Investing in a low rate, low-growth world

CI Investments’ fifth annual Leadership Forum, which took place in Dallas in early October, included a timely roundtable discussion among some of the company’s top portfolio managers, moderated by Zanny Minton Beddoes, Editor-in-Chief of The Economist. Highlights of that discussion, featuring Eric Bushell, Chief Investment Officer of Signature Global Asset Management, Richard Swanson, Principal and Chief Market Strategist of Cambridge Global Asset Management, Roger Mortimer, Senior Portfolio Manager at Harbour Advisors, and Richard Jenkins, Chairman and Portfolio Manager of Black Creek Investment Management, appear here.

Zanny Minton Beddoes: It appears that we’re in a paradigm shift world. Will we start the next economic downturn with interest rates close to zero?

Eric Bushell: It’s true, we observed with the September [U.S. Federal Reserve] meeting that we’re stuck with low rates. We’re stuck because there was a big private sector debt load in 2008 and now in 2015 there’s a public sector debt, and an emerging market private sector debt load that makes it impossible really to raise rates too much without tipping over some of those borrowers.

Roger Mortimer: It’s a very tricky investing environment because available returns in all asset classes are going to be low and volatility’s going to be higher than it was historically and investors have to navigate that complex environment. There are no silver bullets in this environment.

Zanny: Has the investment community recognized that or are we still hoping that some point returns can go back to where they used to be and this is sort of an aberration?

Robert Swanson: I think expectations are trailing low but they’re probably still high. There’s a big belief among advisors and clients they can get traditional returns by focusing on the capital markets and normal allocations. I think everyone has to bring their expectations lower.

Richard Jenkins: I have a little bit different perspective. The Economist once highlighted that interest rates for hundreds of years were between zero and 2%. Most financing was done by bonds and when something went wrong the bondholders lost their money. That was the norm for a long, long time before an irregular period in the 70s and 80s when a substantial portion of the world was in centralized control, which brought about a period of inflation and higher rates. To some degree since the Berlin Wall came down, we’ve gone back to the old normal, in my opinion.

Zanny: How have central banks become so dominant? Some people throw the confidence for investment and growth.

Eric: Unconventional monetary policy was effective in getting the term structure down, revalorizing the housing market and stabilizing the banking system. Those were all good things. But maybe policymakers played their hands too far and were taken captive by markt by continue to sustain the confidence for investment and growth.

Eric Bushell: As a money manager, one of the most important questions for me is how China will develop from here, across currency, interest rate, equity and commodity markets. China’s confidence and its ambition to develop into a global power are rising. There are signals to the world that on a military, commercial, financial, and financial, China is changing its position after 200 years of being subject to Western domination. They’re throwing off that yoke and standing on their own.

Charles Liu: Happy to be here.

Eric: Everyone’s aware of China’s explosive export growth and the domestic fixed-asset investment over the past few decades. Now we’re at an inflection point under new leadership. What’s your view on President Xi Jinping’s vision for China?

Charles Liu: I think his vision, first and foremost, is about the legacy he will leave his children in 10 years. He’s got another eight years to go. He would like to leave China as a transformed nation and economy. On the economic side, the last 10-15 years really saw GDP grow to more than 10% a year. Xi Jinping is aiming for China to be recognized for that weight and to be allowed to participate in the international organizations, as should China.

Eric: China’s economy is now a dominant force.

Charles Liu: Yes. The Chinese government has been setting higher goals.

Eric: Since 2011 there have been discussions about China getting a bigger position in the World Bank and the International Monetary Fund, but nothing has happened because the U.S. Congress blocks it every year. So China has set up its own Asian infrastructure investment bank. It’s starting to develop new multilateral and bilateral organizations.

China now has the best high-speed rail system in the world. It has nice new airports. China’s economy is now a dominant force.

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Read the full story on page 3
A long-standing Cambridge holding, TransForce is a leading North American transportation and logistics provider with a 20-year track record of value creation. TransForce operates under a variety of business models and the economic model that leads to its pricing power and potential to generate free cash flow. But just as importantly, the team believes that the motivation behind a company’s management decisions should be aligned with those of its shareholders. In many instances, and in the case of Cambridge’s investment in TransForce, it’s very much about the people and culture of the organization.

TransForce is well-known for creating value for shareholders by identifying strategic acquisitions and managing a growing network of wholly owned operating subsidiaries.

TransForce: management matters

At the 2015 Leadership Forum, top executives took the main stage along with CI’s portfolio management teams for our C-Suite Conversation series. This year, Brandon Snow, Principal and Co-Chief Investment Officer and Stephen Groff, Principal and Portfolio Manager of Cambridge Global Asset Management, sat down with TransForce President and CEO Alain Bédard for an insightful discussion.

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Cambridge: Can you explain how TransForce is different from its competitors?

Alain Bédard: TransForce is run a bit differently than other trucking companies. The evolution of TransForce represents a history of strategic acquisitions. We acquire successful companies that are distinctive leaders in their fields and we run them based on generating free cash flow. This transportation world is essentially a service industry and a lot of trucking companies are focused mainly on the customer. We are too, but we also place a high level of concentration on executing consistent discipline to the interest of enhancing shareholder value. I’d like to see you have an expanding service offering and extended reach into new markets, but if you don’t have happy shareholders, you’re not going to be able to serve your customers.

This philosophy is incorporated company-wide. By putting the spotlight on both the customer and shareholder needs we are able to build and generate free cash flow. That has allowed us to buy back stock, pay down debt, pay out dividends and explore mergers and acquisition opportunities.

Our story is that we are here to provide excellent service to our customers but our business decisions are always focused on the benefit of our shareholders.

Cambridge: How does this help you compete?

Alain: The big logistics companies in the U.S. are very focused on technology. Our story is that we are here to provide excellent service to our customers but our business decisions are always focused on the benefit of our shareholders.

Cambridge: What’s your take on buying back stock vs. acquiring a company? How do you decide when each strategy is best to use?

Alain: In 2015, we bought back a lot of our stock. The market correction that occurred in the transportation industry caused stock levels to fall and that was a strong driver for that decision. We understand the value of our stock because it’s our company, it is what we saw to buy it back when it was cheap. The other reason was related to the fact that in 2014 we had already invested in TransForce’s largest acquisitions to date by purchasing Cintas, Freightways, and Clarke. There are limits to what you can do in terms of M&A activity in a period of time, so then you’ve got to do divestiture, digest and focus on integrating the new businesses. Overall in a given year, my number one priority is being the cash manager of our business. I look for strategies that support our shareholders and we give back about 20% of our free cash flow.

TransForce: What’s your approach towards growth?

At TransForce, growth essentially means growing our profitability. Our strategy is always going to involve protecting the bottom line and to tell us how much cash flow is possible. For example, let’s talk about the acquisitions we made in the less-than-truckload (LTL) world recently. The LTL market in Canada is shrinking and we saw this as an opportunity to invest more in the midto-high LTL space. In this case, it’s all railroad based so we don’t have to worry much about line haul trucks, and most of our operations are done through third parties on the pick-up and delivery end. Although profit may only be around six to seven percent on the line haul trucks, it’s a very attractive business decision for that strategy.

Overall in a given year, my number one priority is being the cash manager of our business. I look for strategies that support our shareholders and we give back about 20% of our free cash flow.

Letter to advisors

Ledging the way

As the seasons transition from fall to winter, we at CI Investments have been working hard to keep you up to date on the latest developments in the markets, our company and across our industry.

For example, the feedback for this year’s Leadership Forum, our largest and most important educational initiative, has been excellent. More than 800 advisors joined us in Dallas in early October for this comprehensive event, designed to support and enhance their practices. If you were unable to attend or would like to revisit some of the events, please note that audio and video recordings of the conference, and most of the presentations are available at www.evncast.com/cileadership2015. This issue of Monthly Review also features summaries of some of the event’s key sessions.

Our commitment to communicating with you extends throughout the fall and into 2016. We hope you were in attendance to hear from Cambridge Global Asset Management and our newly expanded Tax, Retirement and Wealth Management teams at the CI Fall Roadshow, which stopped in 25 cities across Canada this past month of November. There will be another opportunity to catch up with the latest thinking from our top portfolio management teams early next year, when we broadcast our Digital Roadshow on January 19-21 – stay tuned for a schedule and more information.

In the meantime, CI continues to gain accolades for its products, portfolio management and service. I would like to congratulate Richard Jenkins of Black Creek Investment Management, who was recently named Morningstar Foreign Equity Fund Manager of the Year, and Greg Dean and Stephen Groff of Cambridge Global Asset Management, co-winners of the Breakout Fund Manager of the Year award. In addition, two Cambridge funds took top honours in their categories at the recent Morningstar Awards ceremony, and CI Investments was a finalist for the Advisor’s Choice Investment Fund Company of the Year.

Finally, in a new era of regulatory change, one of the dominant trends we see is a growing preference for managed solutions. CI Offers a comprehensive range of diversified, tax-efficient and well-managed programs in this category to meet the needs of your clients. These include the award-winning Portfolio Series and Portfolio Select Series, and Private Investment Management (PIM) for high net worth investors. If you would like more information about these or any of the products in our lineup, please do not hesitate to call your CI Sales Team.

Thank you for your continued support.

Sincerely,

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Derek J. Green
Principal
Investment
Investing in a low rate, low-growth world
continued from page 1

Now that some of the policymakers at the central banks seem to be breaking. I see more of a willingness on the part of market players and foreign exchange and rates markets to test the central banks’ strength of their potency, the convection of their words.

Bob: U.S. Federal Reserve Board Chair Janet Yellen does it herself in the foot with just raising rates [in September], because she had telegraphed what the Fed was planning to do for months in advance. It now appears that she acquiesced in the marketplace.

Zanny: Every central banker says the central bank job is to focus on inflation, but we need to have all kinds of macro-prudential tools. Do you think it is feasible to grow in low-growth, low-inflation world where we have the macro-prudential tools to prevent excess credit, to prevent bubbles and so forth? And, if that’s true, how do you review your mandate and re-establish credibility and have stay in the first place?

Richard: I think incredibly naive to think that the Fed’s mandate can be fulfilled by looking only at the United States. It seems like they just woke up to the fact that they’re beholden to the global markets. With China pegged to the U.S. dollar, the Fed is effectively the central bank for 1.8 billion people, not for any central bank for 300 million people.

Roger: It’s definitely in a cyclical downturn, and I don’t think we’ll see another one anytime soon because of the leverage that’s taken place within the economy. We have to see restructuring in these industries, and restructuring in these companies and that takes time. Historically it’s been roughly a 10-year cycle. Maybe it has another three years to run before we bottom out. With low consumption, it will probably be a long-term trend. I’m not sure what the ultimate turn in the commodity cycle is.

Zanny: Let’s focus on commodities and whether they’re in the commodity cycle. Are we in a sustainable period of low energy and commodity prices or will they bottom out fairly soon?

Roger: We’re definitely in a downturn, and I don’t think it will be over anytime soon because the leveraging that’s taken place within the economy will have to be unwound, which is quite a lengthy process. It’s been incredibly profitable, you don’t go against the gravitational forces you’re seeing, but it will probably be a long-term trend. I’m not sure what the ultimate turn in the commodity cycle is.

Eric: In the 1920s, it was First World War debt in Europe that prevented the Fed from raising rates. What if the Fed is going to try to review its mandate and add a global financial stability element, I believe it’s effective in place already. But if it becomes overt it should come hand in hand with an extended macro-prudential suite of tools to mitigate domestic leverage spillovers. And there are a whole bunch of new challenges they would have to put in place for this change.

Zanny: What about the emerging world? Has it been so oversold that maybe now is the time to sort of look at those incredibly cheap assets?

Roger: The consensus thesis for the next few years is that there will be a combination of attractive demographics and high perceived growth and will finally see capital outflow. The demand has been pulled forward, such that emerging markets have gone above trend for a period of time. They’re overvalued, they’re overleveraged and it’s going to take some time for that to work off. Obviously, the biggest point of stress in the emerging markets would relate to the fact that there’s a lot of U.S. dollar borrowing in the emerging markets. So a rising U.S. dollar significantly increases the potential for unpredictable outcomes.

Zanny: Are there any emerging markets or sectors that are an optimistic deal?

Roger: I think that’s two steps forward, one and a half back. There is significant financial reform going on in India against the backdrop of technological leaps forward. It has a young population, and education and health levels are getting significantly better. While China has already crossed that threshold from subsistence to capital growth, India is just hitting that.

Zanny: Let’s focus on commodities and whether they’re in the commodity cycle. Are we in a sustained period of low energy and commodity prices or will they bottom out fairly soon?

Roger: Canada’s particularly dependent on energy, so economic prospects are tied to the oil and gas prices. We’re going to be seeing a lot of that in the commodity cycle.

Eric: Innovation will drive returns. It’s an environment that is ideally suited to a balanced strategy, in that it favors those sectors that you are optimistic about.

Zanny: There is a lot of uncertainty about where the European Union is going. Collectively, it is the biggest economy in the world. How do you see the potential, the opportunities and the political risks?

Eric: Europe is something of a paradox. There are outstanding amounts of capital and a building explosion in the equity market, but there’s a lot of pessimism, which is ultimately definitional.

Roger: A lot of the policies that they’re putting in place to try to mitigate risk are actually creating more risk. Think about the whole banking liquidity issue that we’re faced with, that was originally designed to make banks have greater capitalization. Now liquidity is being removed from the fixed-income market as a knock-on effect of that. So they’re fighting last year’s war and creating tomorrow’s problems with some of these policies.

Zanny: Canada is the economy that has the potential for unpredictable outcomes. The BoC have the resources and the conviction of their words. For central bankers to say we have the macro-prudential tools available to prevent excess credit, a lot of the demand for central bankers to prevent excess credit, to prevent bubbles, to prevent the whole low-interest rate environment the Fed has promoted in the United States Promptly fueling the Europe.

Eric: I think it’s going to be a very challenging environment to navigate. That’s why having a strong U.S. dollar means that some of the worst outcomes will be avoided. But it doesn’t have to be bad. It can be challenging. And if you look at the volatility that’s coming from Europe, you have to ask what the long-term implications are for the rest of the world.

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MANAGER UPDATE

Investing for a post-QE world

The broad equity market decline throughout the fall of this year allowed the team to add to several existing holdings in the Harbour equity portfolios, and to initiate a number of new positions. The cash weightings in Harbour Global Equity Corporate Class peaked near the end of April at about 24%, and declined to 12% as of the end of September. The managers added to existing positions including Apple, Steelcase, Dollar Tree, Michaels, and Advance Auto Parts. The position in Apple dropped from about 25% to 15%, and the team added to positions in Microsoft, Honeywell, Google, and Royal Bank.

Managers may also add to equity positions, which can help to protect against declining equity prices, which it succeeded in doing. In 2000 allowed them to become fully diversified, but is allowing for a significant reallocation to shares whose, and waiting patiently for those businesses to become available at a discount.

We are long-term investors. We only get involved in a company when the valuation reflects a margin of safety, to what degree to be the fair value based on a long-term assessment of the underlying business. We also consider the role of debt in a company’s capital structure, and the professional management teams are doing. The risk associated with debt-heavy companies, and waiting patiently for those businesses to become available at a discount.

China’s post-crisis stimulus program produced a significant debt problem that policymakers more recently started to fix with adequate equity prices. This situation in the Shanghai Composite Index, but also increased margin debt (see chart). China’s State Council announced a re-regulation for China. We will experience a long, drawn-out normalization to its cost structure, and China’s credit market underperformed during the technology bubble phase, but the market collapse in 2000 allowed them to become fully invested, and they began a period of outperformance that lasted several years. “As in past periods, we remain true to our style and discipline and believe patience pays off,” said Stephen. “The last two years, particularly, have been highly turbulent, market-leading momentum and growth stocks significantly outperformed. That leadership now appears to be fading and opportunities are being created.”

China’s productivity and efficiency of $1 spent on research and development is now much greater than it was in the past, John said. Drug development is also more targeted for specific needs, with a faster time to market. Atrinsic’s portfolios have significant exposure to health care.

Japan also offers some good opportunities and Japan also offers some opportunities. A intrinsic’s exposure to the macro level. Butts are also improving at the company-specific level. For years, Japanese companies did not prioritize investor concerns or return on equity, but then is changing. Leading growth in Japan is also improving from output gains.

New opportunities are also arising in emerging markets. For the past few years, Altrinsic has not invested much in companies that generate high cash flow and most active investors did not do as well.

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Consistency is key

More market volatility is likely on the way and it will be harder to earn returns, but volatility also creates opportunity, said Joe Jugovic, Chief Investment Officer of QV Investors. QV continues to look for strong companies that provide stability and growing income that may be overlooked by the market and analysts.

“Active management will have to come back into vogue over the next few years,” he said at CI’s Leadership Forum. “We’re getting harder to find, but there are some pockets in the market where managers can really create value for investors.”

QV Investors’ investment philosophy is to buy good businesses with strong management, hold on to them for the long term and let their earnes and book value compound. QV’s portfolio advisor to CI Can-Geo Small Cap Corporate Class and other mandates at CI. The QV team aims to create portfolios of sustainable businesses that are run conservatively and provide consistent growth with below-average risk. QV looks to preserve investor capital in down markets, believes that diversification is important and that having weighting around 25% in any one sector leads to increased risk.

As an example of a holding that has been through multiple market downturns and still continues to grow is ATCO Group, a Western Canadian-based natural gas, utility and infrastructure company with a market cap of about $10 billion. The company has been prudently managed for over three decades and its management team has over $1.5 billion invested in the company. About 70% of the company’s cash flow stems from long-term, stable contracts and is unrelated to the price of oil. ATCO is a well-managed business that stays under the radar and remains relatively uncorrelated to other sectors.

Volatility in the coming months, we believe the market and analysts. “It will have to come back into vogue over the next few years,” he said. “We’re getting harder to find, but there are some pockets in the market where managers can really create value for investors.”

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Finding value

Central banks have been the primary driver of asset values in the last few years and have influenced investors to take on more risk. Markets have climbed because investors have been given a false impression that central banks will be “whatever it takes” for them to continue earning returns from stocks. Joe’s view, the asset price inflation induced by monetary stimulus could continue to result in volatility three to four years from now.

“Central banks have been successful in driving up the prices of stocks, real estate and other assets,” Joe said. “But globally, many economies are still struggling.”

QV is starting to see more divergence among equity markets, with the U.S. leading while stock prices in Europe and other developed economies moderate. The Canadian market, meantime, has underperformed the U.S. for the past six years and may continue to do so. Although valuations in the U.S. market are generally high, QV is more concerned about the prospect for sustainable dividend yields than the price it pays for an individual stock, Joe said.

“We aren’t expecting to get much in the way of returns from higher multiple going forward,” he said. “It will have to come from earnings, especially if interest rates remain low.”

Outlook for Canada

There have been frequent predictions of a decline in the Canadian housing market over the past few years. However, in each year that a decline was predicted, an increase occurred. Joe said. If there is going to be a decline in the housing market, it will likely be the result of an unexpected event.

“The Canadian banks have been mired in the possibility of a housing correction for several years. But companies usually do not get beaten down when there’s been forecasts for years that they’ve get a problem with their business. It’s usually something that comes from the side that nobody’s talking about that really hurts those businesses.”

The Canadian dollar has fallen about 35 cents vs. the U.S. dollar in the last few years, which has put a lot of negative pressure on the Canadian stock market. Joe believes the dollar will remain under pressure for the next 12 months, but also believes it will be close to a point of stability and he does not expect another significant drop in value.

Managing solutions

Following an extended period during which fixed incomes have been closely correlated, there are indications that the relationships between different asset classes are starting to normalize, CI Investment Consulting said during a leadership forum presentation in Dallas.

“Stocks and bonds have dropped in tandem on several occasions over the past few years. That is not typical, and it presents a challenge for investors who rely on diversification,” said Vice-President and Associate Portfolio Manager Yoonjai Shin. “We think this was because of the market’s expectations that interest rates in the United States would be raised despite the sluggish global economy. Now that the U.S. Federal Reserve has been more sensitive to market conditions, the expectations for rate increases have been reduced, but investors should now feel more comfortable investing in the bond market and analyzing where they are profitable, leading to a normalization of correlations. Should we see further equity market volatility in the coming months, we believe that bonds will start to act as a better offset,” Yoonjai said.

CI Investment Consulting is the portfolio management team responsible for the design and management of CI’s managed solutions platforms, including Portfolio Series, Portfolio Select Series and Private Investment Management. With $75 billion in assets under management, the team applies a unique and comprehensive process to generate strong risk-adjusted returns for clients. The group manages the asset allocation, selects underlying portfolio managers and manages risk on multiple levels.

U.S. growth to be limited

Growth in many parts of the global economy remains weak and is still dependent on central bank stimulus. While the U.S. economy has been performing well, its growth will likely be limited by the rising value of the U.S. dollar relative to other global currencies, due to the impact on exports and foreign corporate earnings. As a result, CI Investment Consulting expects monetary policy to remain accommodative for an extended period.

Equity valuations remain reasonable, with stocks in the U.S. S&P 500 Index trading at around 15 times earnings, Yoonjai said. However, extremely low bond yields mean that investors must be very active within the income portions of their portfolios to generate acceptable returns without taking undue risk.
Correlations between asset classes normalizing. Consistency is key.

Supply response was never going to occur often overlooked by investors. A U.S. nine months, and we believe this lag is the supply response for U.S. shale oil for oil prices to recover.

International Energy Agency

Drivers of oil prices are demand, which is growing, and supply, which is beginning to respond to lower oil prices. Global oil demand, which naturally declines by 5%+ each day, which is growing.

Tetrem’s portfolios offer diversified energy exposure within our broader portfolios.

We are seeing definitive signs that a recovery in oil prices is underway, while acknowledging that trying to call the bottoms is a fool’s game. The two main drivers of oil prices are demand, which is growing, and supply, which is beginning to respond to lower oil prices. Global oil demand, which naturally declines by 5%+ each day, which is growing.

The supply response for U.S. shale oil spending reductions rather than additions. A year unless new capital is added. The drop to respond to lower oil prices. Global oil oversupply is challenging the crude oil market in the near term. However, we believe that sentiment is far too negative on the potential timing and magnitude of an inevitable oil price recovery. This premium has pushed relative price-to-book calculations for energy-related stocks to 90x+ levels. As counterintuitive value investors, we view this as an excellent investment opportunity and are selectively building diversified energy exposure within our broader portfolios.

Exhibit 1: Crude oil demand

Source: International Energy Agency

Tetrem has a diversified exposure within our broader portfolios.

Our approach is to respond to lower oil prices. Global oil oversupply is challenging the crude oil market in the near term. However, we believe that sentiment is far too negative on the potential timing and magnitude of an inevitable oil price recovery. This premium has pushed relative price-to-book calculations for energy-related stocks to 90x+ levels. As counterintuitive value investors, we view this as an excellent investment opportunity and are selectively building diversified energy exposure within our broader portfolios.

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The mission of CI’s Tax, Retirement and Estate Planning team is to enhance the tax, retirement and estate planning opportunities and issues for clients. Presentations are delivered by the team to

1. Tax-Efficient Philanthropy – Sharing of Donation Credits at Death
2. Corporate Tax Quick Reference Card
3. How is Investment Income Taxed in a CCPC?
4. Personal Tax Quick Reference Card
5. Choosing an Optimal Investment Solution – Corporate Classes & T Class
6. Protecting an Executor or Trustee
7. Registered Retirement Savings Plan – A Review of Beneficiary Designations
8. Five Steps to Estate Planning
9. The Role of the Executor
10. Trusts 101
11. Holdco, Opco and Pepsico
12. Taxation of Corporate Income
13. 5.3% dividend yield that it is capable of
14. How to Avoid the Snowbird’s Worst-case Scenario of $20 Oil
15. Oil Prices: The Forecast
16. Corporate Tax Quick Reference Card
17. We acknowledge theIC alloca-grooing bear case exists out there, such as one prominent self-made firm’s worst-case scenario of $20 oil. However, even they assign a low probability to this case. We are confident that $20 oil is unsustainable, as this would provide new even more phenomenally buying opportunities.

the potential impact of Iranian sanctions being lifted. However, this production is naturally being几何 continued demand growth and would only delay the oil prices remain low, the more investments are deferred, setting the stage for a sustainable recovery.

Tetrem’s portfolios offer diversified energy exposure, moving the more defensive, as well as those more levered to an eventual oil price recovery. Energy equities have been battered and are unfazed as invesors behance the competitive differences between the individual companies. Our approach remains focused on owning those companies best equipped to emerge from the downturn in a stronger competitive position, while also owning those offering the greatest upside on any sort of oil price relief. Examples of our portfolio holdings include:

• Suncor Energy, which has one of the strongest free cash flow profiles in the industry and one of the most profitable downstream operations in North America. The company is aggressively reducing costs and making permanent productivity improvements. Suncor’s base oil sands cost per barrel in the second quarter of this year was only $28 (down 18% year over year) and it raised its dividend 4% in other companies cut theirs.

• TotalEnergies OIL, a low-cost gas producer with leading production growth and a pristine balance sheet. The drop in oil prices is leading to service price concessions for TotalEnergies, allowing it to drill for less. The company is using the downturn to consolidate key service providers at attractive prices.

• Vermilion Energy offers unique exposure to highly profitable European gas. Gas prices in Europe are three times higher than in North America. The ramp-up of an offshore natural gas asset over the next year should provide an increase in cash flow that will increase financial flexibility. Vermilion offers a

5.1% dividend yield.

1. Death of a Taxpayer
2. Testamentary Trusts are Not Dead
3. Estate planning – Navy Rules Governing Pensions and Estate Taxation ( Triton)
4. An Alternative to the Spousal Rollover
5. Planning for a Disabled Dependent
6. Planning for College Succession
7. Registered Retirement Income – A Review of Beneficiary Designations
8. Five Steps to Estate Planning
9. Incentive for extender
10. Wincent Planning Using Trusts
11. Trusts 101
14. 5% – Passive Foreign Investment Company reporting for U.S. Persons
15. A Persisonal Tax Quick Reference Card
16. Corporate Tax Quick Reference Card
17. Choosing an Optimal Investment Solution – Corporate Classes & T Class

The presentation and articles below are available through the group and cover off a wide array of tax, retirement and estate planning opportunities and issues for clients. Presentations are delivered by the team to

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To engage the Tax, Retirement and Estate Planning team, please contact your CI Sales team and look for the launch of a dedicated team website in 2016!
### Class A Performance as at October 31, 2015

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