



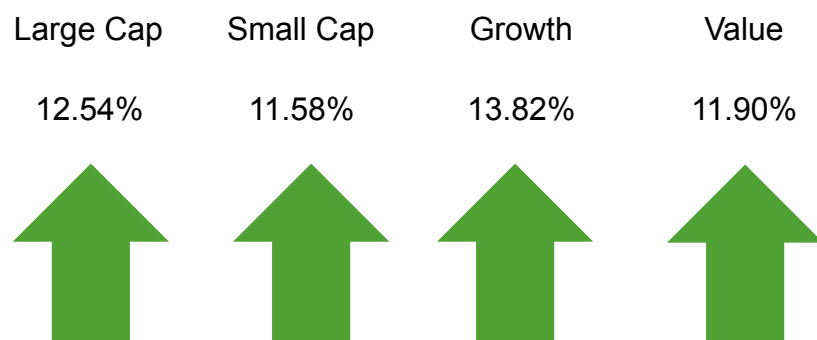
Quarterly Investment Update

First Quarter 2019

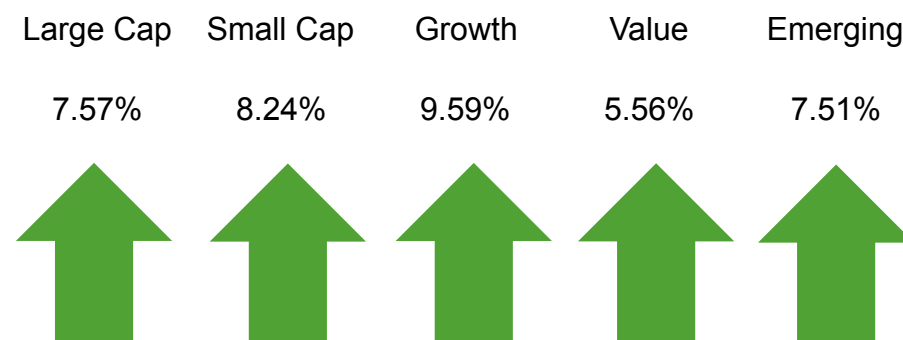
Market Update: A Quarter in Review

March 31, 2019

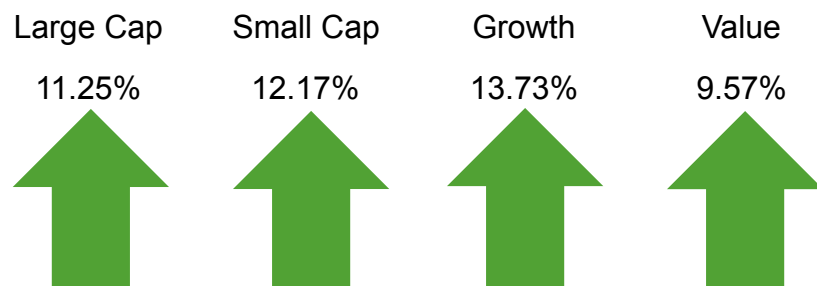
CANADIAN STOCKS



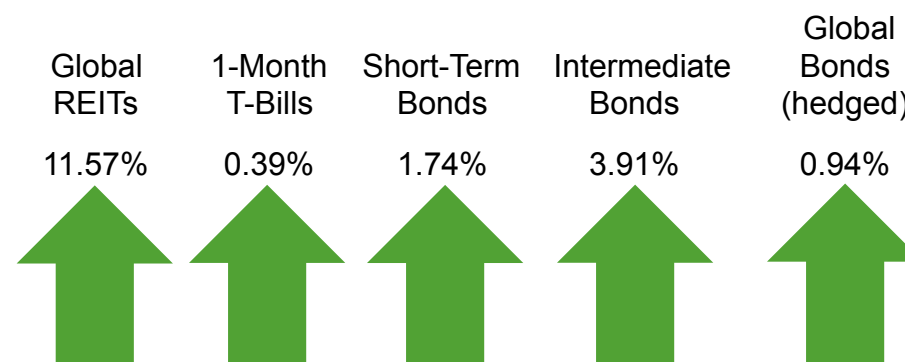
INTERNATIONAL STOCKS



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: 1-Month T-Bills (FTSE Canada 30 Day T-Bill), Short Term Bonds (FTSE Canada Short-Term Bond), Intermediate Bonds (FTSE Canada Universe Bond), Global Bonds-Hedged (FTSE World Government Bond Index 1-5 Years [hedged to CAD]). S&P/TSX data provided by S&P/TSX. MSCI data copyright MSCI 2019, all rights reserved. S&P data copyright 2019 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. FTSE fixed income indices © 2019 FTSE Fixed Income LLC. 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 does not guarantee future returns.

Survey of Long-Term Performance

March 31, 2019



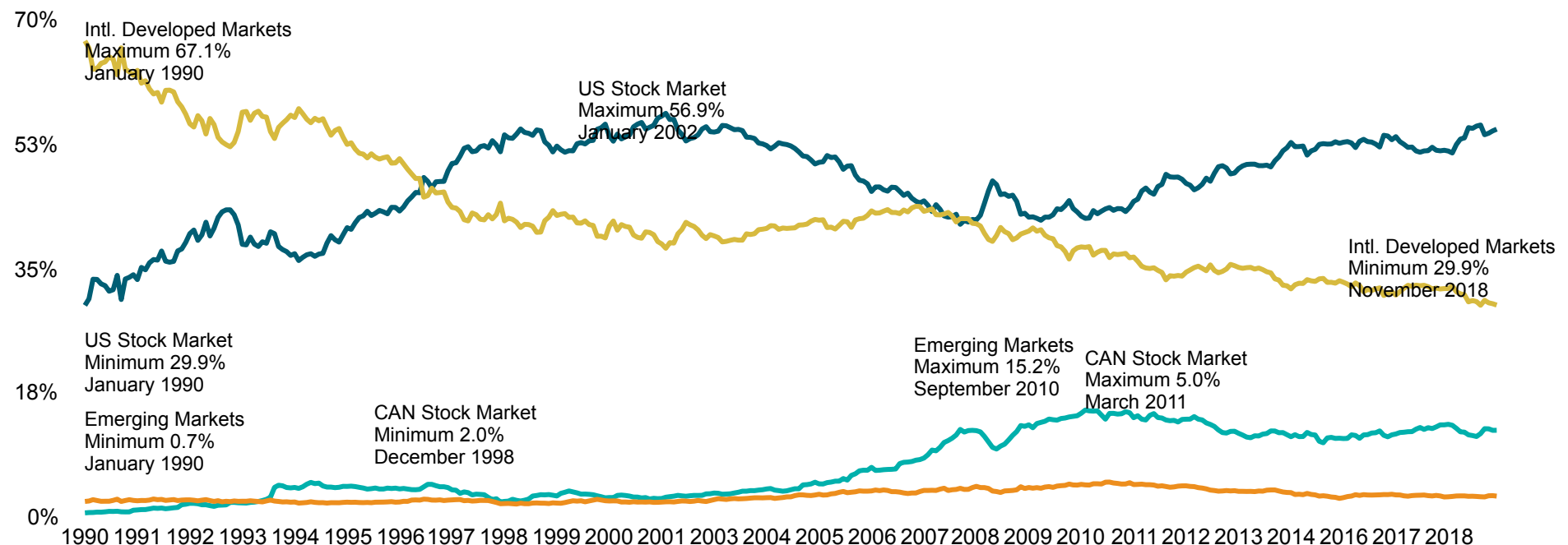
		Annualized (%)						
Asset Class	Index	1 Year	3 Years	5 Years	10 Years	20 Years	Since Inception	Inception date
CANADIAN STOCKS								
Large Cap	S&P/TSX 60	9.04	9.95	6.34	9.31	7.28	8.52	Feb-87
Small Cap	MSCI Canadian Small	3.30	6.97	1.21	9.78	7.49	8.10	Jul-90
Growth	MSCI Canadian Growth	8.25	7.36	5.01	7.19	5.92	7.04	Jan-82
Value	MSCI Canadian Value	5.90	10.75	4.75	10.84	8.65	10.64	Jan-82
US STOCKS								
Large Cap	S&P 500	13.56	14.59	15.19	16.59	5.40	11.32	Feb-51
Small Cap	Russell 2000	5.84	14.00	11.19	16.03	7.79	11.73	Jan-79
Growth	Russell 3000 Growth	16.22	17.51	17.47	18.12	4.99	11.58	Jan-79
Value	Russell 3000 Value	9.21	11.55	11.72	15.16	6.23	12.29	Jan-79
INTERNATIONAL STOCKS								
Large Cap	MSCI EAFE (net div.)	-0.23	8.43	6.31	9.61	3.30	9.05	Jan-70
Small Cap	MSCI EAFE Small Cap (net div.)	-6.08	8.67	8.54	13.44	7.08	6.75	Jan-93
Growth	MSCI EAFE Growth (net div.)	2.27	8.78	7.98	10.40	2.82	9.06	Jan-75
Value	MSCI EAFE Value (net div.)	-2.73	8.05	4.59	8.77	3.64	11.42	Jan-75
Emerging Markets	MSCI Emerging Markets (net div.)	-4.06	11.88	7.71	9.60	7.72	10.55	Jan-88
REAL ESTATE								
Global REITs	S&P Global REIT (net div.)	18.06	5.61	10.79	15.54	8.36	8.54	Jul-89
FIXED INCOME								
Canadian T-Bills	FTSE Canada 30-Day T-Bill	1.43	0.89	0.81	0.76	2.07	5.91	Jun-73
Canadian Short-Term Bonds	FTSE Canada Short-Term Bond	3.46	1.44	1.87	2.51	4.04	7.39	Jan-80
Canadian Bonds	FTSE Canada Universe Bond	5.27	2.70	3.77	4.41	5.23	8.60	Jan-80
Global Bonds (hedged)	FTSE World Government Bond Index 1-5 Years (hedged to CAD)	2.33	1.08	1.57	1.99	3.37	5.97	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 2019, all rights reserved. S&P data copyright 2019 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. FTSE fixed income indices © 2019 FTSE Fixed Income LLC. 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.

Value of Stock Markets around the World

January 1990–March 2019

	Number of Countries	Number of Stocks	Total Value	Weights		
				March 31, 2019	Change from Previous Year	01/90-03/19 Average
Canada	1	302	1.73 Trillion	3.1%	↑ 1.5%	3.1%
United States	1	2,411	30.68 Trillion	54.7%	↑ 6.5%	47.1%
Developed Markets	21	3,251	16.80 Trillion	29.9%	↓ -8.2%	42.6%
Emerging Markets	24	2,709	6.92 Trillion	12.3%	↓ -5.4%	7.2%
Total	47	8,673	56.13 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 2019, all rights reserved.

The Randomness of Quarterly Returns

March 31, 2019

This table shows from top to bottom the highest returning asset classes each quarter over the last 17 quarters. Each asset class is color coded based on the legend below.

	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q1 2017	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
Highest Return	14.37	0.14	6.26	10.18	4.54	9.02	10.68	6.68	10.37	3.48	3.90	7.63	4.36	8.21	5.26	1.77	13.29	?
	13.00	0.02	0.66	8.75	1.39	6.41	8.05	4.54	6.21	3.48	3.68	7.11	1.85	6.77	0.31	1.33	11.64	?
	11.49	-0.71	0.15	8.56	1.13	5.60	5.98	1.64	4.73	1.11	1.41	4.99	0.94	6.01	0.01	0.41	11.57	?
	11.01	-0.79	0.12	4.36	0.38	5.11	5.45	0.12	2.41	0.45	0.61	4.45	0.26	0.78	-0.38	-0.45	7.57	?
	4.15	-1.26	-0.91	0.98	0.12	4.93	1.29	-0.56	1.24	0.23	0.28	3.16	0.10	0.51	-0.57	-2.24	7.51	?
Lowest Return	2.58	-1.63	-4.10	0.11	-0.77	3.31	1.19	-1.90	0.47	0.13	0.16	2.02	0.04	0.31	-0.96	-7.58	3.91	?
	0.82	-1.71	-7.86	-0.06	-5.23	3.11	0.12	-2.86	0.21	-0.99	-1.84	0.21	-3.06	0.04	-1.77	-9.47	0.94	?
	0.20	9.19	-12.28	-1.40	-8.96	1.41	0.06	-3.44	0.13	-1.64	2.61	-0.04	-4.52	-6.09	-2.81	-10.11	0.39	?

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 (FTSE Canada 30 Day T-Bill), Canadian Bonds (FTSE Canada Universe Bond Index), Global Bonds (FTSE World Government Bond Index Canada 1-5 Years (hedged to CAD)). S&P/TSX data provided by S&P/TSX. MSCI data copyright MSCI 2019, all rights reserved. S&P data copyright 2019 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. FTSE fixed income indices © 2019 FTSE Fixed Income LLC. Indexes are not available for direct investment. 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.

Currency

March 31, 2019

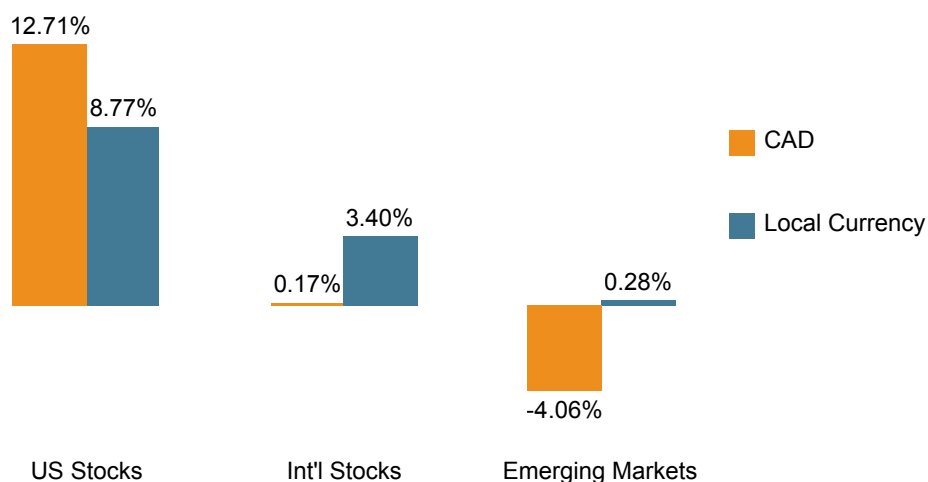
CHANGE IN FOREIGN EXCHANGE RATES (%)

FX/\$CAD

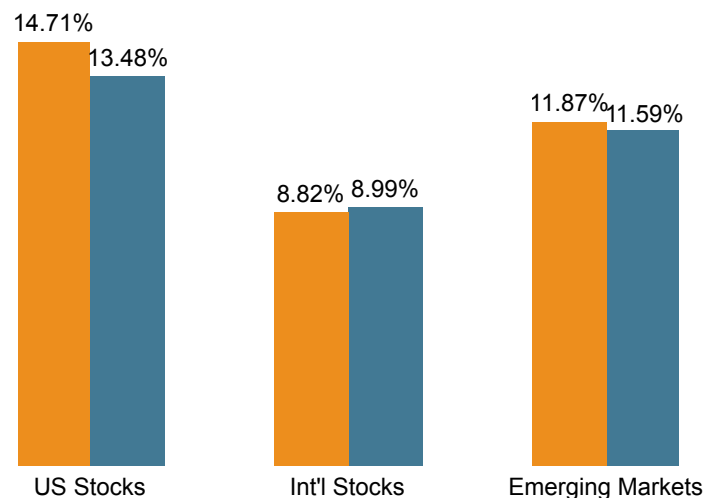
Currency	Q1 2019	One Year	Three Years
 \$ US Dollars	-2.11%	3.71%	0.95%
 € Euro	-4.16%	-5.45%	0.47%
 £ Pounds	0.03%	-3.72%	-2.29%
 ¥ Yen	-3.19%	-0.43%	1.47%

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 (net div.), and MSCI Emerging Markets Index (net div.), respectively. MSCI data copyright MSCI 2019, all rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. Index performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results.

MSCI Country Returns in Canadian Dollars and Local Currency





March 31, 2019

FIRST QUARTER 2019 RETURNS

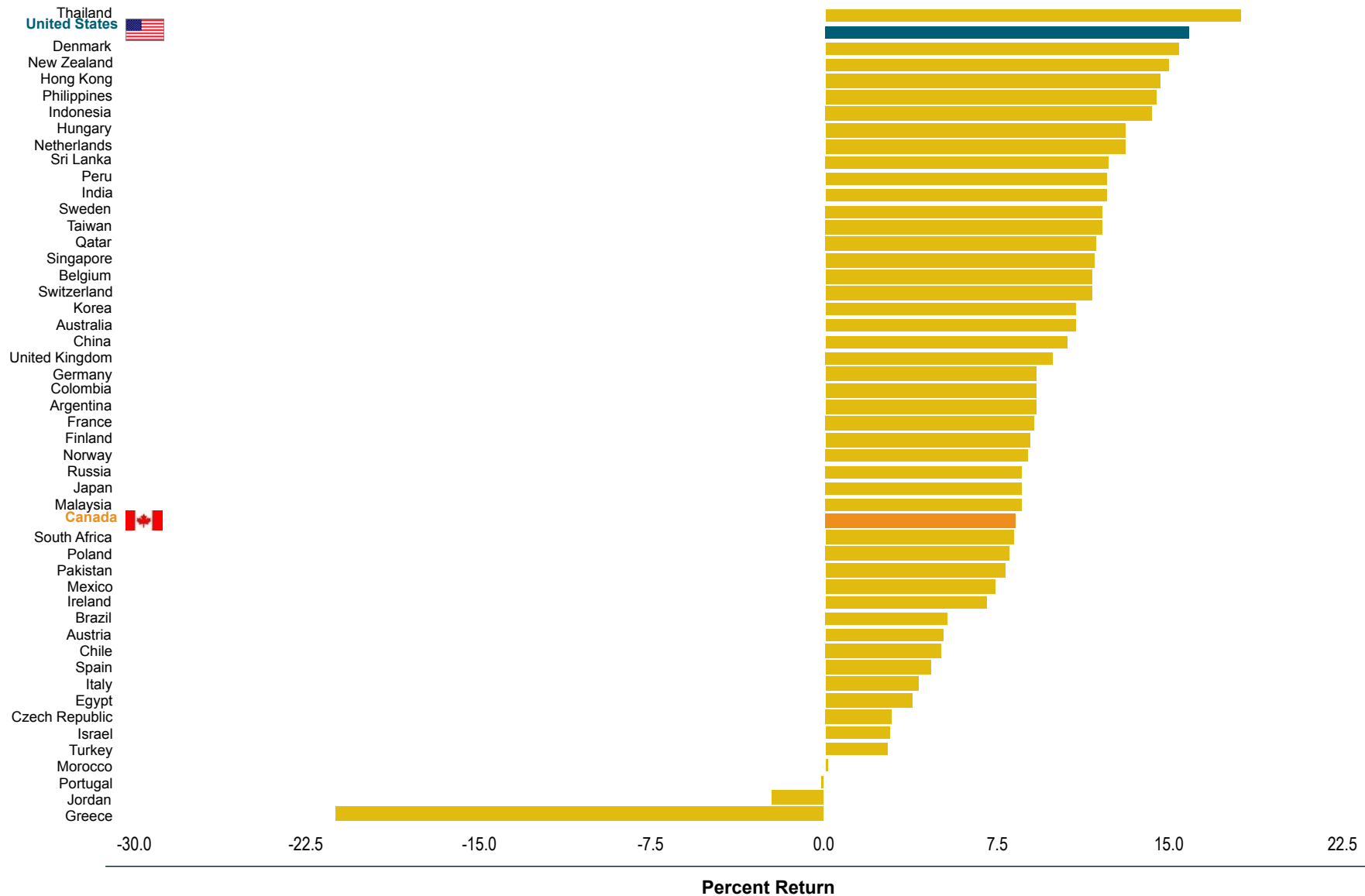
	Return in CAD	Return in Local Currency	Impact of Currency
1. Russia	9.65%	6.16%	3.49%
2. Egypt	13.97%	12.68%	1.29%
.			
 Canada	12.84%	12.84%	-
.			
.			
 United States	11.67%	14.17%	-2.50%
.			
.			
.			
46. Sweden	5.75%	13.11%	-7.36%
47. Turkey	-4.93%	3.22%	-8.15%

ONE YEAR RETURNS IN CAD AND LOCAL CURRENCY

	Return in CAD	Return in Local Currency	Impact of Currency
1. Egypt	-9.63%	-14.28%	4.64%
2. Qatar	25.35%	20.93%	4.42%
 United States	12.83%	8.89%	3.94%
.			
 Canada	7.06%	7.06%	-
.			
.			
.			
.			
46. South Africa	-15.12%	-0.30%	-14.82%
47. Turkey	-38.67%	-15.59%	-23.08%

MSCI Country Returns

Country Rankings—Ten-Year Annualized Returns as of March 31, 2019

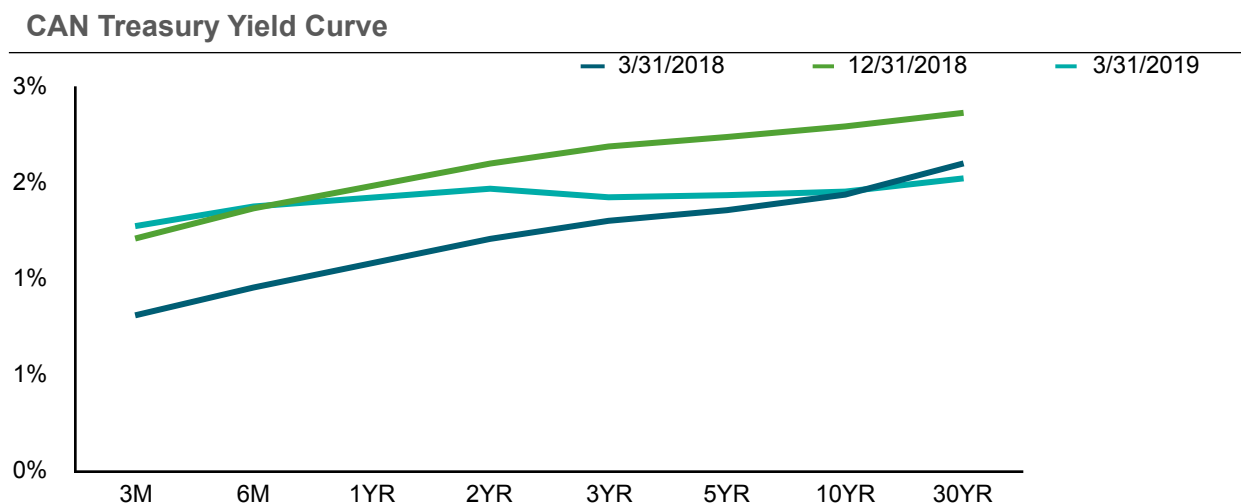


Data in Canadian dollars gross of fees. MSCI data copyright MSCI 2019, all rights reserved. Indexes are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results.

Bond Returns

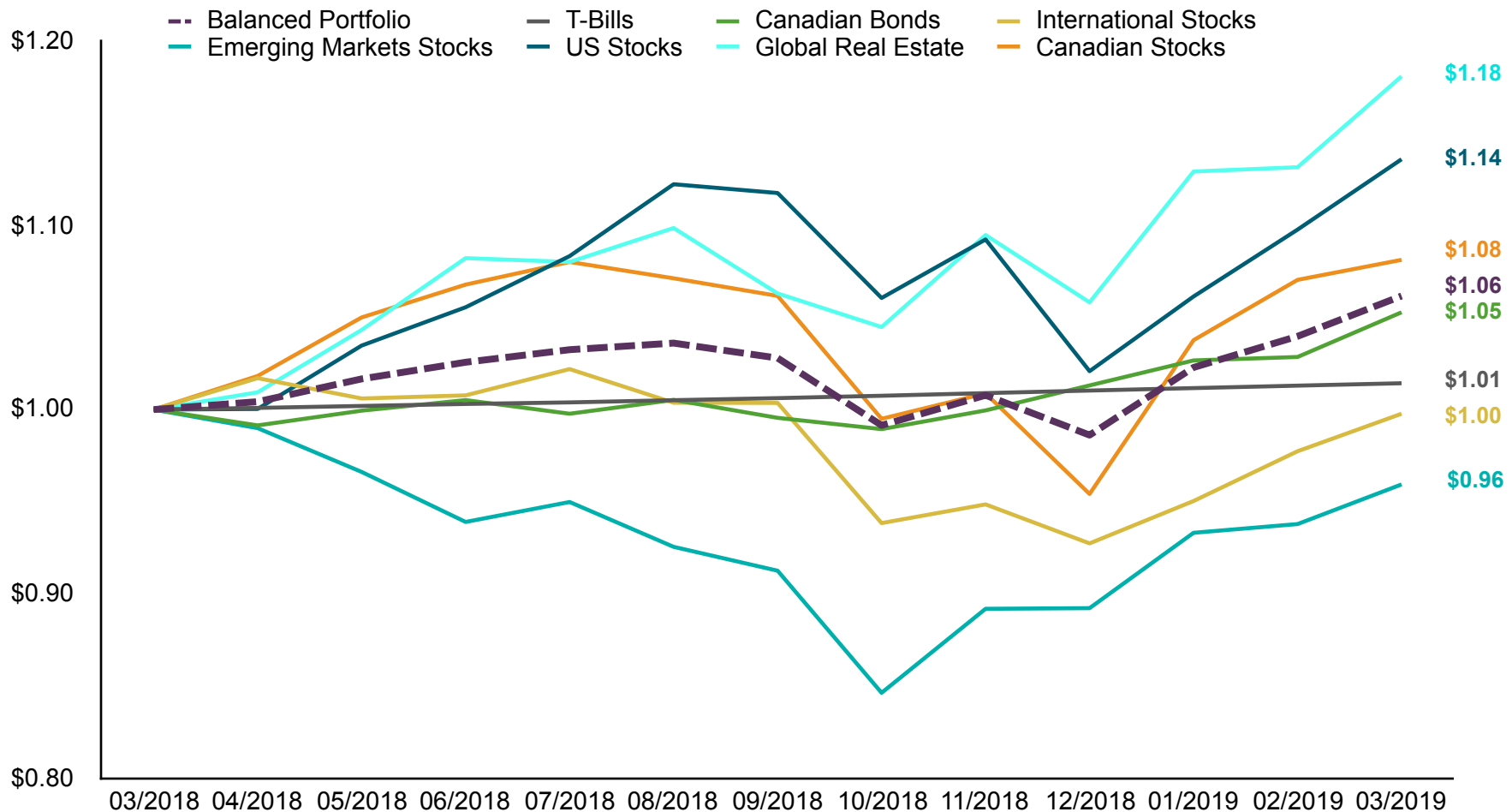
March 31, 2019

Index	Return (%)		
	Q1 2019	One Year	Three Years Annualized
FTSE Canadian 30 Day T-Bill	0.39%	1.43%	0.89%
FTSE Canada Short-Term Bond Index	1.74%	3.46%	1.44%
FTSE Canada Mid-Term Bond Index	3.77%	5.74%	2.24%
FTSE Canada Long-Term Bond Index	6.94%	7.28%	4.66%
FTSE Canada Universe Bond Index	3.91%	5.27%	2.70%
FTSE World Government Bond Index 1-5 Years (hedged to CAD)	0.94%	2.33%	1.08%



Growth of Wealth

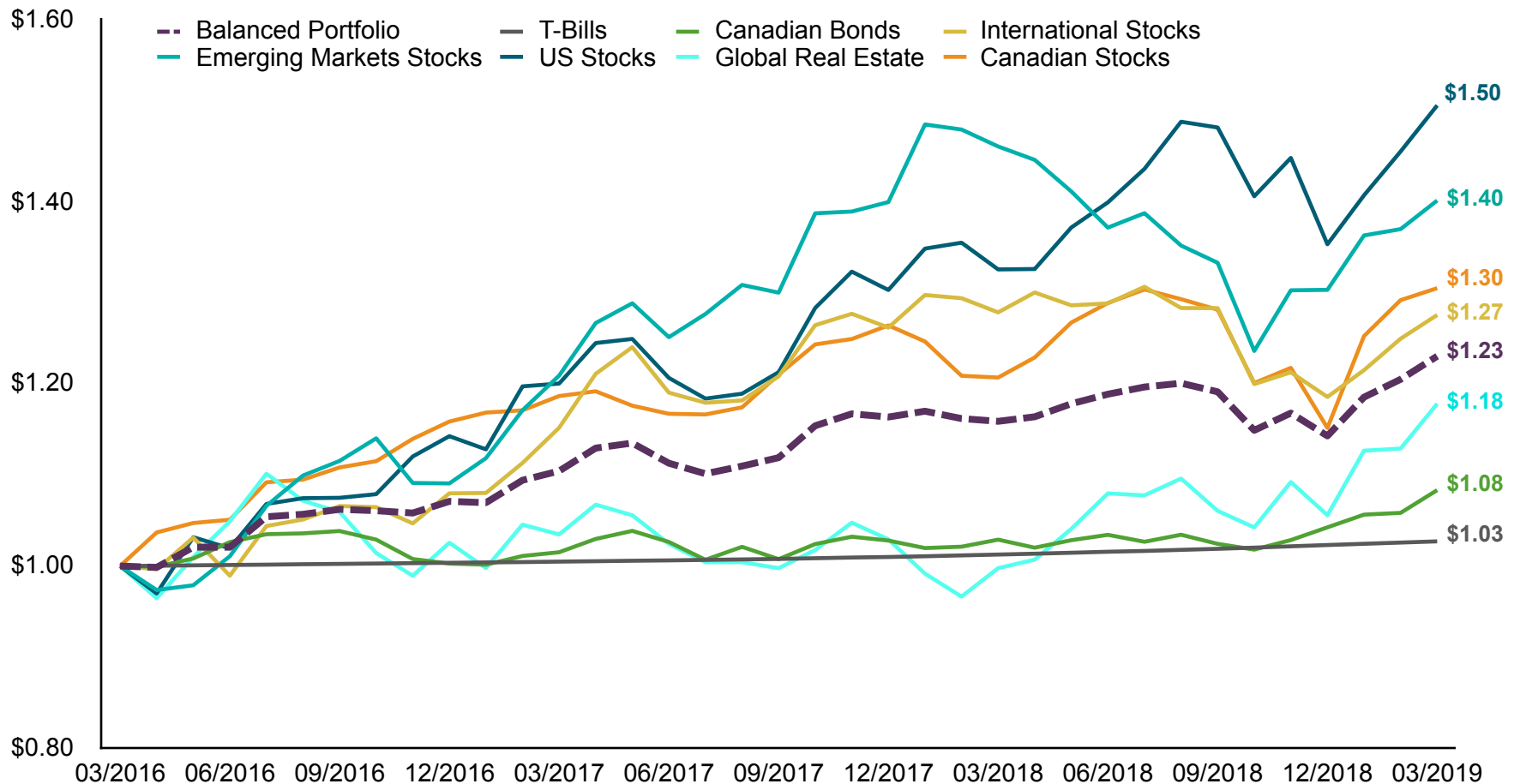
One Year as of March 31, 2019



In Canadian dollars. T-Bills is FTSE Canada 30 Day T-Bill, Canadian Bonds is FTSE 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. FTSE fixed income indices © 2019 FTSE Fixed Income LLC. All rights reserved. MSCI data copyright MSCI 2019, 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

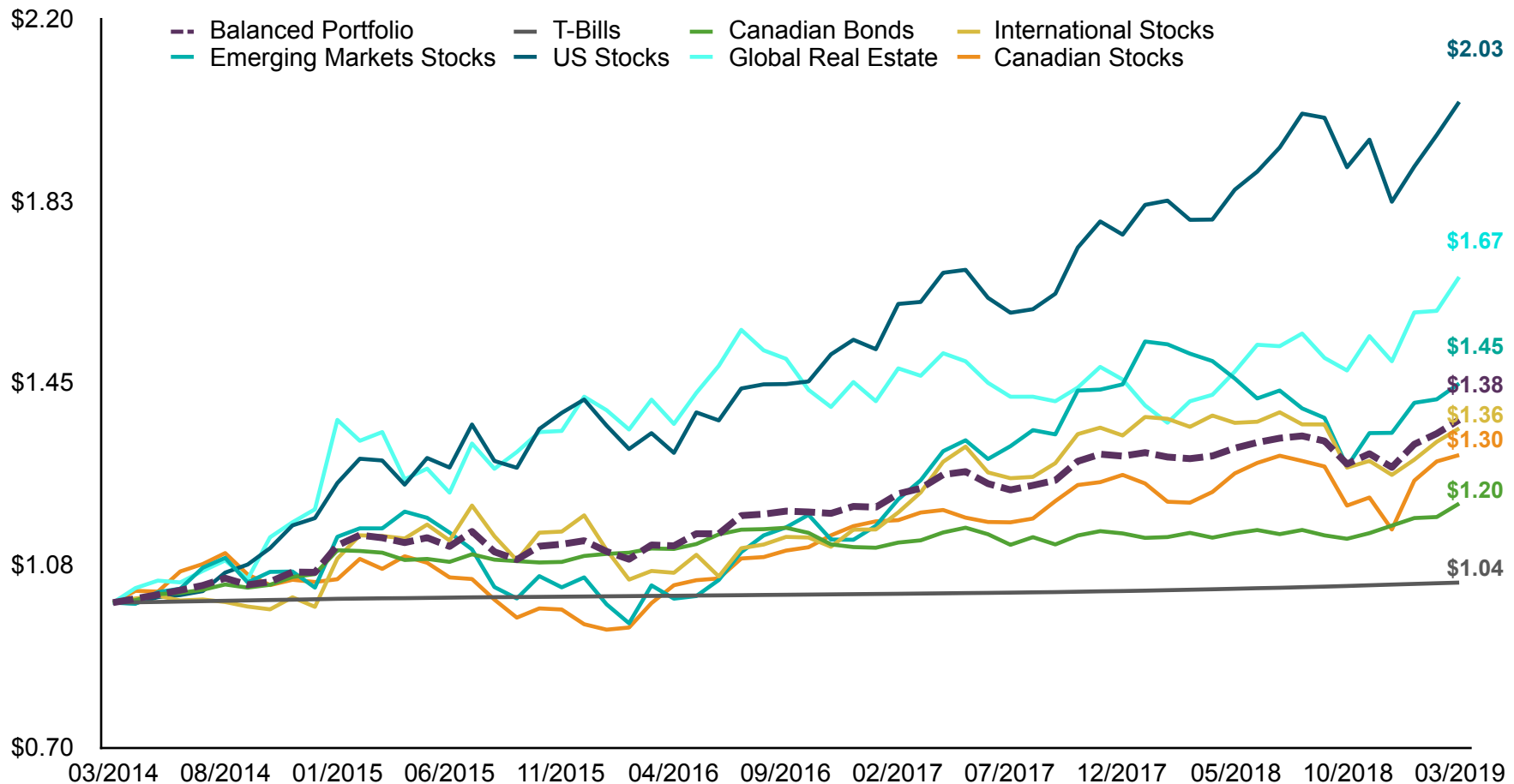
Three Years as of March 31, 2019



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Growth of Wealth

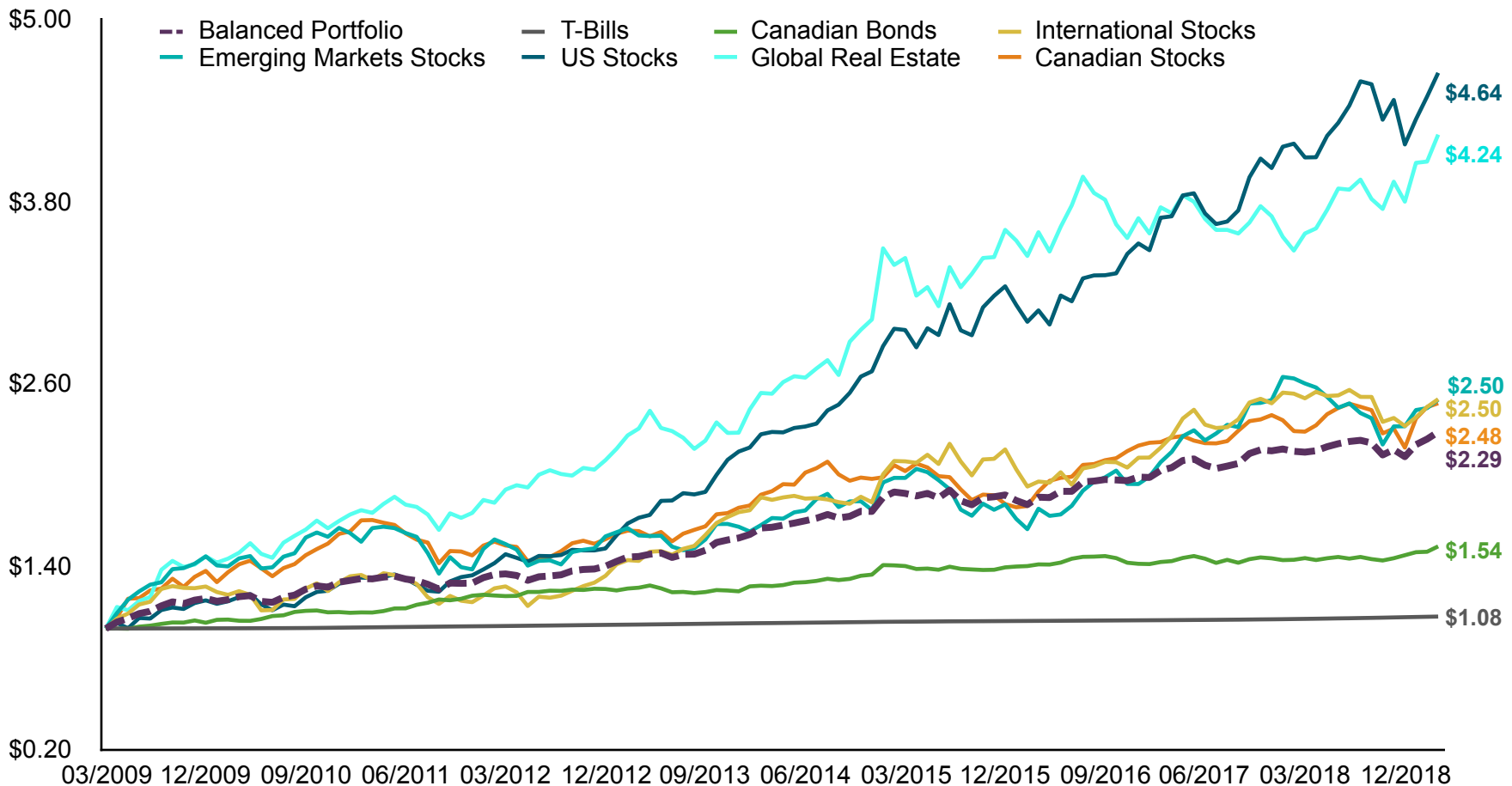
Five Years as of March 31, 2019



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Growth of Wealth

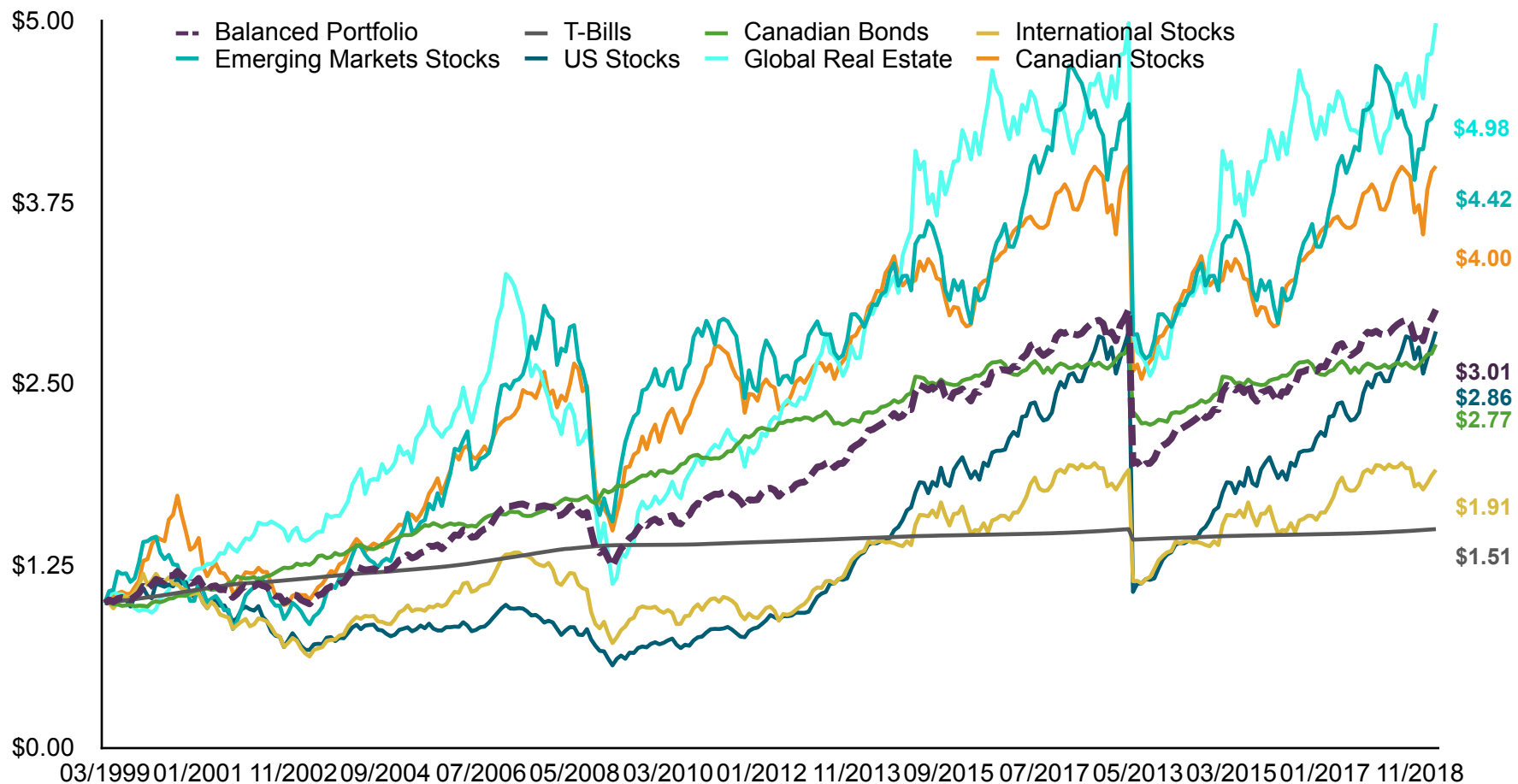
Ten Years as of March 31, 2019



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Growth of Wealth

Twenty Years as of March 31, 2019



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Déjà Vu All Over Again

First Quarter 2019

Investment fads are nothing new. When selecting strategies for their portfolios, investors are often tempted to seek out the latest and greatest investment opportunities.

Over the years, these approaches have sought to capitalize on developments such as the perceived relative strength of particular geographic regions, technological changes in the economy, or the popularity of different natural resources. But long-term investors should be aware that letting short-term trends influence their investment approach may be counterproductive. As Nobel laureate Eugene Fama said, “There’s one robust new idea in finance that has investment implications maybe every 10 or 15 years, but there’s a marketing idea every week.”

WHAT’S HOT BECOMES WHAT’S NOT

Looking back at some investment fads over recent decades can illustrate how often trendy investment themes come and go. In the early 1990s, attention turned to the rising “Asian Tigers” of Hong Kong, Singapore, South Korea, and Taiwan. A decade later, much was written about the emergence of the “BRIC” countries of Brazil, Russia, India, and China and their new place in global markets. Similarly, funds targeting hot industries or trends have come into and fallen out of vogue. In the 1950s, the “Nifty Fifty” were all the rage. In the 1960s, “go-go” stocks and funds piqued investor interest. Later in the 20th century, growing belief in the emergence of a “new economy” led to the creation of funds poised to make the most of the rising importance of information technology and telecommunication services. During the 2000s, 130/30 funds, which used leverage to sell short certain stocks while going long others, became increasingly popular. In the wake of the 2008 financial crisis, “Black Swan” funds, “tail-risk-hedging” strategies, and “liquid alternatives” abounded. As investors reached for yield in a low interest-rate environment in the following years, other funds sprang up that claimed to offer increased income generation, and new strategies like unconstrained bond funds proliferated. More recently, strategies focused on peer-to-peer lending, cryptocurrencies, and even cannabis cultivation and private space exploration have become more fashionable. In this environment, so-called “FAANG” stocks and concentrated exchange-traded funds with catchy ticker symbols have also garnered attention among investors.

THE FUND GRAVEYARD

Unsurprisingly, however, numerous funds across the investment landscape were launched over the years only to subsequently close and fade from investor memory. While economic, demographic, technological, and environmental trends shape the world we live in, public markets aggregate a vast amount of dispersed information and drive it into security prices. Any individual trying to outguess the market by constantly trading in and out of what’s hot is competing against the extraordinary collective wisdom of millions of buyers and sellers around the world.

With the benefit of hindsight, it is easy to point out the fortune one could have amassed by making the right call on a specific industry, region, or individual security over a specific period. While these anecdotes can be entertaining, there is a wealth of compelling evidence that highlights the futility of attempting to identify mispricing in advance and profit from it.

It is important to remember that many investing fads, and indeed, most mutual funds, do not stand the test of time. A large proportion of funds fail to survive over the longer term. Of the 1,622 fixed income mutual funds in existence at the beginning of 2004, only 55% still existed at the end of 2018. Similarly, among equity mutual funds, only 51% of the 2,786 funds available to US-based investors at the beginning of 2004 endured.

Déjà Vu All Over Again

(continued from page 14)



WHAT AM I REALLY GETTING?

When confronted with choices about whether to add additional types of assets or strategies to a portfolio, it may be helpful to ask the following questions:

1. What is this strategy claiming to provide that is not already in my portfolio?
2. If it is not in my portfolio, can I reasonably expect that including it or focusing on it will increase expected returns, reduce expected volatility, or help me achieve my investment goal?
3. Am I comfortable with the range of potential outcomes?

If investors are left with doubts after asking any of these questions, it may be wise to use caution before proceeding. Within equities, for example, a market portfolio offers the benefit of exposure to thousands of companies doing business around the world and broad diversification across industries, sectors, and countries. While there can be good reasons to deviate from a market portfolio, investors should understand the potential benefits and risks of doing so.

In addition, there is no shortage of things investors can do to help contribute to a better investment experience. Working closely with a financial advisor can help individual investors create a plan that fits their needs and risk tolerance. Pursuing a

globally diversified approach; managing expenses, turnover, and taxes; and staying disciplined through market volatility can help improve investors' chances of achieving their long-term financial goals.

CONCLUSION

Fashionable investment approaches will come and go, but investors should remember that a long-term, disciplined investment approach based on robust research and implementation may be the most reliable path to success in the global capital markets.