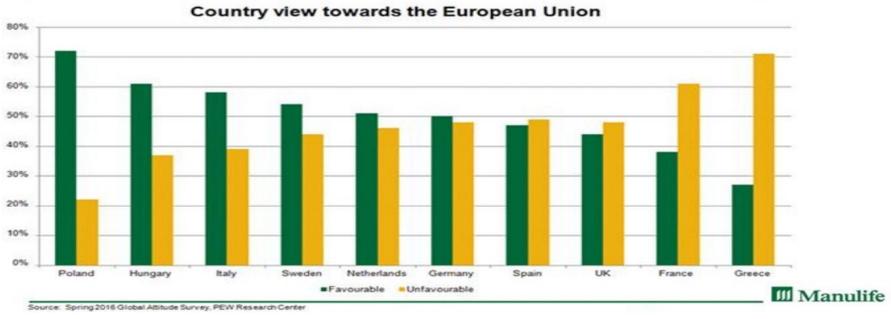


Keeping In Touch

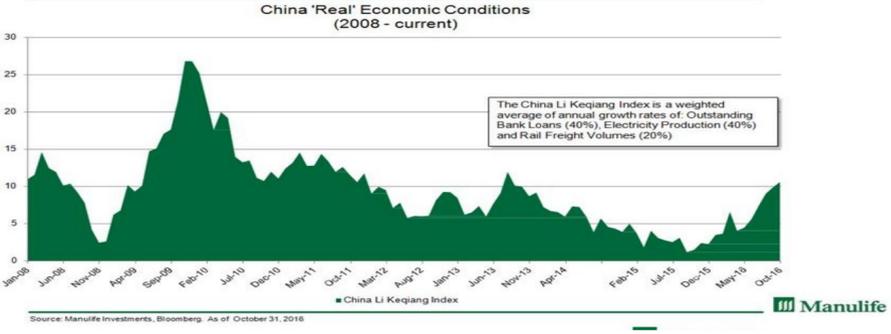
I hope you and your family are doing well into 2017. I recently had the opportunity to meet with Philip Petursson who is the Chief Investment Strategist for Manulife Financial. Philip had some interesting insight into how Manulife views the global economic landscape in general as well as more detailed observations with respect to North America and in particular the “Trump” effect, the Canadian dollar, the price of oil and the overall economic and monetary situation in Canada. Most of his comments are consistent with other economists and analysts from the major banks in Canada.

Political Instability In Europe Will Lead To Continued Volatility



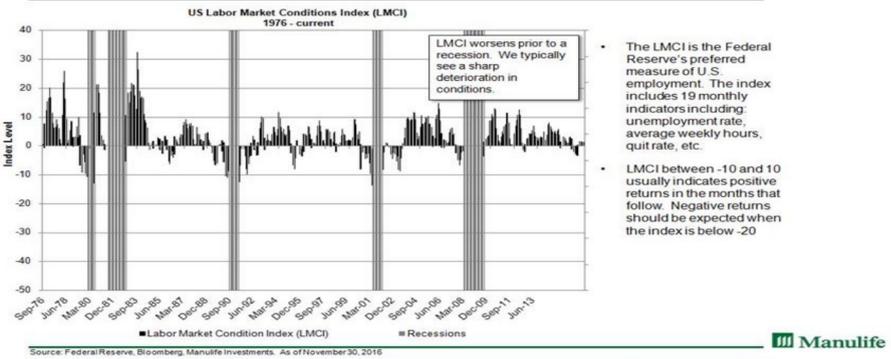
He does expect some headwinds in the markets in Europe and the European Union deals with the political and then economic changes that may occur. Europe is definitely one area that will be in the news this year. The markets will react to the uncertainty.

China's Growth Is Reaccelerating



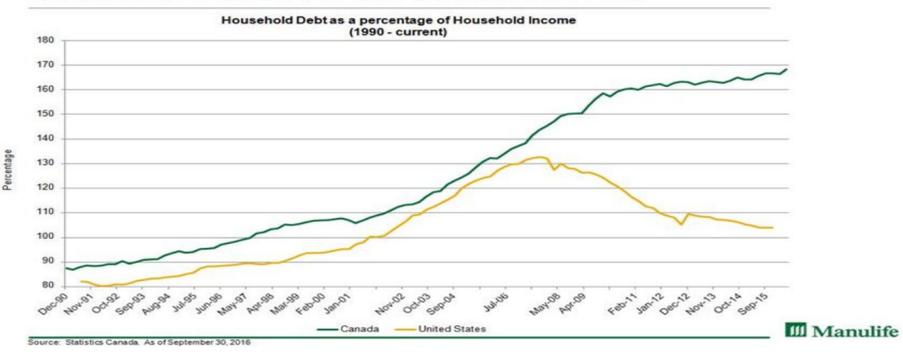
In North America, Philip focussed primarily on the US economy as he views the economy in Canada being significantly reliant on what happens south of the border. He sees the United States economy continue to expand and feels that the policies the Republicans are proposing to be good for the business environment. Trump will continue to battle not only the Democrats but also many of his own Republicans in both Congress and the Senate. He sees the expansion in the US continuing however it is in the later stages but currently no signs of a recession on the horizon.

Federal Reserve Sees Improvement In The Job Market



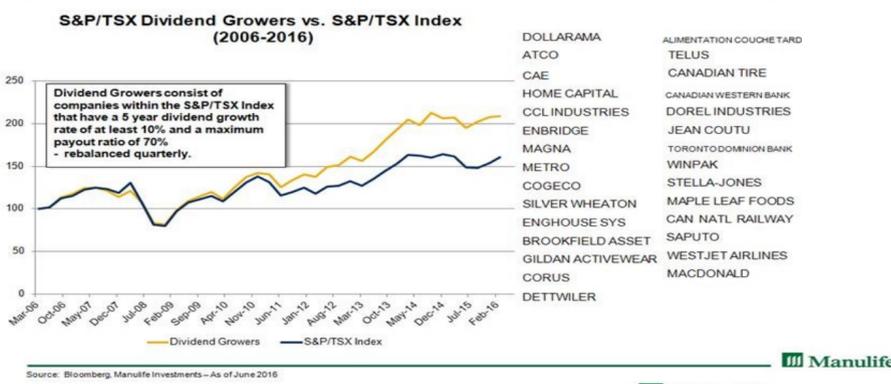
In the United States, household debt has been falling as a % of household income which is encouraging as the US economy is a consumer driven economy. In Canada, however, the exact opposite has been occurring. This could hurt retail spending in Canada.

Canadian Households Are The Most Indebted Ever



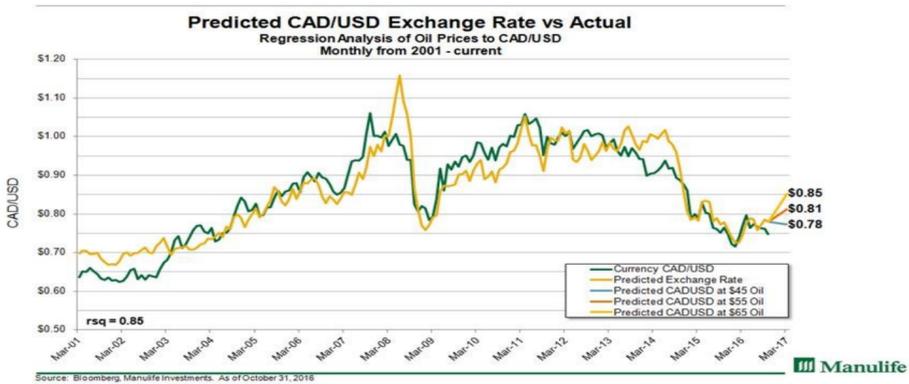
Canada will need to rely more on exports to offset this hit on GDP. He did comment that Canadian Banks are well heeled and becoming more diversified with their expansion into the US financial markets. TD Bank currently earns over 50% of its revenue from the US and most major Canadian Banks are expanding their non-Canadian businesses. His main focus when equity investing is to buy those companies who continue to increase their dividends each year.

Dividend Growers Outperform



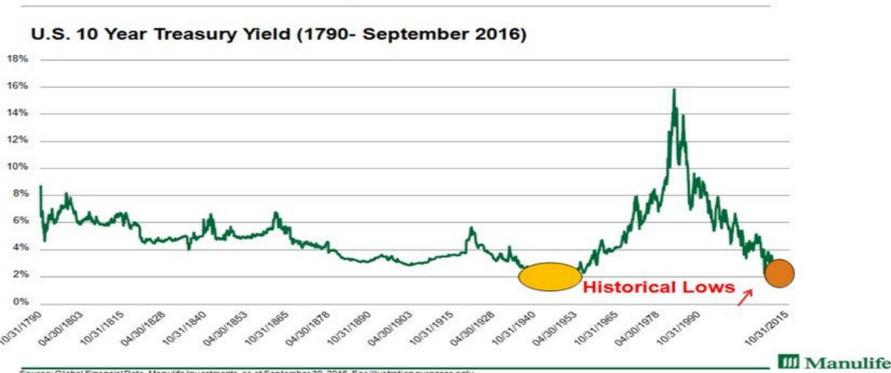
Philip predicts that oil prices will be range bound between \$50 and \$60 per barrel for the most part over the next year with occasional dips and peaks outside of that range due to short term events. He feels that our dollar which is tied to the price of oil will move along with the price of a barrel of oil and such that it too will be mostly range bound between 72 and 80 cents.

The Loonie's Petro-Dollar Problem



Interest rates are at a historic low. 10 year Treasury yields are back to where they were after the Great Recession.

The Fixed Income Challenge



A significant difference to note however is there was massive unemployment then and currently the United States is near full employment. This is resulting in inflationary wage pressure in the US which puts more disposable income in the consumer hands which in turn should benefit the economy. Interest rates are expected to continue to rise in the United States, however, I am not expecting similar increases in Canada in the near term. The Canadian economy is growing sluggishly. We have not seen any impact from the promises of infrastructure spending by Ottawa. The Western Canada economy is dependent on the price of a barrel of oil and the ability to get the oil to markets. Eastern Canada is dependent on a lower Canadian dollar to increase exports and the need for significant investment dollars to increase production capacity. The recent uptick in China's economy has been quite beneficial to the commodity producers in Canada. In general, the Canadian economy will rise and fall with the US economic tide and the global demand for Canadian exports.

Overall, Philip and his team continue to recommend diversification in investing. They have increased their equity exposure in light of their assessment of global growth and the fact that investment grade bonds continue to pay very little.

On a personal note, I will away from the office from March 16th for Spring Break vacation and returning to the office on April 3rd. Michelle and I are taking Kendall and Kevin to Costa Rica where we went for our honeymoon 24 years ago. I will be in contact with Cory at the office while I am away. If there is anything that you wish to discuss with me before then, please by all means, give me a call. Thank you, I do very much appreciate having the opportunity to work with you on your retirement, investment and estate planning.

Take care

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