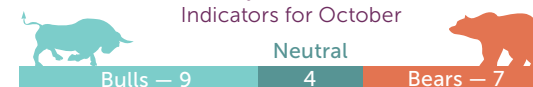


Foresters Asset Management Inc. is a team of ten investment professionals covering multiple asset classes and markets. The team meets every month to review economic, political, and market indicators and compare these with their fundamental security analysis. Post these discussions biases to portfolios' asset mix may arise to reflect the prevailing market environment.

Summary of Bull and Bear  
Indicators for October



Economic Indicators	Period Reported	Current	Previous	Outlook Bullish / Bearish	Comments
<b>GDP</b>					
Canada (Year over Year)	July-2016	1.3%	1.2%	Neutral	Canadian real GDP posted a solid 0.5% advance in July, above consensus expectations of 0.3%. July's gain was attributed mainly to mining activities and to a rebound in oil sands production. The monthly result indicates that Q3 growth as a whole will likely be strong. The BoC is currently projecting 3.5% growth for the quarter.
U.S. actual (Year over Year)	June-2016	1.3%	1.6%	Neutral	
U.S. (QoQ) annualized	June-2016	1.4%	0.8%	Neutral	Q2 GDP growth was revised slightly higher than the prior estimate of 1.1%. The modest revision reflected stronger nonresidential business investment spending, which is now estimated at a 1.0% increase, after recording a 0.9% decline in the previous report. Structures and equipment spending continued to decline but at a more modest pace. Inventories and net exports also saw upward revisions, as expected, while personal consumption was little revised (4.3% vs 4.4%).
ISM Manufacturing	September-2016	51.5	49.4	Bullish	After two straight monthly declines, U.S. manufacturing activity improved more than expected in September.
ISM Non- Manufacturing	September-2016	57.1	51.4	Bullish	This report marks the strongest levels seen thus far in 2016.
Durable Goods Orders (YoY)	August-2016	2.4%	-6.8%	Neutral	The August reading was mixed. On the positive side, the headline number was flat, a result which is better than the consensus estimate of a 1.5% drop. However, the July numbers were revised downwards from 4.4%-3.6%.
Capital Goods New Orders Non defense Ex. Aircrafts & Parts (YoY) [Core Orders]	August-2016	-0.9%	-8.1%	Neutral	New orders rose for the third consecutive month in August, easing some of the markets concern regarding soft business fixed investment.
<b>Unemployment</b>					
Canada	September-2016	7.0%	7.0%	Neutral	Accompanied by a 0.2% increase in the participation rate, the strong jobs report did not translate into an improved unemployment rate. Hours worked rose 0.1%, but are still little-changed from a year ago levels and down 0.9% on an annualized basis for Q3. Further, average hourly wage growth slowed again to 1.4% y/y.
U.S.	September-2016	5.0%	4.9%	Neutral	With the labour markets moving closer to full employment, small movements in the rate have become an unreliable indicator of the labour market's health.
<b>Participation Rate</b>					
Canada	September-2016	65.7%	65.5%	Neutral	Job growth in the 55+ age group saw a record monthly increase in September (+61k), accounting for most of the national gain. This marked a new high in the labour force participation rate for this group.
U.S.	September-2016	62.9%	62.8%	Neutral	Both average hours worked and the participation rate ticked up during the month.
<b>U.S. Wage Inflation (Average hourly earnings Y/Y)</b>					
	September-2016	2.6%	2.4%	Neutral	Wage growth appears to be on an upward trend relative to the 2.3% increase in 2015 and 2.1% gain in 2014.
<b>Non-Farm Payrolls</b>					
Canada	September-2016	67,200	26,200	Bullish	After a rough Q2, readings recorded in Q3 point to a sharp rebound in hiring. September's gain was a large upside surprise for the market, versus expectations of just 7,500. By province, hiring was led by QC, ON and AB, and by industry it was led by service producing sectors. Of note, 50,000 of the jobs gain was due to increases self-employment. This category is less reliable than either full-time or part-time as it increases the possibility of self-reporting bias. Further, gains in this category usually do not translate as well into growth in the income and benefits that drive consumer spending and housing.
U.S.	September-2016	156,000	167,000	Neutral	The increase in September payrolls is down slightly from the 2016 year-to-date average monthly increase of 178,000. However, as labour markets move closer to full employment, the availability of workers will increasingly limit the monthly increase in hiring.
Consumer Confidence (Conference Board)	September-2016	104.1	101.8	Bullish	Americans felt very positive again in September. Moreover, the labour differential improved to 6.3 from 4.0, reaching its highest level since August 2007. This component is highly correlated with unemployment rate.
Consumer Confidence (University of Michigan)	September-2016	91.2	89.8	Neutral	Confidence edged upward in September due to gains among higher income households,
Existing Home Sales (U.S.) (millions)	August-2016	5.33	5.38	Neutral	August was not a great month for the U.S. housing market, with housings starts down 5.8%, permits slipping 0.4%, existing home sales down 0.9%, and new mortgage applications down 4.9%.
Case Shiller (20) YOY Price Increase	July-2016	5.02%	5.11%	Neutral	Both the housing sector and the economy continue to expand with home prices continuing to rise at about a 5% on an annualized basis.
<b>Core CPI</b>					
Canada (Year over Year)	August-2016	1.80%	2.10%	Neutral	Headline CPI came in at 1.1% versus the consensus estimate of 1.4%. Core CPI was down to 1.8%, from July's annualized rate of 2.1%. This was weaker than the already bearish 2.0% consensus estimate. The decline was due to slack in the broader economy, linked to weak exports. Retail sales in Canada also fell 0.1% in July, versus a forecast of a 0.1% gain.
U.S. CPI ex Food and Energy (Year over Year)	August-2016	2.30%	2.20%	Neutral	Additionally, headline inflation rose to 1.1% from 0.8% in July
U.S. PCE Core Deflator (Year over Year)	August-2016	1.69%	1.61%	Neutral	The core PCE measure, excluding food and energy, edged up to 0.2% in August. The recent stability in core PCE inflation (fluctuating between 1.6% and 1.7% this year) is putting little pressure on the FOMC to remove monetary policy accommodation. Personal spending was unchanged in August, and it edged down 0.1% in real terms. The weaker result suggests growth in consumer spending will moderate to around 2.8% Y/Y in Q3, from 4.3% in Q2.
BOC Rate Decision	September-2016	0.50%	0.50%	Neutral	After a weak first half, Canadian policymakers have shown concerns over the pace at which the economy is emerging from the oil price shock. The Bank of Canada's September 7 policy announcement stated that inflation risks "have tilted somewhat to the downside". Canada's job surge in September will provide some comfort, but one month does not make a trend. The average monthly jobs gain of 12,000 in the past six months is only roughly in line with the medium term trend. Moreover, the policy easing bar has probably been raised since January because "financial vulnerabilities associated with household imbalances remain elevated and continue to rise."
FOMC Rate Decision	September-2016	0.25%	0.25%	Neutral	At the September meeting, the FOMC left interest rates unchanged but hinted that a hike could come before year-end. The September 21 FOMC Statement stated: "...the case for an increase in the federal funds rate has strengthened..." reflecting similar language to Yellen's Jackson Hole speech at the end of August. "Near-term risks to the economic outlook appear roughly balanced."
ECB Rate Decision	August-2016	-0.40%	-0.40%	Neutral	The Euro Area economy continues to expand, leaving the ECB less open to further easing. At the last meeting in September, President Draghi disappointed markets by providing no hints as to when or what the next stimulus move would be. During the press conference, when asked about extending the QE program, he replied that "We discussed the projections and the assessment. Nothing else." Meantime, he has also warned that negative rates have "side consequences".

Economic Indicators	Ticker	Yield	Return YTD	Return 1 Year	Comments
FTSE TMX Canada Universe Bond Index	CBALUYL/TR	2.48%	4.73%	5.99%	
FTSE TMX Canada All Corporate Bond Index	CBOBUYL/TR	1.84%	4.05%	5.72%	
FTSE TMX Canada ST Overall Bond Index	CBOBSYL/TR	1.16%	1.27%	1.90%	
Barclays U.S. Aggregate Investment Grade (USD)	LBUSTRUU	2.09%	5.16%	4.50%	
Barclays U.S. Corporate Investment Grade (USD)	LUACTRGU	2.93%	11.15%	7.59%	
Barclays U.S. Corporate HY Bond Index (USD)	LF98TRUU	6.14%	15.69%	10.92%	

Stock Market Indicators	Ticker	Level	Return YTD	Return 1 Year	Comments
S&P/TSX Composite Index (CAD)	SPTSX	14,549.60	14.68%	7.60%	
S&P500 Index (USD)	SPX	2,136.73	6.49%	8.41%	
S&P500 Index (CAD)	SPX	2,836.08	1.20%	10.45%	
Eurostoxx Index (EURO)	SX5E	3,009.52	-4.40%	-3.46%	
Nikkei Index (YEN)	NKY	16,840.00	-10.03%	-6.99%	
CSI 300 Index (USD)	SHSZ300	3,300.01	-9.54%	-2.09%	

Commodities	Ticker	Level	Return YTD	Return 1 Year	Comments
CBOE SPX Volatility Index (USD)	VIX	15.84	-13.29%	-2.35%	
Gold (USD)	XAU	1,252.99	18.09%	7.67%	
CRB (USD)	CRY	188.49	7.11%	-5.54%	
Copper (USD)	HG1	218.55	2.37%	-9.52%	
Oil - WTI NYMEX (USD)	CL1	50.15	35.26%	6.37%	

Currency/Rate Indicators	Level (yields)	Level (yields)	Change YTD	Change 1 Year	Currency/Rate Indicators	Level (yields)	Level (yields)	Change YTD	Change 1 Year
<b>USD/CAD</b>	USDCAD	1.3273	4.24%	-2.09%	<b>USDCNY</b>	USDCNY	6.72	-3.35%	-5.89%

**Gov't of Canada Yield Rates**

90 day	GTCAD3M GOVT	0.489%	-0.01%	0.07%
2 year	GTCAD2Y Govt	0.606%	0.13%	0.05%
5 year	GTCAD5Y Govt	0.771%	0.04%	-0.09%
10 year	GTCAD10Y Govt	1.211%	-0.18%	-0.31%
30 year	GTCAD30Y Govt	1.844%	-0.30%	-0.47%

**U.S. Treasury Yield Rates**

90 day	USGG3M Index	0.350%	0.19%	0.35%
2 year	USGG2YR Index	0.877%	-0.17%	0.24%
5 year	USGG5YR Index	1.317%	-0.44%	-0.08%
10 year	USGG10YR Index	1.790%	-0.48%	-0.30%
30 year	USGG30YR Index	2.517%	-0.50%	-0.40%

China Economic Indicators	Period Reported	Current	Previous	Outlook Bullish / Bearish	Comments
CPI YOY	08/31/16	1.30	1.80	Bearish	
PPI YOY	08/31/16	-0.80	-1.70	Bearish	
Official Manufacturing PMI	09/30/16	50.4	50.4	Neutral	
Official Services PMI	09/30/16	53.7	53.5	Neutral	

Source: Bloomberg. Economic Indicators data as of October 11, 2016. Currency, Market & China Indicators data as of October 11, 2016.

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