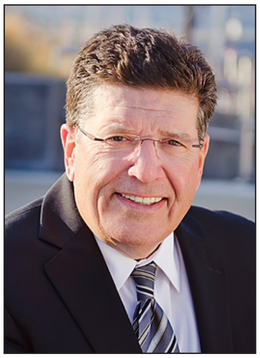
MARKET COMMENTARY



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"Trump Defined"

The Merriam Webster website defines "Trump" as "a card of a suit any of whose cards will win over a card that is not of this suit." It also provides synonyms "concoct, construct, contrive, cook (up), devise, fabricate, make up, manufacture, invent, and vamp"

The first 21 days of the transition in the U.S. government has provided disappointment to democratic supporters of social programs and optimism to proponents of change for the benefit of economic stimulus and growth. Interest rates have gone up in the bond market bringing 5 year Canadian bonds up to almost 1% annually and 10 year Canada's to 1.56% annually. Prior to the election the 5 year was yielding .63%. Interest rates rising in the 5 to 10 year sector of the yield curve puts upward pressure on mortgage rates and devalues bond portfolios. Interestingly the initial move up in interest rates is taken as an indicator of economic strength and supports a rising stock market.

We should take into consideration that these early moves in capital markets are in advance of any administrative or policy change and may turn out to be based on unfulfilled expectations. Disappointment in capital markets are never a good thing. Mr. Trump's plan to increase fiscal spending on projects that will create growth and employment in the private sector in conjunction with a federal reserve supporting a strong U.S. dollar will almost certainly create some inflation. The current appreciation in the S&P 500 is forecasting confidence in his ability to execute.

From a portfolio management perspective I tend to lean towards the value opportunities in the event it takes longer to achieve expectations than the markets have priced in. The recent rise in interest rates has caused utilities and real estate trusts to devalue to the point that their yields are compelling. I also think this economic recovery may take a number of years to accomplish. In this kind of backdrop utilities, REIT's, and pipelines with a history of growth in dividends and share price appear to be current value opportunities.

We are currently experiencing the high activity part of the year for consumer purchases. The media reports on the setting of e-commerce records, which tells me not to give up on quality consumer discretionary stocks that are embracing e-commerce both in retail and commercial sectors. I experienced the pain of technology investing in the dot com bubble days when a good idea attracted investors. Today those good ideas are executing and meaningful value is being created.

Another area of interest is the financial sector, both banks and lifeco's. Since the financial crisis they have done a good job of growing earnings in a slow economy amidst restrictive regulatory pressure and low interest rates. There is the potential for all three of these factors to turn positive for the sector. This group may be a leading contributor to higher markets.

Lastly we're starting to see the demand for commodities developing towards a balance with supply. Increased production in metals and energy brought on by large capital spending programs from 2009 through 2014 is starting to be absorbed by growth in our major economies. GDP growth in the U.S. is increasing along with a corporate earnings recovery. Mr. Trump's pledge to increase economic stimulus will add to commodity consumption.

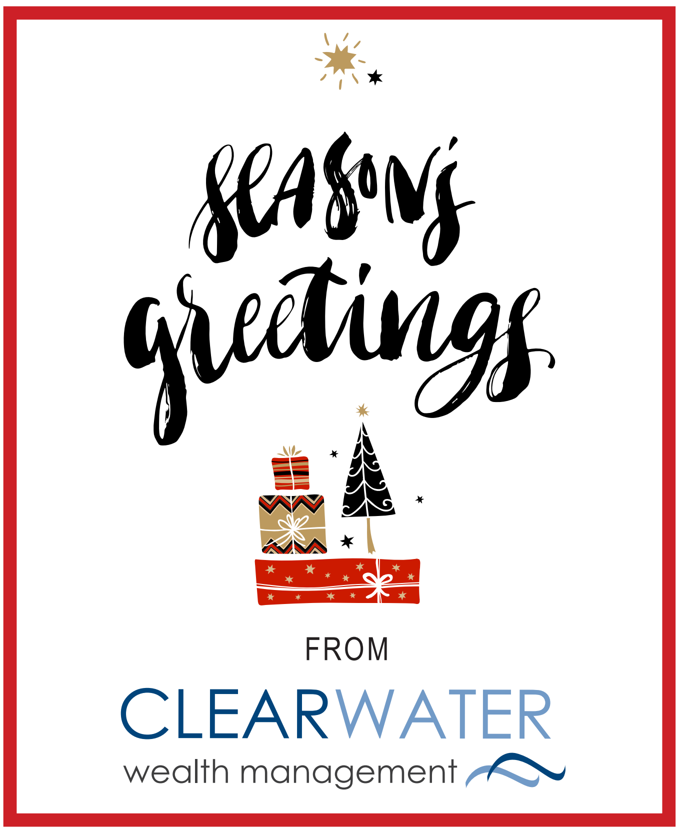
The voting public has passed the trump card to Mr. Trump to execute his plan. His campaign rhetoric is moderating to some degree but I don't expect he'll ever be short of controversy. My hope is the workings of government will balance some of the extremism and perhaps meet in the middle utilizing the best of both the Republican and Democratic platforms.

You will be receiving your season's greetings cards shortly, but I'll also take this opportunity to wish you and your family best wishes for the holiday and New Year.

All the best,
Graham

Teresa's Notes:

As year-end approaches, it's always good to refresh the formula for determining RRIF & LIF payments. To determine the minimum amount that must be withdrawn from a RRIF in a given year for a specific annuitant, multiply the January 1 fair market value of the RRIF by the factor associated with the annuitant's age on January 1. Clients can opt to use the age of their spouse or common-law partner if this election is made before the first withdrawal. No minimum withdrawal is required in the year a RRIF is established. While RRIFs have a minimum that must be withdrawn in a year, there is no maximum. We will be in contact with you in January to confirm your RIF payments and to discuss any adjustments you may want to make.



RIF/LIF Minimum chart

Age of RRIF holder or spouse	Previous RRIF Withdrawal %	New RRIF Withdrawal %
Under Age 71	1 / (90 - age)	1 / (90 - age)
71	7.38	5.28
72	7.48	5.40
73	7.59	5.53
74	7.71	5.67
75	7.85	5.82
76	7.99	5.98
77	8.15	6.17
78	8.33	6.36
79	8.53	6.58
80	8.75	6.82
81	8.99	7.08
82	9.27	7.38
83	9.58	7.71
84	9.93	8.08
85	10.33	8.51
86	10.79	8.99
87	11.33	9.55
88	11.96	10.21
89	12.71	10.99
90	13.62	11.92
91	14.73	13.06
92	16.12	14.49
93	17.92	16.34
94	20.00	18.79
95 and over	20.00	20.00