

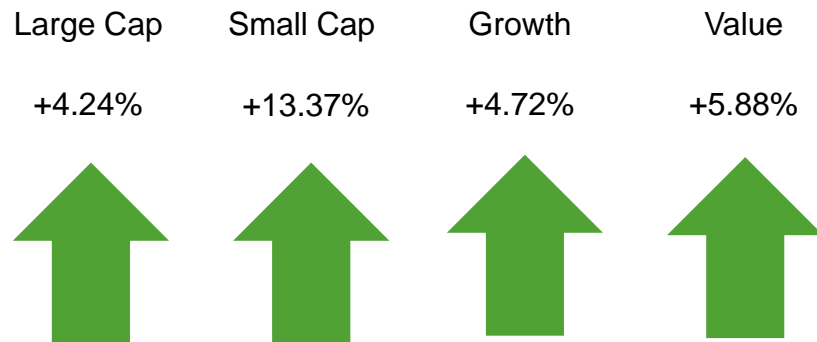
Quarterly Investment Update

Second Quarter 2016

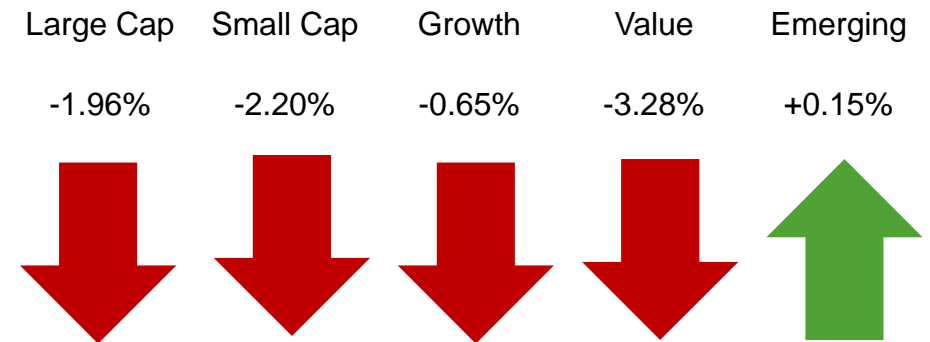
Market Update: A Quarter in Review

June 30, 2016

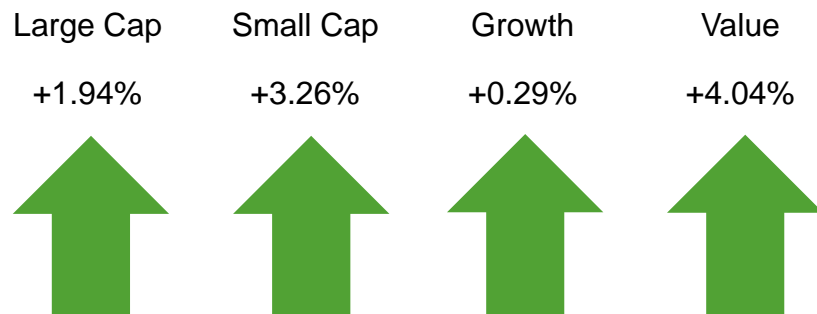
CANADIAN STOCKS



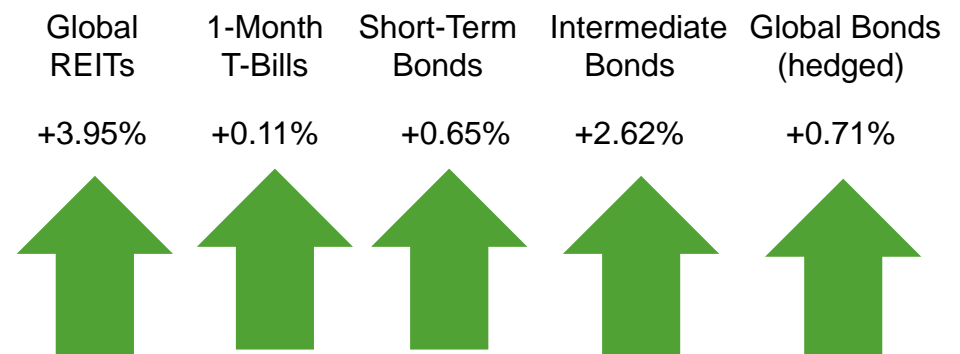
INTERNATIONAL STOCKS



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: Canadian (Canadian 1-month T-bills), Short Term Bonds (FTSE TMX Canada Short-Term Bond), Intermediate Bonds (FTSE TMX Canada Universe Bond), Global Bonds-Hedged (Citigroup World Government Bond Index 1-5 Years [hedged to CAD]). 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.

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Survey of Long-Term Performance

June 30, 2016

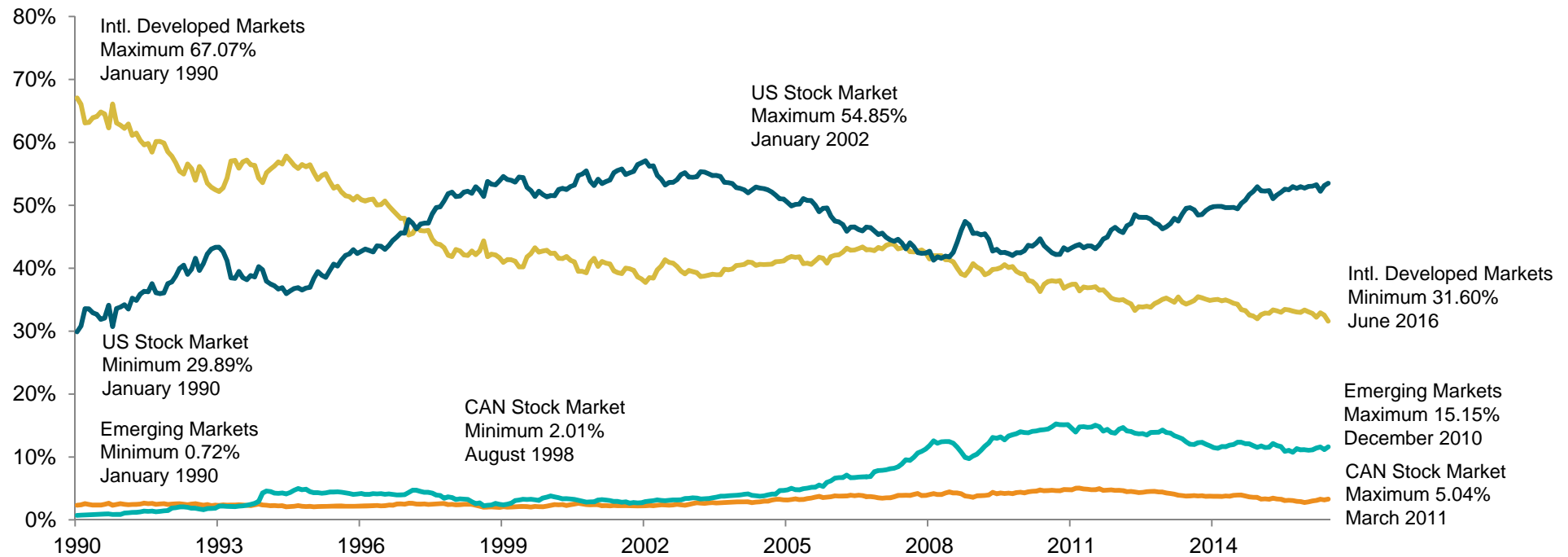
Asset Class	Index	Annualized (%)					Since Inception	Inception date
		1 Year	3 Years	5 Years	10 Years	20 Years		
CANADIAN STOCKS								
Large Cap	S&P/TSX 60	-0.39	8.78	4.48	5.14	8.19	8.45	Feb-87
Small Cap	MSCI Canadian Small	4.38	6.84	1.12	4.25	7.29	8.68	Jul-90
Growth	MSCI Canadian Growth	-4.19	9.55	2.70	3.83	6.48	7.10	Jan-82
Value	MSCI Canadian Value	2.39	5.94	4.17	5.51	9.86	10.73	Jan-82
US STOCKS								
Large Cap	S&P 500	7.57	19.58	18.85	9.05	7.58	11.16	Feb-51
Small Cap	Russell 2000	-3.52	14.69	14.88	7.80	7.33	11.56	Jan-79
Growth	Russell 3000 Growth	5.39	20.64	18.79	10.29	6.65	11.04	Jan-79
Value	Russell 3000 Value	5.94	17.36	17.79	7.65	8.19	12.38	Jan-79
INTERNATIONAL STOCKS								
Large Cap	MSCI EAFE (net div.)	-7.07	9.31	7.80	3.11	3.68	9.03	Jan-70
Small Cap	MSCI EAFE Small Cap (net div.)	0.21	14.95	11.26	5.19	4.65	6.33	Jan-93
Growth	MSCI EAFE Growth (net div.)	-1.52	11.56	9.46	4.43	3.11	9.02	Jan-75
Value	MSCI EAFE Value (net div.)	-12.52	6.99	6.08	1.72	4.10	11.51	Jan-75
Emerging Markets	MSCI Emerging Markets (net div.)	-9.03	5.42	2.01	5.11	4.71	10.34	Jan-88
REAL ESTATE								
Global REITs	S&P Global REIT (net div.)	20.57	17.96	15.70	6.41	9.13	8.94	Jul-89
FIXED INCOME								
Canadian Bills	Canadian 1-Month T-Bills	0.46	0.73	0.80	1.41	2.47	6.24	Jun-73
Canadian Short-Term Bonds	FTSE TMX Canada Short-Term Bond	1.56	2.73	2.67	3.92	4.87	7.86	Jan-80
Canadian Bonds	FTSE TMX Canada Universe Bond	5.22	5.60	5.18	5.60	6.47	9.11	Jan-80
Global Bonds (hedged)	Citigroup World Government Bond Index 1-5 Years	2.46	2.42	2.51	3.31	4.16	6.42	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 2016, all rights reserved. The S&P data are provided by Standard & Poor's Index Services Group. Russell data copyright © Russell Investment Group 1995-2016, all rights reserved. Canadian fixed income data provided by FTSE TMX Global Debt Capital Markets Inc., all rights reserved. Citigroup bond indexes copyright 2016 by Citigroup. 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–June 2016

	Number of Countries	Number of Stocks	Total Value	Weights		
				June 30, 2016	Change from Previous Year	01/90-06/16 Average
Canada	1	314	1.48 Trillion	3.3%	↑ +7.2%	3.1%
United States	1	2,494	23.88 Trillion	53.5%	↑ +1.8%	46.5%
Developed Markets	21	3,170	14.11 Trillion	31.6%	↓ -5.5%	43.7%
Emerging Markets	23	2,740	5.18 Trillion	11.6%	↑ +6.5%	6.7%
Total	46	8,718	44.64 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 2016, all rights reserved.

The Randomness of Quarterly Returns

June 30, 2016

This table shows from top to bottom the highest returning asset classes each quarter over the last 15 quarters. Each asset class is color coded based on the legend below.

	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016
Highest Return	13.67	6.31	9.26	13.67	11.38	6.41	4.99	13.77	14.37	0.14	6.26	10.18	4.54	9.02	?
	10.18	2.52	6.25	9.01	6.12	4.16	1.31	9.16	13.00	0.02	0.66	8.75	1.39	6.41	?
	7.59	0.24	4.15	7.29	6.06	2.87	1.06	2.70	11.49	-0.71	0.15	8.56	1.13	5.60	?
	3.34	-0.14	3.58	5.00	4.76	1.99	0.71	0.70	11.01	-0.79	0.12	4.36	0.38	5.11	?
	0.69	-1.02	0.68	2.09	3.62	1.21	0.50	0.23	4.15	-1.26	-0.91	0.98	0.12	4.93	?
	0.68	-2.36	0.26	0.45	2.77	0.79	0.23	0.02	2.58	-1.63	-4.10	0.11	-0.77	3.31	?
	0.44	-4.08	0.11	0.38	0.78	0.45	-0.59	-0.94	0.82	-1.71	-7.86	-0.06	-5.23	3.11	?
Lowest Return	0.21	-4.84	-2.23	0.24	0.20	0.23	-1.19	-1.47	0.20	-9.19	-12.28	-1.40	-8.96	1.41	?

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, Canadian Bonds (FTSE TMX Canada Universe Bond Index), Global Bonds (Citigroup World Government Bond Index Canada 1-5 Years). 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.





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Currency

June 30, 2016

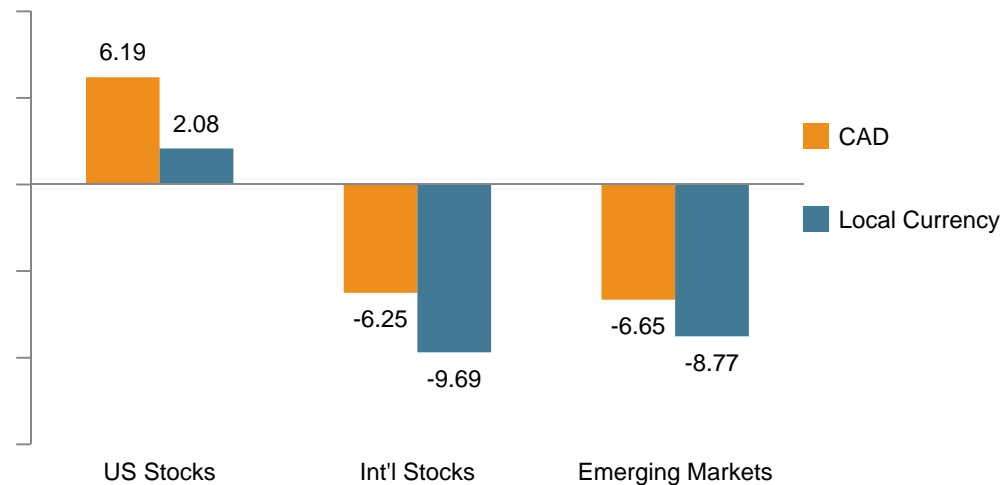
CHANGE IN FOREIGN EXCHANGE RATES (%)

\$CAD/FX

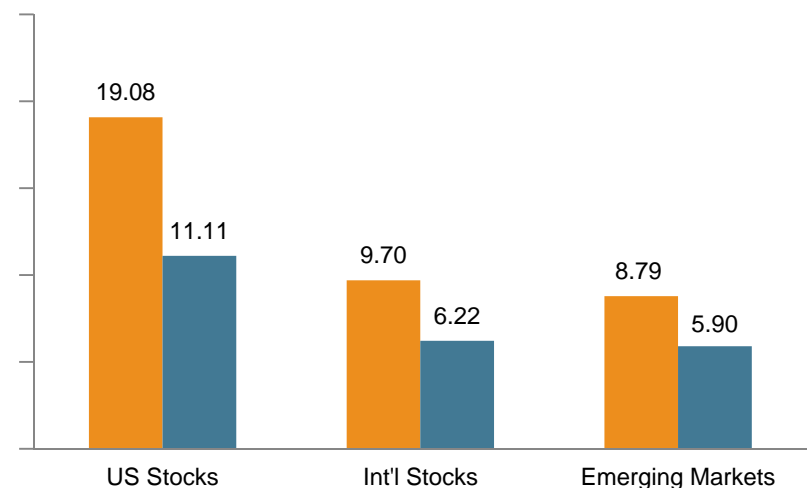
Currency	Q2 2016	One Year	Three Years
 \$ US Dollars	0.43%	-3.97%	-19.03%
 € Euro	3.17%	-3.32%	-4.90%
 £ Pounds	7.63%	13.93%	-7.07%
 ¥ Yen	-7.98%	-19.26%	-16.15%

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, and MSCI Emerging Markets Index, respectively. The S&P data are provided by Standard & Poor's Index Services Group. Russell data copyright © Russell Investment Group 1995-2016, all rights reserved. MSCI data copyright MSCI 2016, 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. FX Rates courtesy of Federal Reserve of New York.



MSCI Country Returns in Canadian Dollars and Local Currency

June 30, 2016

Second Quarter 2016 RETURNS

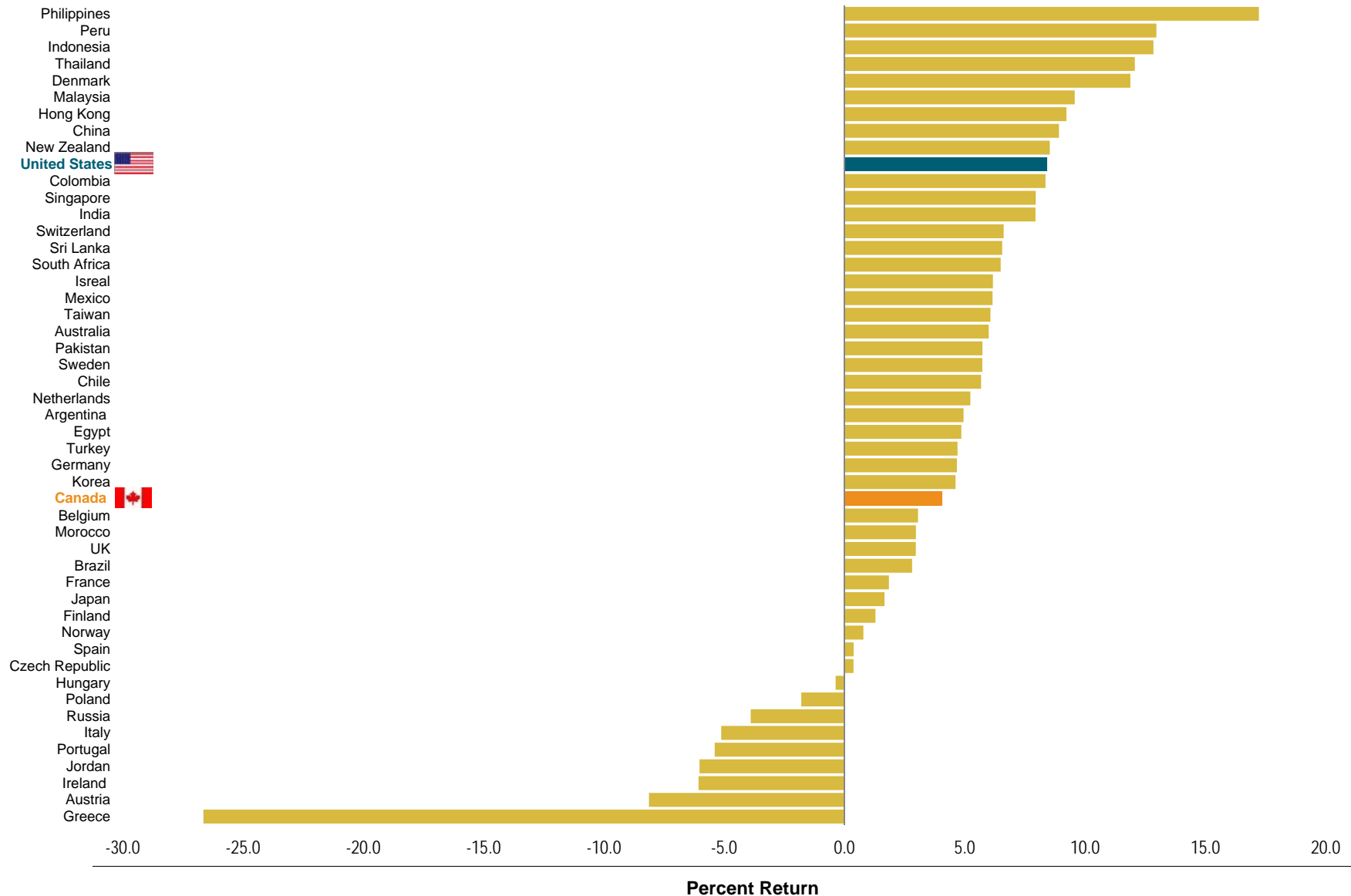
	Return in CAD	Return in Local Currency	Impact of Currency
1. Peru	18.63%	16.69%	1.94%
2. Brazil	14.89%	3.44%	11.45%
.			
 6. Canada	5.32%	5.32%	0.00%
.			
 11. United States	3.17%	2.76%	0.42%
.			
.			
.			
45. Greece	-11.50%	-9.58%	-1.91%
46. Poland	-16.43%	-11.41%	-5.02%

ONE YEAR RETURNS IN CAD AND LOCAL CURRENCY

	Return in CAD	Return in Local Currency	Impact of Currency
1. New Zealand	33.62%	21.98%	11.65%
2. Hungary	25.02%	20.69%	4.33%
.			
.			
 7. United States	6.31%	2.20%	4.11%
.			
 13. Canada	-0.82%	-0.82%	0.00%
.			
.			
.			
45. Egypt	-23.57%	-14.49%	-9.08%
46. Greece	-46.61%	-48.53%	1.92%

MSCI Country Returns

Country Rankings—Ten-Year Annualized Returns as of June 30, 2016



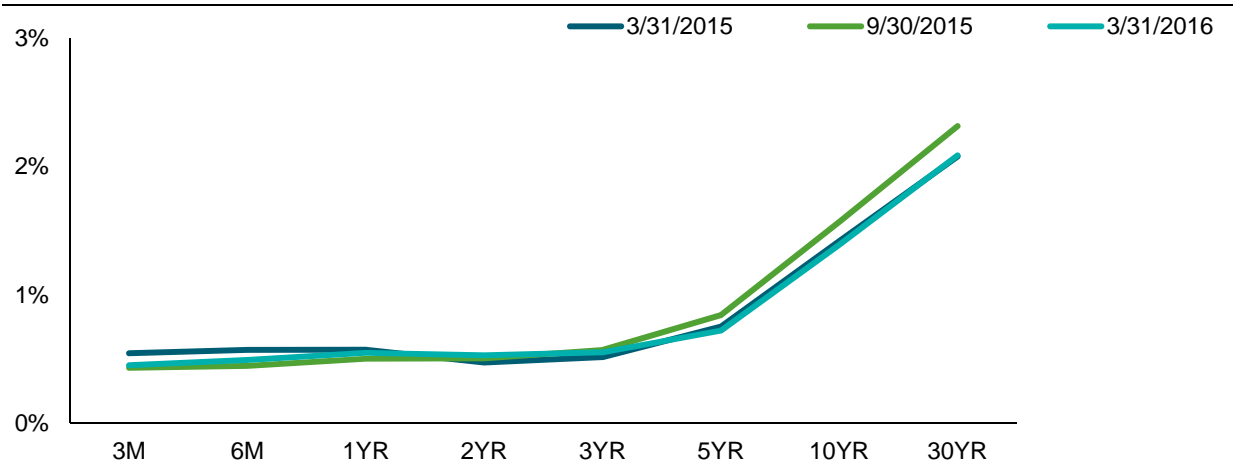
Data in Canadian dollars gross of fees. MSCI data copyright MSCI 2016, all rights reserved. Indexes are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results.

Bond Returns

June 30, 2016

Index	Return (%)		
	Q2 2016	One Year	Three Years Annualized
Canadian 1-Month T-Bills	0.11%	0.46%	0.73%
FTSE TMX Canada Short-Term Bond Index	0.65%	1.56%	2.73%
FTSE TMX Canada Mid-Term Bond Index	2.38%	5.78%	6.28%
FTSE TMX Canada Long-Term Bond Index	5.48%	9.90%	9.20%
FTSE TMX Canada Universe Bond Index	2.62%	5.22%	5.60%
Citigroup World Government Bond Index 1-5 Years (hedged to CAD)	0.71%	2.46%	2.42%

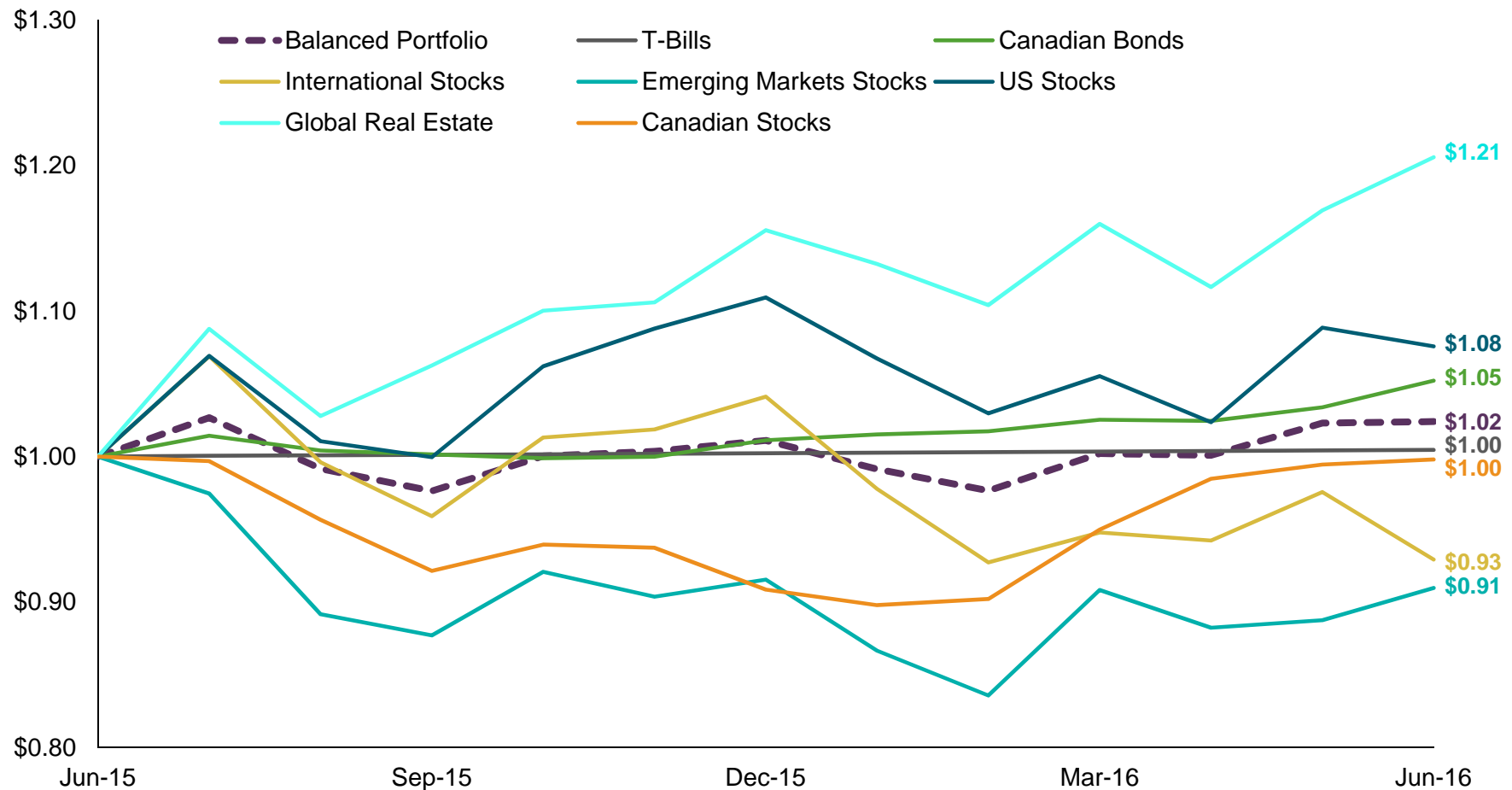
CAN Treasury Yield Curve



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Growth of Wealth

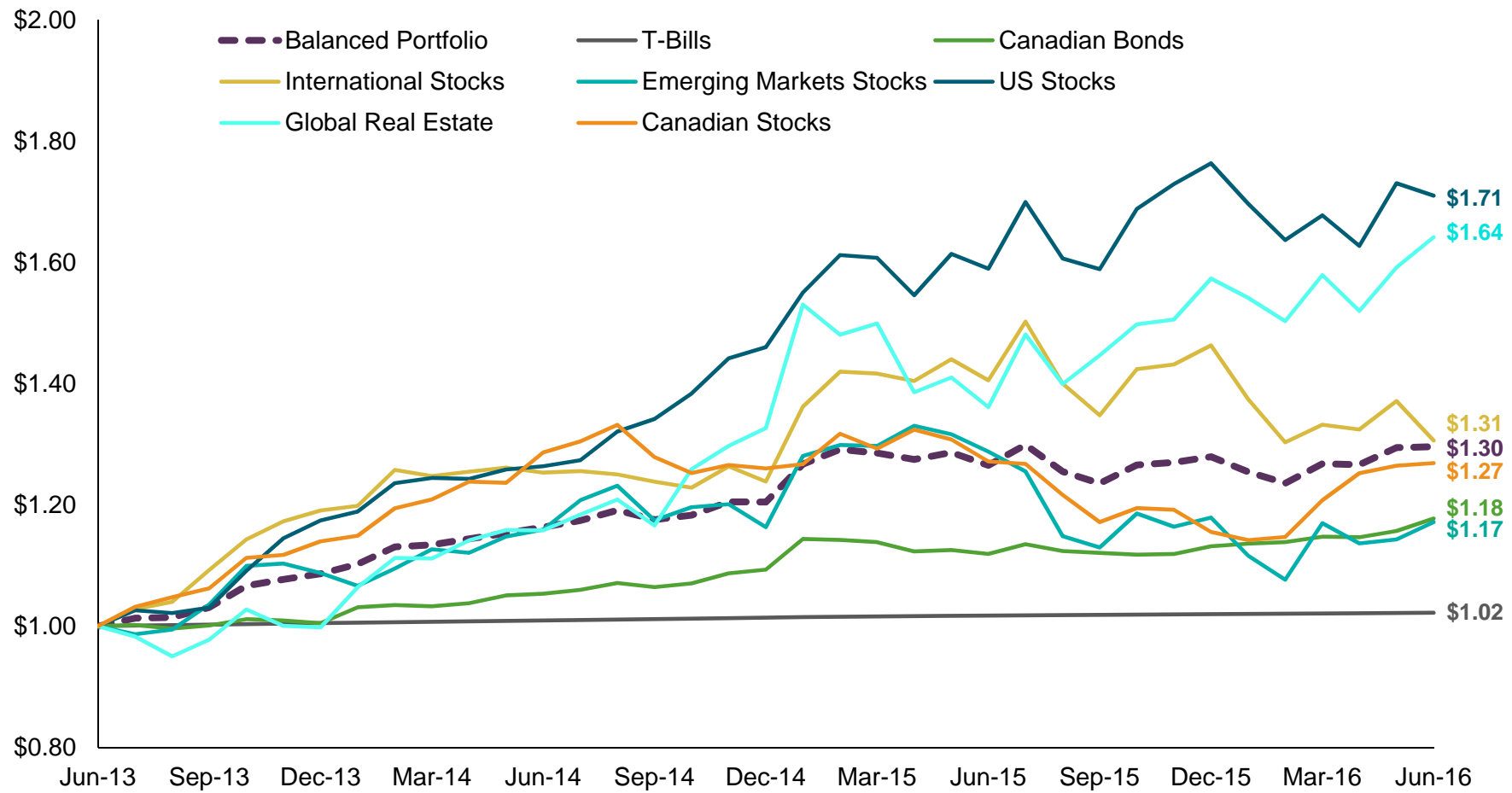
One Year as of June 30, 2016



In Canadian dollars. T-Bills is Canadian 1-Month T-Bills, Canadian Bonds is FTSE TMX 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. Canadian fixed income data provided by FTSE TMX Global Debt Capital Markets Inc., all rights reserved. MSCI data copyright MSCI 2016, 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

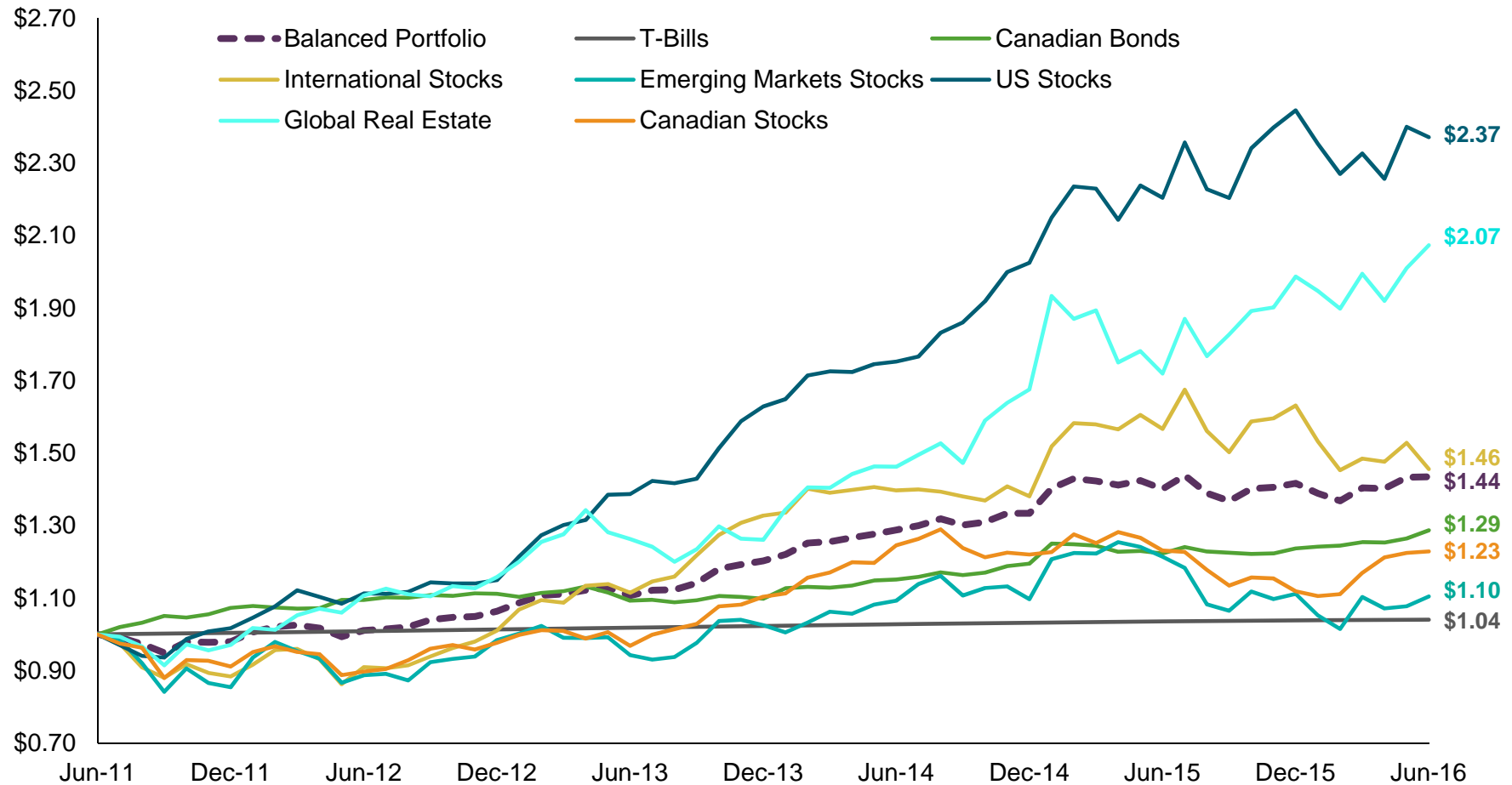
Three Years as of June 30, 2016



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Growth of Wealth

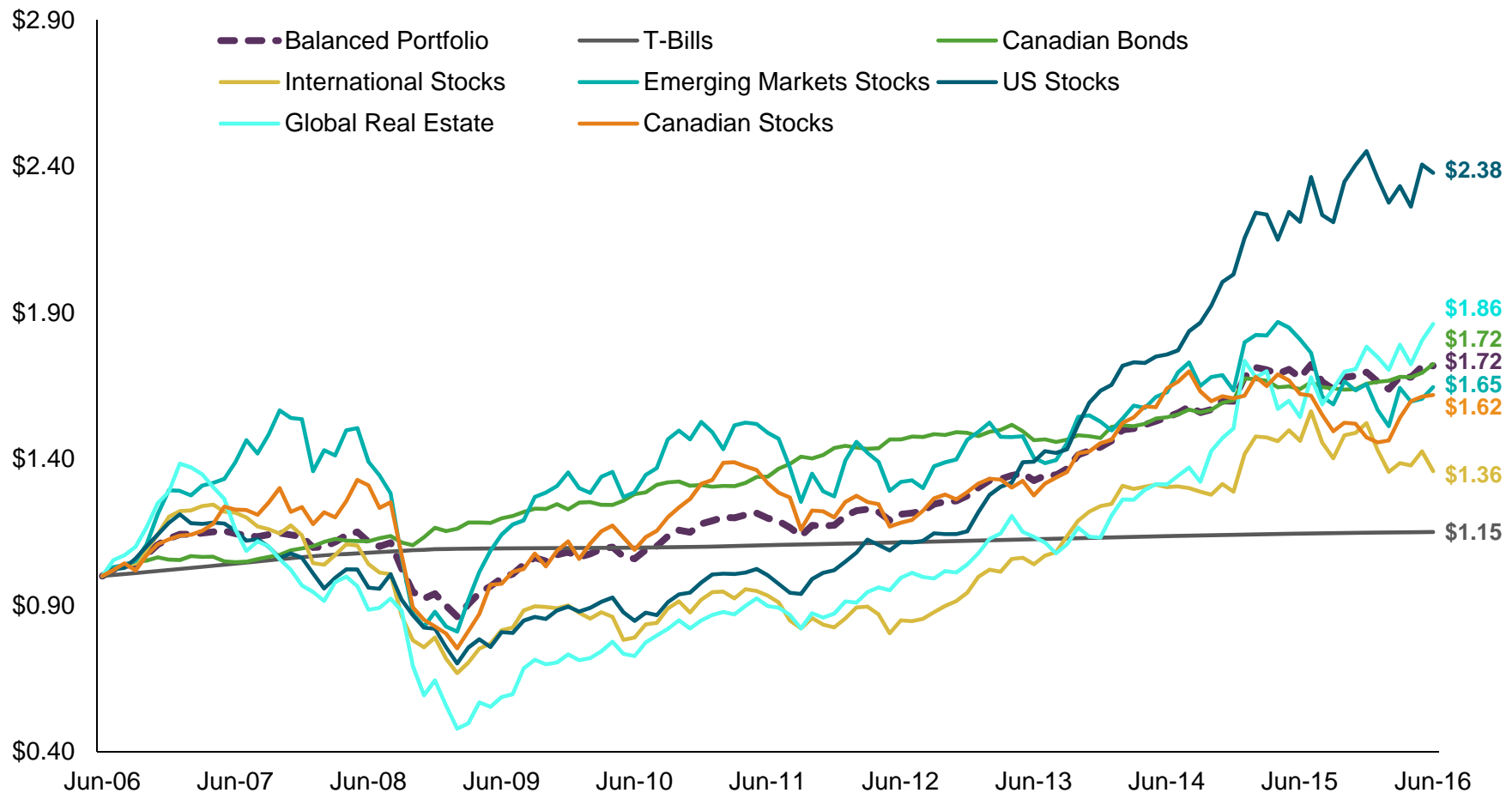
Five Years as of June 30, 2016



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Growth of Wealth

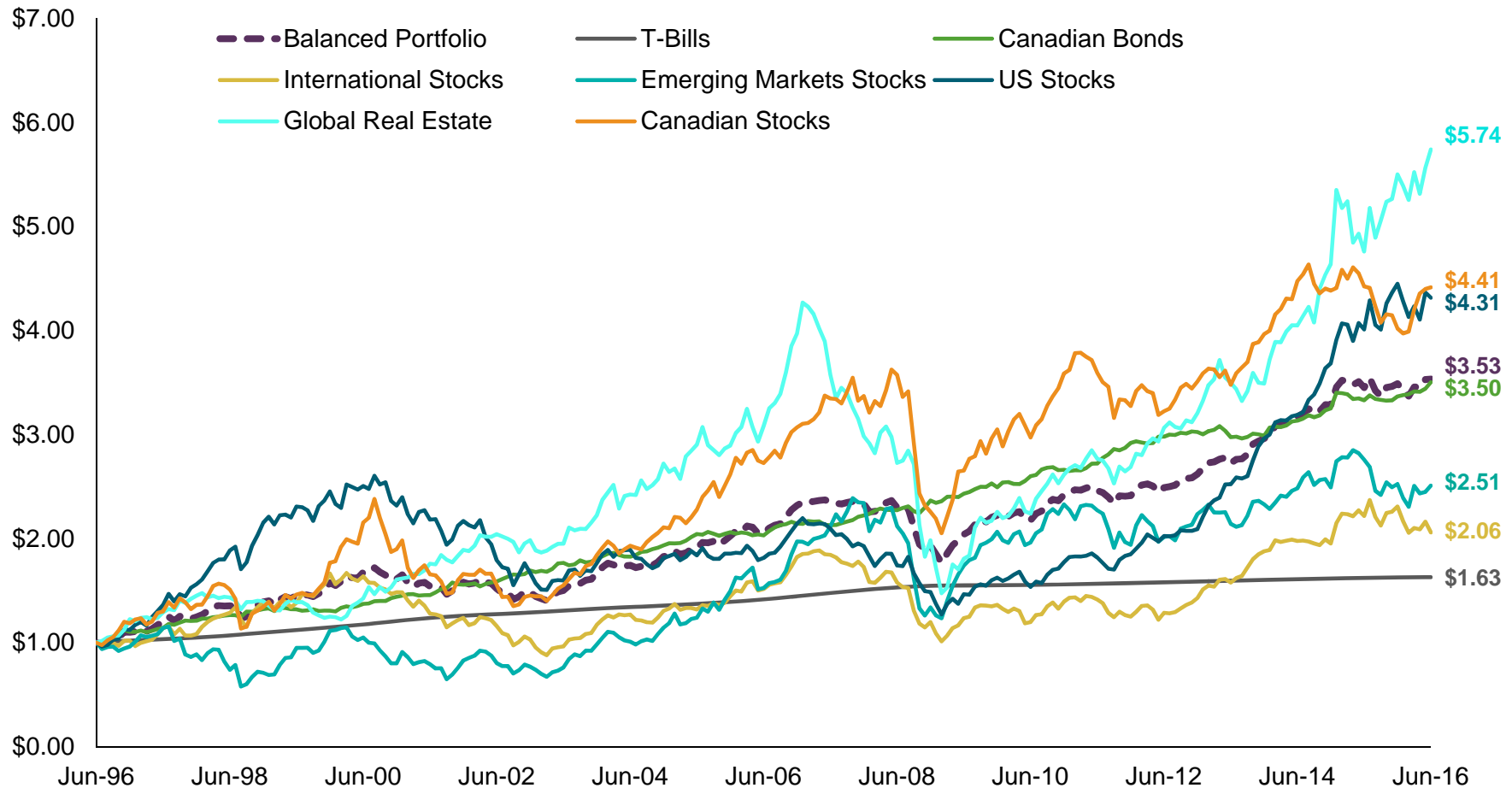
Ten Years as of June 30, 2016



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Growth of Wealth

Twenty Years as of June 30, 2016



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GDP Growth and Equity Returns

Many investors look to gross domestic product (GDP) as an indicator of future equity returns

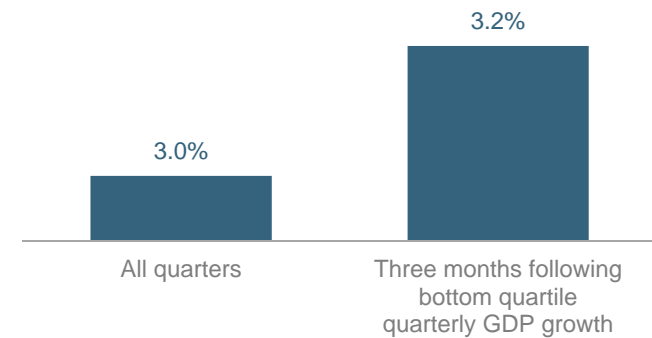
According to the advance GDP estimate released by the Bureau of Economic Analysis (BEA) on April 28, annualized real US GDP growth was 0.5% in the first quarter of 2016—below the historical average of 3.2%.¹ This might prompt some investors to ask whether below-average quarterly GDP growth has implications for their portfolios.

Market participants continually update their expectations about the future, including expectations about the future state of the economy. The current prices of the stocks and bonds held by investors therefore contain up-to-date information about expected GDP growth and a multitude of other considerations that inform aggregate market expectations. Accordingly, only new information that is not already incorporated in market prices should impact stock and bond returns.

Quarterly GDP estimates are released with a one-month lag and are frequently revised at a later point in time. Initial quarterly GDP estimates were revised for 54 of the 56 quarters from 2002 to 2015.² Thus, the final estimate for last quarter may end up being higher or lower than 0.5%.

Prices already reflect expected GDP growth prior to the official release of quarterly GDP estimates. The unexpected component (positive or negative) of a GDP growth estimate is quickly incorporated into prices when a new estimate is released. A relevant question for investors is whether a period of low quarterly GDP growth has information about short-term stock returns going forward.

Quarterly S&P 500 Index Returns, 1948–2016



From 1948 to 2016, the average quarterly return for the S&P 500 Index was 3%. When quarterly GDP growth was in the lowest quartile of historical observations, the average S&P 500 return in the subsequent quarter was 3.2%, which is similar to the historical average for all quarters. This data suggests there is little evidence that low quarterly GDP growth is associated with short-term stock returns above or below returns in other periods.

Sources: S&P Dow Jones Indices, Bureau of Economic Analysis. Past performance is not a guarantee of future results. Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio.

1. Source: Bureau of Economic Analysis.

2. 2002 to 2015 is the longest time period for which BEA provides data comparing initial to final estimates. The average difference between an initial and final estimate was 1% in absolute magnitude over this time period.

Adapted from “GDP Growth and Equity Returns,” Issue Brief, May 2016. Dimensional Fund Advisors LP is an investment advisor registered with the Securities and Exchange Commission.

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