MURRAY WEALTH GROUP

Q3 Letter to The Murray Wealth Group Inc. Investors:

History continues to provide us with valuable lessons. Thirty years ago, Japan rather than China was a major force behind global trade and growth. Japan had modernized its infrastructure, even surpassing the US in terms of steel production, and was benefitting from a significant increase in domestic demand. Their economy shifted towards value-added processing, which gave rise to the development of its high-tech industry and Tokyo as a major financial centre. Strong Japanese demand drove a massive increase in global commodity prices and the development of new supplies (from Alaskan and North Sea oil to Chilean copper mines).

Eventually, the rate of Japanese industrialization faltered. Japan's economic bubble, characterized by inflated real estate and stock market values, finally burst in the early 1990s, which led to a deflationary spiral and a long period of economic stagnation known as the "Lost Decade". Oil prices, which had risen tenfold to as high as $40 a barrel in 1980, entered a long decline to as low as $8.00 around 18 years later. Copper prices peaked at well over $2.50 a pound, but declined to below $0.70 as late as 2001. The Canadian dollar, which traded at US$1.05 during the 1976 Montreal Olympics, did not revisit this level again until 2007. Yet the global economy survived Japan's decline, with China progressively taking its place.

Now it's China's turn to transition to a consumer-driven economy, which has led to the end of another commodity super-cycle, with commodity prices expected to remain low for an extended period of time. Under this scenario, the Canadian markets could underperform, but should ultimately benefit from proximity to the US, with the strengthening US consumer a longer-term positive for Canada. Of course, with the Canadian dollar at its lowest since 2004, Canada is well positioned for non-energy merchandise exports.

At Murray Wealth Group, we believe that long term superior returns can be best generated through a global approach to investing. On July 1st, we launched four client strategies (three equity and one fixed income solution). Our flagship fund, the MWG Global Equity Growth Fund, is typical of our other funds in that it is designed to deliver strong absolute returns, underpinned by our fundamental bottom-up approach to identify and invest in successful, growing companies with strong management teams. Global strategies typically offer higher returns and diversification with comparable levels of risk to domestic-only strategies.

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Since our July 1st launch, our growth-oriented style of investing in high-quality global companies proved its mettle and validated our long term strategy. **In the quarter, the MWG Global Equity Growth Fund was essentially flat, down a modest 0.33%, while the MSCI World Index was down 8.9%, S&P 500 Index was down 6.9% and the TSX Composite Index was down 8.6%.** The quarter was marked by significant volatility typical of the classic fall corrections, notably on the back of a lack of clarity from the Fed on rate hikes, the China factor and the weak commodity environment.

MWG's client solutions fared well against major markets in the quarter:

MWG Fund Performance:	Q3/15	Equity Markets:	Q3/15
MWG Global Equity Growth Fund	-0.3%	MSCI World	-8.9%
MWG Canadian Equity Growth Fund	-2.5%	S&P 500	-6.9%
MWG Dividend Growth Fund	-3.1%	S&P/TSX Composite	-8.6%
MWG Fixed Income Fund	0.0%		

(MWG Fixed Income Fund launched Sept. 15th, 2015)

This quarter, we highlight three of our largest positions in the MWG Global Equity Growth Fund, specifically MasterCard, Microsoft and Magna:

i. We are bullish on MasterCard, given the continuing growth of credit/debit card use around the globe instead of cash, stable pricing in a global duopoly with Visa, competitive positioning, low capital intensity and high cash generation.
ii. We like Microsoft as it is progressively transforming its business with a shift away from devices and services toward a cloud and mobile based strategy, with its cloud offerings and recurring subscription-based model gaining significant traction.
iii. Magna's recent weakness related to Volkswagen's (VW) installation of defeat devices to mislead emissions tests appear to be overblown. While VW accounts for about 11% of Magna's sales, Magna's exposure to diesel engines is immaterial. We continue to like the stock given global auto industry growth, Magna's shift towards higher growth areas on the vehicle, ongoing efforts to improve margins, a pristine balance sheet and strong free cash flows, along with improvements in corporate governance.

The US economic outlook remains healthy, with most indictors still in the green and no signs of recession on the horizon. We are particularly bullish on the US consumer, with an improving employment picture and demographics supportive of stronger household formation and spending. Finally, corporations have to be applauded for their earnings consistency, operating efficiency, balance sheet strength, free cash flow generation and return of capital to

shareholders. As the fall correction fades into memory, along with investor angst, we believe the markets will begin to embrace the current strong underlying fundamentals. We continue to work for and invest alongside our clients.

As always, call us if you would like to talk about your portfolio or our current views on the market.