or 30% or 40% began with a decline of 10%. As a result, some investors believe that avoiding large losses can be accomplished easily by eliminating equity exposure entirely once the 10% threshold has been breached.

Market timing is a seductive strategy. If we could sell stocks prior to a substantial decline and hold cash instead, our long-run returns could be exponentially higher. But successful market timing is a two-step process: determining when to sell stocks and when to buy them back. Avoiding short-term losses runs the risk of avoiding even larger long-term gains. Regardless of whether stock prices have advanced 10% or declined 10% from a previous level, they always reflect (1) the collective assessment of the future by millions of market participants and (2) the expectation that equities in both the US and markets around the world have positive expected returns.

Our research shows that US stocks have typically delivered above-average returns over one, three, and five years following consecutive negative return days resulting in a 10% or more decline. Results from non-US markets are similar.

Contrary to the beliefs of some investors, dramatic changes in security prices are not a sign that the financial system is broken but rather what we would expect to see if markets are working properly.

The world is an uncertain place. The role of securities markets is to reflect new developments—both positive and negative—in security prices as quickly as possible. Investors who accept dramatic price fluctuations as a characteristic of liquid markets may have a distinct advantage over those who are easily frightened or confused by day-to-day events and may be more likely to achieve long-run investing success.

References

“Wild Ride Leaves Investors Grasping,” Wall Street Journal, August 25, 2015.

“Investors Scramble as Stocks Swing,” Wall Street Journal, August 25, 2015.