

In Canada

The Canadian equity market continued its strong performance in the third quarter with a gain of 5.5% including dividends as measured by the S&P/TSX Composite Index. Unlike the first half of the year, third quarter gains were not on the back of oil and gold, as both commodities were essentially flat, quarter-over-quarter. Oil prices were mired in a very tight trading range for much of the period but jumped at the end of the quarter thanks to a tentative production cap agreement by OPEC producers. While details still need to be ironed out and there are no guarantees the agreement will be upheld by all parties, the fact that these countries were able to agree on something is a step toward reducing global oversupply conditions. Any potential for higher oil prices would benefit energy-related stocks and the S&P/TSX overall.

The United States

In the United States, the S&P 500 Index gained 3.9% including dividends in U.S. dollars. Adjusting for the Canadian dollar, U.S. equities were 4.7% as the Canadian dollar fell by 0.8% quarter-over-quarter. Amidst a decent but not strong economic environment, U.S. corporations are still finding it difficult to generate profits. While consumers are in a better financial position than they have been of late, they remain reluctant to spend. Their focus is on the upcoming U.S. election and the uncertainty their country faces. The top two candidates are running virtually neck-and-neck and the outcome is not likely to be evident until after the polls close on November 8. Investment professionals are digesting and analyzing the two platforms in an effort to predict potential market impact. Regardless of the outcome, uncertainty breeds volatility, therefore the markets are expected to move in a somewhat sideways direction until there is more clarity.

Overseas

European and Japanese central banks continue to try to stoke economic growth through negative interest rate policies. The Bank of Japan recently announced a policy shift after realizing their previous plan was not achieving intended results. Only time will tell if this new policy will pull Japan out of their long-standing economic woes. Equity investors were encouraged by the accommodative central bank policy, pushing European and Japanese stocks up 5.5% and 8.8%, respectively in U.S. dollar terms, as measured by the MSCI indices. In Canadian dollar terms, the indices gained 6.3% and 9.7% respectively. The broader MSCI EAFE Index, a gage of collective international stock markets, gained 7.4% in Canadian dollar terms.

Looking forward

Market volatility is likely to remain through the rest of 2016 and into 2017, driven mostly by headline news. Yet, despite the uncertainty, the investment environment is solid, if unspectacular. Misplaced fears of an imminent global recession brought on by the 'Brexit' vote have subsided and U.S. business is improving. Oil, alongside the S&P/TSX, likely bottomed back in February and is showing signs of improvement. If anything, these levels of volatility provide opportunities to take advantage of any market pullbacks; adding to our positions on the dips, through a regular investment plan. We continue to encourage balance among many asset classes – Canadian equities, U.S. and foreign equities, bonds and cash – as a diversified approach will help mitigate volatility while working toward our objectives.

| Stock Exchange | Year to Date Sept. 30, 2016 |
|-----------------------|-----------------------------|
| TSX (Toronto) | 13.19% |
| DOW (U.S.) | 5.07% |
| S&P (U.S.) | 6.08% |
| NASDAQ (U.S.) | 6.08% |
| CAC (France) | -4.07% |
| FTSE 100 (London) | 10.53% |
| DAX (Germany) | -2.16% |
| NIKKEI (Japan) | -13.28% |
| HANG SENG (Hong Kong) | 6.31% |

| Rates as of Sept. 30, 2016 * | | |
|---|-------|--------|
| Term | GICs | RSPs |
| 1 year | 1.97% | 1.46% |
| 2 Year | 2.12% | 1.60% |
| 3 Year | 2.25% | 1.710% |
| 4 Year | 2.25% | 1.80% |
| 5 Year | 2.25% | 1.90% |
| * Rates subject to change without notice. | | |
| DAILY INTEREST ACCOUNT | | |
| 1.00% | | |
| TAX FREE ACCOUNT | | |
| 1.00% | | |

Information source(s): Manulife Q3 client letter October 7, 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 |
|--|
| <ul style="list-style-type: none"> • 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 coverage¹ 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.

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Risk Management: Life, Disability, Critical Illness - Mortgage Services (upon referral)

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

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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

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