A PORTFOLIO MANAGER'S PERSPECTIVE

Investment Perspectives and Current Positioning

WEALTH MATTERS

As part of our May 4, 2016 Wealth Matters webcast, we heard from ***John DeVita****, Principal and Portfolio Manager of Altrinsic Global Advisors. His presentation, summarized on this page, provided an update on Altrinsic's current positioning and valuation methods. Please see the reverse for highlights of the other half of the webcast, in which Troy Rumpel, Regional Vice-President, Estate Planning at Assante Estate and Insurance Services Inc., discussed changes to the taxation of life insurance policies.*

Altrinsic Global Advisors

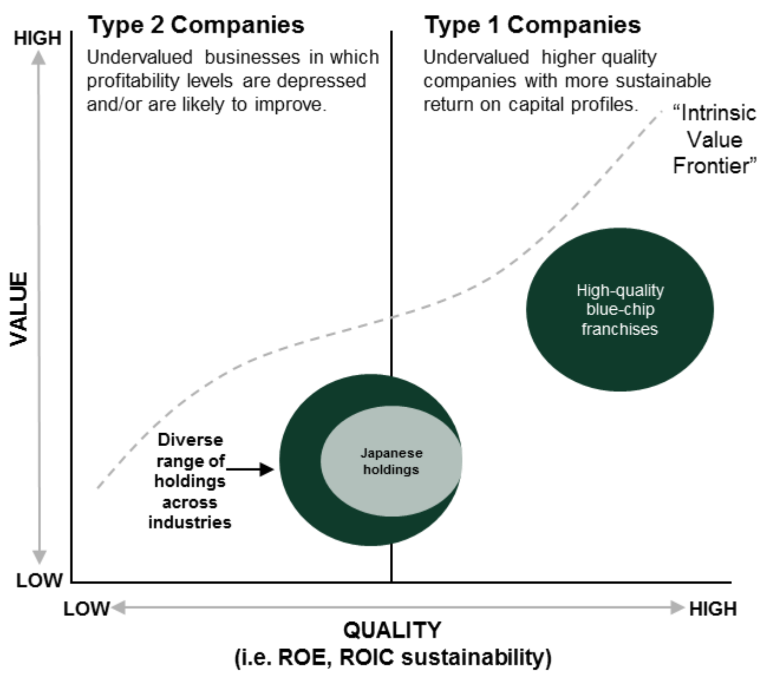
- Boutique global equity investment firm based in Greenwich, Connecticut
- Disciplined fundamental value approach seeking companies whose intrinsic value is not recognized by the markets
- Assets under management as of March 31, 2016 of C$11.2 billion
- Diverse institutional client base by domicile:
    - North America: C$6.8 billion
    - Europe/Middle East/Africa: C$1.0 billion
    - Asia-Pacific: C$3.4 billion

First quarter 2016 performance summary

- Sustained period of heightened volatility with slightly lower returns than previous quarters.
- Weakness in overseas currencies versus the Canadian dollar.
- The outperformance of Altrinsic's International Equity portfolio in the first quarter of 2016 was led by stock-specific factors. Strongest positive attribution from holdings in consumer discretionary, materials, financials and technology sectors, including:
    - Adidas
    - Anglo American
    - Banco do Brasil
    - Samsung
- Most notable underperformers in this quarter were Japanese holdings.

Investment landscape and positioning

- Global equity markets have delivered above-normal returns during the last seven years with low volatility, few lasting setbacks and leadership by U.S. equities and the U.S. dollar.
- We believe that the portfolio has an abundance of individual ideas with distinct investment theses, idiosyncratic drivers, and asymmetric payoff profiles (upside potential versus downside risk) that are skewed in our favour.
- From a statistical perspective, the greatest source of risk in the portfolio centres on our differentiated positioning in financials companies.
- We are significantly underweight European banks, overweight Japanese banks and non-life insurance companies, and meaningfully invested in exchange and insurance brokerage stocks.
- Tug-of-war taking place in the market between deflationary pressues and inflationary forces is likely to persist and result in continued volitility.



Three types of companies as identified by Altrinsic Global Advisors

A WEALTH PLANNING PERSPECTIVE

2017 Life Insurance Taxation Changes

WEALTH MATTERS

Shifts in the taxation of life insurance policies may impact your investment strategy. During the Wealth Matters webcast, ***Troy Rumpel****, Regional Vice-President, Estate Planning at Assante Estate and Insurance Services Inc., discussed the 2017 changes to the taxation of life insurance and how you can make the most of the existing benefits.*

Life insurance today

- Ability to use tax-deferral benefits were largely untouched by annual budgets over the years, with significant changes being introduced in the 1981 and 2012-2015 budgets.
- The "social good" of insurance versus its use as a tax-free vehicle has become a concern to the government in recent years. In its view, individuals and corporations are sheltering *too* much money.
- Taxation changes introduced to limit the cash growth and tax-deferral amounts.

Policies issued on or after January 1, 2017

- You will be unable to tax shelter as much money for a given face amount as you can now (you will have to buy more insurance to tax shelter the same amount, increasing costs, which cuts into growth).
- Life insurance policies issued on or after January 1, 2017 will still be a good deal and viable planning tool, but just not as valuable as policies issued before December 31, 2016.
- It will take slightly longer to get all of the money into the policy in "short deposit" situations (from 1.5 years now to about 8 years after 2017).
- In corporate situations, it will take longer for all of the insurance proceeds to be paid out tax-free to surviving shareholders/estate (from about 20 years now to closer to life expectancy after 2017).
- "Use it or lose it" retroactive change
  - Loss of exempt status if cash growth was too high over a three-year period, now it's more reasonable.
- If you are "rated" for health reasons and it's either a corporate policy or required for borrowing, new rules **could** be better:
  - Ratings not included in calculations now.
  - Impacts corporate cases and situations where insurance is used as collateral for borrowing.
  - But beware the caveats to waiting (see "additional advantages" below).

Grandfathering

- Existing policies issued December 31, 2016 or before will be grandfathered under the old rules.
  - The policy will, however, lose its grandfather status if a change requires underwriting, a life is added or exchanged on the policy or the face value is changed.
  - Underwriting to have a rating removed/smoking status improved does not cause loss of grandfathering.

Additional advantages to acquiring insurance now

- Insurers could change how policies are priced between now and January 1, 2017.
- Change in health – you may incur illness while you wait, resulting in unfavourable premium increases.
- Aging – premiums increase approximately10% per year.

Your Assante advisor is available to help

If you have questions regarding your current insurance portfolio, talk to your advisor for assistance.

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