There are some very positive regulatory changes coming for the Investment Industry which will improve fee and performance transparency for investors. The changes are referred to as “Client Relationship Model Phase 2,” or CRM2 for short.

CRM2 is being implemented in three phases: Phase 1 has been completed and included new disclosure rules regarding transaction fees for stock, mutual fund and debt securities transactions. Phase 2 has also been completed and required enhanced client account statements, including original/book cost information and Deferred Sales Charge disclosures among other things. The final Phase will be implemented between July 2016 and July 2017 and deals with account and fee transparency. Specifically, investors will receive an annual report that provides a money-weighted rate of return (please call us for clarification of this calculation!) for the reporting period, and a listing of annual charges including all transaction, fees and related charges paid to the Investment Dealer firm, as well as any compensation from third parties made to the Dealer.

So what does this have to do with fee-based accounts?

We at the CM Group have long believed that the historical mode of compensation, namely transaction fees (commissions) and mutual fund deferred sales charges, represents an ineffective and inappropriate process for both investors and advisors. In this model the advisor and firm are compensated more for more activity, which may or may not result in superior investment outcomes. In fact it has been shown that higher trading activity usually results in lower returns, increased taxes and increased costs. Most importantly, however, it fails to reflect the value of the advice that we advisors can provide to our clients not only in terms of Investment Management, but also in Wealth Management including Financial Planning, estate management, insurance analysis, monitoring and reporting, tax assistance, etc.

Fee-based investment approaches have inherent issues which cloud complete transparency and understanding of costs by investors, and as such have actually been banned in other jurisdictions such as Australia and the U.K.

Our team has been offering fee-based advice now for over 15 years, and over half of our clients now choose to operate their accounts on this basis. This trend away from commissions in the Canadian industry will accelerate with the implementation of CRM2.

What is a fee-based account?

Fee based accounts do not have commissions or transaction fees of any kind, nor do they have annual administration fees for RRSPs, RRIFs, RESPs or TSAs. The fee is determined as a percentage of assets in the account and is typically charged quarterly. It is not affected by the number of transactions or the nature of the investments held in the account.

The benefits of a fee-based account are numerous versus commission-based accounts. Here are just a few:

- The fee is paid for ADVICE rather than transactions – the services we offer, including financial planning, estate planning, insurance analysis, monitoring and reporting, tax assistance, etc. are all provided regardless of whether the account requires many or few transactions.
• The fee is **TRANSPARENT** – you know exactly what the charges will be in advance, and there will be no hidden fees such as those embedded in new issues, structured products or mutual funds.

• A portion of the fee is **TAX DEDUCTIBLE** in non-registered accounts –

• There is **no real or perceived conflict of interest** between advisors and clients – both benefit from only one thing – growth of the value of the portfolio. There is no possibility to “inflate” investor costs by excessive trading in the account.

• Mutual funds offer “F” series funds for fee-based accounts that have **lower management expense ratios** than similar funds for transactional accounts.

**So what do I get for my fee?**

In addition to all of the transactions, purchases and sales of securities in order to properly position your investment portfolio and for regular rebalancing of the portfolio, here are some of the things you can expect from your advisor – there are a lot more depending on your particular circumstances, needs and objectives. We serve our clients in a number of key areas:

**Financial Planning** – working with our CIBC Financial Planning & Estate Planning Specialists:

• We conduct discovery meetings and discussions to understand your goals – we then formalize them in writing for you

• We help organize your financial situation

• We prepare financial plans

• We make and implement specific recommendations to help you meet your goals

• We review and recommend life insurance policies to help protect your income, asset and estate for your family and beneficiaries

**Investments:**

• We prepare an asset allocation for you based on your financial plan that provides you the best expected rate of return for a level of risk that you are comfortable with

• We conduct due diligence on specific investments in order to make the most appropriate recommendations

• We stay up to date on changes in investment opportunities and risks through ongoing education, attendance at industry conferences, and continual upgrading of our qualifications and certifications

• We monitor, review and rebalance portfolios as appropriate

• We help you consolidate and simplify your investments

**Taxes**

• We help you reduce your taxes where possible through asset “location,” meaning ensuring the least tax-efficient securities are in tax deferred or tax-free accounts

• We stay up to date with tax law changes

• We provide gain/loss and other reports to make annual tax filing easier

• We work as partners with your tax and legal advisors to help ensure the most efficient growth, maintenance and transfer of your wealth

**Person to Person**

• We monitor changes in your personal situation which could impact your financial future

• We maintain regular communication and meetings

• We provide referrals as necessary to other professionals

• We refer you to banking establishments for loan and trust alternatives

• We provide regular goal-based reporting showing how you are doing financially against your specific goals

• We share the experience of dozens of our clients who have faced circumstances similar to yours

• We help educate your children and grandchildren about investments and financial concepts

• We hold seminars to discuss significant or new financial concepts or strategies
• We educate on retirement and estate planning issues
• We act as “behavioral coaches” by helping clients avoid chasing trends and buying during market highs and selling during market lows

While the above list of services is qualitative in nature, there have been two analyses conducted recently that quantify the value of investment advice between 2.2 and 2.9% annually – according to Russell Investment, 2015. The actual benefits accrue from regular rebalancing of portfolios, reduction of behavioral mistakes, cost of basic investment management and planning costs.

In summary, the investment landscape is changing and the transition to fee-based advisory services will accelerate with these changes. It will benefit all investors to ensure the fee they pay is fair, and that they receive excellent value for that fee.

Clients are advised to seek advice regarding their particular circumstances from their personal tax and legal advisors. ® Portfolio Partner is a registered trademark of CIBC World Markets Inc. There are a maximum number of commission-free trades allowed each year, based on the value of your account. Trades and annual fees are pro-rated on an annualized basis. A standard trade fee applies to excess trades. A minimum household account balance of $100,000 is required. If you are currently a CIBC Wood Gundy client, please contact your Investment Advisor.

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Crude Oil and Financial Markets

Dimensional Fund Advisors Canada ULC
February 2016

What Has Been The Historical Relation Between Oil Prices And The Equity Market?

For 1986–2015, the monthly correlation of the crude oil spot return with the S&P/TSX Composite Index was 0.03. The corresponding correlations with US stocks and non-US stocks were –0.08 and –0.06, respectively.1 This indicates a weak historical relation. Over the past 10 years, oil prices have been quite volatile, and some of the large price swings coincided with moves in the same direction in stock markets. The result is an increased monthly correlation of oil with stocks over this period (0.22 for Canadian stocks, 0.15 for US stocks, and 0.18 for non-US stocks). Going forward, it is not clear whether these higher correlations will persist.

It is important to remember that these are contemporaneous correlations (the oil price change with the stock market return at the same time). In other words, they are not evidence of predictability. When many people ask about the relation between oil prices and the stock market, they are specifically asking whether falling oil prices are able to predict declines in the stock market. To examine this issue, it is necessary to look at the relation between previous oil price changes and subsequent market returns.

Looking at the period 1986–2015, we calculated average monthly stock returns conditional on previous spot oil returns (see Exhibit 1). These average returns show no evidence that falling oil prices predict declining stock markets.

<table>
<thead>
<tr>
<th>Average Monthly Returns</th>
</tr>
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<tbody>
<tr>
<td></td>
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<tr>
<td>When the spot oil return is:</td>
</tr>
<tr>
<td>Negative for the previous month</td>
</tr>
<tr>
<td>Positive for the previous month</td>
</tr>
<tr>
<td>Below -10% for the last 12 months</td>
</tr>
<tr>
<td>Below -20% for the last 12 months</td>
</tr>
</tbody>
</table>

CRSP data provided by the Center for Research in Security Prices, University of Chicago. MSCI data copyright MSCI 2016, all rights reserved. S&P/TSX data provided by S&P/TSX. Past performance is no guarantee of future results. In Canadian dollars.
Is The Falling Oil Price Due To A Slackening In Demand, Which Could Signal An Economic Slowdown?

Exhibit 2 shows that the US crude oil stock (inventory) has risen in recent months, from less than 360 million barrels in late September 2014 to more than 490 million barrels as of January 22, 2016. During that same time, the spot oil price has declined more than 60%. Exhibit 3 shows that this increase in the crude oil stock has not been due to slackening demand. Ignoring seasonal fluctuations, the amount of crude oil supplied to refineries has been steadily increasing since 2010. Instead, the noticeable increase in production, only partially offset by a decrease in imports, has been the catalyst for increased crude oil inventories.

Global supply and demand determines oil prices, and it is possible that these US statistics would not capture a reduction in the global demand for crude oil. For evidence of this possibility, Exhibit 4 uses worldwide liquid fuels consumption as a proxy for global oil demand. Using this proxy, once again there is no evidence of slackening demand in recent months. The exhibits do not allow us to make predictions about future crude oil demand. They simply provide evidence about recent demand, and the evidence suggests that demand has not fallen.
Low Oil Prices Could Eventually Result In Distress For Some Firms In The Energy Industry. How Much Weight Do Energy Firms Represent In Various Equity And Fixed Income Indices?

As of December 31, 2015, the energy sector (including refineries and natural gas producers) had the following index weights:

<table>
<thead>
<tr>
<th>Index</th>
<th>Index Type</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSCI All Country World IMI</td>
<td>Global Equity</td>
<td>5.72%</td>
</tr>
<tr>
<td>Russell 3000</td>
<td>US Equity</td>
<td>5.91%</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>US Equity</td>
<td>6.50%</td>
</tr>
<tr>
<td>S&amp;P/TSX Composite</td>
<td>Canadian Equity</td>
<td>18.50%</td>
</tr>
<tr>
<td>Barclays Global Aggregate</td>
<td>Global Bonds</td>
<td>1.64%</td>
</tr>
<tr>
<td>Barclays Global Aggregate Credit</td>
<td>Global Credit</td>
<td>6.78%</td>
</tr>
</tbody>
</table>

Index weights are subject to change. 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 2016, all rights reserved. Barclays Capital data, formerly Lehman Brothers, provided by Barclays Bank PLC. S&P/TSX data provided by S&P/TSX.

While firms in the energy sector represented 18.5% of the S&P/TSX Composite Index as of December 31, their weights in global stock and bond indices were much lower.

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. Investing risks include loss of principal and fluctuating value. Sector-specific investments can also increase these risks. There is no guarantee an investing strategy will be successful.

February 10, 2016

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Outlook

PIMCO expects the world's major economies to continue converging in 2016 while central bank policies diverge.

The U.S. recovery will remain on a fairly stable trajectory. Growth in Europe and Japan is projected to increase only modestly, while BRIM (Brazil, Russia, India, Mexico) economies should see gradual improvement. The Fed will maintain its bias toward raising rates, but most other central banks will likely ease policy through rate cuts or quantitative easing (QE), or at least keep rates on hold.

In the U.S., our baseline expectation is for slightly above-trend economic growth of 2.0%-2.5% over the year with underlying inflation of 1.5%-2.0%.

With job growth expected to slow as the economy reaches full employment, personal spending will be tied more closely to real wages, which should improve modestly. Given soft global demand and a strong U.S. dollar, we anticipate little boost from international trade. On the positive side, government spending will provide a modest fiscal boost. We believe the market remains too sanguine about the potential for rate hikes in 2016, though the Fed will continue to be data-dependent and mindful of international developments.

For the Eurozone, we anticipate above-trend GDP growth of about 1.5%.

The ECB's ongoing QE measures will keep bank lending rates low across both core and peripheral countries, boosting loan growth. Similarly, modestly improving sentiment and employment should support domestic demand. Headline inflation will depend on the path of oil prices and the euro, but core inflation is likely to remain below the ECB's definition of price stability. Persistently below target inflation should open the door to expansion of the existing easing program.

Japanese GDP growth should increase modestly to about 1% m 2016.

The slowdown in China and other trading partners will remain a headwind to net exports, and domestic policies have not provided the boost many hoped for. That said, Japan's shift in fiscal policy goals - an important new development - could be supportive of stronger growth. Headline inflation could advance toward 1%, but will likely remain below the BOJ's target of 2%. Amid concern that the quantitative and qualitative easing (QQE) program could run up against technical limits, the BOJ introduced negative interest rates in late January, but the implications for inflation and growth remain unclear.

Our outlook for China is little changed with expectations for growth around 6% and headline inflation about 2%.

We still believe China possesses the "will and the wallet" to deal with the challenges of slower growth and pivot toward a service economy; however, the task is difficult and policy mistakes are still possible. We anticipate additional easing via cuts to the deposit rate and required reserve ratio. We also see a likely rise in the budget deficit due to quasifiscal financing of local public works as China uses leverage to support its economy in the near term.

We expect BRIM growth to increase modestly to 1.25%-2.25%.

An important driver of our lower-than-consensus forecast is the extended contraction in Brazil, given the sharp drop in confidence and elevated political uncertainty. Russia is also expected to contract in 2016, albeit at a slower pace than previously. Meanwhile, both India and Mexico should grow in line with consensus. We forecast 2016 headline CPI inflation in BRIM at 6% (consensus at 5.9%), but Brazil remains the outlier with higher-than-consensus inflation.

Past performance is not a guarantee or a reliable indicator of future results.

A word about risk: All investments contain risk and may lose value. Investing in the bond market is subject to risks, including market, interest rate, issuer, credit, inflation risk and liquidity risk. The value of most bonds and bond strategies is impacted by changes in interest rates. Bonds and bond strategies with longer durations tend to be more sensitive and volatile than those with shorter durations; bond prices generally fall as interest rates rise, and the current low

U.S. RECESSION?
THE NUMBERS DON'T ADD UP

Risk of a U.S. recession in 2016 has been on the rise in recent months - or at least that is what the press would have you believe. The data does show a deceleration: U.S. GDP growth slowed from 2.5% in 2014 to 1.9% over the four quarters of 2015, with Q4 growth at just 1%. And markets appeared to question the Fed's December rate hike: Treasury rates rallied, equities sold off and credit spreads widened. Aside from the gloomy sentiment, what does the data tell us? Both of PIMCO's models that examine the likelihood of recession suggest the probability is higher than it has been in a while. But a closer look confirms that the risk of recession remains low and is still significantly lower than at the onset of previous recessions. In addition, the economy has so far shown none of the typical warning signs that preceded past recessions: no overconsumption, no overinvestment and no overheating. Nor are there any signs of overkill by the Fed, which has contributed to past downturns. In our view, fears of a recession in 2016 are overdone.
What’s Stopping You? Be A LEADER In Your Life

By Heather Spurrell
Life Coach and Principal at Your Vibrant Life

Recently I was asked to give a speech to the local chapter of a national charity – Women In Leadership Foundation. The topic for the evening was about leadership and what it takes to be a leader in your own life. Often when we start thinking about leadership, we think about it from the perspective of the professional world: managers, bosses, employers… generally speaking “the person in charge.” The trouble is, that kind of thinking puts the context for leadership out there – a “somewhere else” or better yet a “someone else” phenomenon.

I think real leadership is a much more personal experience, and it’s only when we take ownership of who we are as a leader in our own life that we can actually start to live the life we want. I mean really…

You have this one life, how do you want to live it?

It’s a great question that deserves an answer – YOU deserve an answer to that question!! Lots of people will have spent a little bit of time thinking about what they want to get out of life; unfortunately the picture is often out of focus and blurry. Most of us won’t actually spend time trying to create a plan or road map to get ourselves to that end.

To think about that stuff is a little intimidating! Isn’t it? I mean if you sat down and thought about what you really wanted in life, you’d eventually get to the point where you’d know, if you wanted it to happen YOU were going to have to be the one to make it happen!

That freaks a lot of people out… and so they stop… or get distracted – SQUIRREL!

It’s way easier to get bogged down in the day-to-day realm of life, focusing on all the reasons why we don’t take real, effective, concrete steps towards creating the life we want. We justify, make excuses, and explain away why things are the way they are in life:

OK job
OK relationships
OK life…

A lot of people live out a version of that in their everyday lives because they don’t know how to do better… and even if they do, the idea of taking action to do better is uncomfortable.

We are creatures of habit, seeking out the familiar, the path of least resistance. It’s as if we’re saying: “If the easiest road is to not rock any boats and keep the peace, then so be it, that’s my path!”
But the truth is… if you’re reading something like this, you’re not satisfied with not rocking boats and staying stuck in mediocrity! The truth is, you want more!! And the only way that’s going to happen is if you take the reigns in your life and make it happen!

“Twenty years from now you will be more disappointed by the things you didn’t do than by the ones you did do. So throw off the bowlines. Sail away from the safe harbor. Catch the trade winds in your sails. Explore. Dream. Discover.”

-Mark Twain

Be The Leader Of YOUR Life

Being a leader is never easy, if it were, everyone would be doing it! Being a leader feels risky… and it is because you’re putting yourself at stake! You’re taking yourself out of the middle of the herd and stepping to the front, to LEAD!! And that my friends… is scary.

When things get scary, I’ve always found that having some short and simple ideas to focus on, helpful. When it comes to being a leader in life, I’ve boiled it down to 3 basic rules:

- Responsibility
- Action
- Truth

I use these to keep myself on track and moving forward as a leader in my life, no matter how scary things get. Let’s break it down shall we?

Rule #1: Be RESPONSIBLE

You can’t hire someone else to do your push-ups for you.

-JIM ROHN

- “How do I do that?”
- “How do I make a change like that?”
- “How do I stick to it?”

You get the idea… You want to make change in your life but you feel like you don’t know how.

I think that’s BS! I call bullsh*t!

I think we know how, we’re just afraid of digging in and doing the work. We’re afraid of failing and looking foolish… Because that feels out of control, and feeling out of control is generally something we all tend to avoid at any cost.

Here’s the thing though. If you want your life to be different in the future than it is now, you’re going to have to make some changes.

That’s a simple fact.

If you don’t make changes, your life will be very similar in the future to what it is right now. If you make changes in your life now, those changes will be reflected in your future. It’s just basic logic… And you’re the one responsible for creating that in your life!

But being responsible and putting ourselves at risk is uncomfortable so instead we hide behind “I don’t know how” or “I’m not sure” or “I’m confused”.

Bullshit! You’re just as freaked out about declaring what you want and then taking the steps to make it happen! Freaked out about change and what that will mean to your life.

It rarely has anything to do with whether or not we know how to do something. That’s right. Any time there is a ‘how’ question being asked, it’s quite likely you’re avoiding being responsible for taking actions that will create change.

Think about this common example: “I want to lose weight but I don’t really know how to make that happen. I’ve tried before and failed.”

Right. I’m sure that’s true – well at least the part about having tried before and failed… The thing is (and this will sound extreme) I bet if you were put in an interrogation room with a gun to your head, you’d be able to make a general list of steps you’d need to take to
effectively lose weight… Right? Because it’s not about the how… It’s about YOU having to take the steps. But does that have you take the steps? No.

Even if you don’t have the answer at the tip of your fingers, I bet if you looked into your network you know someone who could help. Of course there’s always the Google – available 24-7-365 (do people still say that anymore??) to provide you with how-to information, links to experts and resources on every subject imaginable!

I’m telling you, the HOW is never the problem.

It’s a smokescreen we use to avoid being responsible for making the changes necessary to live the life we want to. The trouble comes with YOU having to take the steps, to take the action, to make the call, to tell the truth, to even discover the truth!

That’s uncomfortable and that’s what stops people from being responsible and taking on their lives. And it’s way easier to hide behind “I don’t know how” than it is to admit “I’m afraid”…

Remember, “No one can do your push ups for you”… only you can do them – even if you’re afraid…

You – and only you – are responsible for your life.

Rule #2 : Take Action Anyway

Ask yourself these questions:

1. When was the last time you did something for the first time?
2. How did you feel before you did it?
3. How did you feel after?

Taking action, even when it’s scary or uncomfortable can be truly exhilarating!

When I think about a clear memory of doing something for the first time, I remember jumping off the high diving board when I was a little kid. It’s a really vivid memory for me… I was terrified!

I didn’t realize until I got up there and looked down, how high I actually was. There I was, in my Wonder Woman bathing suit standing at the end of the board looking down – almost 10’ down!! Which would have been three times my own height back then!

I remember thinking to myself: “Well I can’t climb back down because that would be embarrassing!” (There were kids lined up all the way from the pool deck to the top of the ladder waiting for me to jump…) “I can’t stay up here forever… My only option is to jump.”

Regardless of how terrified I was, I jumped – and guess what! – I lived – obviously. You know what else? Jumping off the high diving board got easier every time I did it…

Why am I telling you this?

Because the truth is that most of us look at things we haven’t done before in the same way… with the same fear and trepidation that showed up the first time you did something like jump off the high diving board.

When you’ve never done something before then it’s uncomfortable… and we don’t like that! Remember? Us human beings thrive on certainty and knowing what to expect.

Feeling Uneasy = Feeling Uncertain = Feeling Out Of Control

We like to know what’s coming so we can plan our reaction, make sure we’re landing on our feet, and come out looking like a rock star.

The thing is… nothing in life is certain – well nothing except that everything changes. The truth is you will never know WITH CERTAINTY what’s coming from moment to moment. Sure you can identify what’s predictable, but you can’t identify for sure what’s coming ahead of time or know with certainty how it will roll out.

If you let your need for certainty – which is the same as NEEDING CONTROL – run your life you’ll only get so far.

I promise, making a change – putting yourself at risk – will occur as the thing NOT to do… and your job is to feel the fear and do it anyway because: “Everything you want is on the other side of fear.”
Rule #3 : Speak Your Truth

Speaking your truth with conviction is one of the hardest things we humans will practice doing. Speaking your truth will often occur like you’re putting everything at risk… you’re putting yourself at risk of being rejected.

So instead… we stop.

We doubt ourselves. We question whether we know what we’re talking about or feeling. We don’t go beyond the space that is comfortable.

Wanna know if you have trouble speaking your truth? Ask yourself:

• Are you a people pleaser?
• Do you have a hard time saying no to people?
• Do you have a hard time asking for what you want and need without beating around the bush, hinting, or getting passive-aggressive?

• Do you have a hard time being straight and to the point in your communication with others?
• Are you afraid of being perceived as rude, bossy, a bully, or a b*tch?

Then guess what… you have a hard time speaking your truth.

Wanna know why that is? Well… we never get taught how to do that! We never get taught how to speak up with power, how to say no thank-you with grace and confidence, how to ask for what we need and feel like we’re deserving rather than needy.

Instead we’re conditioned to figure it out on our own, not impose or put other people out, to help out as much as possible so people like us…

But at what cost?

At what cost are you doing those things? It’s at the cost of yourself and unfortunately – if you get really honest here – your sense of self-worth.

Being a leader in your life requires that you step up and speak out; it life requires that you give yourself permission to have your feelings matter just as much or even more than other people’s feelings. Being a leader in your life – creating the life YOU want and deserve – requires that you find your voice and use it, and that takes something!

At the end of it all, the bottom line is this is a journey. I know – eye roll – we’ve all heard that before… But it’s the truth.

You have no idea what life is going to throw at you and your job is to flex and pick up the shock whenever you can. You get to be IN it playing the game and dealing with what’s happening rather than sitting on the sidelines wondering how, avoiding responsibility, not taking any action and keeping your mouth shut.

I’m here to tell you, you deserve to have the life and love that you long for. You really do.
And it’s within reach, if you want it. All you have to do is get out there and be a leader in your life – what’s stopping you?

Until next time,

Heather