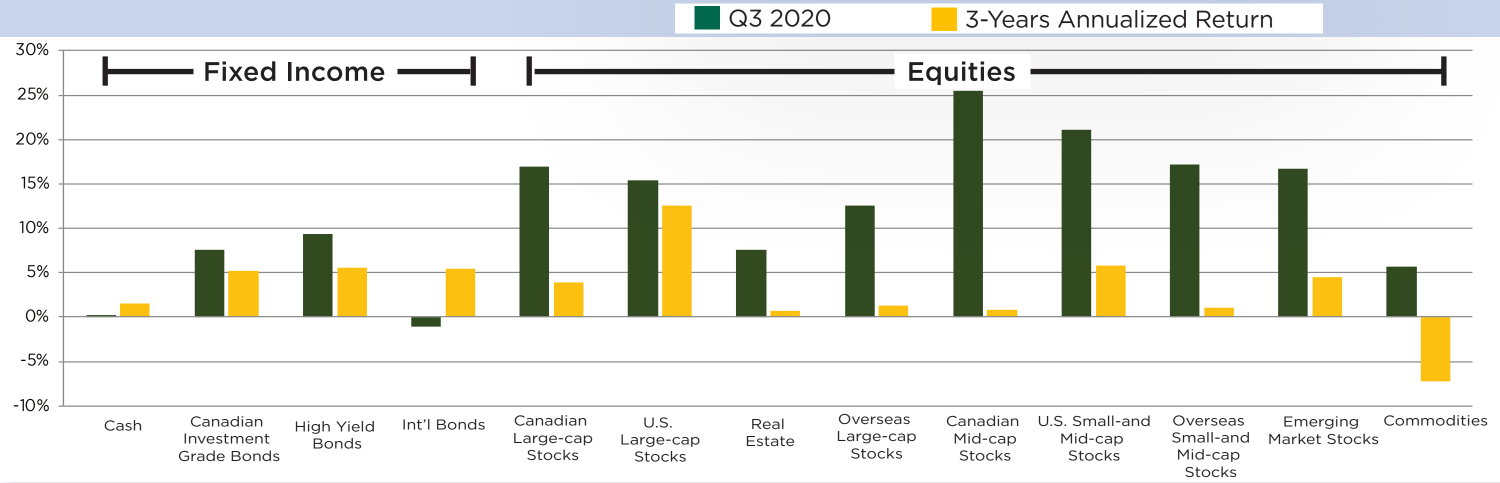
Asset class performance



Source: Morningstar Direct,09/30/20 Representative indexes are: Real Estate: S&P Canada REIT Index, High Yield Bonds: Barclays High Yield Canadians Index, Canada Large-cap Stocks: S&P/TSX Composite Index, U.S. Small- and Mid-cap Stocks: Russell 2500 Index, InternationalBonds: Barclays Global Aggregate Bond Index , Canada Bonds: FTSE TMX Canada Universe Bond Index,U.S. Large-cap Stocks: S&P 500 Index, Emerging Market Stocks: MSCI EM Index, Overseas Large-cap Stocks: MSCI EAFE Index, Canadian Mid-cap Stocks: S&P/TSX Completion, Commodities: S&P GSCI, Cash: FTSE TMX Canada Cdn Trsy Bill 91 Day. Past performance is not a guarantee of how the market will perform in the future. Indexes are unmanaged and are not available for direct investment. All returns expressed in local currency and include reinvested dividends. All returns in Canadian Dollars.

QUARTERLY MARKET OUTLOOK: **FOURTH QUARTER 2020**

Third Quarter in Review

Equities in the third quarter continued their strong rebound from their March lows, despite a turbulent September. We think a strong bounce in economic activity in Q3 sets a solid backdrop of support for a new bull market. However, elevated uncertainty tied to the unpredictable pandemic and presidential election is likely to trigger periodic downswings in equities for the remainder of 2020

- **Equity rally continued in Q3, despite late quarter turbulence -** Strong performance in Asian equities also led emerging market stocks to return 9.6% over the quarter. China, which composes roughly a third of the MSCI emerging market index, was early in containing the virus and sharply increased fiscal spending to stimulate its economy, leading its domestic GDP to accelerate in recent months, after a historic 6.8% decline in the first three months of the year. China is one of the few economies expected to have positive GDP growth in 2020 according to the International Monetary Fund. Canadian mid-cap and overseas small and mid-cap returns edged past 6% for the quarter. Despite falling 4% in September, US large cap stocks continued their rally too – up 6.8% over the quarter and 5.6% for the year.

- **Highly accommodative monetary policy keeps a lid on bond returns -** Cash returns were mostly flat, and investment-grade fixed income returns were up just 0.4% for the quarter, as the Bank of Canada (BoC) kept the benchmark policy near zero in order to help the economy weather the economic downturn caused by COVID-19. As a result, the 10-year yield on the Canadian government bond hovered around 0.55% for most of the quarter—far lower than 1.5% at the beginning of the year. The BoC pledged to keep rates at the current low levels through 2022.

- **Elevated volatility likely to continue for the remainder of 2020 -** We think a combination of positive but slower growth, the unpredictable path of the pandemic in major economies and the upcoming U.S. presidential election, will make markets vulnerable to occasional downward swings. That being said, with the recovery in corporate earnings likely already underway, we expect the newly established bull market to continue, aided by accommodative monetary policy and fiscal stimulus spending.

▶ *Action for Investors*

Given elevated uncertainty tied to the pandemic, we recommend broadly diversifying across asset classes to help buffer your portfolio from downward market swings in the year ahead. Specifically, diversifying across fixed-income sectors and maturities, as appropriate, may help enhance bond returns in a macroenvironment where rates are likely to stay at current low levels for the next few years.

Rebalancing and diversification do not ensure a profit or protect against loss.

Before investing in bonds, you should understand the risks involved, including credit risk and market risk. Bond investments are also subject to interest rate risk such that when interest rates rise, the prices of bonds can decrease, and the investor can lose principal value if the investment is sold prior to maturity.