Equity Market Update

Canada

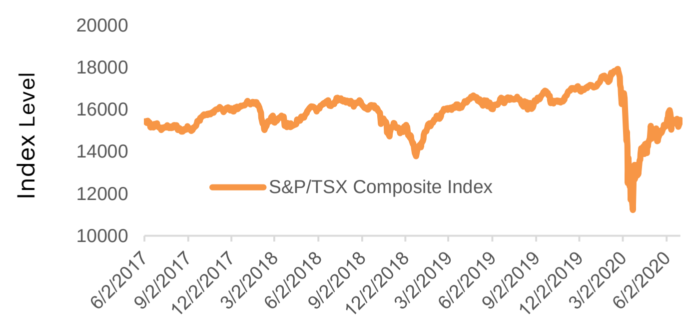
- **Canadian equities, as represented by the S&P/TSX Composite Total Return Index, returned 2.46% in June, posting another relatively solid month. Year-to-date the index has returned -7.47%.**
- Information Technology (13.53%), Materials (4.54%) and Financials (3.69%) were the top three performing sectors. Conversely, Energy (-4.61%), Health Care (-3.46%) and Communication Services (-2.49%) were the bottom three performing sectors.
- June started off on a high note as the Canadian labour market unexpectedly added roughly 290 thousand jobs after two-straight months of record losses, surprising many economists. Many regions across the country started to reopen as coronavirus cases continued to decline, spurring economic activity and leading businesses to rehire. However, the road to recovery is expected to be a long one. GDP tumbled 8.2% in the first quarter—the steepest quarterly decline ever recorded—largely a result of reduced consumer spending amid the lockdown. On a positive front, oil prices continued to advance as OPEC+ agreed to extend production cuts until the end of July. After reducing its central interest rate three times in the previous quarter, the Bank of Canada (“BoC”) kept its benchmark overnight rate unchanged at 0.25%. The BoC further iterated that this is as low as it will go, and expects the economy to strengthen in the third quarter of 2020.

U.S.

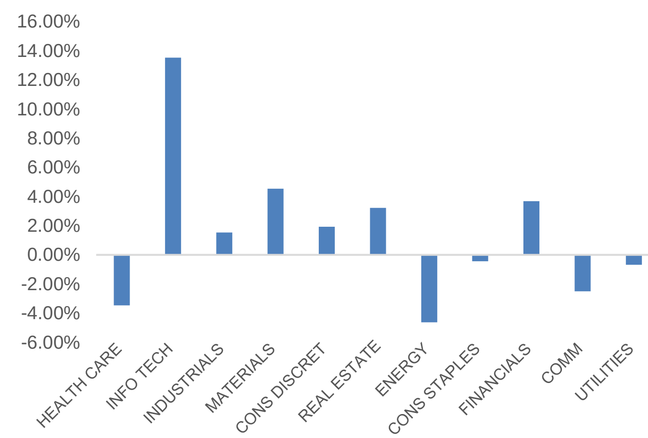
- **U.S. equities, as represented by the S&P 500 Total Return Index ($US), returned 1.99% in June. Year-to-date the index has returned -3.09%**.
- Information Technology (7.14%), Consumer Discretionary (4.99%) and Materials (2.16%) were the top three performing sectors. Conversely, Utilities (-4.66%), Health Care (-2.38%) and Energy (-1.30%) were the bottom three performing sectors.
- In the U.S., an impressive 4.8 million jobs were added in June, exceeding expectations and signaling that the economy is rebounding quicker than expected. Jobless claims have continued to decline at a slow but steady pace. Retail sales also rebounded nicely, jumping to a record 17.7% in May as consumers looked to spend their government support payments. The unprecedented levels of stimulus and liquidity being provided by the U.S. government and the U.S. Federal Reserve ("Fed") have calmed fears, driving up asset prices at the same time. Even as virus cases increase in many states to record levels, going back to a full lockdown seems remote as state governments push to move their economies ahead. U.S. first quarter GDP declined by 5% with an expected decline of about 30% for Q2 2020. The Fed stated that it would use its “full range of tools” to support the economy. The central bank pledged to keep interest rates near zero until the economy “is on track” for a full recovery, which is not expected to occur until 2022.

Canada	Level	MoM	YTD
S&P/TSX COMPOSITE INDEX	15,390	2.46%	-7.47%
S&P/TSX 60 INDEX	929	2.20%	-6.26%
S&P/TSX SMALLCAP INDEX	494	5.62%	-14.29%

S&P/TSX Composite Returns



Monthly S&P/TSX Composite Sector Returns



Key Indicators	Level	Report Date
Real GDP (YoY %)	-17.1	30-Apr-20
Headline CPI (YoY %)	-0.4	31-May-20
Core CPI (YoY %)	0.7	31-May-20
Unemployment Rate (%)	12.3	30-June-20
Net Change Employment (000s)	952.9	30-June-20
Consumer Confidence	46.0	30-June-20
Retail Sales (YoY %)	-32.5	30-Apr-20
Housing Starts (000s)	193	31-May-20

Source: All data from Bloomberg Finance L.P.
As of June 30, 2020.

International Markets

- **International equities, as represented by the MSCI EAFE Total Return Index ($US), returned 3.45% for the month and -11.03% year-to-date**.
- The eurozone posted its biggest quarterly economic contraction on record in Q1, at -3.6%. Equities, however, have continued their upward trend as case counts in former pandemic hot spots, such as Italy and Spain, fell dramatically. The European government has even begun to invite foreigners back into the region, with the exception of Americans, providing a desperately needed lifeline for the travel and tourism sector. In June, the European Central Bank increased the size of its emergency purchase program from 750 billion to 1.35 trillion euros, and extended its targeted end date from December 2020 to June 2021.

International	MoM	YTD	YTD C$
DOW JONES INDEX	1.82%	-8.43%	-3.93%
S&P 500 INDEX	1.99%	-3.09%	1.68%
NASDAQ COMPOSITE INDEX	6.07%	12.74%	18.28%
RUSSELL 2000 INDEX	3.53%	-12.99%	-8.71%
DAX INDEX	6.25%	-7.08%	-2.85%
FTSE 100 INDEX	1.66%	-16.78%	-18.51%
NIKKEI 225 INDEX	1.99%	-4.74%	0.30%
MSCI EAFE INDEX	3.45%	-11.03%	-6.66%
MSCI EM INDEX	7.36%	-9.70%	-5.26%
MSCI WORLD INDEX	2.69%	-5.47%	-0.82%

Source: All data from Bloomberg Finance L.P.
As of June 30, 2020.

Fixed Income Market Update

Benchmark Performance

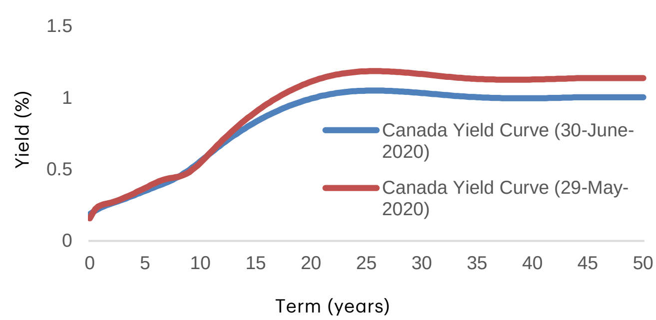
- **Canadian Bonds, as represented by the FTSE Canada Universe Bond Index, returned 1.69% in June and 7.53% year-to-date**. Within the Index, the corporate sector rose 2.57%, outperforming government bonds, which returned 1.36%. The Bank of Canada's ("BoC") asset purchase program continued to inject liquidity into bond markets propping up asset prices. Corporate spreads continued to tighten, helping to drive performance.
- Among corporate issues, Energy and Infrastructure sector bonds were the strongest performers, while Securitization bonds trailed the group. BBB-rated bonds led the group, rising 2.96%, followed by A-rated bonds, which gained 2.87%. AAA/AA-rated bonds were the weakest performers, rising 1.04%.
- Provincial bonds posted the strongest returns in the government sector, rising 2.11%.
- Long-term bonds outperformed mid- and short-term bonds. The FTSE Canada Long Term Bond Index returned 3.53%, while the FTSE Canada Mid Term Bond Index and FTSE Canada Short Term Bond Index rose 1.02% and 0.53%, respectively.

Yields and Interest Rates

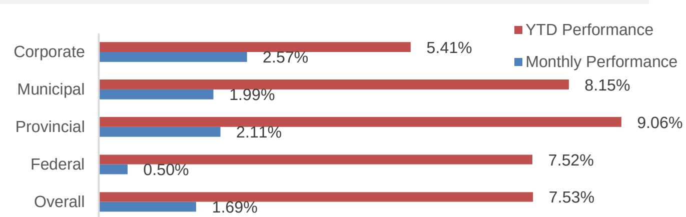
- The yield curve flattened in June, as long-term yields decreased while short-term yields remained anchored. Month-over-month, the Canadian 1-year and 2-year yields fell by 1.8 bps and 0.6 bps respectively. The Canadian 30-year yield decreased by 13 bps. The difference in yield between a 2-year and 30-year Government of Canada bond was 77 bps, 13 bps lower than the previous month.

Rates	
Overnight	0.25%
Prime	2.45%
3 month CDOR	0.56%
3 month LIBOR (USD)	0.30%
Canada 10YR Bond	0.53%
U.S. 10YR Treasury	0.66%

Canadian Yield Curve



FTSE Canada Universe Bond Index



	Duration (Years)	Yield	Index Weight
Overall	8.56	1.33%	-
Federal	6.58	0.54%	33.02%
Provincial	11.30	1.45%	37.65%
Municipal	10.05	1.58%	2.11%
Corporate	7.05	2.12%	27.22%

Source: FTSE Global Debt Capital Markets.
As of June 30, 2020.

Glossary of Terms

MoM: Month over month

YTD: Year to Date

YoY: Year over year

CPI: Consumer Price Index

GDP: Gross Domestic Product

bps: Basis points

Russell 2000 Index: FTSE Russell Small-Cap Stock Market Index

DAX Index: Stock Market Index representing the 30 Major German companies trading on Frankfurt Stock Exchange.

FTSE 100 Index: Financial Times Stock Exchange 100 Index

NIKKEI 225: Stock Market Index for the Tokyo Stock Exchange.

MSCI ACWI: MSCI All Country World Index

MSCI EAFE: MSCI Europe, Australasia and Far East

MSCI EM: MSCI Emerging Markets

MSCI ACWI ex-US Index: MSCI All Country World Index excluding the U.S.

Provincial Bonds: Bonds that issued and backed by provincial government.

Corporate Bonds: Bonds that are issued by a corporation and backed by the payment ability of the company.

Credit quality/rating: Refers to a bond's credit worthiness or risk of default.

CDOR: Canadian Dollar Offered Rate, is the recognized financial benchmark in Canada for bankers' acceptances (BAs) with a term of maturity of one year or less. It is the rate at which banks are willing to lend to companies.

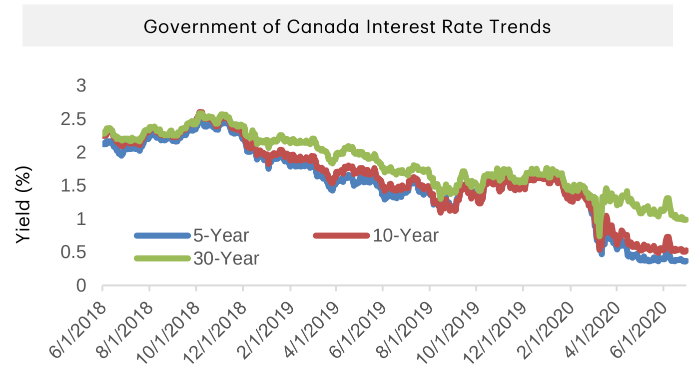
LIBOR: London Interbank Offered Rate, the interest rate at which banks offer to lend funds (wholesale money) to one another in the international interbank market.

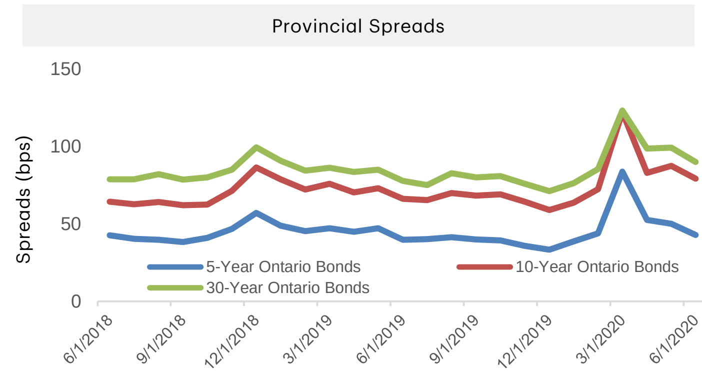
Duration: A method of estimating a bond's price volatility, expressed in terms of the weighted average term-to-maturity of all the bond's remaining cash flows - interest and principal.

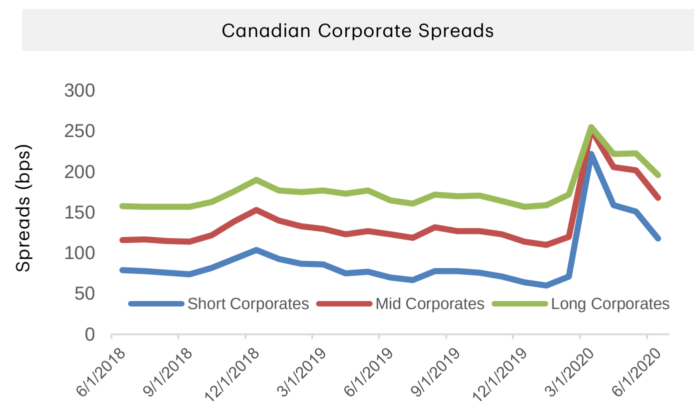
Yield Curve: Graphical representation of the relationship between the yields and maturities of different bonds of similar quality, currency denomination and risk (usually government bonds).

Bond Spreads: The difference between yields of bonds with similar quality and different maturities, or of different quality and the same maturity.

Real Return Bonds: Bonds that are issued by the Government of Canada that pay a rate of return that is adjusted for inflation.







Source: FTSE Global Debt Capital Markets.
As of June 30, 2020

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