

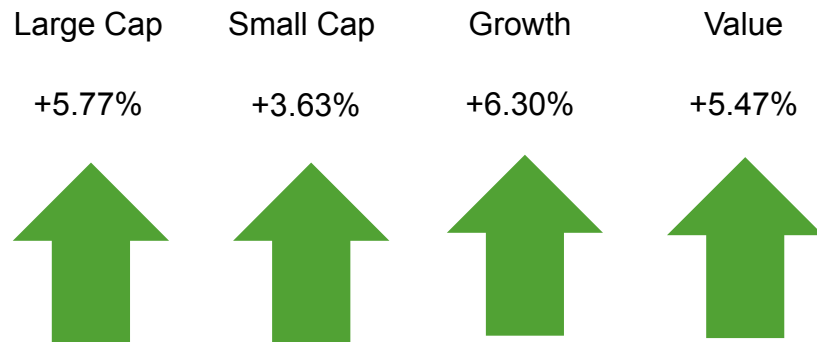
Quarterly Investment Update

Third Quarter 2016

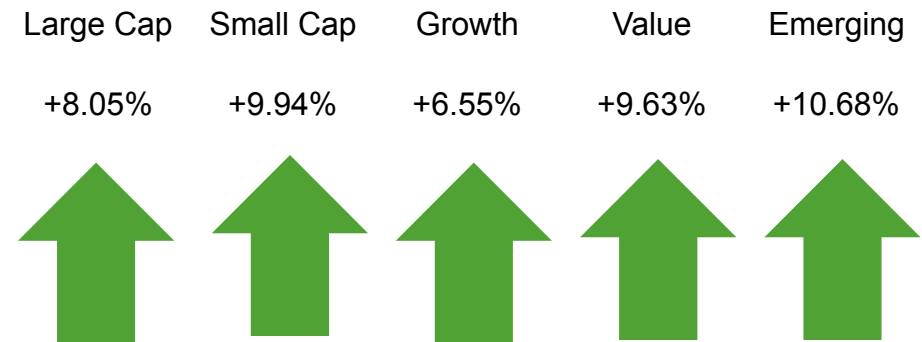
Market Update: A Quarter in Review

September 30, 2016

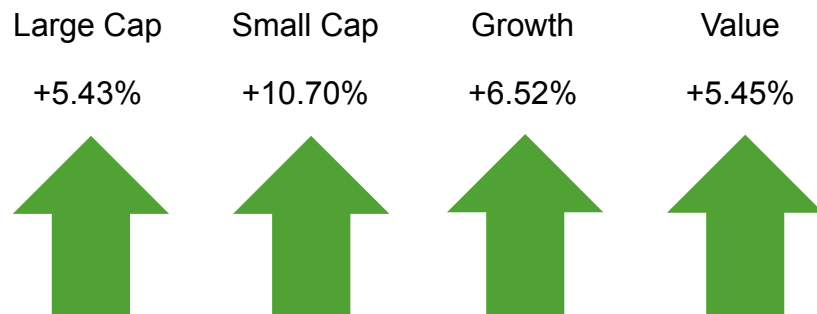
CANADIAN STOCKS



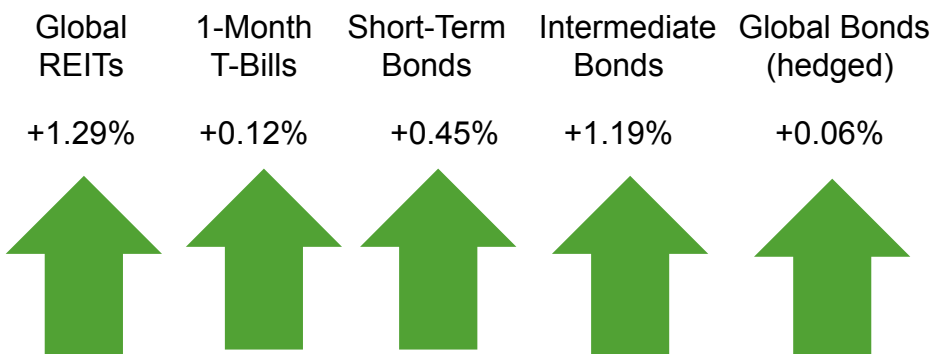
INTERNATIONAL STOCKS



US STOCKS



REAL ESTATE AND FIXED INCOME



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, 2016

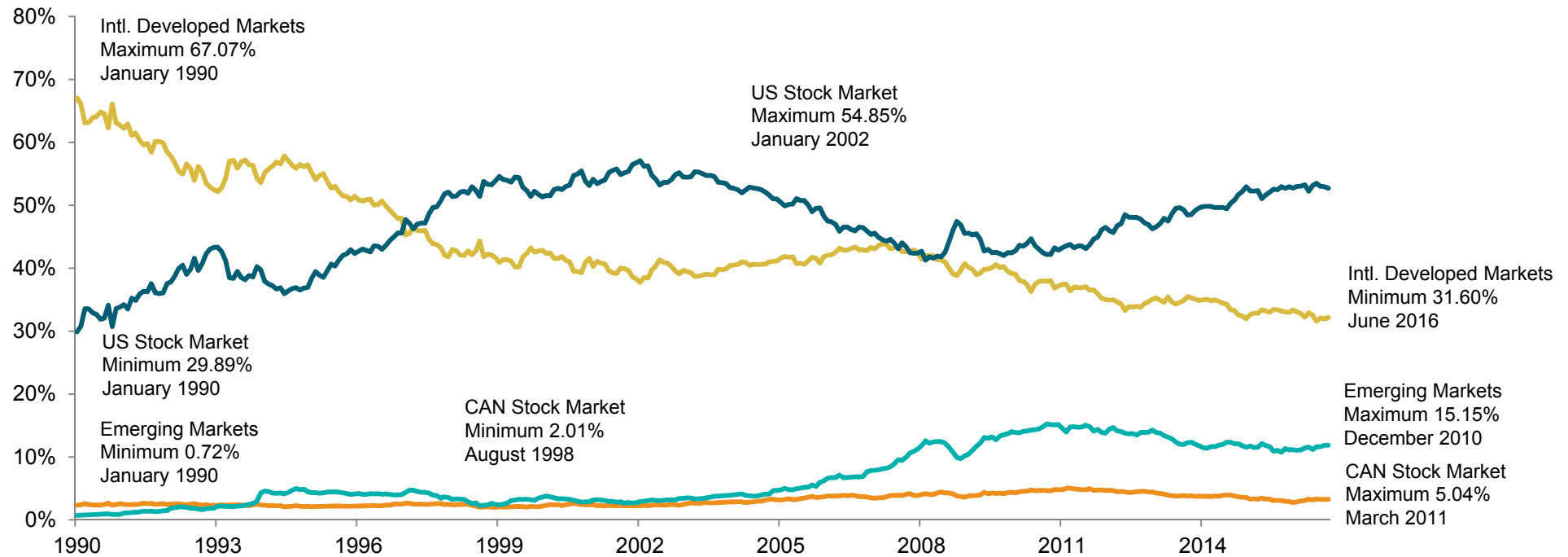
Asset Class	Index	Annualized (%)					Since Inception	Inception date
		1 Year	3 Years	5 Years	10 Years	20 Years		
CANADIAN STOCKS								
Large Cap	S&P/TSX 60	12.98	8.63	8.42	5.37	8.18	8.58	Feb-87
Small Cap	MSCI Canadian Small	24.99	5.40	5.14	4.80	7.21	8.74	Jul-90
Growth	MSCI Canadian Growth	10.23	10.22	7.15	4.58	6.61	7.24	Jan-82
Value	MSCI Canadian Value	19.18	4.93	7.89	5.56	9.76	10.82	Jan-82
US STOCKS								
Large Cap	S&P 500	13.46	20.49	21.71	8.99	7.71	11.21	Feb-51
Small Cap	Russell 2000	13.50	15.66	21.14	8.82	7.86	11.78	Jan-79
Growth	Russell 3000 Growth	11.70	20.75	21.91	10.58	6.82	11.15	Jan-79
Value	Russell 3000 Value	14.40	18.65	21.41	7.57	8.34	12.45	Jan-79
INTERNATIONAL STOCKS								
Large Cap	MSCI EAFE (net div.)	4.70	8.91	12.32	3.48	4.10	9.16	Jan-70
Small Cap	MSCI EAFE Small Cap (net div.)	10.11	14.05	16.35	6.12	5.41	6.69	Jan-93
Growth	MSCI EAFE Growth (net div.)	7.60	10.99	13.71	4.82	3.47	9.13	Jan-75
Value	MSCI EAFE Value (net div.)	1.75	6.77	10.85	2.08	4.58	11.68	Jan-75
Emerging Markets	MSCI Emerging Markets (net div.)	14.79	7.78	7.76	5.64	5.44	10.64	Jan-88
REAL ESTATE								
Global REITs	S&P Global REIT (net div.)	14.92	19.36	18.09	5.54	8.87	8.90	Jul-89
FIXED INCOME								
Canadian Bills	Canadian 1-Month T-Bills	0.46	0.69	0.78	1.32	2.42	6.20	Jun-73
Canadian Short-Term Bonds	FTSE TMX Canada Short-Term Bond	2.02	2.65	2.29	3.70	4.69	7.82	Jan-80
Canadian Bonds	FTSE TMX Canada Universe Bond	6.31	5.98	4.38	5.22	6.27	9.08	Jan-80
Global Bonds (hedged)	Citigroup World Government Bond Index 1-5 Years	1.85	2.21	2.22	3.13	4.05	6.37	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–September 2016

	Number of Countries	Number of Stocks	Total Value	Weights		
				September 30, 2016	Change from Previous Year	01/90-09/16 Average
Canada	1	313	1.54 Trillion	3.3%	↑ +10.5%	3.1%
United States	1	2,451	24.77 Trillion	52.7%	↑ +0.1%	46.6%
Developed Markets	21	3,148	15.10 Trillion	32.1%	↓ -2.7%	43.6%
Emerging Markets	23	2,721	5.57 Trillion	11.9%	↑ +4.8%	6.7%
Total	46	8,633	46.97 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

September 30, 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.

	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	Q3 2016	Q4 2016
Highest Return	6.31	9.26	13.67	11.38	6.41	4.99	13.77	14.37	0.14	6.26	10.18	4.54	9.02	9.12	?
	2.52	6.25	9.01	6.12	4.16	1.31	9.16	13.00	0.02	0.66	8.75	1.39	6.41	5.64	?
	0.24	4.15	7.29	6.06	2.87	1.06	2.70	11.49	-0.71	0.15	8.56	1.13	5.60	5.54	?
	-0.14	3.58	5.00	4.76	1.99	0.71	0.70	11.01	-0.79	0.12	4.36	0.38	5.11	5.29	?
	-1.02	0.68	2.09	3.62	1.21	0.50	0.23	4.15	-1.26	-0.91	0.98	0.12	4.93	5.22	?
	-2.36	0.26	0.45	2.77	0.79	0.23	0.02	2.58	-1.63	-4.10	0.11	-0.77	3.31	3.48	?
	-4.08	0.11	0.38	0.78	0.45	-0.59	-0.94	0.82	-1.71	-7.86	-0.06	-5.23	3.11	3.13	?
Lowest Return	-4.84	-2.23	0.24	0.20	0.23	-1.19	-1.47	0.20	-9.19	-12.28	-1.40	-8.96	1.41	1.32	?

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, 2016

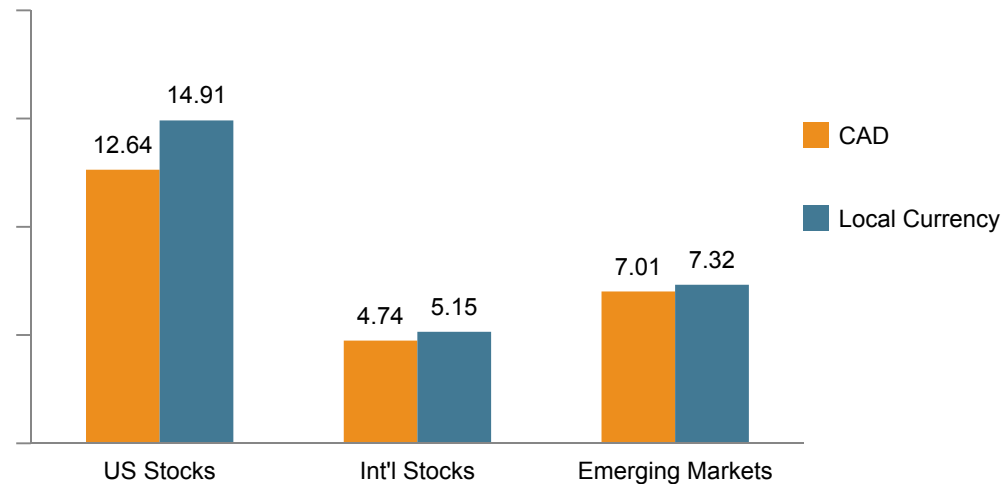
CHANGE IN FOREIGN EXCHANGE RATES (%)

\$CAD/FX

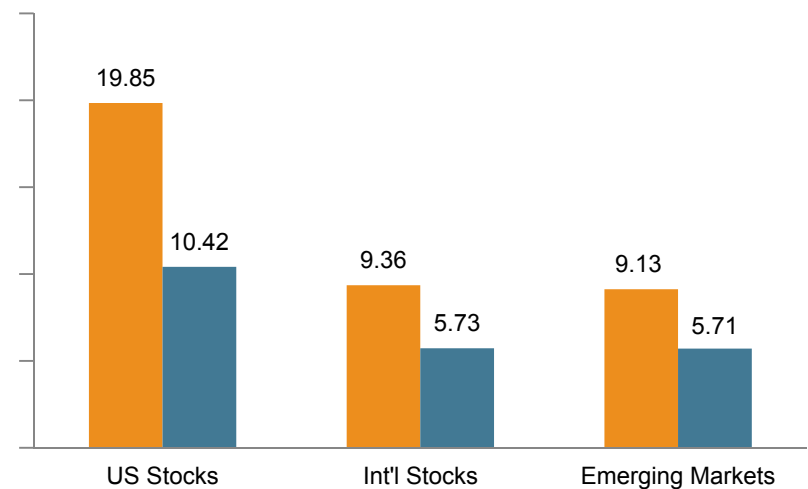
Currency	Q3 2016	One Year	Three Years
 \$ US Dollars	-1.67%	2.07%	-21.61%
 € Euro	-2.55%	1.38%	-5.58%
 £ Pounds	0.34%	18.55%	-2.52%
 ¥ Yen	-3.00%	-13.77%	-19.30%

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

September 30, 2016

THIRD QUARTER 2016 RETURNS

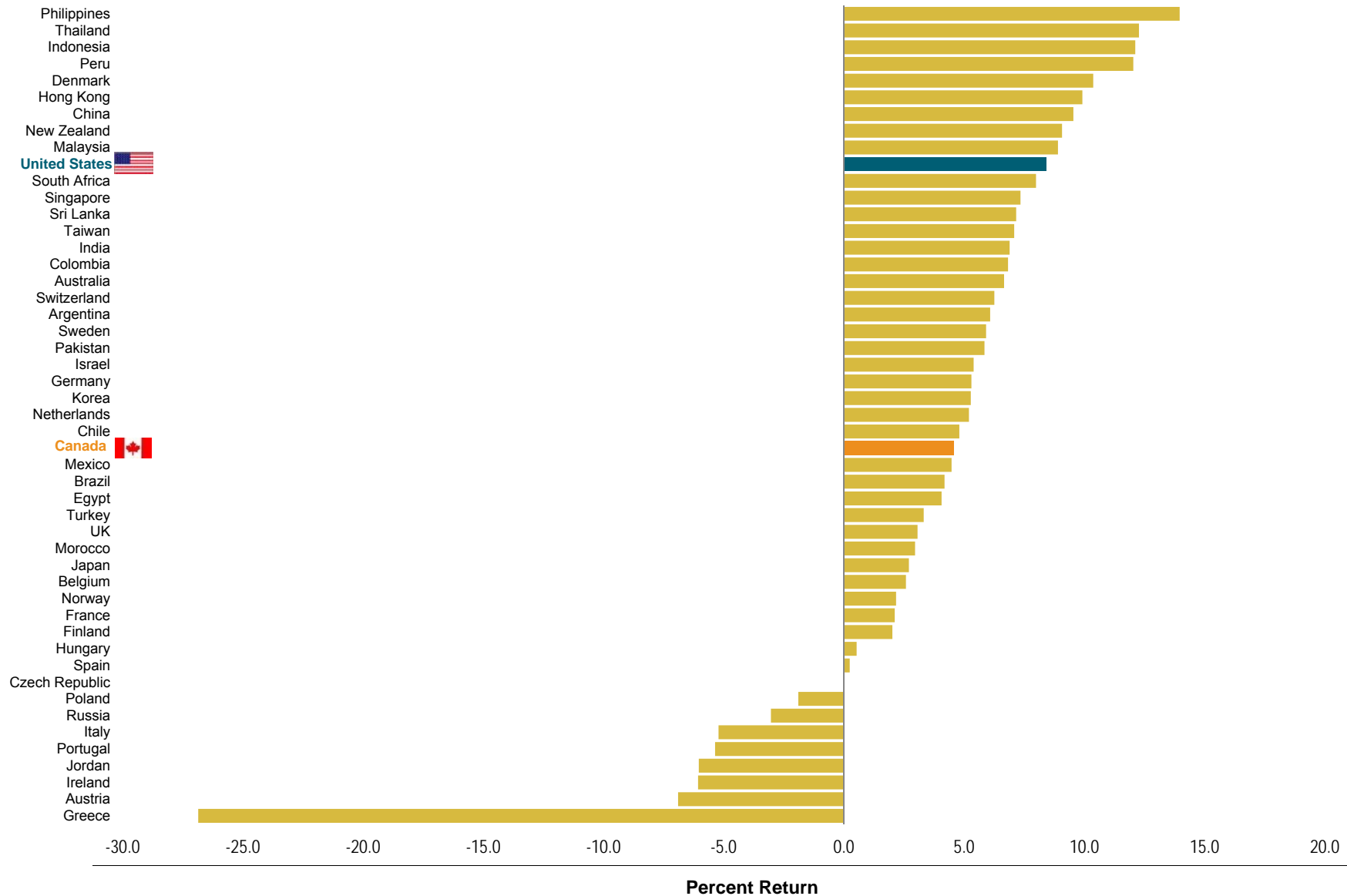
	Return in CAD	Return in Local Currency	Impact of Currency
1. Austria	17.55%	14.83%	2.72%
2. Egypt	17.12%	15.73%	1.39%
.			
.			
.			
.			
 30. Canada	5.88%	5.88%	0.00%
 38. United States	5.66%	4.41%	1.25%
.			
45. Turkey	-3.52%	-0.52%	-3.00%
46. Poland	-3.57%	-1.77%	-1.79%

ONE YEAR RETURNS IN CAD AND LOCAL CURRENCY

	Return in CAD	Return in Local Currency	Impact of Currency
1. Brazil	55.01%	29.01%	25.99%
2. Indonesia	49.53%	35.89%	13.64%
.			
 12. Canada	14.68%	14.68%	0.00%
 16. United States	12.85%	15.12%	-2.27%
.			
.			
.			
45. Italy	-20.28%	-19.22%	-1.06%
46. Greece	-30.93%	-30.01%	-0.92%

MSCI Country Returns

Country Rankings—Ten-Year Annualized Returns as of September 30, 2016



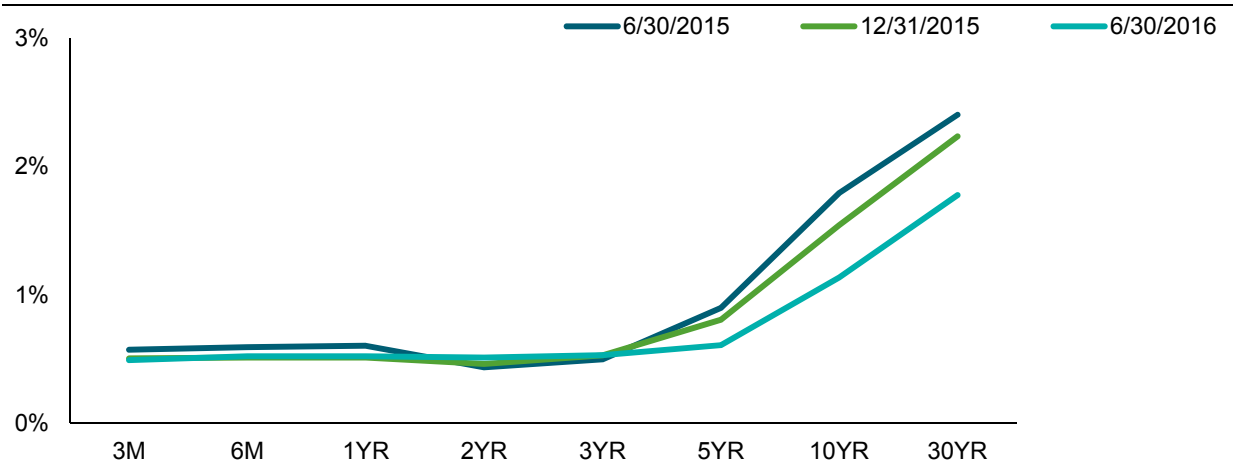
Data in Canadian dollars gross of fees. MSCI data copyright MSCI 2016, all rights reserved. Indexes are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results.

Bond Returns

September 30, 2016

Index	Return (%)		
	Q3 2016	One Year	Three Years Annualized
Canadian 1-Month T-Bills	0.12%	0.46%	0.69%
FTSE TMX Canada Short-Term Bond Index	0.45%	2.02%	2.65%
FTSE TMX Canada Mid-Term Bond Index	0.91%	5.91%	6.43%
FTSE TMX Canada Long-Term Bond Index	2.38%	12.64%	10.47%
FTSE TMX Canada Universe Bond Index	1.19%	6.31%	5.98%
Citigroup World Government Bond Index 1-5 Years (hedged to CAD)	0.06%	1.85%	2.21%

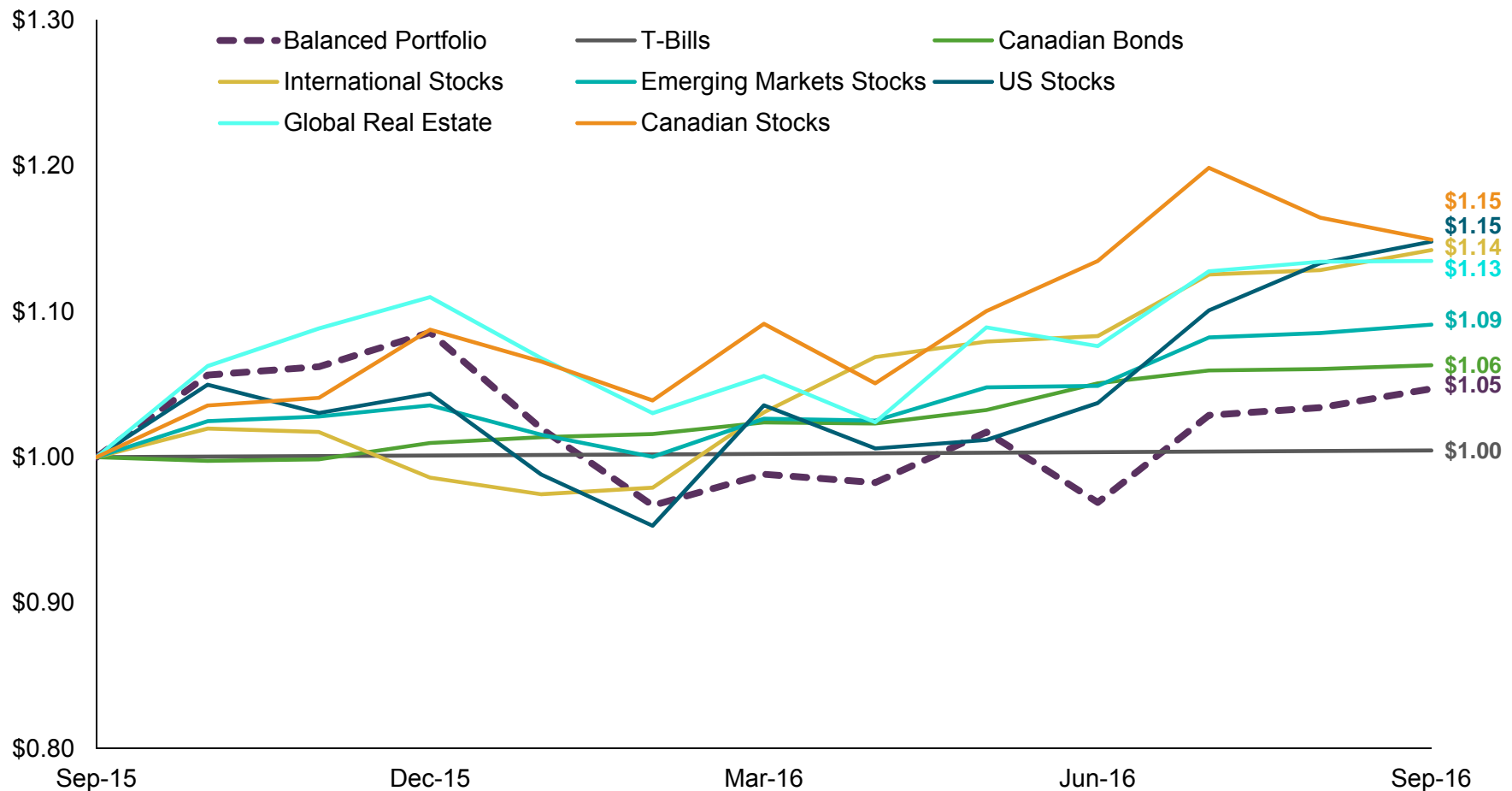
CAN Treasury Yield Curve



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Growth of Wealth

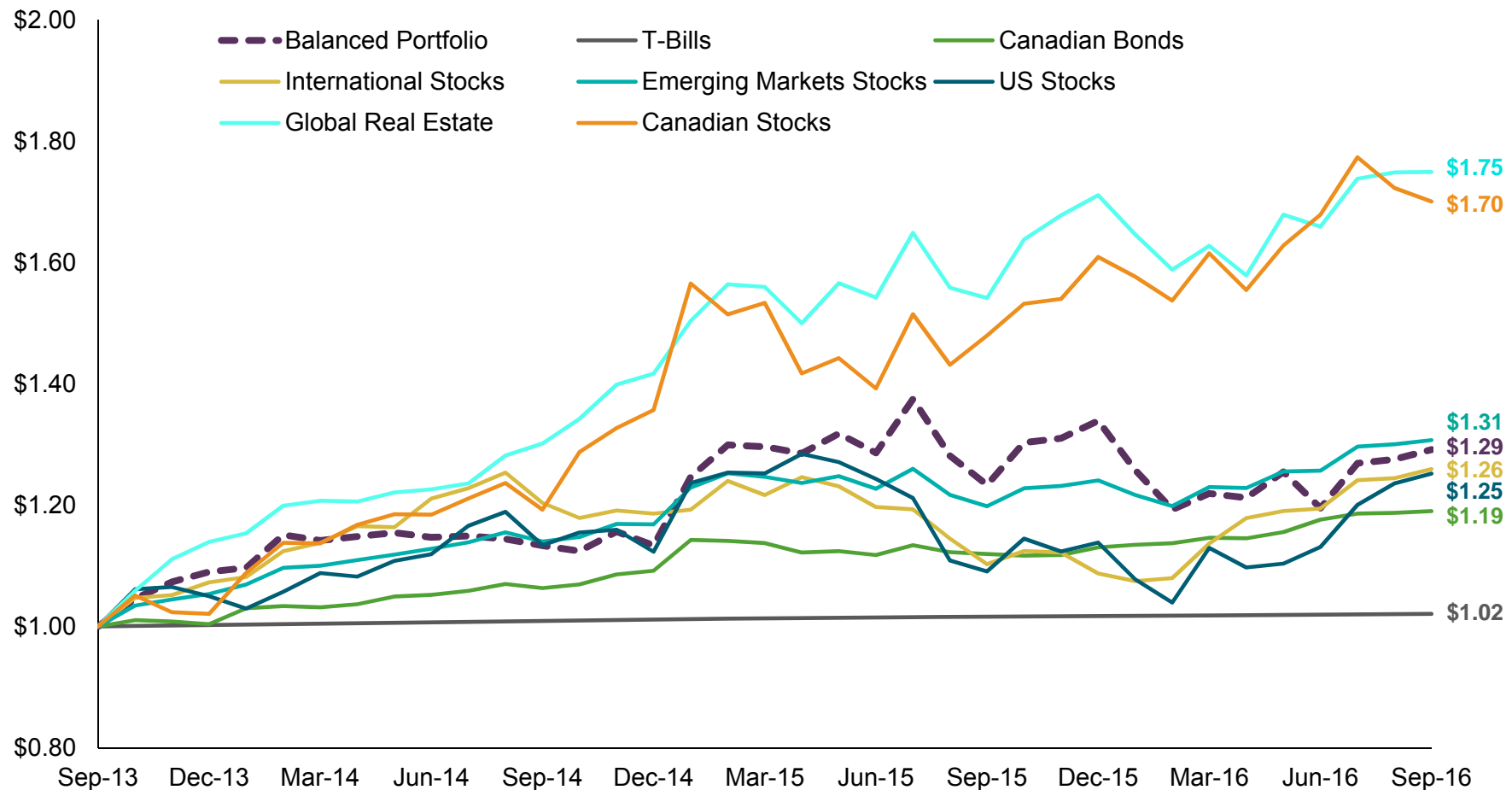
One Year as of September 30, 2016



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 2016, 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

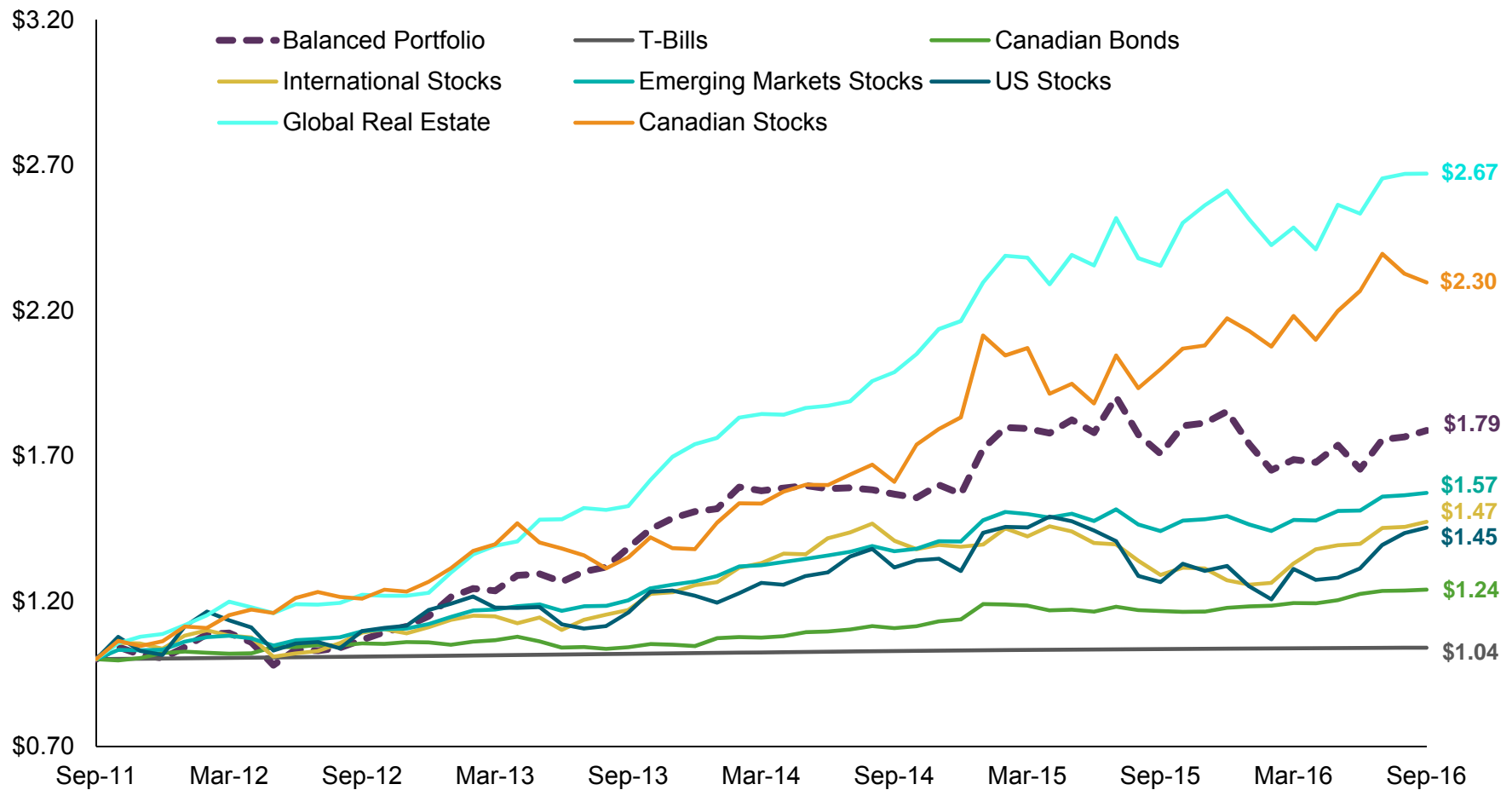
Three Years as of September 30, 2016



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Growth of Wealth

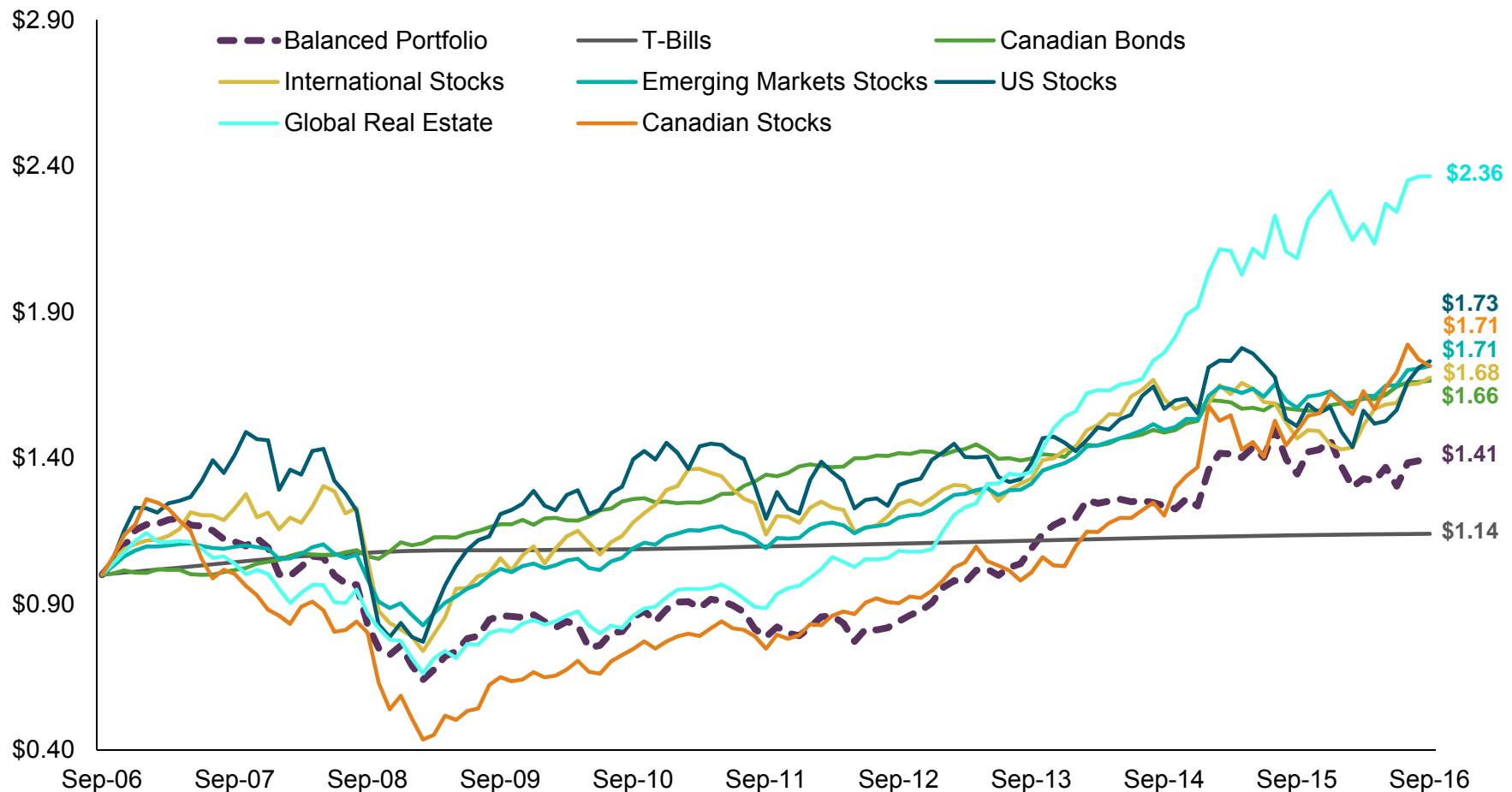
Five Years as of September 30, 2016



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Growth of Wealth

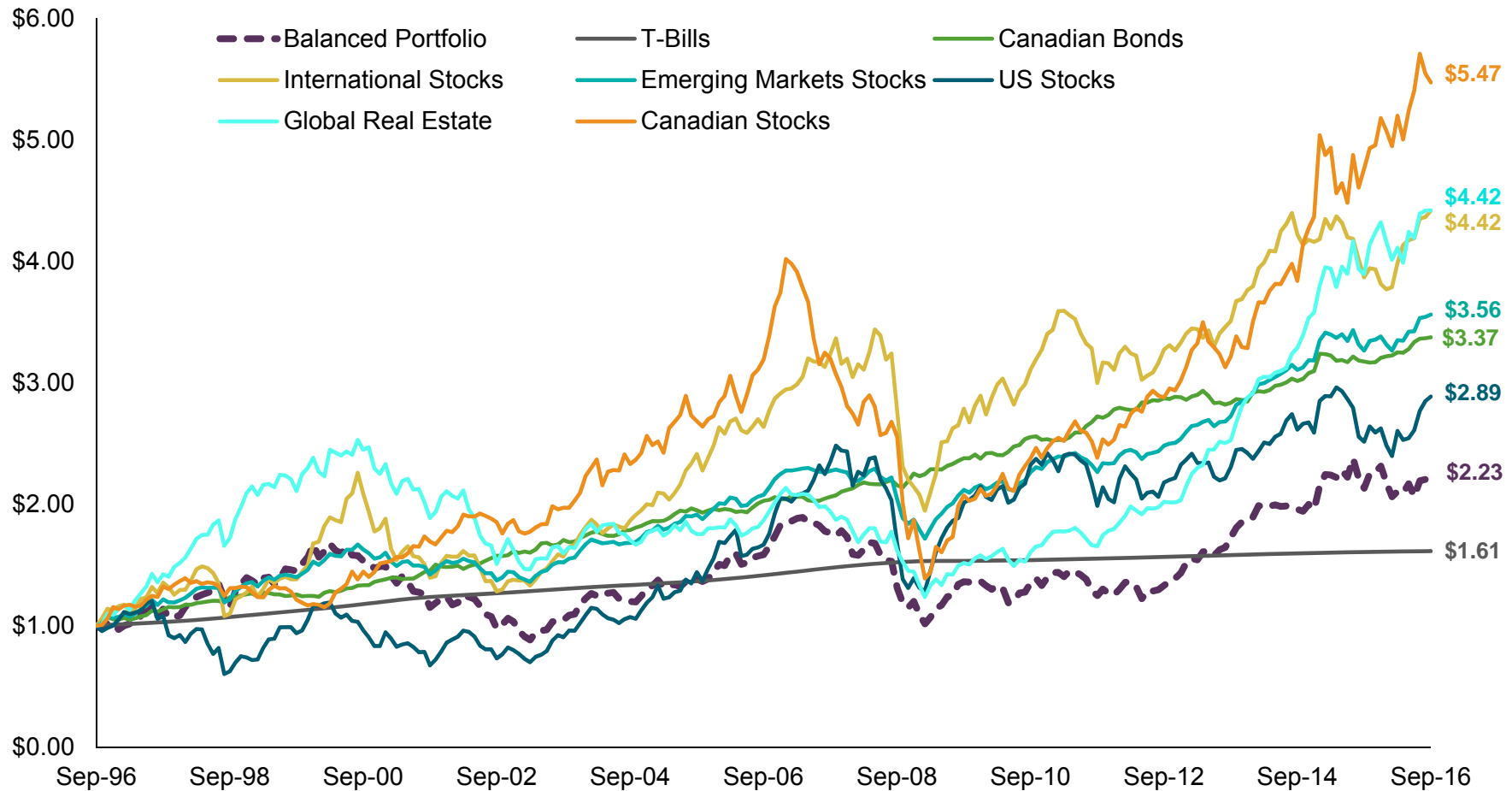
Ten Years as of September 30, 2016



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 2016, 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

Twenty Years as of September 30, 2016



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 2016, 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.

Presidential Elections and the Stock Market

Third Quarter 2016

Next month, Americans will head to the polls to elect the next president of the United States. While the outcome is unknown, one thing is for certain: There will be a steady stream of opinions from pundits and prognosticators about how the election will impact the stock market.

As we explain below, investors would be well-served to avoid the temptation to make significant changes to a long-term investment plan based upon these sorts of predictions.

Short-Term Trading and Presidential Election Results

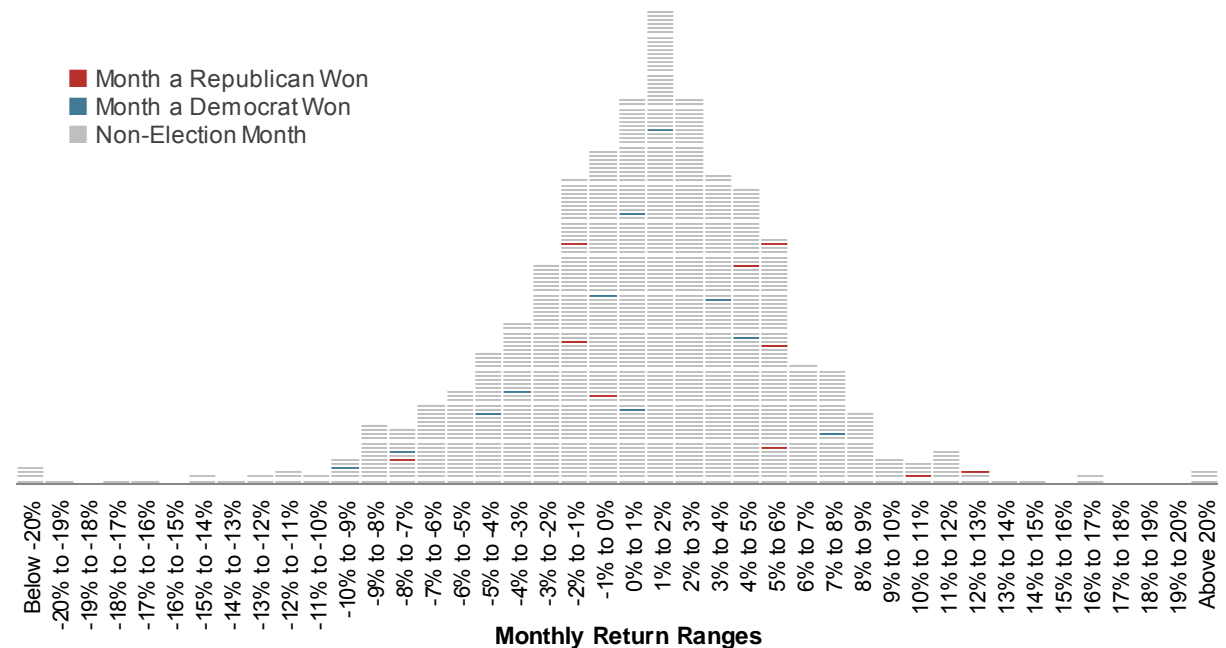
Trying to outguess the market is often a losing game. Current market prices offer an up-to-the-minute snapshot of the aggregate expectations of market participants. This includes expectations about the outcome and impact of elections. While unanticipated future events—surprises relative to those expectations—may trigger price changes in the future, the nature of these surprises cannot be known by investors today. As a result, it is difficult, if not impossible, to systematically benefit from trying to identify mispriced securities.

This suggests it is unlikely that investors can gain an edge by attempting to predict what will happen to the stock market after a presidential election.

Exhibit 1 shows the frequency of monthly returns (expressed in 1% increments) for the S&P 500 Index from January 1926 to June 2016. Each horizontal dash represents one month, and each vertical bar shows the cumulative number of months for which returns were within a given 1% range (e.g., the tallest bar shows all months where returns were between 1% and 2%). The

blue and red horizontal lines represent months during which a presidential election was held. Red corresponds with a resulting win for the Republican Party and blue with a win for the Democratic Party. This graphic illustrates that election month returns were well within the typical range of returns, regardless of which party won the election. *(continues on page 16)*

Exhibit 1. Presidential Elections and S&P 500 Returns
Histogram of Monthly Returns, January 1926–June 2016



Past performance is not a guarantee of future results. Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio. The S&P data is provided by Standard & Poor's Index Services Group.

Presidential Elections and the Stock Market

(continued from page 14)

Long-Term Investing:

Bulls & Bears ≠ Donkeys & Elephants

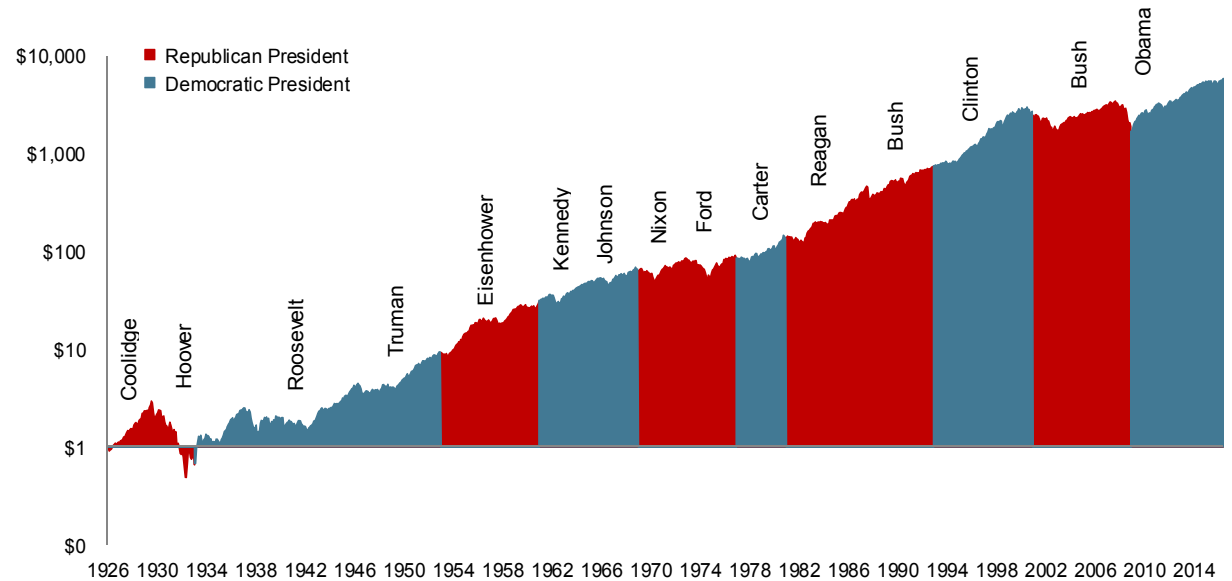
Predictions about presidential elections and the stock market often focus on which party or candidate will be “better for the market” over the long run. Exhibit 2 shows the growth of one dollar invested in the S&P 500 Index over nine decades and 15 presidencies (from Coolidge to Obama). This data does not suggest an obvious pattern of long-term stock market performance based upon which party holds the Oval Office. The key takeaway here is that over the long run, the market has provided substantial returns regardless of who controlled the executive branch.

Conclusion

Equity markets can help investors grow their assets, but investing is a long-term endeavor. Trying to make investment decisions based upon the outcome of presidential elections is unlikely to result in reliable excess returns for investors.

At best, any positive outcome based on such a strategy will likely be the result of random luck. At worst, it can lead to costly mistakes. Accordingly, there is a strong case for investors to rely on

patience and portfolio structure, rather than trying to outguess the market, in order to pursue investment returns.



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Source: Dimensional Fund Advisors LP.

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Diversification does not eliminate the risk of market loss. Investment risks include loss of principal and fluctuating value. There is no guarantee an investing strategy will be successful.

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