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**A message from our CEO**

We understand the challenges that many businesses and people are facing during these unprecedented economic times. We know you must make significant decisions each day in order to achieve your business goals. That’s why we are committed to doubling our efforts in these difficult times to provide you with the services and solutions you expect from a leading asset servicing provider.

CIBC Mellon has remained strong throughout the waves of market volatility. Our leading-edge technology, dedicated employees and client service focus have kept us well-positioned. It has been gratifying to have received feedback from many clients praising our high level of service and thorough communication during this period of market uncertainty.

I am also pleased that we were ranked as Canada’s preferred asset servicing provider for the seventh consecutive year in the 2008 investment manager survey. This is a meaningful achievement. It illustrates the valuable and lasting relationships we have developed with our clients and business partners, and that we are able to adapt quickly to service your evolving needs. Feedback from this survey also helps us assess how we can work even harder in our business areas that are most important to you.

We look forward to enhancing our communication with you throughout 2009, and building on our strong relationships.

I wish you a Happy Holiday and the best of success in the year ahead.

By Thomas C. MacMillan, president & chief executive officer at CIBC Mellon



## The “W” after “W”?

With a U.S. recession in full flight, forward thinkers are turning to the nature of the recovery ahead. Few expect a quick “V”-shaped rebound given the structural issues to be faced, so the debate focuses on whether America and the global economy will see a gradual “U”, or even worse, an “L”, where the recession ends but growth fails to resume. But events are suggesting that the Bush presidency will leave in its wake a more fitting pattern, a “W”, with a surprise rebound in the latter half of 2009, followed by sagging growth rates come 2010.

Despite all the gloom, the building blocks of a pickup in global growth are being put in place for the latter half of next year. Consumers will save some money in the near term from cheaper gasoline prices, funds that they could devote to spending when they come out of their foxholes. But mostly, next year’s story will be all about government intervention. China offered up huge fiscal stimulus that could add two to three per cent to gross domestic product (GDP) next year. Germany’s package is worth about two per cent of its GDP, while South Korea’s is aimed at a one per cent of GDP lift. Spain is looking at a mortgage holiday for the unemployed, and the list grows.

Stateside, the current discussion on a \$25 billion lifeline to automakers will look like small potatoes when Congress turns to giving a boost to infrastructure, support to households through tax cuts or rebates, extended jobless benefits, and other measures to save troubled homeowners. Obama and his advisors are already working on a stimulus package that Congress will take up early in 2009, one that he pledges will create some 2.5 million jobs, and if anything, the scale of that plan is likely to grow as shockingly weak economic reports are unveiled in the coming weeks. All told, we could be looking at a lift worth three per cent of GDP. Stimulus that puts money into the pockets of those who can’t afford to save, or even more directly, into government spending on infrastructure, can’t fail to help.

But what’s less clear is what Act II will look like. With a \$1.5 trillion deficit orgy in this fiscal year (and further Treasury borrowing to finance “investments” in other sectors), Congress will likely feel it has spent its bullets in terms of stimulus as 2009 comes to a close. Europe could be in the same mood. While job losses might have been replaced by modest rehiring, consumers in the major developed economies, including Canada, could still feel shell-shocked by earlier wealth losses. American lenders won’t return to the days of easy credit for all comers. Living within your means sounds prudent, but it makes for a much more boring track for consumer spending.

The last U.S. double-dip was in the early 1980s, when a rebound from recession was followed by a too quick retightening in monetary policy. But Japan snuffed out a nascent expansion with fiscal policy when it raised the sales tax in 1997 to address huge deficits associated with earlier stimulus. Obama might not repeat that mistake, but absent new action, the economy will lose the rush it will get from the upcoming pump priming. And auto companies, mortgage borrowers, and others that might hang on with government help through 2009 could be back on the precipice all over again.

Dec. 1, 2008

By Avery Shenfeld, managing director and senior economist, CIBC World Markets



## **Investment managers once again rank CIBC Mellon as their preferred asset servicing provider**

As markets continue to ebb and flow, so do the needs of our clients and business partners. We gauge the evolution of these needs by setting rigorous performance benchmarking standards that help us measure our quality of service in relation to the changing requirements of the businesses and people that rely on the services we deliver.

Client and investment manager surveys are important benchmarking tools. The feedback we gather from these surveys provides a neutral, objective assessment of our service quality, which helps us better understand how well we are servicing your needs. It also assists us in driving continuous client service improvements throughout CIBC Mellon.

The results of our 2008 investment manager survey are in, and CIBC Mellon is proud to be ranked by the majority of survey respondents as Canada's preferred asset servicing provider for the seventh consecutive year.

The survey, now in its ninth year, benchmarks the quality of service we deliver to investment managers. It canvasses all investment managers we interact with – whether they are our clients, or acting on behalf of our clients – and is unique to the Canadian market.

Other highlights of our performance in this year's survey include:

- Ninety-seven per cent of all respondents would recommend CIBC Mellon to their clients. This is a two per cent increase in comparison to last year's survey.
- The majority of respondents ranked Workbench as the best online delivery system available.
- Strong scores in key categories including quality of our investment manager relations group, securities and cash processing departments, client service, and Workbench.

Receiving feedback from investment managers on the services provided by custodians is essential. Investment managers have extensive day-to-day experience with multiple custodians around the globe, and an informed view of each custodian's client service, operational strengths and weaknesses, and technology capability.

We are proud to be ranked so highly among Canada's asset servicing providers by investment managers. We look forward to improving our services based on their insights to provide you with an even stronger client service experience.

By Sheila Munro, director, relationship management

## **Workbench enhancements – a year in review**

Workbench is our industry-leading online information delivery tool. Each year, we strengthen Workbench's capabilities for the Canadian marketplace and leverage enhancements from The Bank of New York Mellon to give you a powerful online reporting experience.

During 2008, we completed several Workbench updates that provide you with greater access to the information you need, and help you navigate through Workbench as efficiently as possible. Here are a few highlights of this year's enhancements:



### **Rebranding the Workbench website**

We went through an exciting rebrand to make it easier for you to find the information you need, and to provide you with a more user-friendly “look and feel.” These updates include:

- A new look for the Workbench logo.
- A system notification message in red font at the top of the homepage that alerts you of any system problems or outages.
- Renaming “Services menu” categories to provide you with a clearer indication of what information you will find under various headings. For example, changing “Real Time Custody” to “Instructions.”

### **When data is available scheduling**

Now, you can schedule your daily, monthly, and ad hoc reports as soon as your underlying data is available. This allows you to receive your reports as soon as your data is ready.

To customize the timing of your reports, visit the "When Data is Available" recurrence option in the “Add Schedule” dialog box.

### **Forgotten password service registration**

This service provides you with a fast, secure way to update your password and regain access to Workbench, without having to pick up the telephone.

A one-time registration is required. Once you sign up you can use this quick and convenient service whenever you forget your password by clicking on the "Forgot Your Password?" link on the Workbench login screen. A new temporary password will be immediately sent to your registered e-mail address when your identity is verified.

### **Enhancements to Report Writers**

We integrated the Desktop Inquire application into Workbench reporting via Report Writers to provide you with even more reporting options:

- A new "Save" button was added to Report Writer queries, allowing you to control exactly how and when query parameter changes, column selections and conditions are saved.
- Additional performance & risk analytics query selections were added to your Report Writers folder on your Workbench report menu, providing you with more performance reporting options and risk management capabilities.
- The "When Accounting is Final" schedule option was added to Report Writer queries. This removes the guesswork in scheduling your reports, as they generate only when the accounting option is switched to final from preliminary.
- A conversion utility was launched for Desktop Inquire users, which allows you to convert your saved Desktop Inquire workbooks (INQ files) to Workbench reporting query folders.

We look forward to continuing our Workbench enhancements throughout 2009. Should you have any questions about Workbench, or would like to see a demonstration of its capabilities, please contact your relationship manager.

By Bill Kehoe, product manager, client integration solutions