

# Quarterly Investment Update





First Quarter 2017

# Market Update: A Quarter in Review






March 31, 2017

TULETT, MATTHEWS  
& ASSOCIATES





## CANADIAN STOCKS

Large Cap	Small Cap	Growth	Value
+2.44%	+3.86%	+3.11%	+1.73%
			






## INTERNATIONAL STOCKS

Large Cap	Small Cap	Growth	Value	Emerging
+6.21%	+7.37%	+7.48%	+5.03%	+9.55%
				

## US STOCKS

Large Cap	Small Cap	Growth	Value
+5.05%	+1.48%	+7.59%	+2.00%
			

## REAL ESTATE AND FIXED INCOME

Global REITs	1-Month T-Bills	Short-Term Bonds	Intermediate Bonds	Global Bonds (hedged)
+0.47%	+0.13%	+1.50%	+1.24%	+0.21%
				

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 (Citi 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, 2017

TULETT, MATTHEWS  
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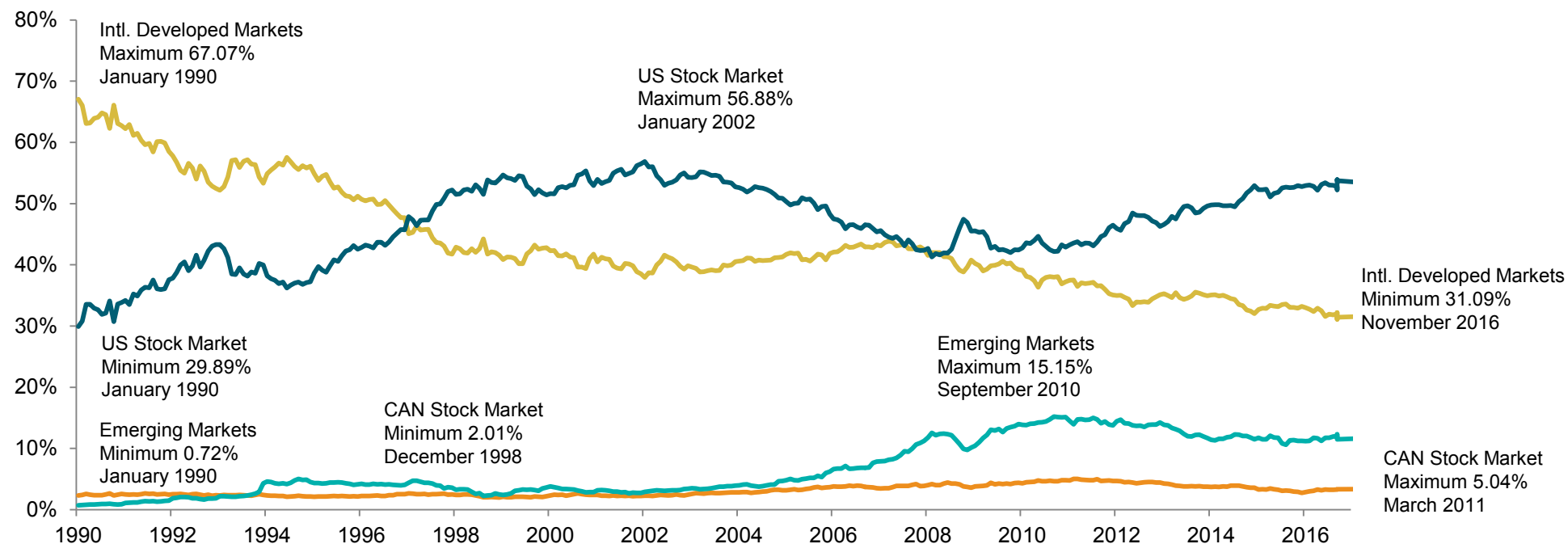
Asset Class	Index	Annualized (%)					Since Inception	Inception date
		1 Year	3 Years	5 Years	10 Years	20 Years		
<b>CANADIAN STOCKS</b>								
Large Cap	S&P/TSX 60	19.27	6.86	8.55	4.92	7.90	8.71	Feb-87
Small Cap	MSCI Canadian Small	22.58	2.06	3.80	2.88	6.85	8.74	Jul-90
Growth	MSCI Canadian Growth	13.57	5.43	6.60	3.04	6.48	7.19	Jan-82
Value	MSCI Canadian Value	25.58	5.25	8.04	5.54	9.41	11.03	Jan-82
<b>US STOCKS</b>								
Large Cap	S&P 500	19.99	17.39	20.01	9.04	7.64	11.30	Feb-51
Small Cap	Russell 2000	29.25	14.03	19.00	8.65	8.45	11.98	Jan-79
Growth	Russell 3000 Growth	19.07	17.95	19.92	10.60	7.06	11.31	Jan-79
Value	Russell 3000 Value	22.85	15.48	19.77	7.45	8.22	12.61	Jan-79
<b>INTERNATIONAL STOCKS</b>								
Large Cap	MSCI EAFE (net div.)	14.36	6.89	12.09	2.49	4.41	9.23	Jan-70
Small Cap	MSCI EAFE Small Cap (net div.)	14.44	10.34	15.68	4.53	6.01	6.82	Jan-93
Growth	MSCI EAFE Growth (net div.)	10.03	7.95	12.28	3.43	3.67	9.12	Jan-75
Value	MSCI EAFE Value (net div.)	18.77	5.71	11.81	1.47	5.00	11.84	Jan-75
Emerging Markets	MSCI Emerging Markets (net div.)	21.08	6.40	4.87	4.17	6.09	11.26	Jan-88
<b>REAL ESTATE</b>								
Global REITs	S&P Global REIT (net div.)	2.75	13.44	14.25	3.16	7.87	8.64	Jul-89
<b>FIXED INCOME</b>								
Canadian Bills	Canadian 1-Month T-Bills	0.48	0.62	0.75	1.13	2.36	6.14	Jun-73
Canadian Short-Term Bonds	FTSE TMX Canada Short-Term Bond	2.11	2.37	2.38	3.61	4.57	7.74	Jan-80
Canadian Bonds	FTSE TMX Canada Universe Bond	1.51	4.09	3.52	4.82	5.90	8.89	Jan-80
Global Bonds (hedged)	Citi World Government Bond Index 1-5 Years	0.42	1.67	1.88	2.92	3.92	6.26	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 2017, all rights reserved. The S&P data are provided by Standard & Poor's Index Services Group. Russell data copyright © Russell Investment Group 1995-2017, all rights reserved. Canadian fixed income data provided by FTSE TMX Global Debt Capital Markets Inc., all rights reserved. Citigroup bond indexes copyright 2017 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 2017

	Number of Countries	Number of Stocks	Total Value	Weights		
				March 31, 2017	Change from Previous Year	01/90-03/17 Average
Canada	1	318	1.65 Trillion	3.3%	↓ -0.3%	3.1%
United States	1	2,449	26.72 Trillion	52.9%	↑ +1.4%	46.7%
Developed Markets	21	3,147	16.05 Trillion	31.8%	↓ -3.4%	43.4%
Emerging Markets	21	2,661	6.07 Trillion	12.0%	↑ +3.2%	6.8%
<b>Total</b>	<b>44</b>	<b>8,575</b>	<b>50.49 Trillion</b>	<b>100.0%</b>		



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 2017, all rights reserved.

# The Randomness of Quarterly Returns

March 31, 2017

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	Q1 2017	Q1 2017	Q2 2017
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	10.68	6.68	10.37	?
	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	8.05	4.54	6.21	?
	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	5.98	1.64	4.73	?
	-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	5.45	0.12	2.41	?
	-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	1.29	-0.56	1.24	?
	-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	1.19	-1.90	0.47	?
	-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	0.12	-2.86	0.21	?
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	0.06	-3.44	0.13	?

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 (Citi 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, 2017

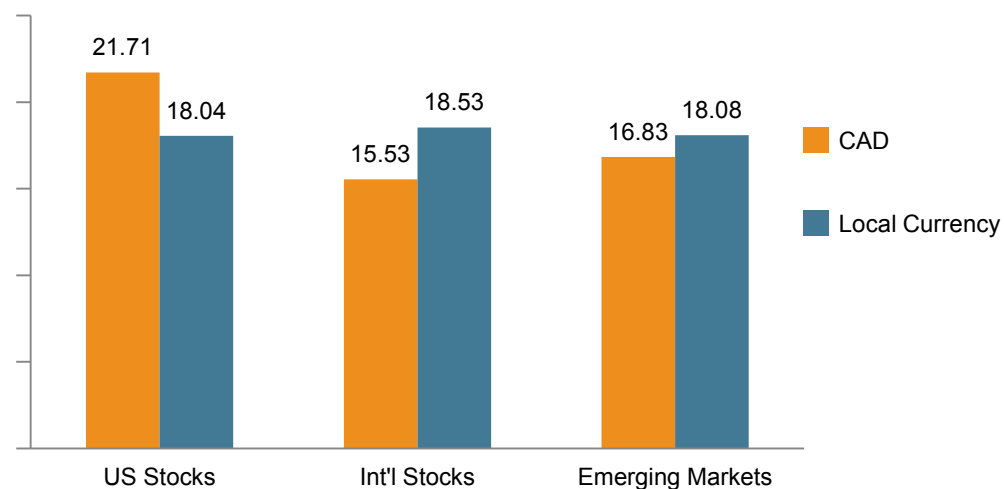
## CHANGE IN FOREIGN EXCHANGE RATES (%)

\$CAD/FX

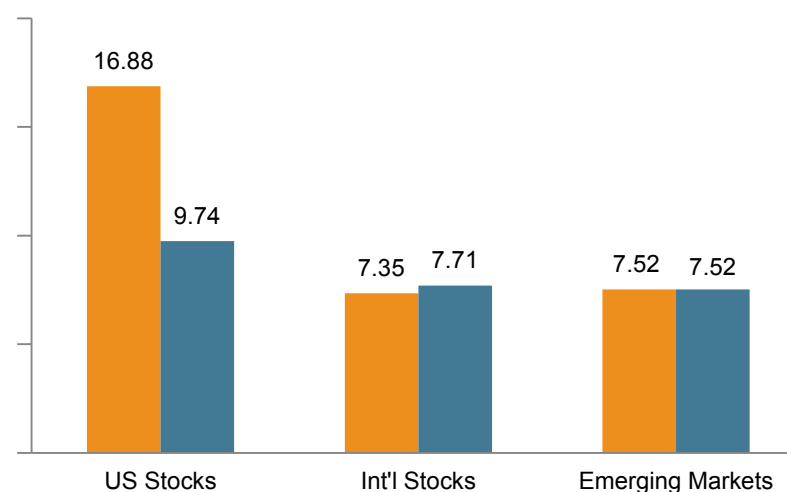
Currency	Q1 2017	One Year	Three Years
 \$ US Dollars	0.88%	-2.66%	-17.07%
 € Euro	-0.48%	3.96%	7.13%
 £ Pounds	-0.41%	11.93%	10.56%
 ¥ Yen	-3.96%	-3.56%	-10.35%

## 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 1995-2017, all rights reserved. MSCI data copyright MSCI 2017, 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, 2017

## FIRST QUARTER 2017 RETURNS

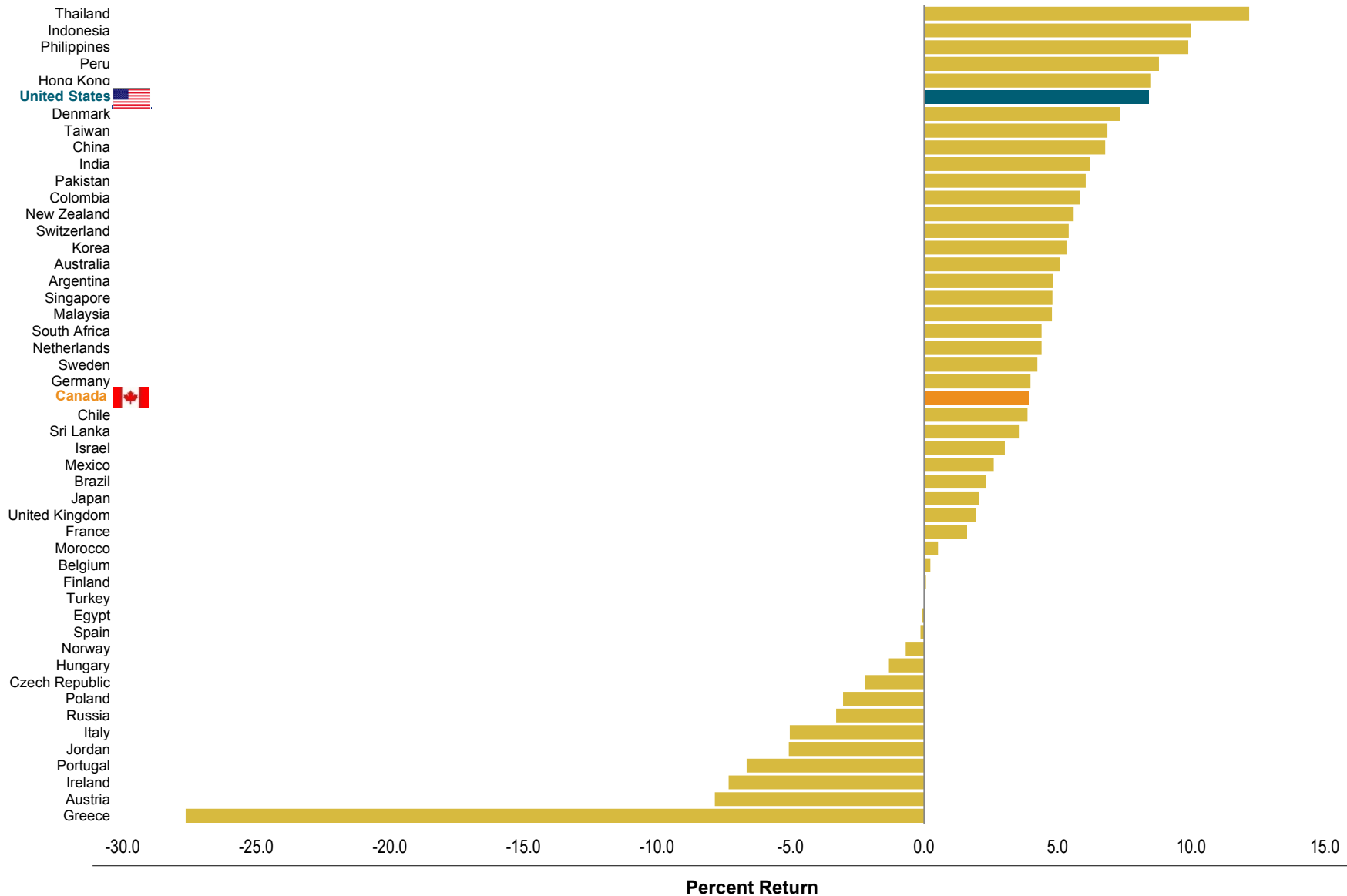
	Return in CAD	Return in Local Currency	Impact of Currency
1. India	18.19%	13.71%	4.48%
2. Poland	17.80%	12.43%	5.37%
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.			
.			
 32. United States	5.32%	5.90%	-0.58%
.			
 40. Canada	2.37%	2.37%	0.00%
.			
45. Greece	-0.85%	-1.67%	0.83%
46. Russia	-4.97%	-11.80%	6.83%

## ONE YEAR RETURNS IN CAD AND LOCAL CURRENCY

	Return in CAD	Return in Local Currency	Impact of Currency
1. Brazil	48.82%	29.31%	19.52%
2. Russia	34.14%	9.63%	24.51%
.			
 11. United States	21.83%	18.16%	3.67%
 13. Canada	19.60%	19.60%	0.00%
.			
.			
.			
45. Egypt	-8.41%	80.57%	-88.97%
46. Turkey	-13.89%	8.01%	-21.90%

# MSCI Country Returns

Country Rankings—Ten-Year Annualized Returns as of March 31, 2017



Data in Canadian dollars gross of fees. MSCI data copyright MSCI 2017, 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.

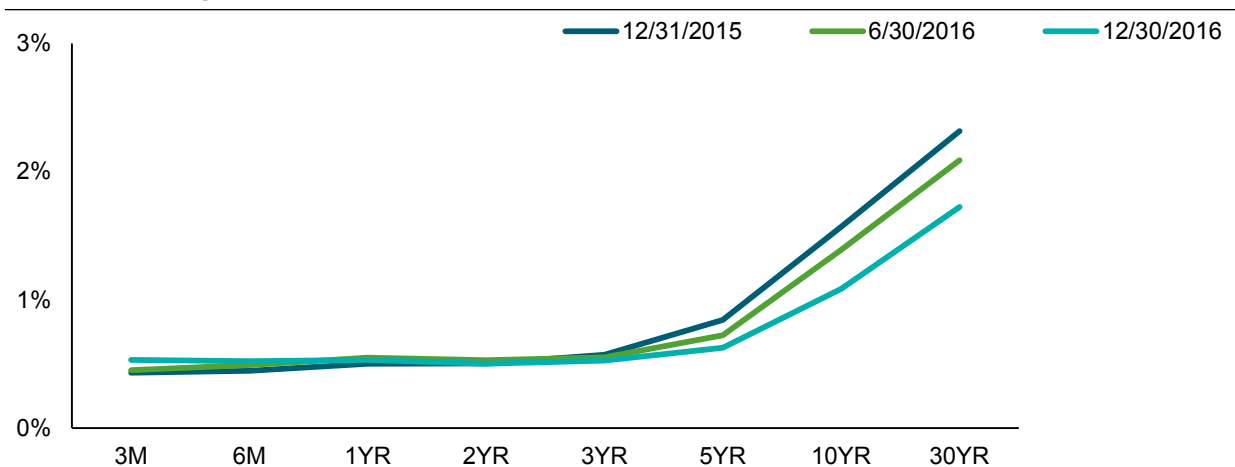


# Bond Returns

March 31, 2017

Index	Return (%)		
	Q1 2017	One Year	Three Years Annualized
Canadian 1-Month T-Bills	0.13%	0.48%	0.62%
FTSE TMX Canada Short-Term Bond Index	1.50%	2.11%	2.37%
FTSE TMX Canada Mid-Term Bond Index	1.47%	1.55%	4.57%
FTSE TMX Canada Long-Term Bond Index	1.04%	0.88%	6.30%
FTSE TMX Canada Universe Bond Index	1.24%	1.51%	4.09%
Citi World Government Bond Index 1-5 Years (hedged to CAD)	0.21%	0.42%	1.67%

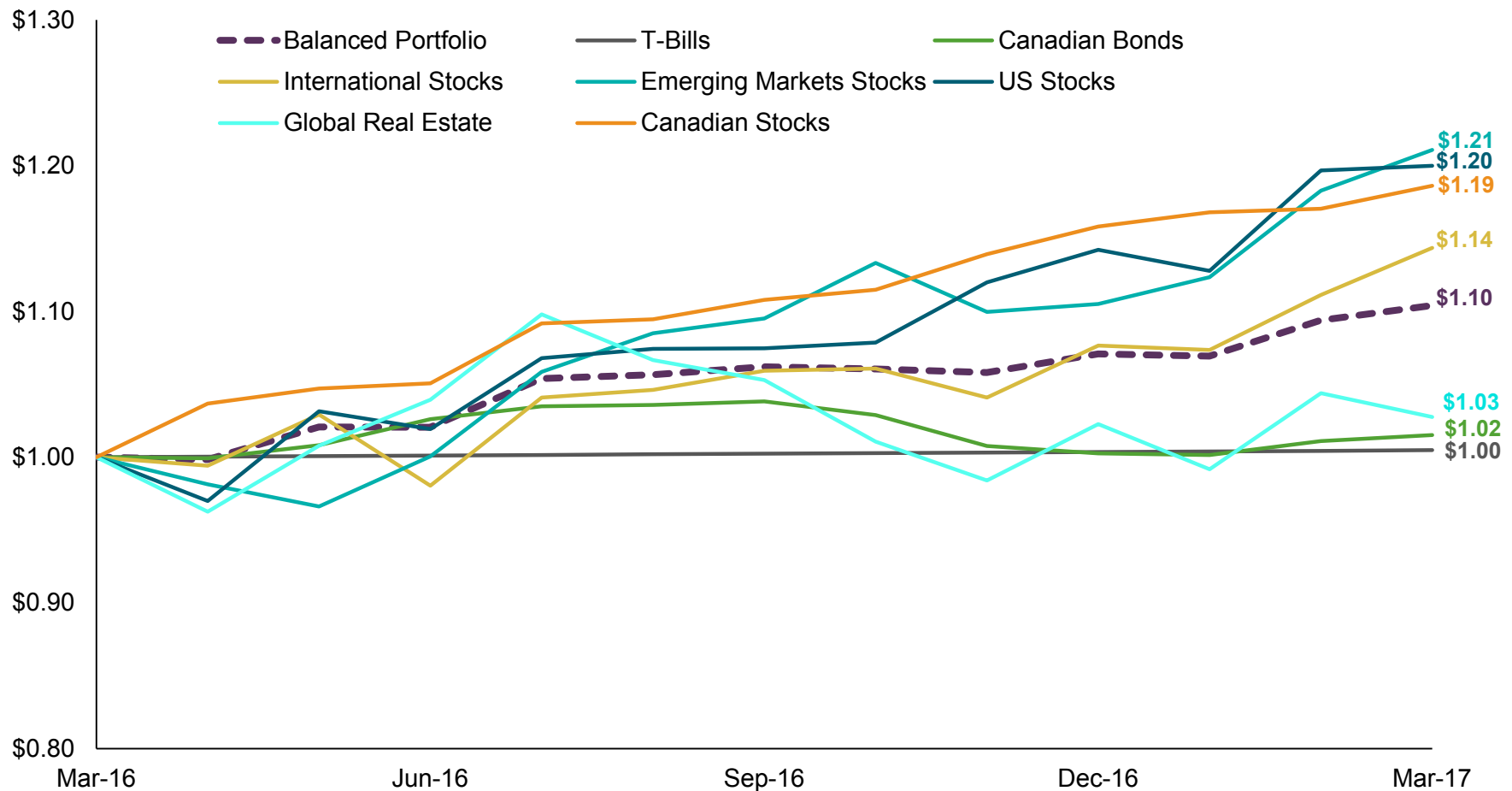
## CAN Treasury Yield Curve



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# Growth of Wealth

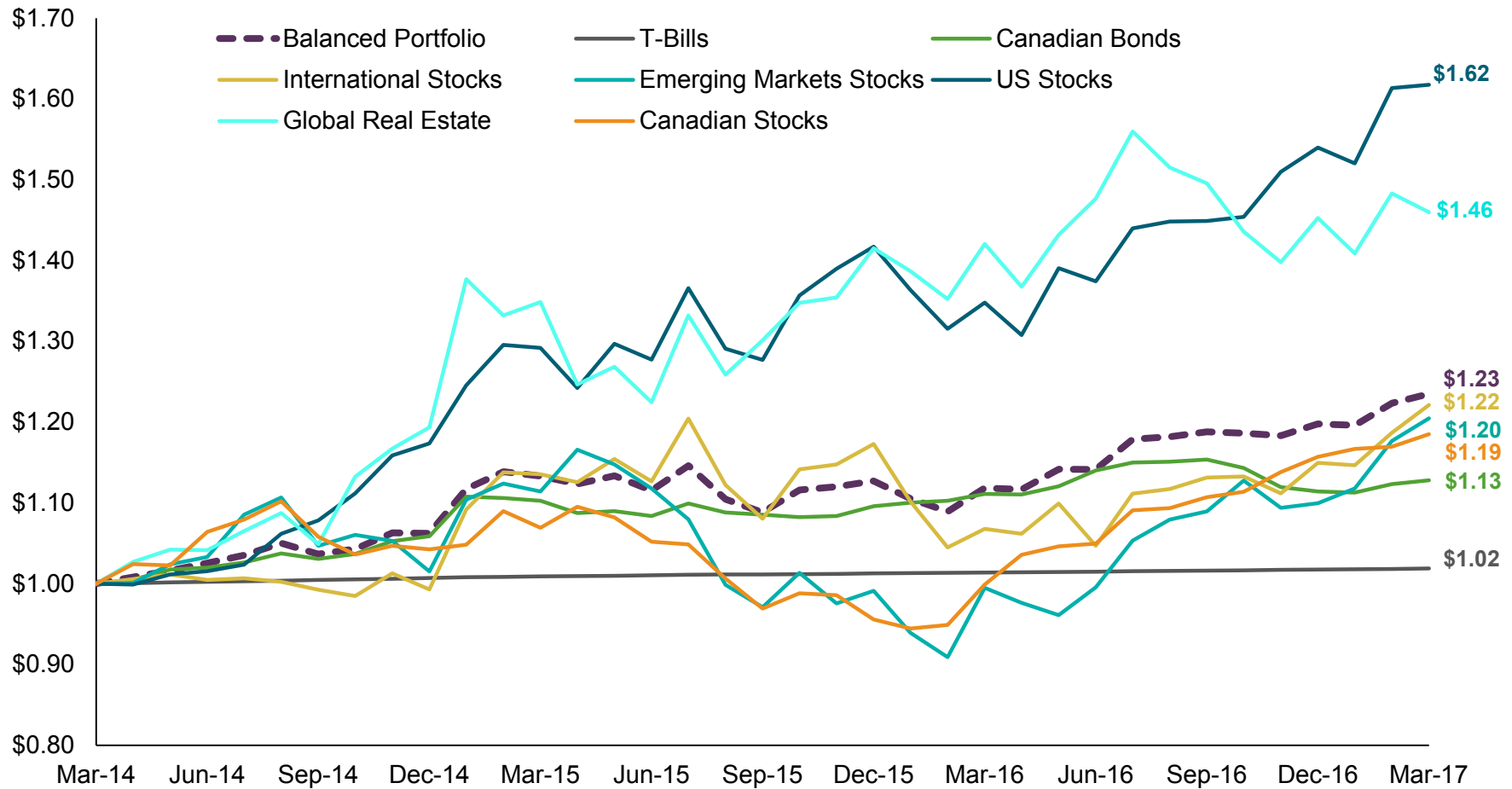
One Year as of March 31, 2017



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# Growth of Wealth

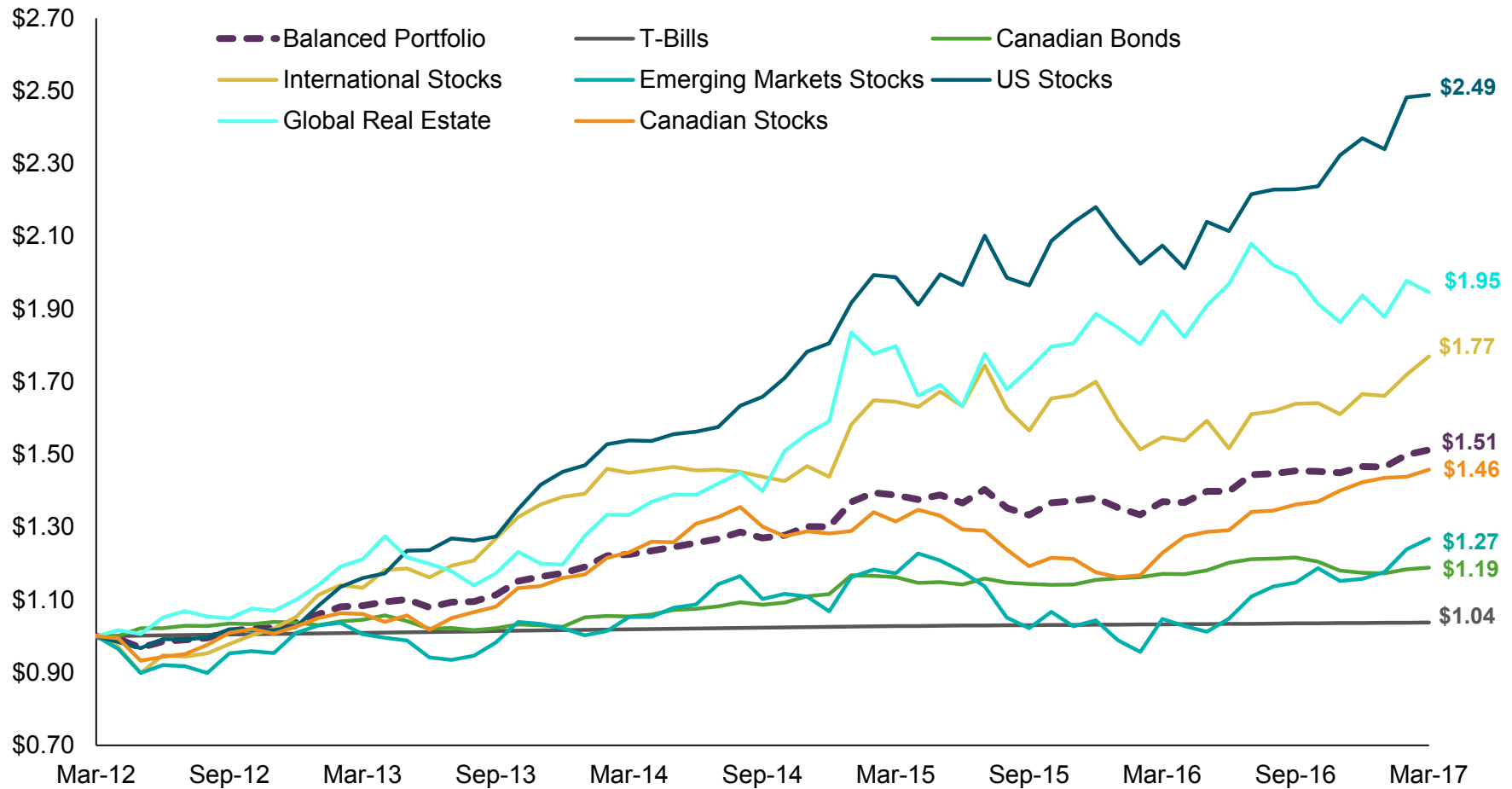
Three Years as of March 31, 2017



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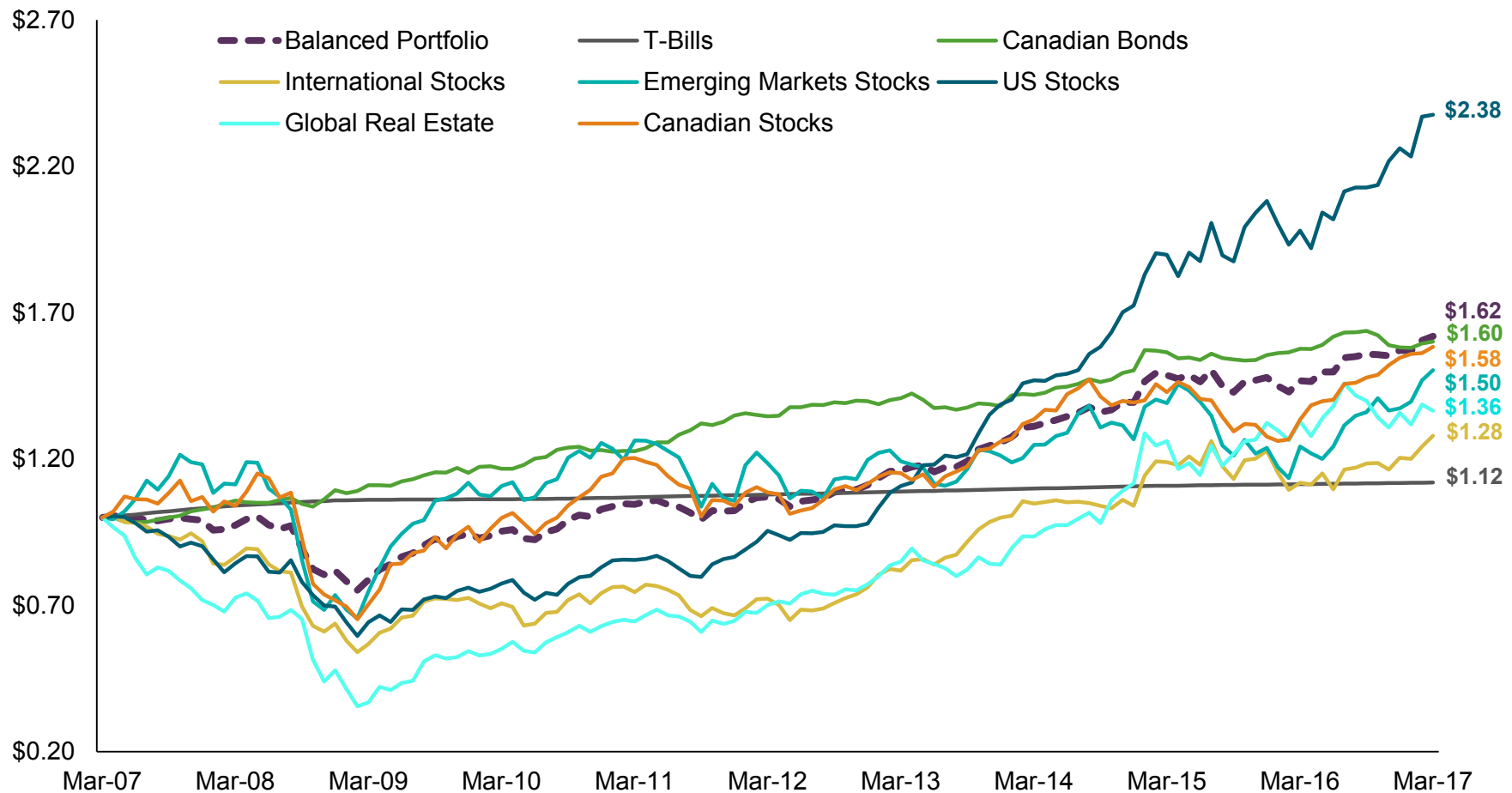
Five Years as of March 31, 2017



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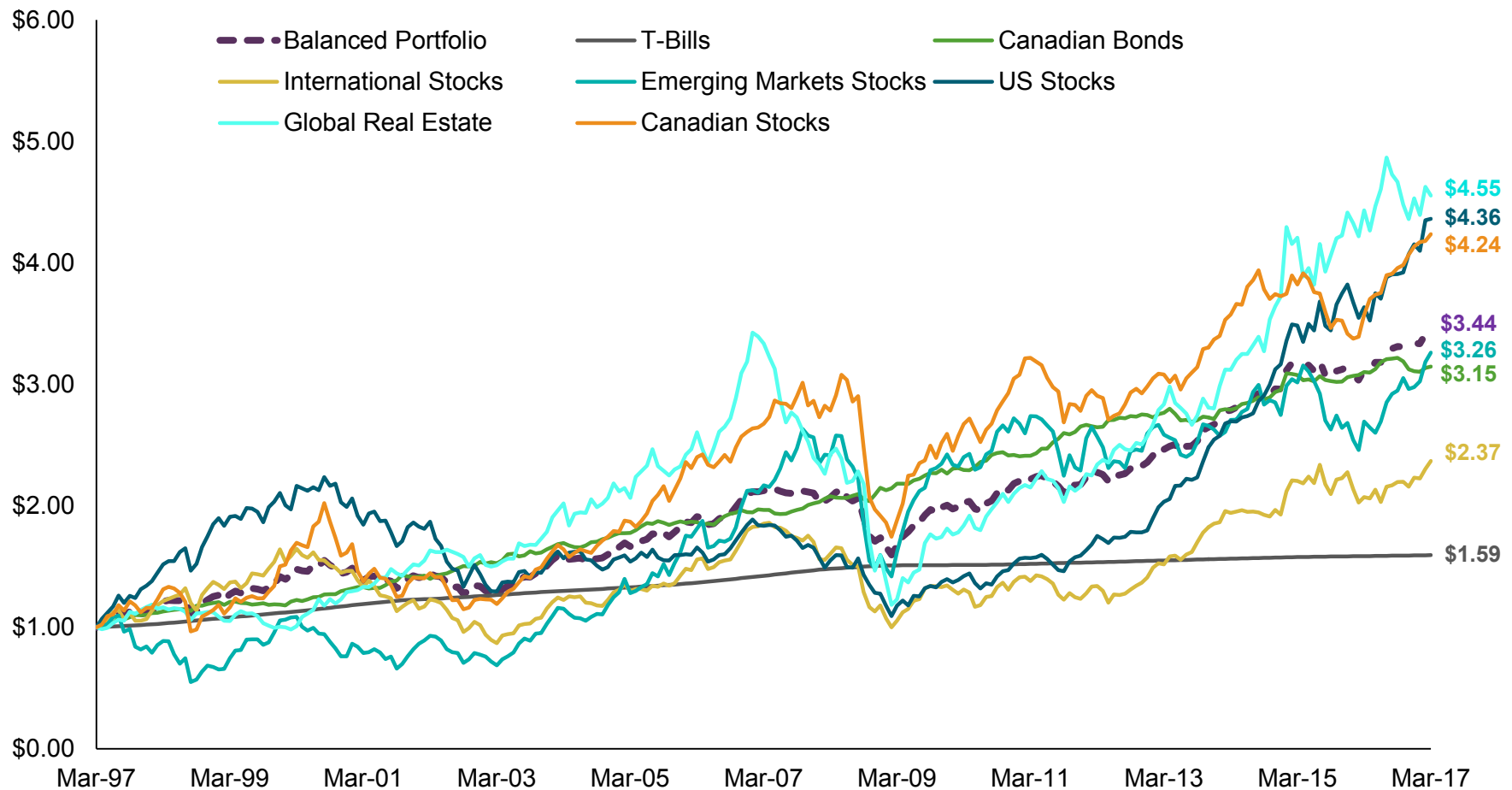
Ten Years as of March 31, 2017



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# Growth of Wealth

Twenty Years as of March 31, 2017



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