MERCATOR Financial *Awaken Your Wealth*

Market Commentary

August 31, 2016

The second quarter saw a powerful rally in sovereign bond markets which took yields to new lows in many major markets. Estimates suggest that around one third of the developed government bond market is now trading on a negative yield. The bond market rally gained added momentum from the UK vote to leave the European Union on June 23rd. This event was not foreseen and investors scrambled into safe havens such as government bonds, gold and currencies like the US dollar and Japanese yen. After initially falling on the Brexit vote, global equities have subsequently rallied as investors have focussed on the increase in liquidity from central banks and the potential for fiscal stimulus in some economies. It has been said that the economic impact of Brexit will be felt most keenly by the UK and will also dampen Eurozone growth. However, the global impact is negligible as the UK only represents about 4% of world GDP and contagion effects through financial markets have been contained by the central banks. However this being said many still feel that this is a warning populist politicians should not be underestimating in the current environment where a large proportion of the population are dissatisfied with the establishment. [1]

Canadian TSX: Oil started the month off threatening to break below $40 however, it has since recovered and sits closer to $45 a barrel. The Canadian Loonie sits around $0.76 cents against the US dollar seeing a year-to-date return of +7.5%. Canadian banks have recently stolen the spot light as earning season has begun, beating market expectations. Unemployment rate improved to 6.8% from 7.1% from the beginning of the year, while the overnight lending rate continues to stay put at 0.5%. The world continues to observe what tomorrow will bring for the hot real-estate market in Canada, specifically Vancouver and Toronto. On August 2, 2016 the province of British Columbia introduced a tax that will be added to the Property Transfer Tax and will apply to all residential properties purchased by foreign nationals or foreign-controlled corporations. Many fear that the housing bubble will have a similar effect which took place in the United States during the "Great Recession" of 08-09'. [2]

U.S. Federal Reserve has finally given the markets some indication that a rate hike is in the near future. Janet Yellen's speech in Jackson Hole noted the improvement, saying "in light of the continued solid performance of the labor market and our outlook for economic activity and inflation, I believe the case for an increase in the federal funds rate has strengthened in recent months." Recently we have seen the Dow Jones and S&P 500 seeking new highs as they have had a year to date return of 6.5% and 6.8% respectively. However, due to the rally of the Canadian dollar over the same time period this has given Canadians flat returns after the currency conversion.[2] We urge you to contact your Wealth Advisor if you have any questions relative to your portfolio or planning needs.

Stock Exchange	Year to Date Aug. 31, 2016
TSX (Toronto)	12.21%
DOW (U.S.)	5.60%
S&P (U.S.)	6.21%
NASDAQ (U.S.)	4.11%
CAC (France)	-4.29%
FTSE 100 (London)	8.64%
DAX (Germany)	-1.40%
NIKKEI (Japan)	-11.28%
HANG SENG (Hong Kong)	4.85%

Rates as of Aug. 31st, 2016 *

Term	*GICs*	*RSPs*
1 year	2.05%	1.46%
2 Year	2.22%	1.65%
3 Year	2.27%	1.76%
4 Year	2.26%	1.81%
5 Year	2.26%	1.91%

*** Rates subject to change without notice.**

DAILY INTEREST ACCOUNT
1.00%

TAX FREE ACCOUNT
1.00%

Information source(s):
[1 - Information source : Schroeders economics2/global-market-perspective2/q3-2016/]
[2 - Information compiled from TD Weekly Market Report - August 26, 2016])

Wherever your travel needs may take you...

Travel Insurance for Canadians Travelling Out-of-Province

Are you going to the United States for business for a day or two? Perhaps you're exploring Canada, heading to the Caribbean or travelling overseas? Manulife Financial Travel Insurance for Canadians travelling out-of-province helps protect you against the cost of unexpected emergencies that may occur during your trip - costs only marginally covered by your provincial health insurance plan.

Choose the plan that best suits your needs	
Single-Trip Plan	**No age limit**
Quick Trip Plan	**55-74 years of age**
Multiple Trip Plan	**No age limit**
All-Inclusive Plan	
Travel Canada Plan	
Trip Cancellation/Interruption Plan	

Canadian Students

If you are a student studying outside of Canada, you should not rely on your provincial health plan to cover costs if you get sick or injured. Confirm what you are covered for before departing as out-of-country health care can be costly .

If you are studying in another Canadian province government health plans have limits on the reimbursement of the emergency medical expenses even while in another province.

International students in Canada are not covered by our government health insurance plans.

Student Travel Insurance premiums can be less than a dollar a day without deductibles for Canadian Students studying within Canada.

Manulife Travel80 ™| Term Travel Insurance

There is a policy available that will allow you to travel without worrying about your health insurance every time you take a trip.

Travel80 ™ |The one travel product you'll ever need

- **You apply only once**
- **Covered until age 80**
- **Rates locked in at your age when you apply**
  (annual premiums are always based on age at issue)
- **Get half your premium back**
  (every 10 consecutive years that you remain claim-free, you'll receive 50% return of premiums)
- **You are covered on all your trips**
  (You will have coverage[1] for any trip of up to 30 days, without applying every year or before every trip)
- **Travel for more than 30 days and extend coverage without being denied**

[1] **As long as you have a valid Canadian provincial or territorial health insurance plan.**

Contact a Mercator Financial Wealth Advisor to discover the benefits available to you. Don't let medical costs keep you from your studies or love of travel.

Our Services

Financial Planning - Portfolio & Investment Solutions - Retirement Solutions - Estate Maximization
Risk Management: Life, Disability, Critical Illness - Mortgage Services (upon referral)

Manulife Securities Investment Services Inc. PH: 306-778-6611 FAX: 306-778-7644

MFDA Advisors:

Certified Financial Planners & Mutual Fund Advisors: Larry Jensen, Randy Sommerfeld, Travis Cuthbert
Senior Financial Consultant & Mutual Fund Advisor: Norman Tonnies

Manulife Securities Incorporated PH: 306-778-0730 FAX: 306-778-0371

IIROC Advisors:

Certified Financial Planner & Registered Representative: Craig Robinson