INVESTMENT PLANNING COUNSEL'S

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Recap from IPC's 19th National Fall Conference in Vancouver

Investment Manager Views

This year, we heard perspectives from some leading investment managers on the equity and fixed income markets. They gave us their take on current markets and shared their outlook. Here are some of the highlights:

U.S. SMALL CAP EQUITIES

Invesco Canada Ltd.
Invesco is a sub advisor for the U.S. small cap mandate of Counsel Global Small Cap.

Jason MacKay
Head of Global Investment Strategies
"With confirmation that Canada has entered a recession in the first half of 2015, building a resilient equity portfolio must incorporate a broader economic perspective. Several themes are set to persist; economic divergence between the U.S. and the rest of the world will continue to affect market expectations. The normalization of volatility is a reflection of a healthy market environment and corrections can give rise to arbitrage opportunities for active equity mangers. Most importantly, the volatility underscores the re-emergence of the quality premium, where investors are encouraged to buy high and sell low. Taken together, these factors lead us to believe that the best opportunities going forward are in global and notably international markets with portfolios that have a clear quality bias."

CANADIAN DIVIDENDS

RBC Global Asset Management
The RBC Canadian Dividend Fund is an underlying fund to Counsel Regular Pay Portfolio.

Paul Martin
Institutional Portfolio Manager
"We think the medium and long term outlook for dividend-paying Canadian equities from here is quite good. It's helpful to have a good valuation starting point, and that is the case today with a couple important segments of the Canadian market. Bank valuations

have been held back by a number of headwinds but there is nothing to suggest that these won't continue to be great compounders of shareholder capital for years to come. In the Energy sector, security selection will clearly matter, but the senior Canadian oil and gas producers should come out of this downturn stronger than they went in, and deliver attractive shareholder returns from here as oil prices recover from currently depressed levels."

CANADIAN FIXED INCOME

Acuity Investment Management Inc.
Sub-advisor to the Income & Growth mandate for Counsel Regular Pay Portfolio

David Stonehouse
Vice-President and Portfolio Manager

"The substantial annualized gains investors have enjoyed since the financial crisis are unlikely to be replicated as strongly in the coming years, as presaged by the comparatively muted returns recently. For Canadians, this more challenging environment has developed in part due to the substantial decline in oil prices, which contributed to a mild recession in the first half of 2015. In our view, oil will be range bound between the highs and lows of the past year for a prolonged period. The possibility of a real estate correction could also weigh on the Canadian economy. These factors, along with record debt to disposable income, should keep interest rates in a low range well into the future. These conditions have also resulted in significant Canadian dollar weakness, abetted by the Bank of Canada's monetary policy and rhetoric. Although the weakening dollar has boosted foreign asset returns for Canadians, the dollar has already retraced more than half of its secular gains from the previous decade. As a result, we anticipate that further Canadian dollar declines are unlikely to be as frenetic on an annualized basis as those of the past few years.

Elsewhere, the U.S. Federal Reserve is likely to raise interest rates soon, the fear of which has been weighing on the markets. While investors appear overconfident about the U.S. dollar in the near term, the longer term upward trend appears to be intact, which could keep pressure on emerging economies, commodities, and the Canadian dollar. The gradual deceleration in China's growth rate is also contributing to this trend, although we believe that the Chinese economy is not at imminent risk of a hard landing.

With this backdrop, fixed income remains as important as ever. Clearly, the 8% return the Canadian bond market achieved in 2014 following a near 100 basis point decline in yields is not sustainable in the long term given the current level of yields. However, bonds provide some income, along with a much lower volatility profile and a far higher degree of downside protection than stocks."

GLOBAL FIXED INCOME

Franklin Templeton Investment Corp.

Templeton Global Bond Fund is an underlying fund to the global fixed income mandate of Counsel Fixed Income

Richard Herbert
Product Manager of Global Fixed Income

"We continue to expect differentiation among specific emerging-market economies; some have healthy current account and fiscal balances with strong export-driven economies, while others struggle with deficits and economic imbalances. We believe investors should not view the emerging-markets asset class as a whole but instead they need to selectively distinguish between variant individual economies. In our assessment, economies that have healthier balances and stronger growth prospects should experience currency appreciation over the long term, while those with imbalances are more likely to face currency weakness and economic strains.

GLOBAL MARKET & ECONOMIC VIEWS

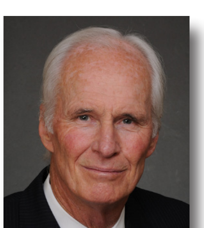
Sun Life Global Investments

Sadiq Adatia
Chief Investment Office and Portfolio Manager

"Despite current challenges, overseas markets look to be heading in the right direction. The eurozone appears to be where the U.S. was about five years before its strong bull rally. The U.S. economy continues to deliver solid results, which should translate into gains for the U.S. equity market even as the Federal Reserve closes in on a likely decision to raise interest rates later this year.

Bonds look to be the wildcard over the rest of the year, but as yields start to move higher, bonds may not hold the same capital protection characteristics as they have in the past. Diversification remains critical, as always."

Fidelity Investments



Alan Wilkinson
Market Strategist Emeritus

"The world is growing economically at sub optimal rates, where projections continue to be lowered – not only that, but this slow growth is supported around the globe by cheap money.

Canada's commodity focused economy is displaying weakness with six out of the last seven months showing declining GDP growth. This leads to the question of whether the Bank of Canada will lower rates again. My sense is that if oil prices remain below $50, and manufacturing continues to disappoint, a further rate cut is quite possible.

In China, the illusion of reported GDP growth versus reality is growing. Over the last five years, the injection of vast amounts of liquidity has failed to arrest China's declining GDP growth. Both exports and imports have declined over the same period while capital has exited the country, all contributing to China's devaluation of the Yuan.

European stock market valuations are around historic norms and will be supported by lower than projected inflation and interest rates, suggesting the possibility of PE expansion. Greece was viewed as a localized event, but will return to "bite us" again as it becomes apparent that the economy simply cannot service its debt level and lenders may have to take a haircut on their debt.

Almost half of Japan's exports go to China – an obvious headwind. The Nikkei has been supported since Prime Minister Shinzo Abe's election by a declining Yen versus the U.S. dollar - a problem for U.S. investors but not for Canadians due to an almost parallel decline in the Canadian dollar versus the U.S. dollar.

Gold will remain volatile, but with low global inflation and a generally stronger U.S. dollar, there seems little major upside from current levels.

Oil Agency's demand continues to be revised upwards, and production continues to be revised downwards. Perhaps the actual gap between supply and demand may be much smaller than many believe. This may suggest it is possible we have made lows in oil prices, and the (volatile) trend into year-end may be upwards, leading to selective opportunities in solid oil companies.

The takeaway from all of this – there is a time for indexing and a time for active management – now is active management time."

We will be happy to discuss your portfolio's current asset allocation strategy or to evaluate any other aspect of your financial plan. Please call us to schedule an appointment.

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