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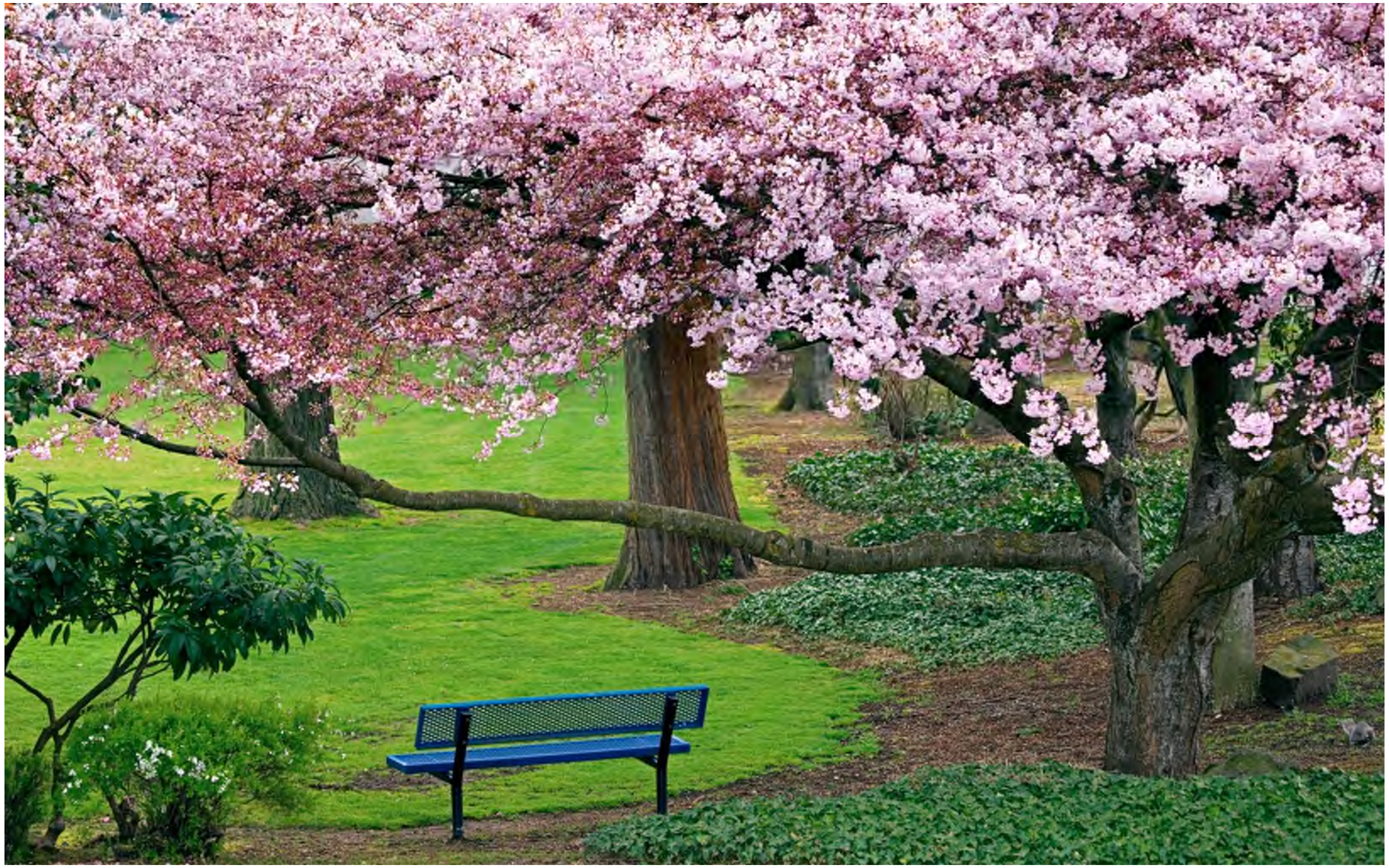

Spring Market Commentary

April 2016

Professional Wealth Management Since 1901

RBC Wealth Management
Dominion Securities

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Market Recap

The past quarter was a mixed bag of extremes in the global equity, currency and commodity markets as investors grappled with slowing global growth, collapsing oil prices and significant currency fluctuations. These types of extremes are typically associated with tops and bottoms of markets as sentiment often runs too far in one direction or another.

In January there were a number of pundits in the financial media who were predicting another 2008 style collapse. Since those dire predictions most markets have rallied significantly, oil is up, the loonie has recovered and the financial media have moved on to their next topic, “What happens to America if Donald Trump becomes president?”. This should provide a lesson for investors who look to the financial media to direct their portfolio decisions.

Investors who stayed the course were rewarded in March as markets and portfolios rebounded. One of the keys to successful investing over the long term is to ensure that you have a strategic asset allocation in place that you remain committed to over the long run. Investors need to understand that volatility is a part of investing. If you are prepared for it you can act accordingly when it arrives, taking advantage of the opportunities that it provides.

We are well positioned for the current market volatility and continue to focus on good quality companies that have a strong commitment to shareholders. As such we continue to favour dividend paying and growing equities and tactical management of cash levels.

Clients within our Private Investment Management program (PIM) and Third Party Pension Management program will receive their quarterly update and personalized portfolio reports within the next few weeks.

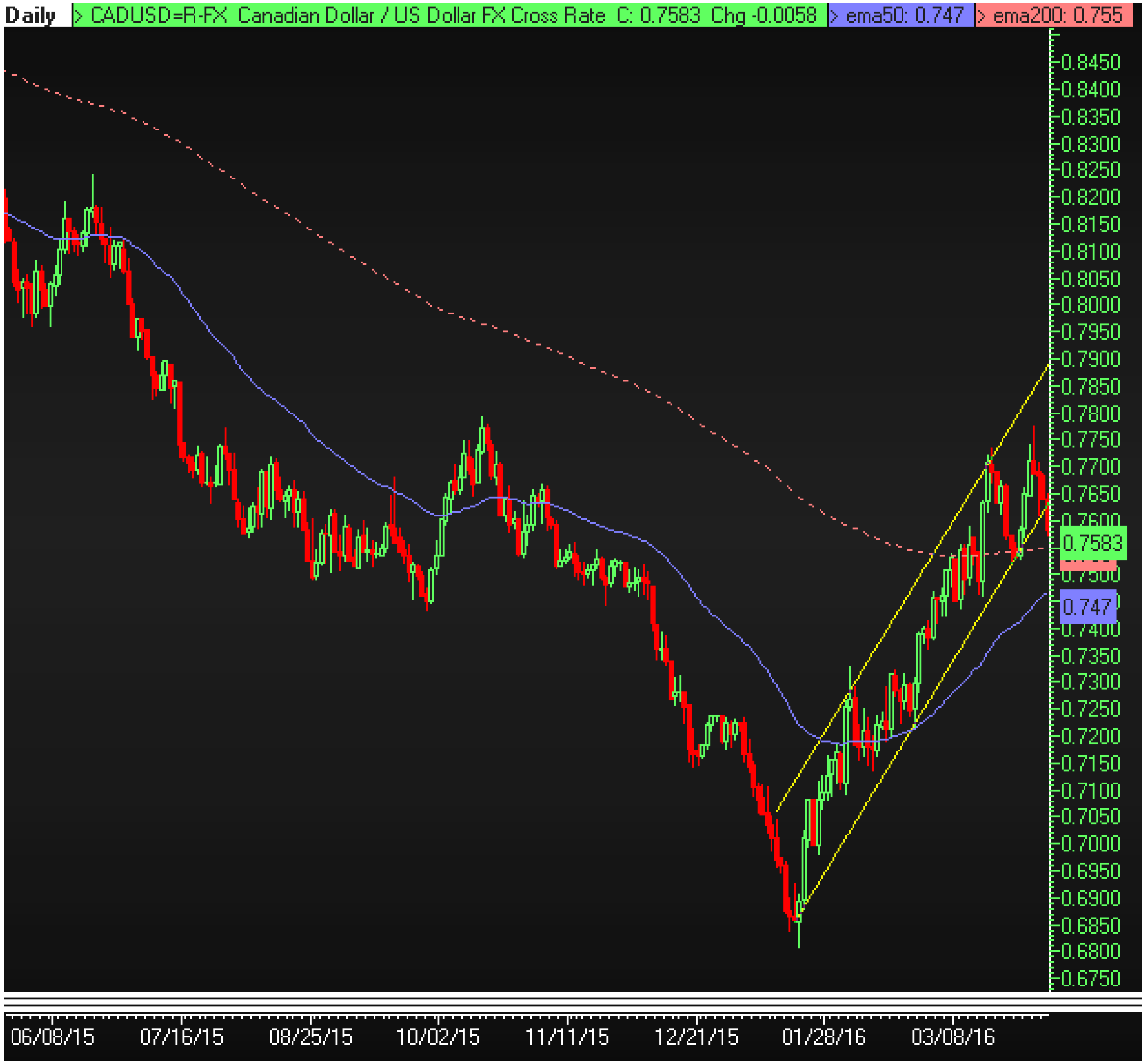
Canadian Dollar- The Loonie rebounds

- The Canadian dollar has rebounded strongly relative to the US dollar over the past quarter

- The loonie troughed around 69 cents per USD in mid January but has rallied back to over 75 cents as of the end of March

- One major factor contributing to CAD strength was a rebound in the price of oil from multi year lows

- USD strength diminished as US economic growth moderated leading investors to lower their expectations for US Federal Reserve interest rate hikes in 2016



Source: ThomsonReuters

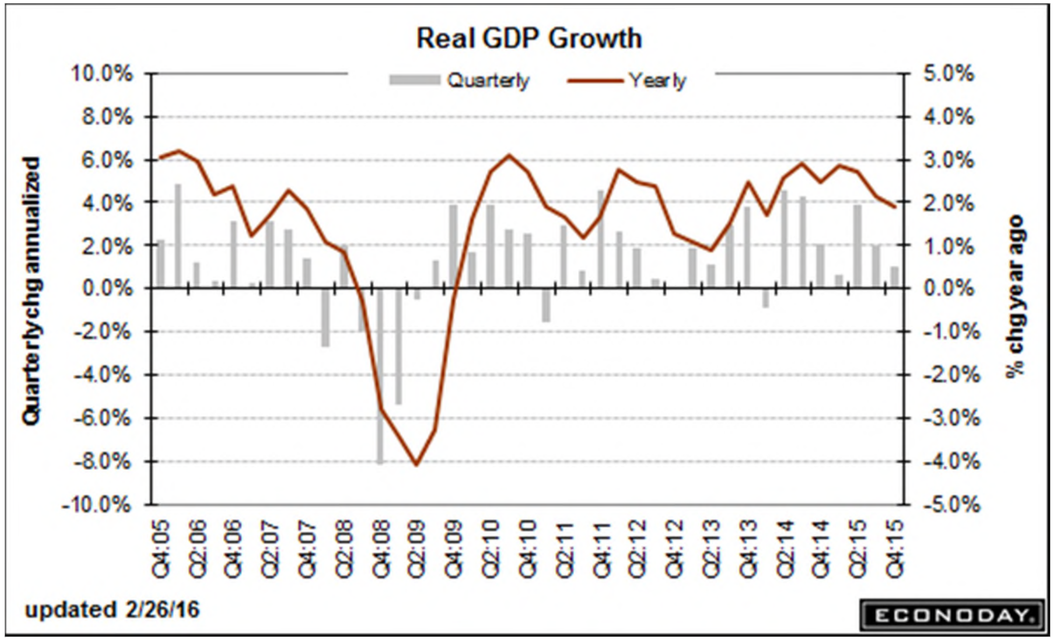
US Economy- Low and slow but still positive

- The US economy continues to grow albeit at a moderate pace as employment and housing help to bolster growth

- Annual GDP growth slipped beneath 2% in the fourth quarter of 2015 as a strong USD dollar created a headwind for US exporters

- One of the results of low growth is that inflation remains under the Federal Reserve's target rate, reducing the likelihood and magnitude of interest rate hikes this year

- An economy that has positive growth and low inflation historically has been a good environment for equities



Data Source: Econoday and Haver Analytics

China- Potential Credit Issues

•Bloomberg reports that China's debt now totals 250% of GDP, with corporate debt amounting to 160% of GDP.

•The People's Bank of China Governor Zhou Xiaochuan stated recently that "lending as a share of gross domestic product, especially corporate lending, is too high."

•Should China experience a credit crisis there will no doubt be ripple effects felt throughout the world as their economy contributes significantly to world economic growth

•According to the publication *The Economist*, debt held by foreigners represents about 10% of GDP so a systematic global credit crisis akin to 2008 appears to be a low probability event at this point

Source: The Economist

TSX Performance: Annual, YTD & 3 Months

- Canadian equity markets bottomed in January, and recovered strongly through the end of March, almost in lock step with the price of crude oil

- The Canadian economy has started to stabilize, assisted by the low dollar which makes Canadian exports more attractive to our southern neighbours

- The energy and material sectors have led the TSX higher, rebounding from deep selloffs through much of 2014 and 2015

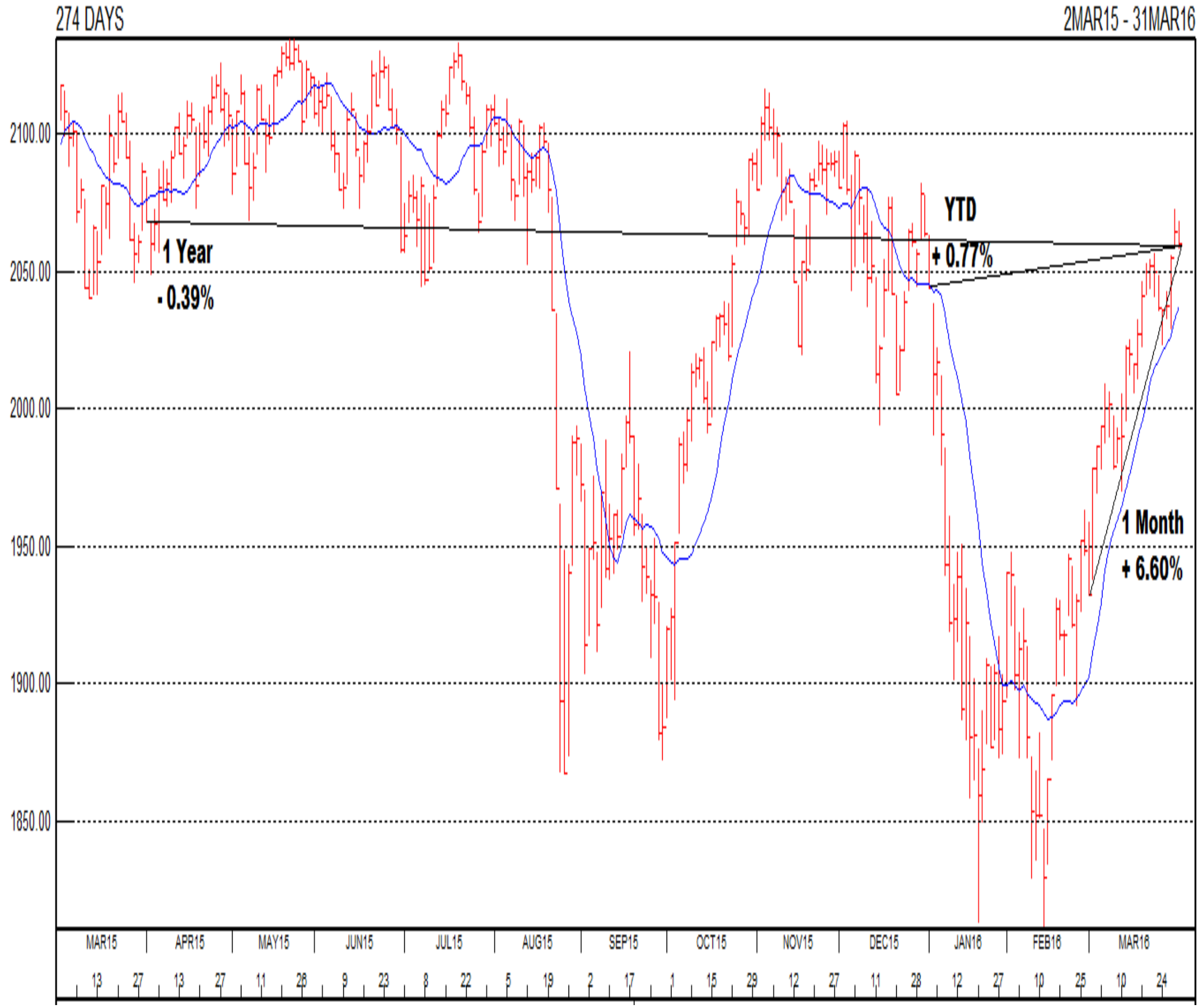
Data Source: Trend & Cycle

S&P Performance: Annual, YTD & 3 Months

- The US market has been trading in a sideways pattern for the better part of two years. This consolidation pattern can create anxiety in impatient investors

- The US equity markets sold off in January as concerns about emerging market debt defaults roiled markets in similar fashion to the August/September correction of 2015

- Once the initial panic subsided investors stepped in and took advantage of equity prices that had returned to levels last seen in early 2014



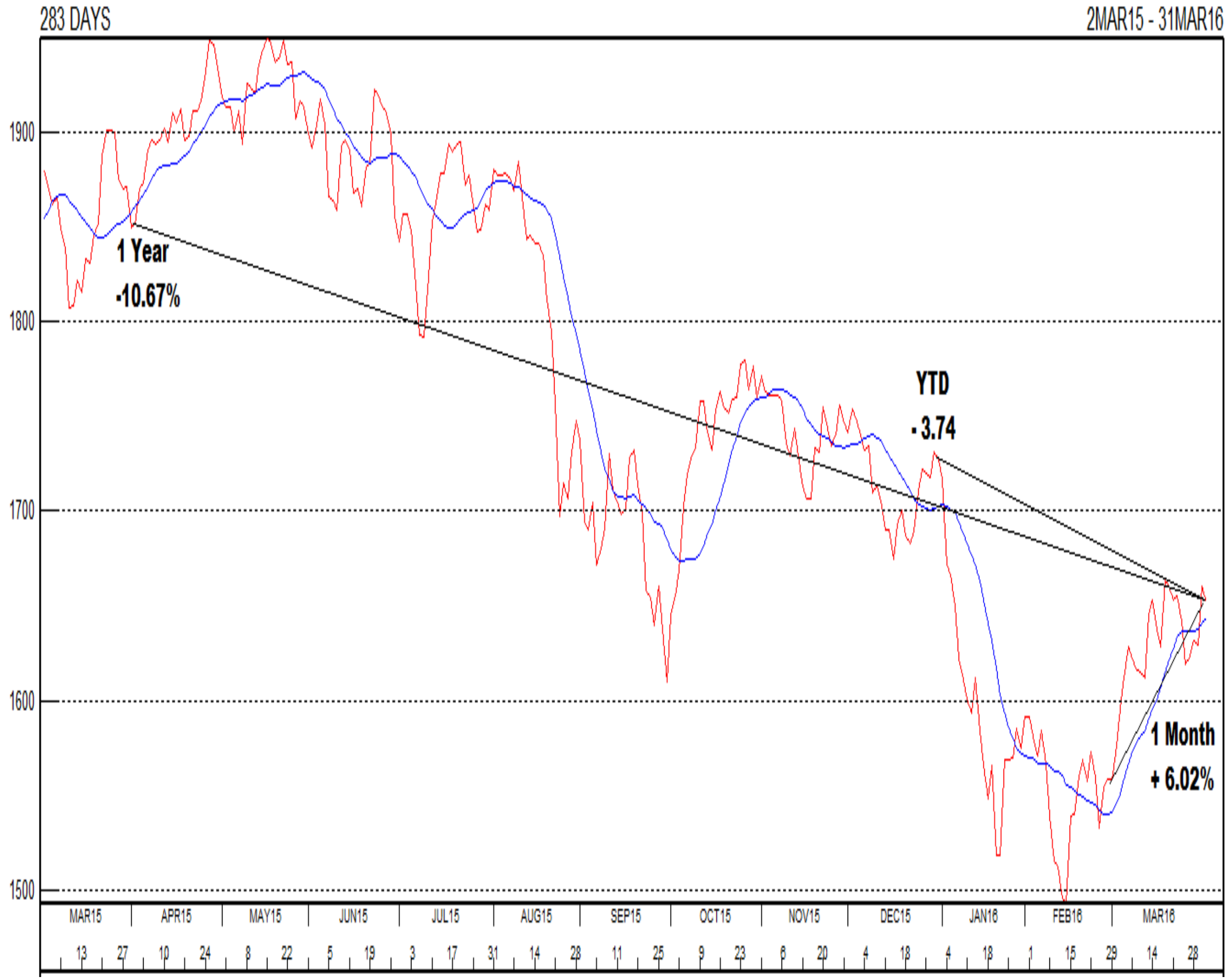
Data Source: Trend & Cycle

EAFE Performance: Annual, 6 & 3 Months

- International equity markets followed the same general pattern of volatility as global macro economic concerns drove market sentiment

- European equities typically have a greater sensitivity to emerging markets as they have closer economic ties than does North America

- Currently there is still the overhang of a "Brexit" should Britain leave the European Union, and the potential fallout that could bring. As a result European and UK equities trade at a discount to their US peers



Data Source: Trend & Cycle

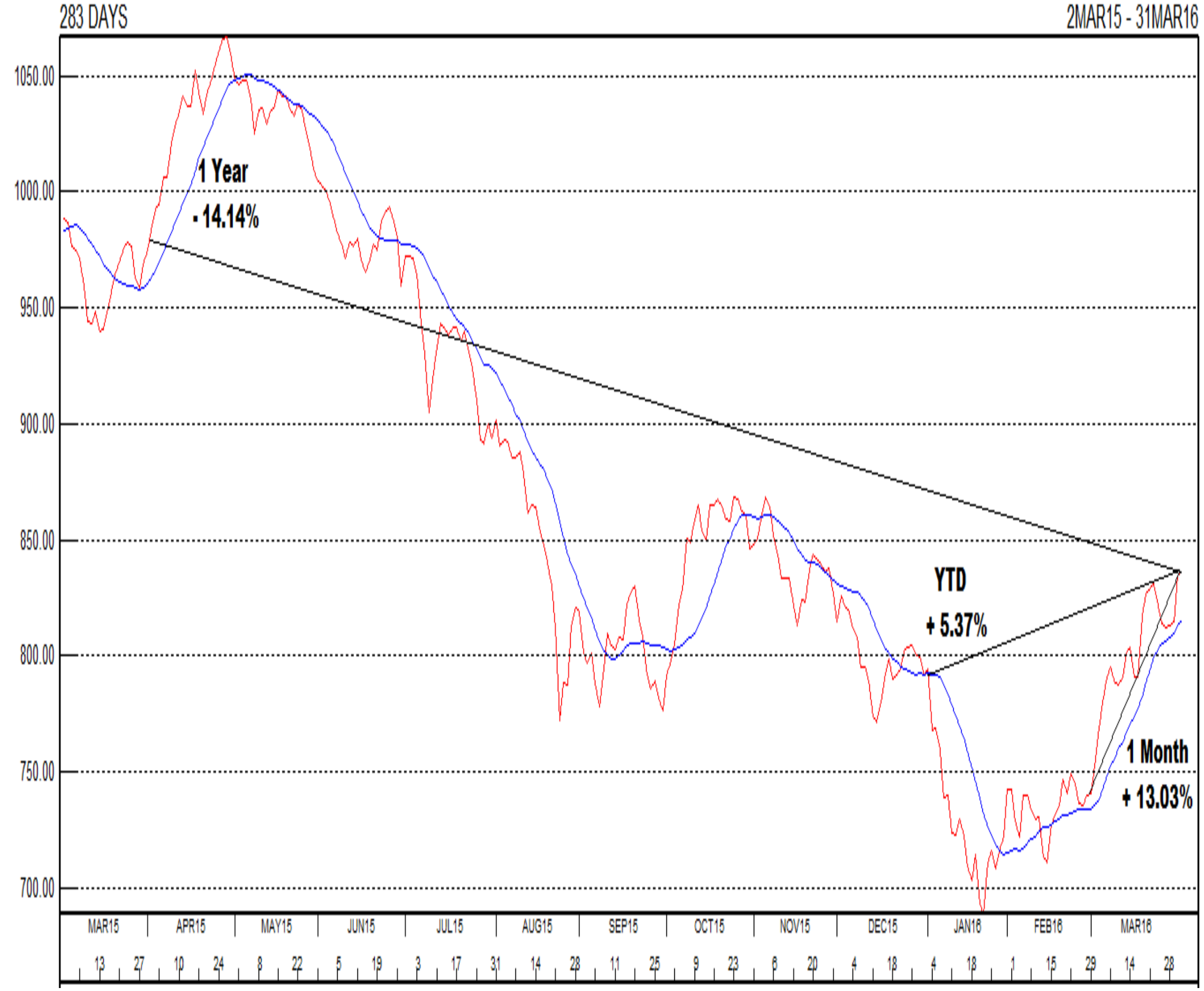
EAFE = Europe, Australasia, and Far East Developed Markets

Emerging Markets Performance: Annual, YTD & 3 Months

- China remains the major concern among the emerging markets with the debt issues noted earlier in this report

- Emerging market equities experienced a significant rebound through the end of March as investor confidence began to improve

- Emerging market valuations remain relatively inexpensive as concerns about future growth still weigh heavily on investors



Data Source: Trend & Cycle

CAD: USD Annual, YTD & 3 Months

- The Canadian dollar has been mired in a long term downtrend vs the USD for several years, tracking the price of oil lower

- Late January signalled an inflection point in the trend and the Canadian dollar has bounced significantly since then

- Going forward the path of the Canadian dollar will be determined by numerous factors including the price of oil, the relatively health of the US and Canadian economies and expectations around the future direction of interest rates