

MERCER CANADA'S 2018 FEARLESS FORECAST

MARKET RETURNS HAVE BEEN EXCELLENT OVER THE PAST 6 YEARS...

+62% CANADIAN EQUITIES
S&P TSX COMPOSITE

+197% US EQUITIES
S&P 500 (CAD)

+111% INT'L EQUITIES
MSCI EAFE NET (CAD)

+147% GLOBAL EQUITIES
MSCI WORLD NET (CAD)

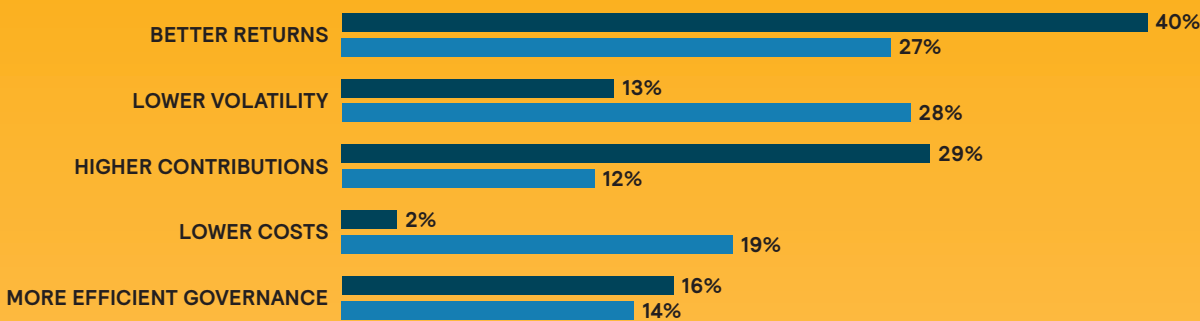
+20% UNIVERSE BONDS
FTSE TMX CANADA UNIVERSE

+32% CANADA BONDS
FTSE TMX CANADA LONG TERM

...BUT THE PATH FORWARD IS UNCERTAIN

INVESTORS SHOULD EXPECT LOWER, MORE VOLATILE RETURNS IN THE YEARS AHEAD

FIDUCIARIES SHOULD ASK THEMSELVES WHAT IS MOST LIKELY TO DRIVE BETTER INVESTMENT OUTCOMES...AND WHETHER THEY'RE FOCUSING ON WHAT MATTERS



■ % of respondents who feel this will make the biggest difference
■ % of respondents who will focus on this in the short term

Source: Mercer Global Investment Forum

4 KEY QUESTIONS THAT DB AND DC SPONSORS SHOULD ASK

FOR DB SPONSORS

Do you fund or invest your way to a fully funded position?



RETURN

What's our time horizon?



RISK

Can we lever innovation to reduce costs?



COST

How much risk can you handle?



TIME

FOR DC SPONSORS

Will I rely on contributions or investments...

What's my time horizon?

Can we lever innovation to reduce costs?

How much risk can I handle?

REGARDLESS OF WHETHER YOU ARE A BULL OR A BEAR...

- After 6 years of growth, the time is now to lock in some of those gains.
- If you can afford to de-risk your plans, do it now.
- Don't expect any real returns from de-risking.
- Assess whether to shorten or lengthen bond duration.
- Opportunities exist in alternatives and absolute return.

*RETIREMENT SAVINGS IS EXPENSIVE,
GUARANTEEING IT IS VERY EXPENSIVE,
IF YOU CAN AFFORD IT, DERISK NOW,
IF YOU NEED TO REDUCE YOUR COSTS, INNOVATE.*

Mercer Canada has been helping Canadian organizations with their retirement plans for nearly 75 years. Contact us today.