



Financial Executives International

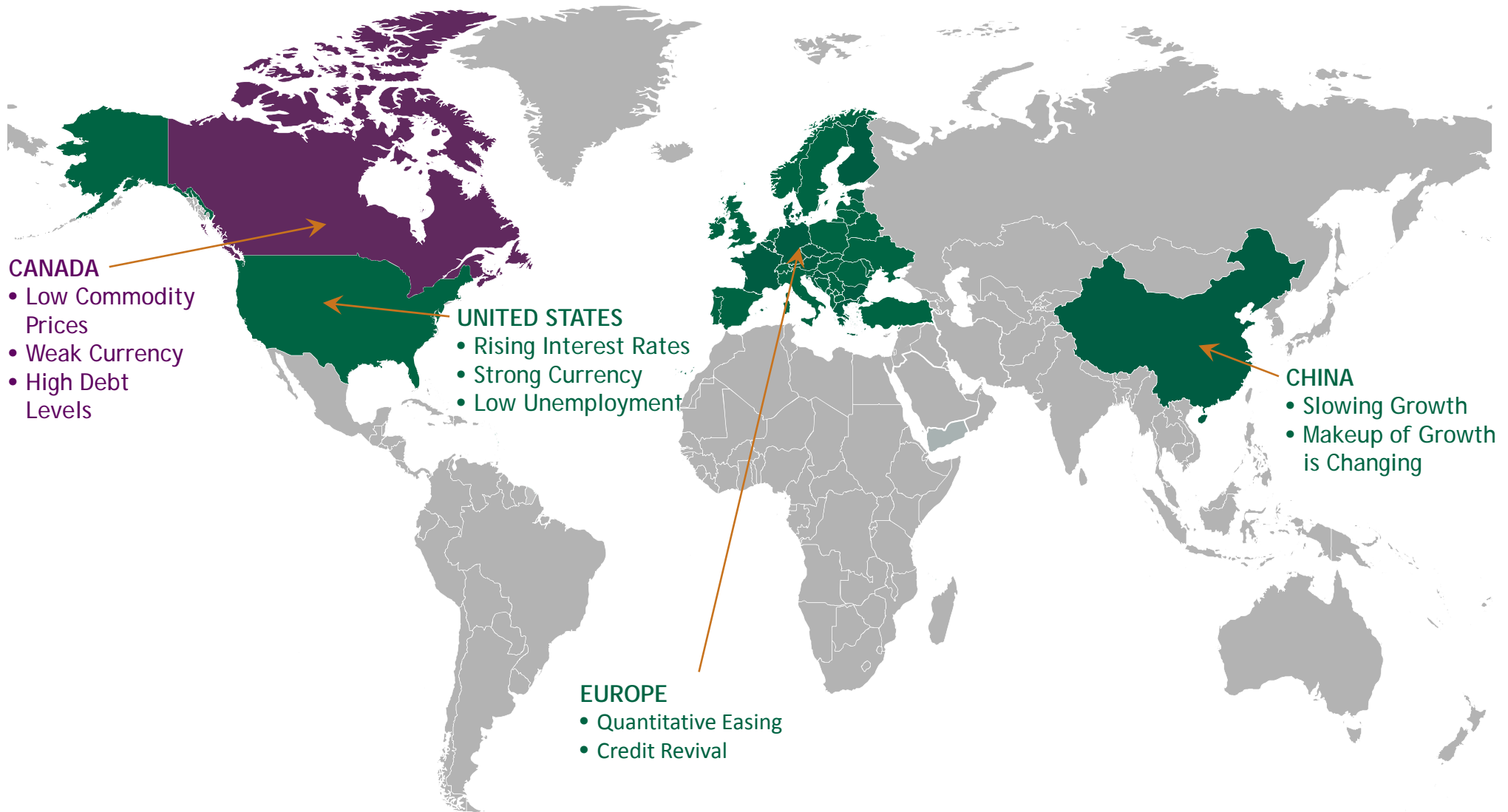
January 27th, 2016

*Earning Your Trust.
Building Your Wealth.*

Roger Brandvold
Senior Vice President
Carmen Giblett
Vice President

 **CONNOR, CLARK & LUNN**
PRIVATE CAPITAL

A Birdseye View of the Global Economy



Diverging Trends

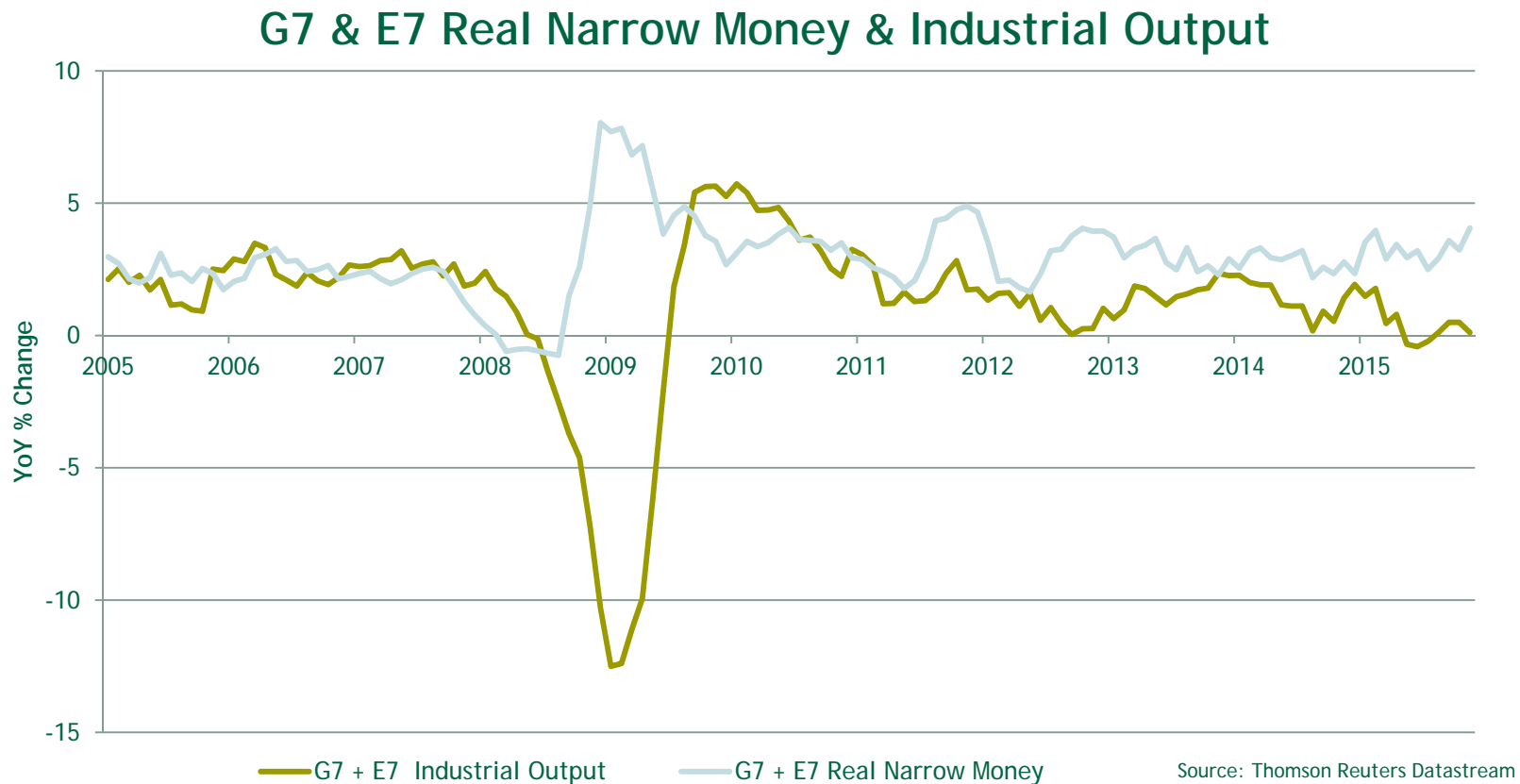
GDP Growth and Financial Conditions, 2015 - 2016



Source: International Monetary Fund and CC&L Private Capital

- Diverging growth and policy

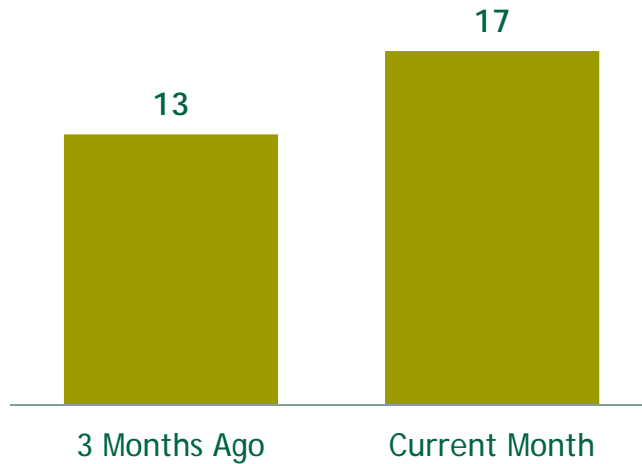
Global Liquidity will Support Growth



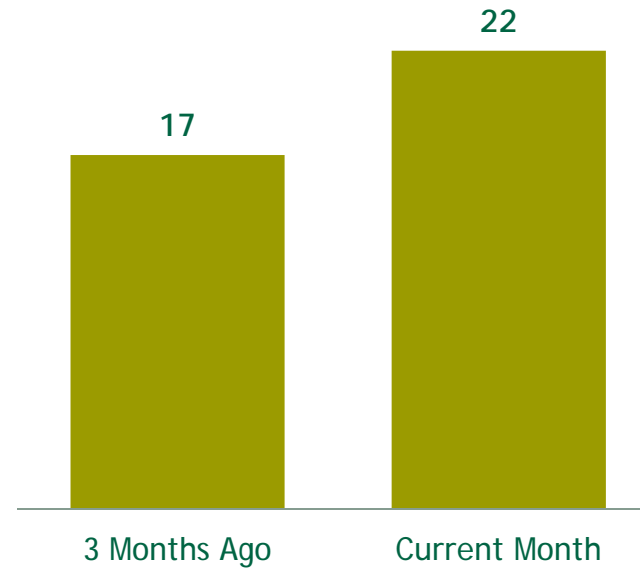
Global Growth is Improving

Global PMI Trends

Number of Countries Up



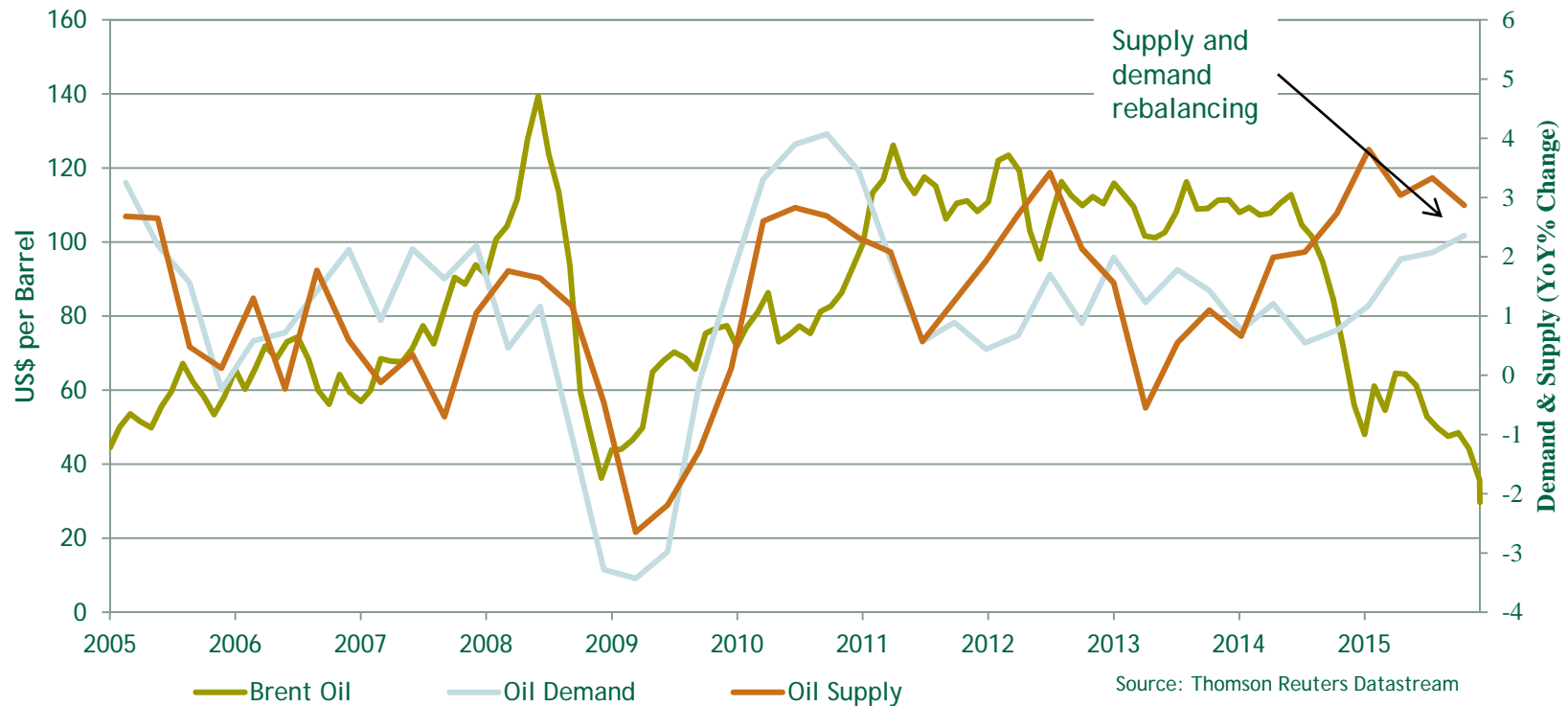
Number of Countries Above 50 (Expanding)



Source: Markit Economics

Decline in Oil Prices

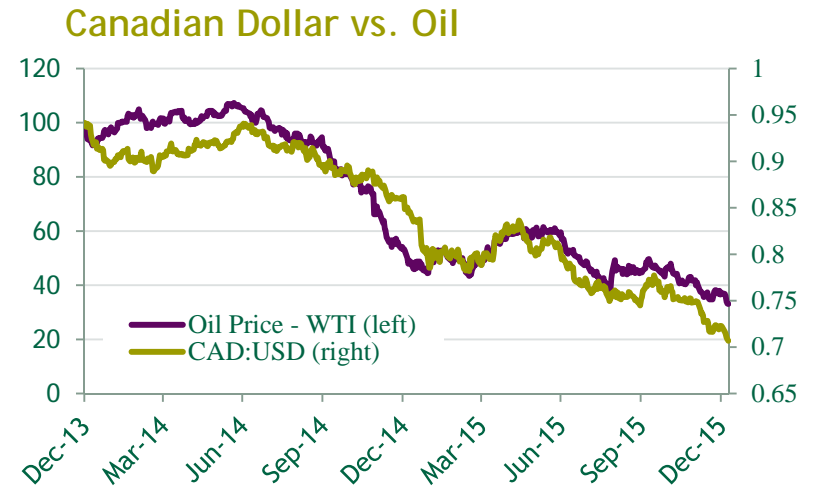
Global Oil Demand/Supply & Oil Price



- Price decline is a result of oversupply not falling demand

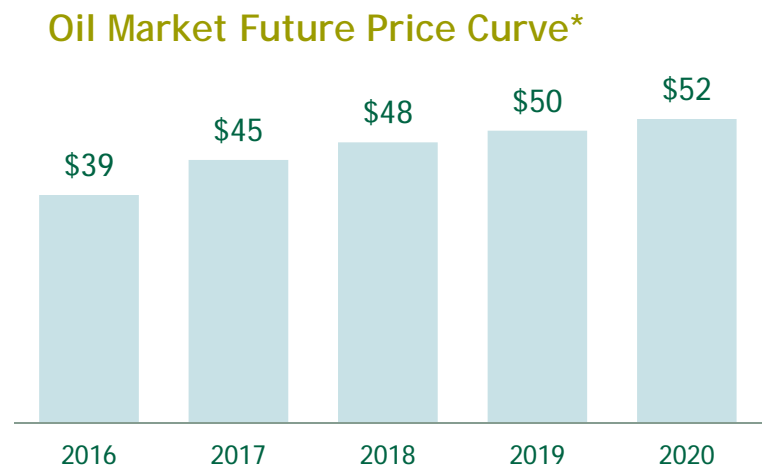
Canadian Dollar a Petrocurrency

- As prices stabilize the CAD should stabilize



Source: Bloomberg

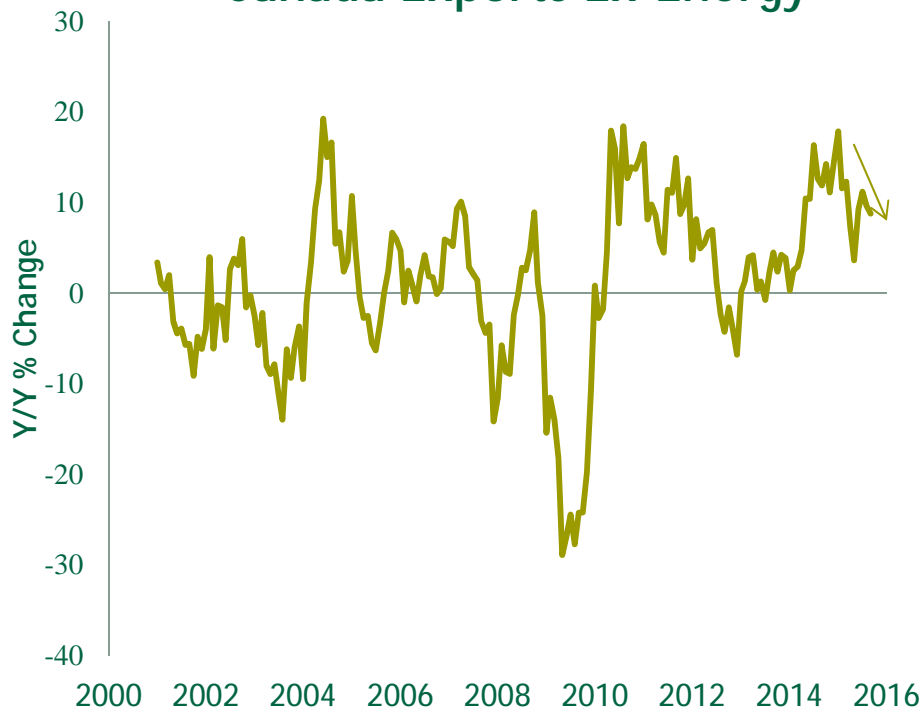
- The market expects oil prices to stabilize as supply and demand rebalance



* WTI Calendar strip prices. Source: National Bank Financial

Not Just the Resource Sector is Struggling

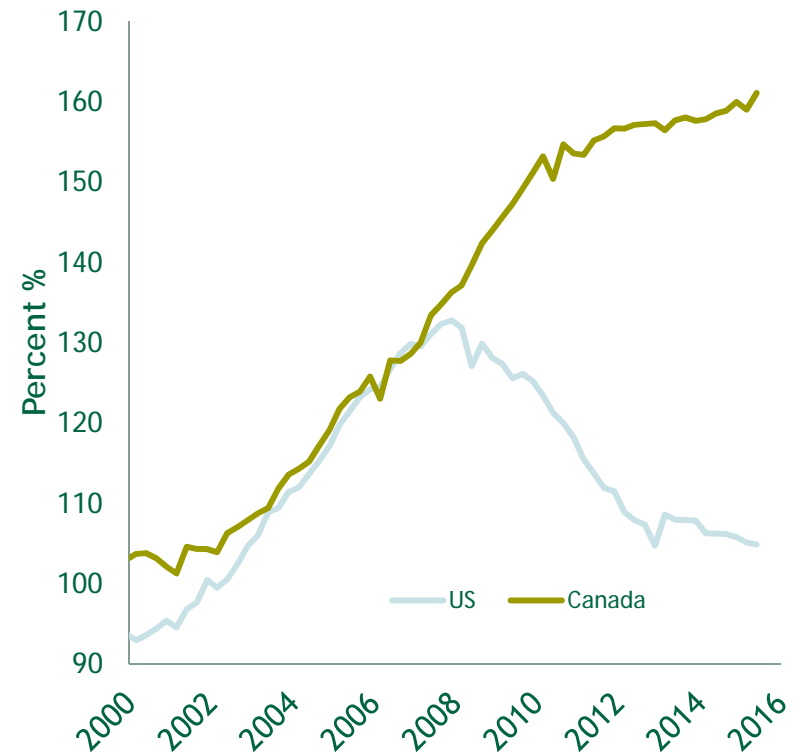
Canada Exports Ex-Energy



Source: Statistics Canada

- Weak dollar not boosting exports

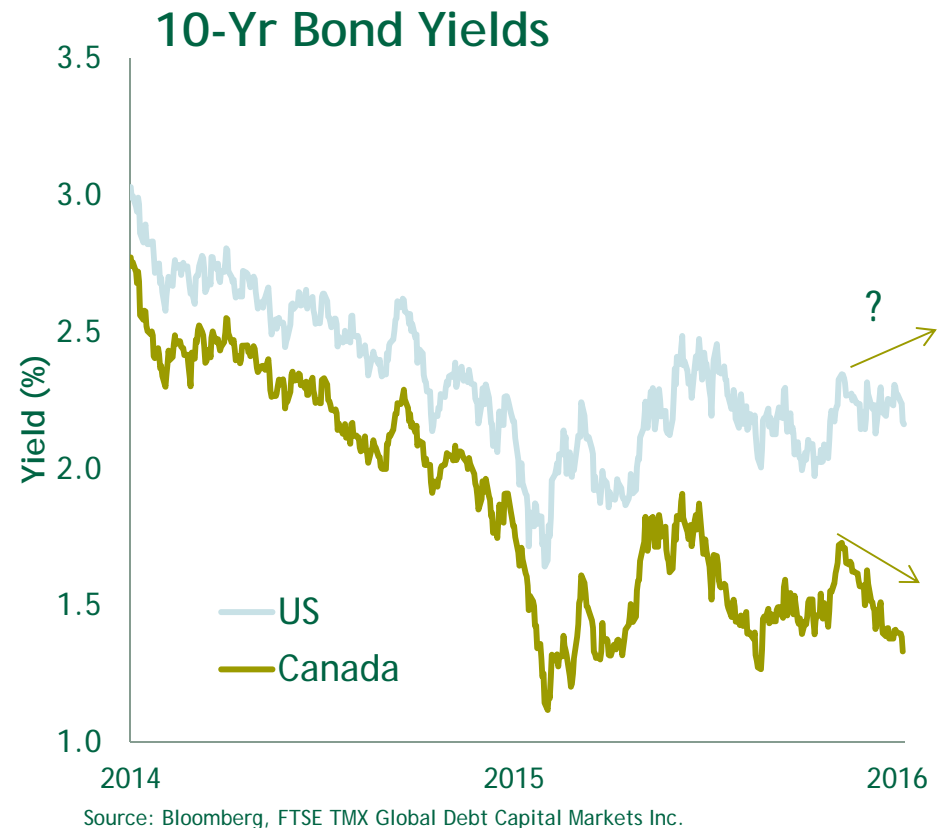
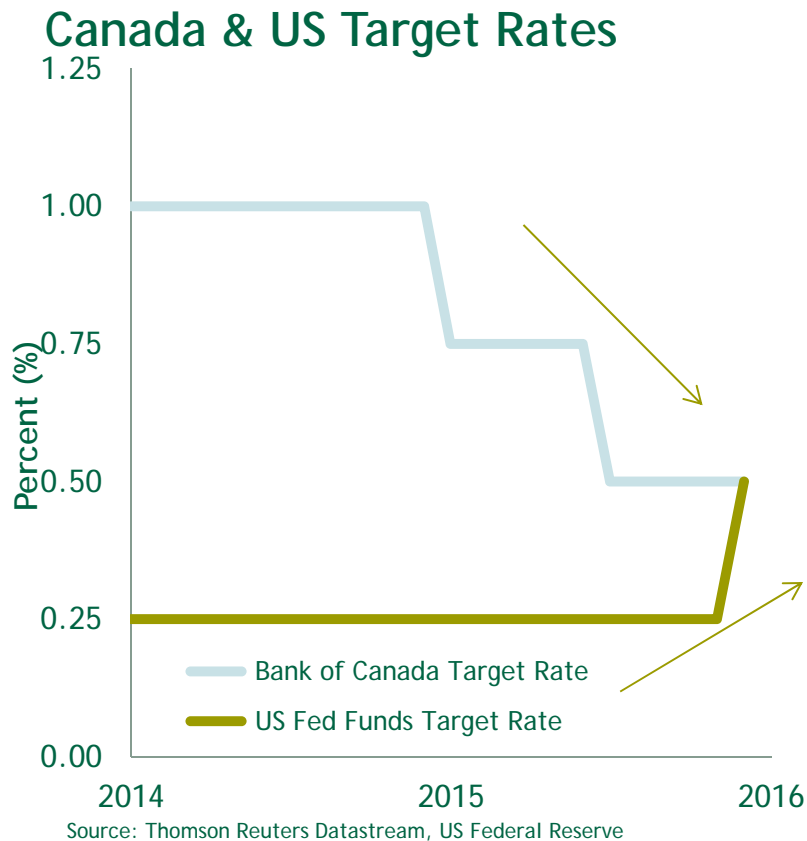
US & Canadian Household Debt



Source: CANSIM - Statistics Canada, US Federal Reserve, Bureau of Economic Analysis, US Dept. of Commerce

- Household debt levels will be a headwind

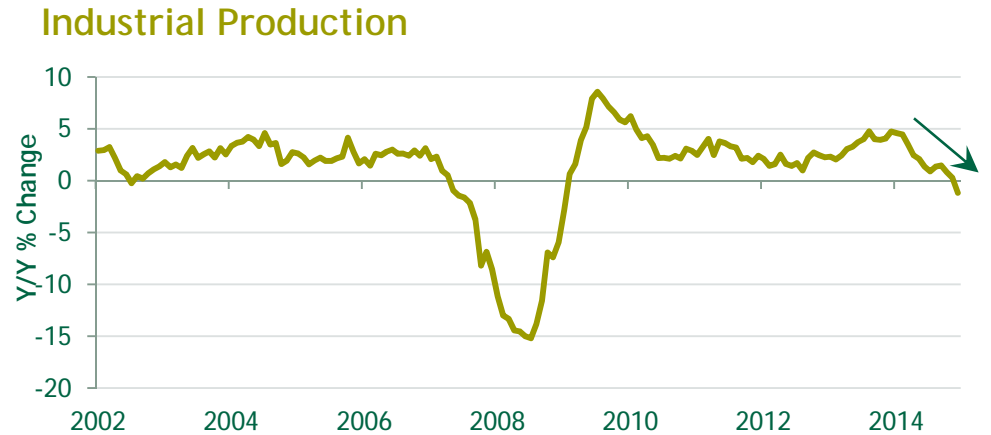
Diverging Monetary Policy



- Monetary Policy in the U.S. and Canada on different paths

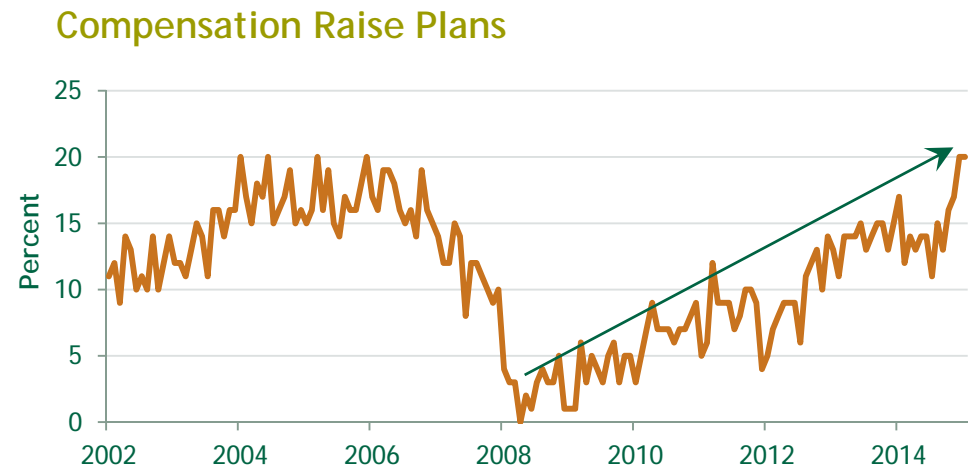
U.S. – A Mixed Story

- High USD is affecting industry



Source: Federal Reserve

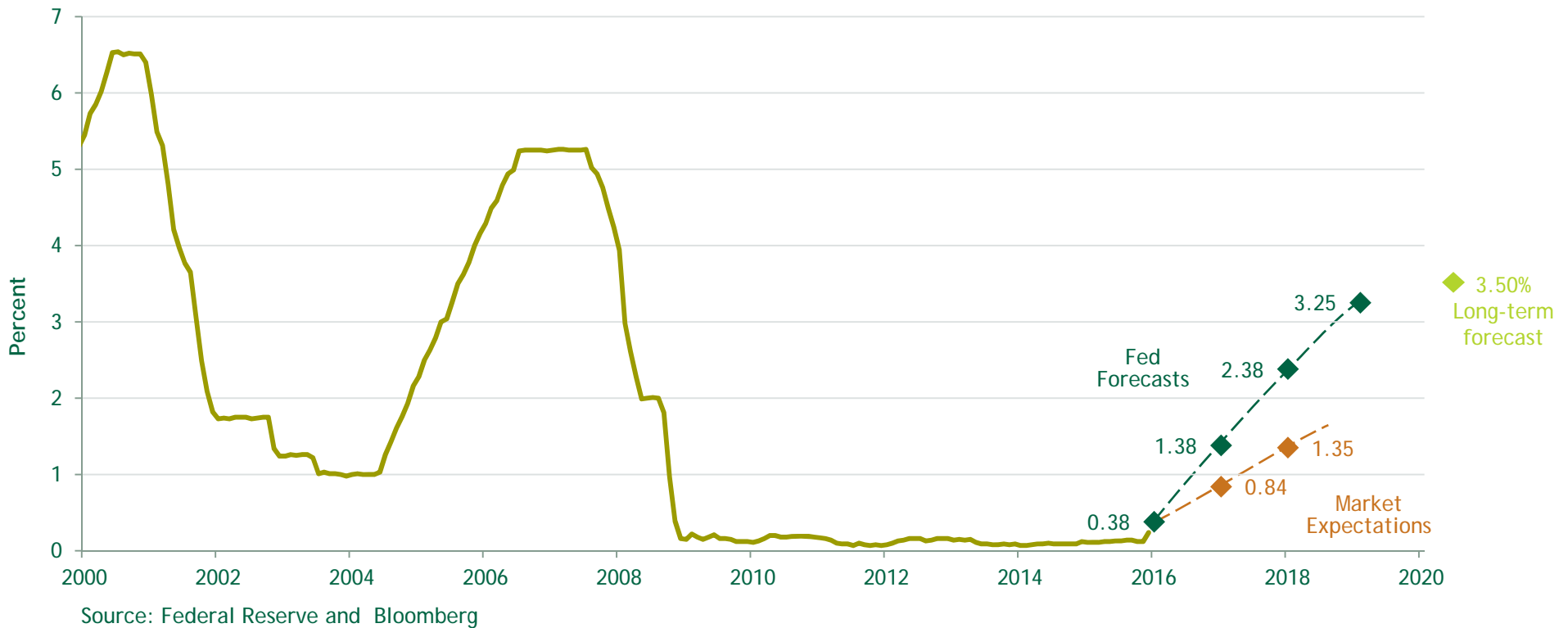
- More evidence of continued wage growth



Source: NFIB

Fed Liftoff: Expect Gradual Rise in Rates

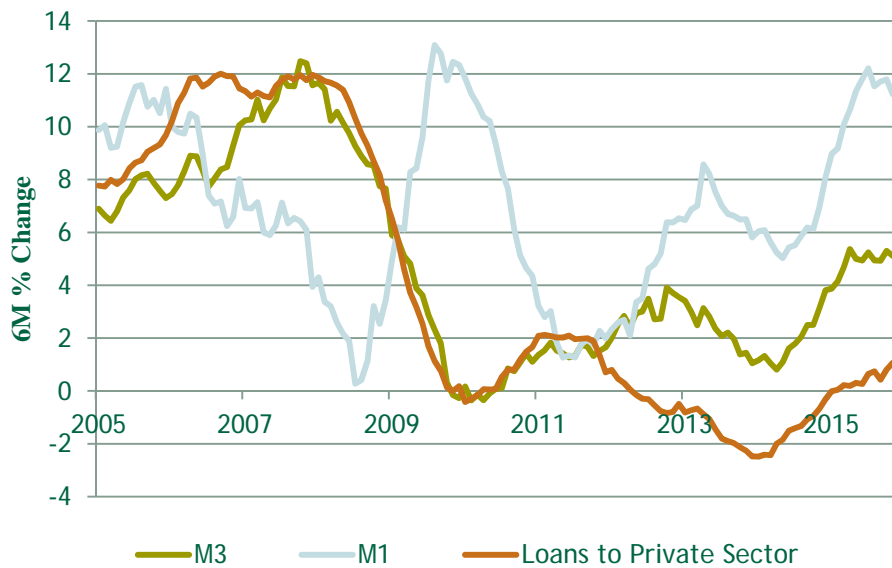
Fed Funds Rate Expectations



- The market does not believe the Fed

Stimulus is Working in Europe

Money Supply & Lending



Source: Thomson Reuters Datastream

- Credit reviving

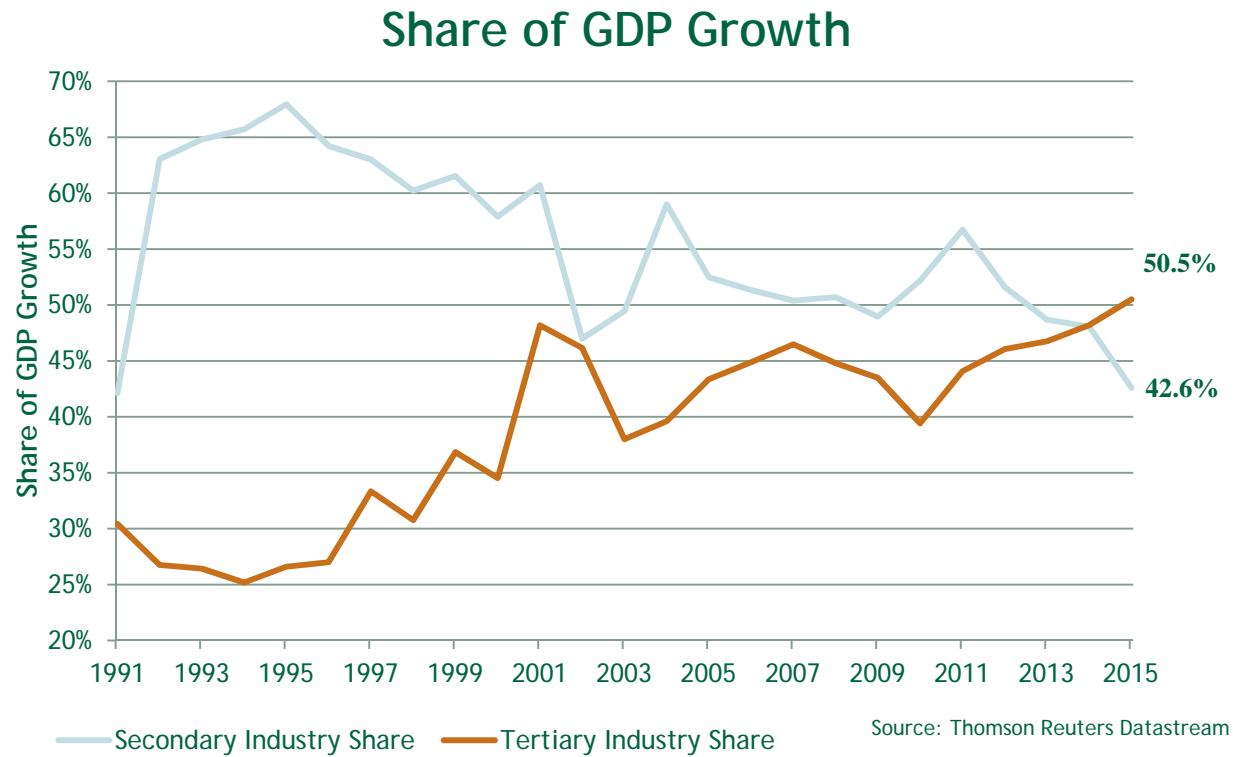
Strong Economic Growth



Source: Thomson Reuters Datastream

- Sentiment is positive

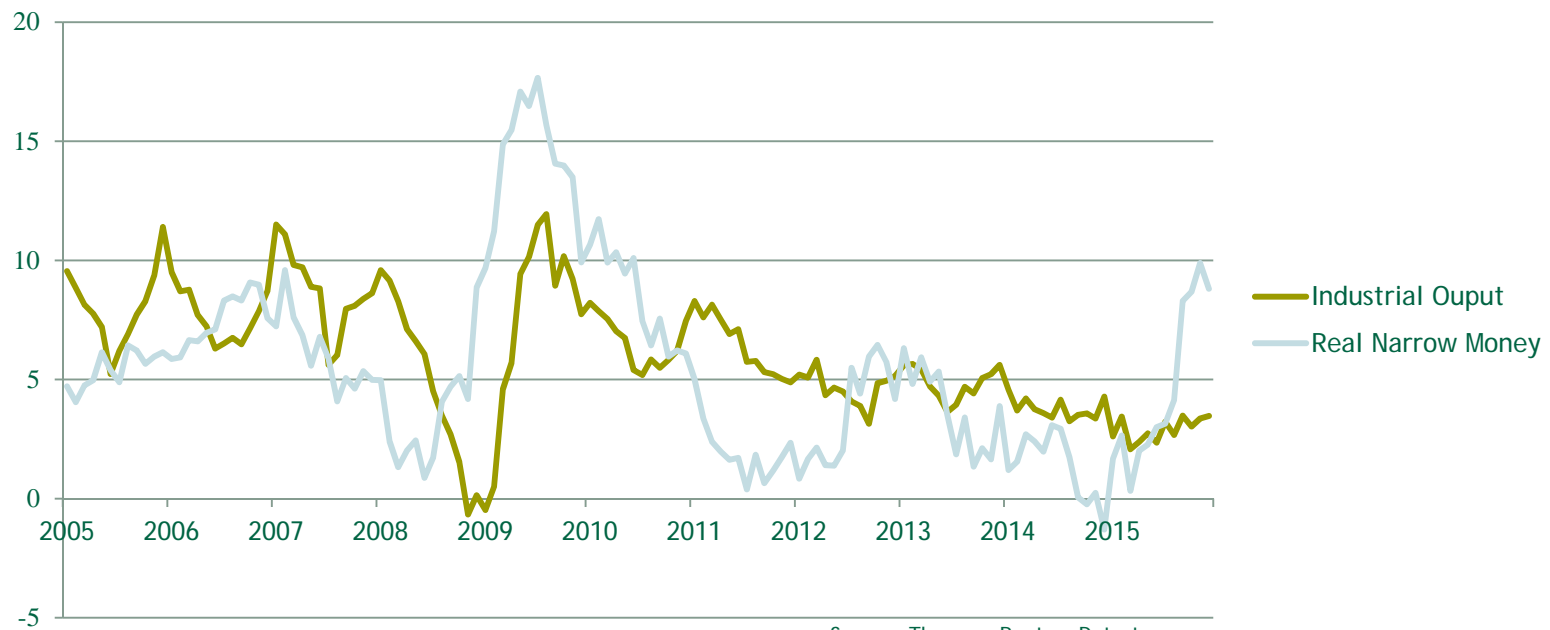
Growth in China is Changing



- The service sector is the new driver of Chinese growth

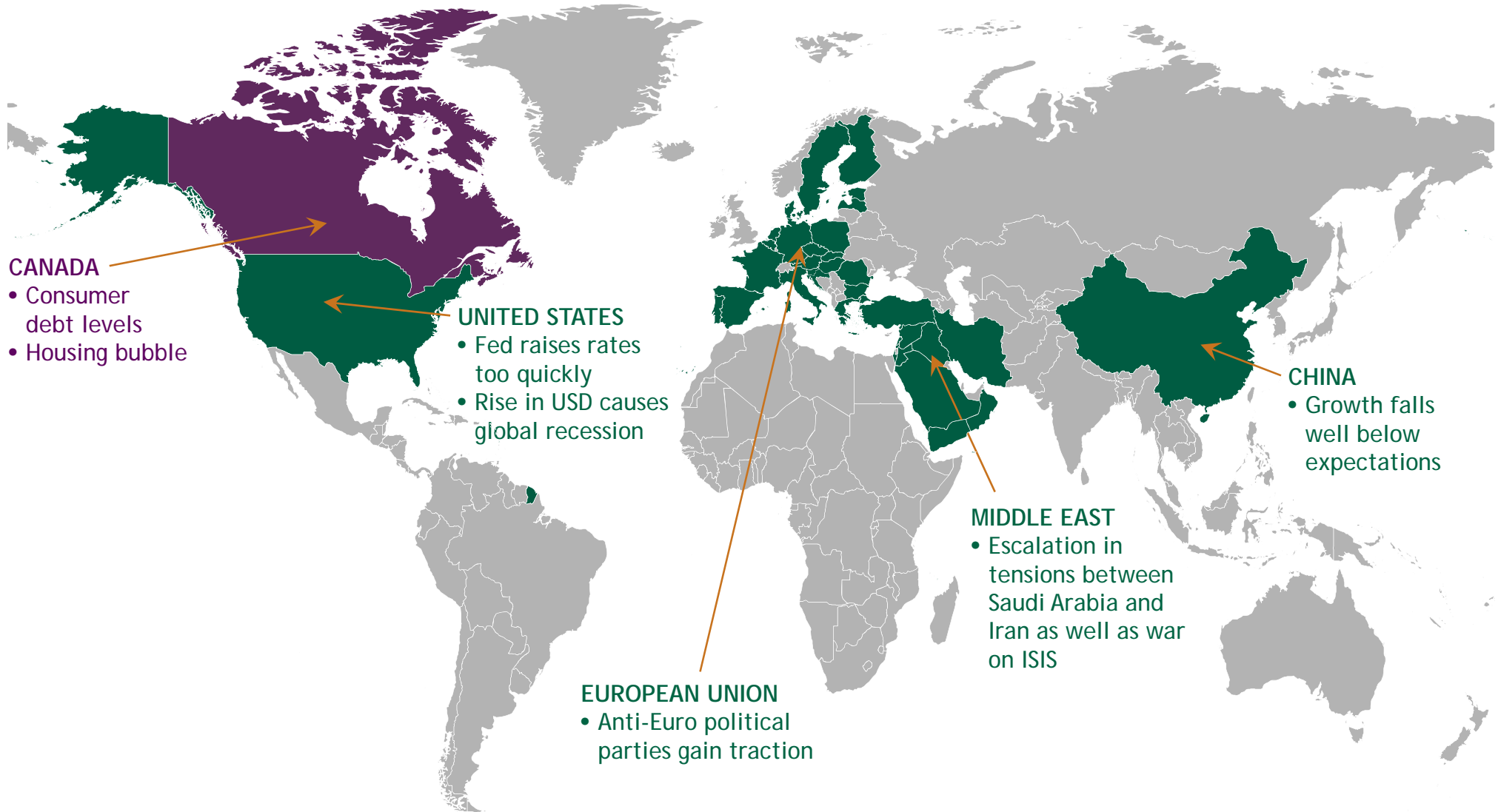
Liquidity will Support Growth and Markets

China Industrial Output & Real Narrow Money (% 6M)



- Hard landing unlikely

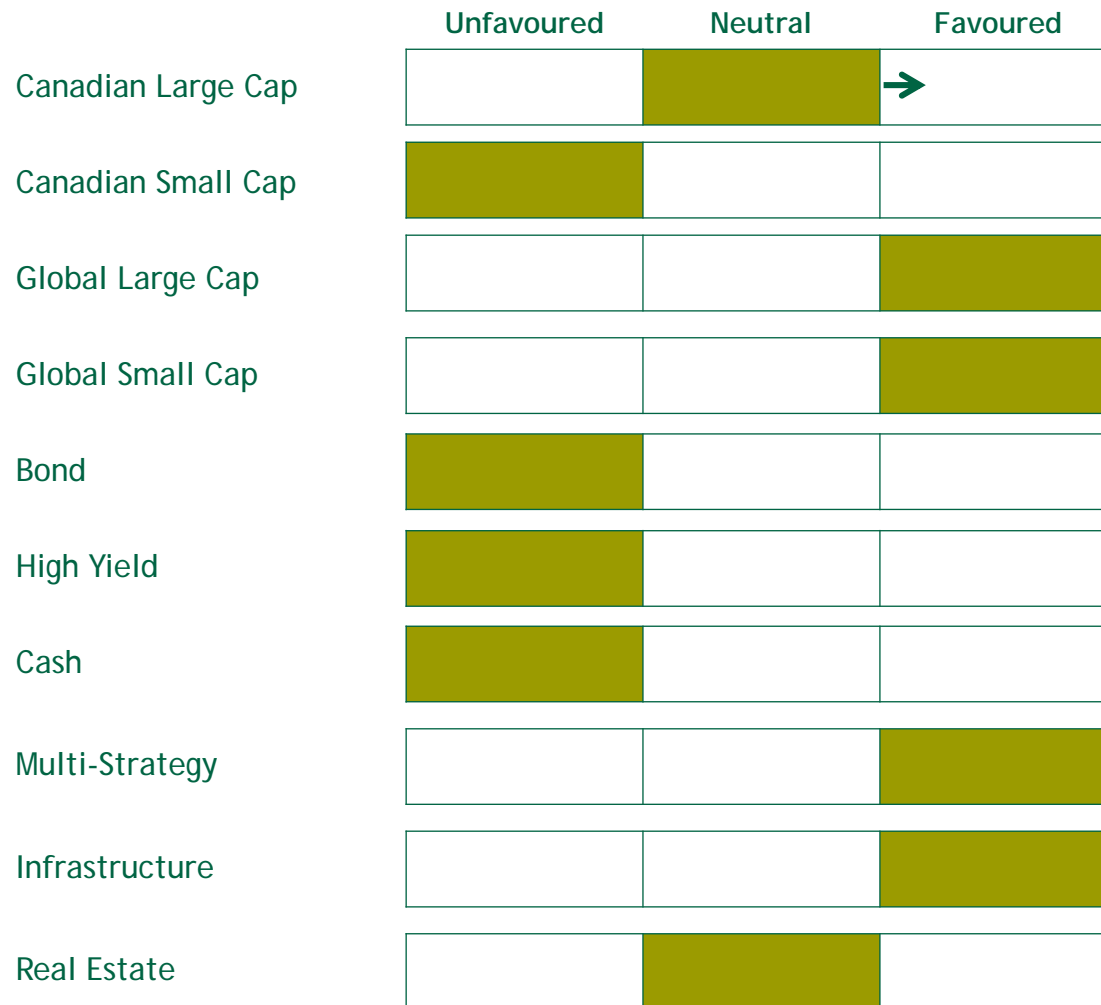
We are Monitoring Risks



Questions?

How We are Positioning our Clients

CURRENT VIEW



Disclosure

This report, including any attachments, is provided to you for your informational purposes only and is considered private and confidential. No matter contained herein may be used, disseminated, distributed, reproduced or copied by any means, in whole or in part without express prior written consent of Connor, Clark & Lunn Private Capital Ltd. Connor, Clark & Lunn Private Capital Ltd. takes no responsibility for any errors or omissions contained herein, and to the full extent permitted by law, neither Connor, Clark & Lunn Private Capital Ltd. nor any of its affiliates nor any other person, accepts any liability whatsoever for any loss arising from any use of, or reliance on this report or the information contained herein. No representation or warranty, express or implied, is made in respect of this information by Connor, Clark & Lunn Private Capital Ltd., its affiliates or any other person as to its accuracy, completeness or correctness, and it should not be relied upon as such. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of capital may occur. All opinions, estimates and projections contained in this report constitute Connor, Clark & Lunn Private Capital Ltd. judgment as of the date of this report, are subject to change without notice. This material has been prepared without regard to the particular individual financial circumstances and objectives of persons who receive it and nothing in this report constitutes legal, accounting, tax or individually tailored investment advice. As such, as you consider this material, you should consult with independent professionals in those areas regarding your individual circumstances. This information is not an offer to sell or a solicitation of an offer to buy any securities and is not to be used as a sales communication.