RBC Dominion Securities Inc.

KARIM VISRAM
PRIVATE WEALTH MANAGEMENT GROUP
OF RBC DOMINION SECURITIES

THE PRIVATE WEALTH MANAGER

For the clients and friends of Karim Visram Private Wealth Management Group of RBC Dominion Securities

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A WORD FROM KARIM

As we start 2015, I would like to wish you a very happy new year. I hope you enjoyed a great Christmas and New Year's Eve, spending time with family and friends.

The ever-expanding Visram clan (over 20 now) held our family gift exchange on January 1. Yes, after Christmas and New Year's Eve. This was because of over 10 family-in-law scheduling challenges. We try to make sure everyone is there so Santa gets to see us all one more time.

Jeamie also had a big family Christmas with her mom (see picture on page 2) and it looks like Santa was very good to her. She must have been good this year!

Even with spring-like weather, we still had Christmas turkey with close family, which was great. However, I did email Mother Nature with some feedback. White Christmas next year, please!

Thank you to everyone who joined us for our annual Christmas brunch on December 6. The turnout was excellent again (even my mom and sister came out), and we received some helpful feedback, which we hope to incorporate into our next year's brunch, which will be on December 5, 2015. Please mark your calendars and stay tuned for details.

This past quarter, I did what some would call a "crazy" thing. I rappelled down a 17-storey building (yes, from the outside). It was for a good cause—raising funds for Easter Seals. It was a great experience that I may do again next year. See our website www.karimvisram.com to view the video.

My new year's resolution this year includes staying healthy and starting training for my next adventure: Climbing Mt. Everest (base camp) in September 2015. A group of 12 of us will be doing the trek to raise funds for Amani, a home for street kids in Tanzania. Each of us is attempting to raise $7,500. If you know anyone who would like to learn more, please email or call me.

Thank you.

Upcoming Events

1) 2014 Tax Packages – Most of the tax packages will be in the mail by the end of March. If you do not have it by early April, please call us and we will send a duplicate package to you.

2) Spring Seminar – We will be having an educational seminar sometime in the spring. The topic will be "The Role of an Executor." This will be of interest to everyone, as you are either an executor in someone's Will or you have appointed someone to be an executor in your Will (or both). Please feel free to invite whomever you believe will benefit from this seminar.

Team Updates

Over the holidays, Jeamie was very busy with family. On Christmas day the family got together at her mother's care home and had a great time. Please look for the Jeamie Hong family story in this summer's newsletter.

Investment Commentary

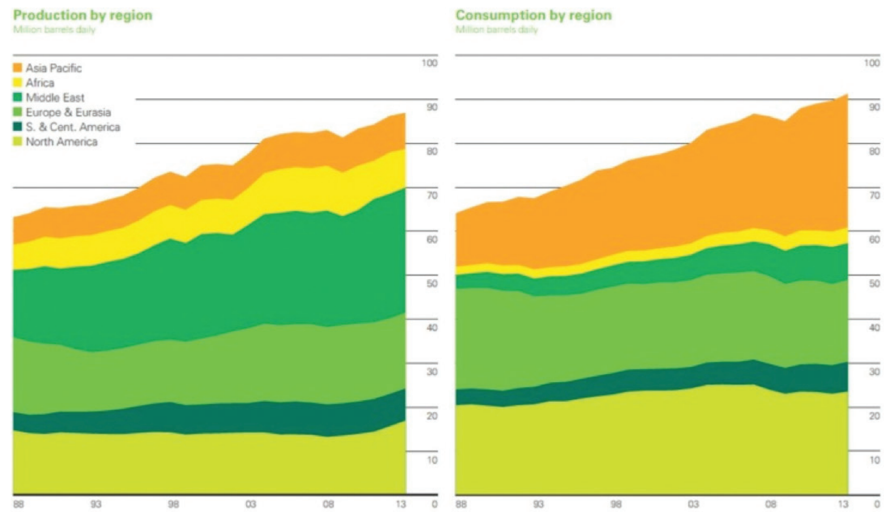
Oil prices have been extremely volatile over the second half of the year due to supply increases globally and softer demand from Europe and China. Oil prices peaked in June at US$106.30/barrel (West Texas Intermediate price) and then plummeted to $53.27/barrel by the end of the year. Here are a couple of interesting charts that I thought might help explain what is going on. The first chart is from BP's annual energy report. The chart shows global production from 1988 until the end of 2013 and shows the enormous increase in consumption of oil from Asia Pacific (mostly from China). You can also see the beginning of the shale revolution starts to appear as North American oil production starts to increase fairly dramatically (bottom section in yellow) after being flat for close to two decades.

In the context of history, the dramatic decline in oil prices is in line with previous periods where such rapid increases in oil prices were followed by similarly dramatic corrections. However, the drop in oil prices always established a "higher low" or a plateau price that still exceeded the average price from the previous decade. So while oil is trading in the mid $40's currently, it is extremely unlikely that oil prices will decline much further. The chances of us seeing $10 or $20 per barrel oil like we saw in the 1990's and early 2000's is highly unlikely.

It is no longer feasible to extract oil at a lower price than where we are currently priced and we've already started to see the effects of low oil prices on the industry. Most energy companies have cut back their staff significantly while they reduce their capital expenditure budgets by 50% or more in the face of lower prices. The reason is obvious: Extracting oil—whether in the Alberta oil sands, U.S. shale or deep sea drilling in Alaska, northern Siberia or off the coast of Brazil—is extremely expensive.

What isn't discussed as much in the media is that many oil-producing countries (especially the less democratic ones) need extremely high oil prices to balance their budgets. While a country like Saudi Arabia can extract oil for as little as $10/barrel, their social and budget

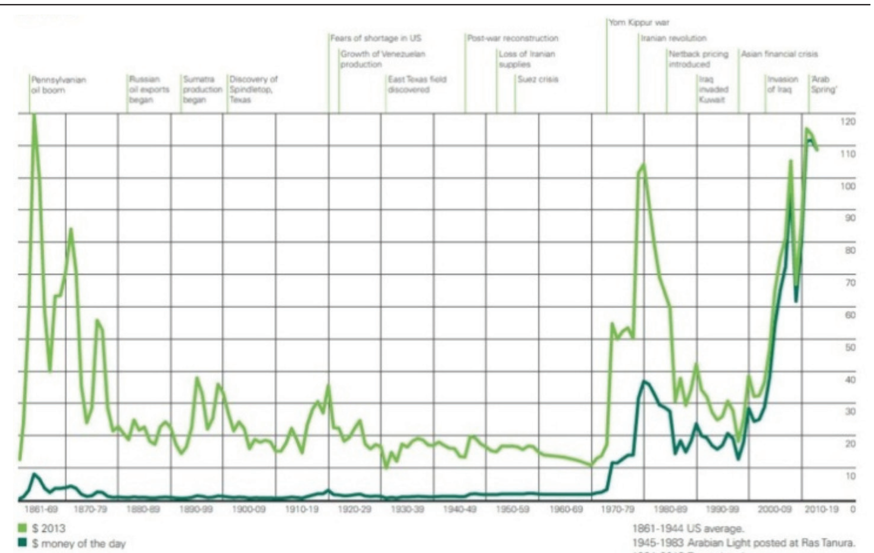
Global Oil Production 1988 - End of 2013



World oil production increased by just 550,000 b/d in 2013, less than half the growth of global consumption. Global consumption grew by an above-average 1.4 million b/d, with emerging economies accounting for all of the net increase. Even so, the US had the biggest increase in the world for consumption, as well as production, which grew by 400,000 b/d and 1.1 million b/d respectively. OPEC output fell by 600,000 b/d, driven by a decline of 520,000 b/d in Libya.

Source: BP Statistical Review of World Energy, June 2014

Crude Oil Prices 1861 - 2013 (U.S. dollars per barrel) World Events



Source: BP Statistical Review of World Energy, June 2014

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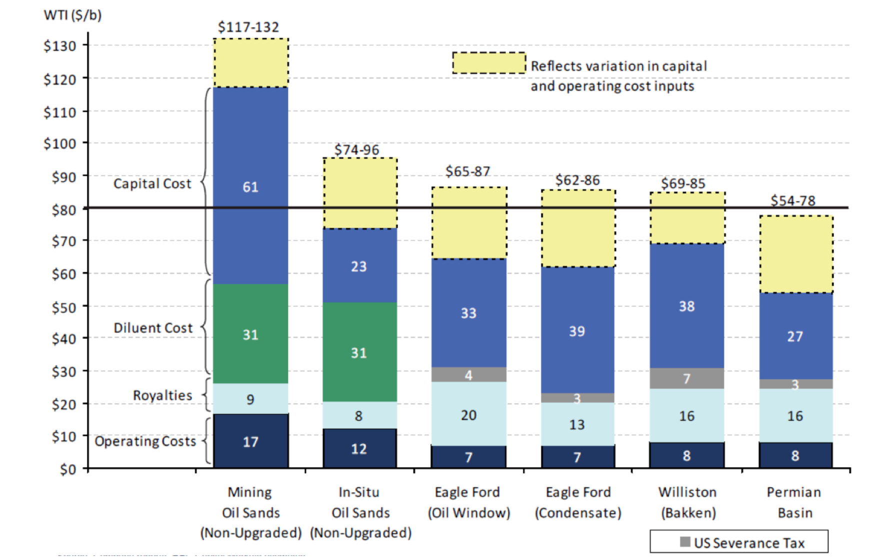
commitments are such that they need oil of at least $90/barrel to break even. Countries that are even more mismanaged like Venezuela, Iran, Libya and Nigeria are in even worse shape. These countries require breakeven prices of $130/barrel or more just to maintain their current spending levels. This reduction in oil prices is going to bring about a significant amount of political and social instability in oil producing countries and will likely cause regime changes in a number of them as the governments are forced to cut popular social spending programs and handouts due to lower oil revenues.

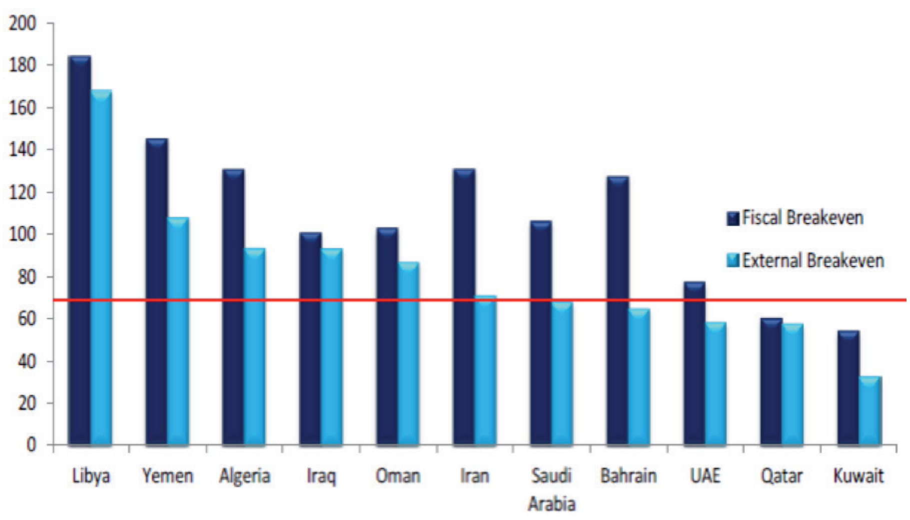
While the drop in oil prices has been portrayed almost uniformly negative in the media in Canada, I think it's important for us to not lose sight of the benefits of the decline in prices. From the World Bank 2013 global GDP rankings (in $USD), only four countries in the top 20 are net oil exporters (countries that produce more oil than they consume). These countries will likely suffer from lower oil prices, while countries like Canada with diversified economies will suffer less than others, like Russia or Saudi Arabia which are almost entirely dependent on energy exports. But the majority of the world's economy will benefit tremendously from the drop in oil prices. The four oil exporting countries on the list—the Russian Federation, Canada, Mexico and Saudi Arabia—are less than 35% of the size the United States economy alone. When you add the European Union, Japan and China, oil exporting countries make up a very small portion of the global economy.

U.S. Tight Oil & Oil Sands Supply Costs (15% P-Tax IRR)



Source: RBC Capital Markets

Brent Breakevens Across Middle East and North Africa (MENA)



Source: IMF, RBC Capital Markets