



Equity Market Update

Monthly Snapshot



At a Glance

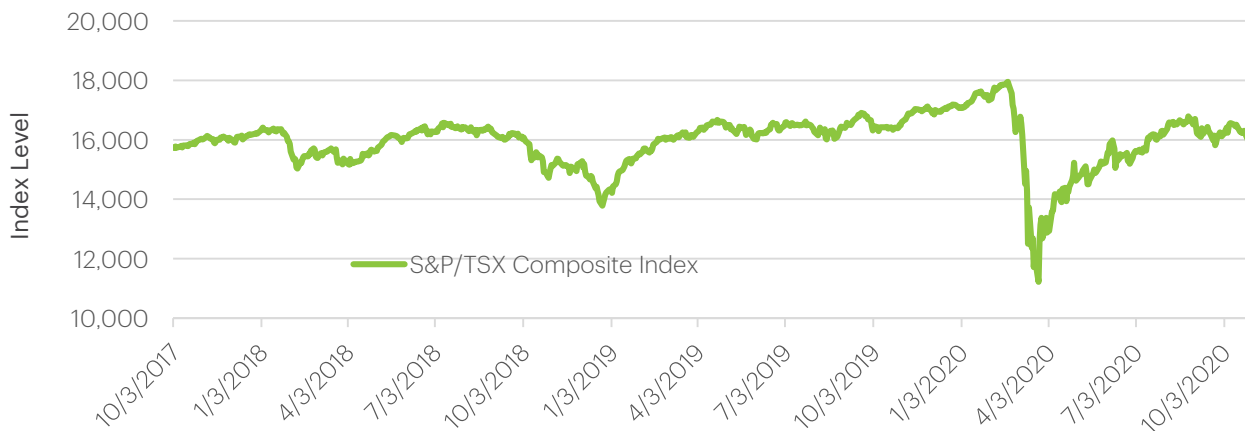
1. Canadian equities returned -3.11% in October. Risk-off sentiment prevailed in the month as virus caseloads increased.
2. U.S. equities returned -2.66% in October. Rising coronavirus infections across many states and uncertainty about further government stimulus contributed to the drawdown.
3. International equities also posted losses for the month as virus cases and further restrictions increased in Europe.

Canadian Equity Markets

- Canadian equities, as represented by the S&P/TSX Composite Total Return Index, returned -3.11% in October. Year-to-date the index has returned -6.11%.
- Health Care (7.43%), Consumer Discretionary (-0.21%) and Real Estate (-0.55%) were the top three performing sectors. Conversely, Information Technology (-8.74%), Consumer Staples (-7.47%) and Energy (-4.62%) were the bottom three performing sectors.
- Equity markets started off the month strong but ended on a weak note as COVID-19 cases surged in Canada and globally, sparking fears of heightened restrictions and decreasing economic growth. Health Care was the lone winner, as cannabis investors drooled over the prospects of a Democratic win in the U.S. election. Technology was down, as investors fled the sector over fears that a slowing economy will dampen profits.
- Risk-off sentiment prevailed in the month of October as virus caseloads increased leading to further restrictions in Canada's largest cities. Oil prices continued to tumble as demand issues remain and stockpiles increased. On the economic front, the economy posted large widespread job gains in September, and the jobless rate fell to 9%. The government also announced that Canada's economy grew in August and September, faster than expected. However, it appears that momentum is slowing. Retail sales disappointed slightly in August, suggesting that the demand for goods is slowing after strict pandemic induced lockdowns. High frequency data are also pointing to decelerating spending behaviour. In its October update, the Bank of Canada reinforced its commitment to keeping rates at historically low levels over the next few years. It also pledged to keep buying bonds to suppress long-term borrowing costs and inject stimulus into the markets.

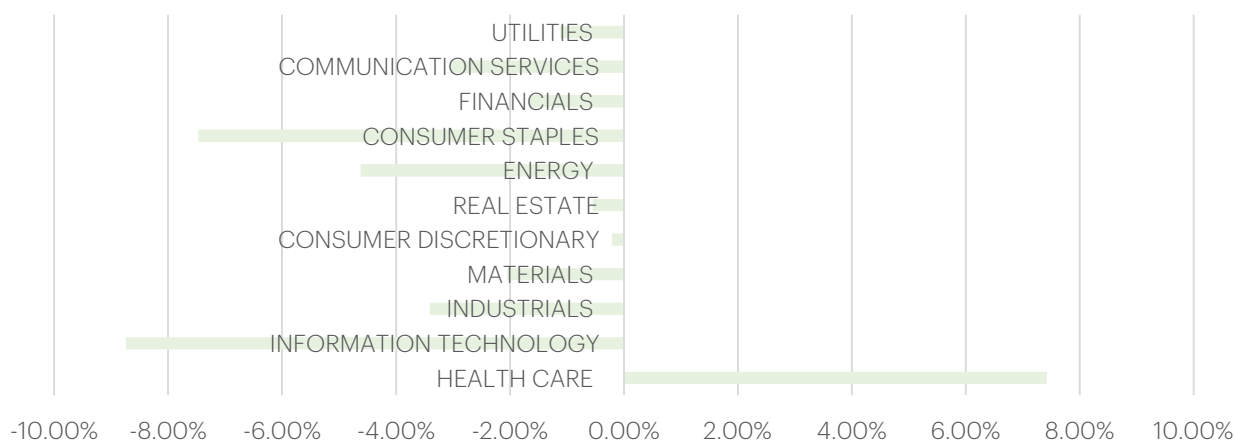
Canadian Equity Markets continued

S&P/TSX Composite



Source: Bloomberg Finance L.P.
As of October 30, 2020.

Monthly S&P/TSX Composite Sector Returns



Source: Bloomberg Finance L.P.
As of October 30, 2020.

Indices

Index	Level	MoM	YTD
S&P/TSX Composite Index	15,581	-3.11%	-6.11%
S&P/TSX 60 Index	929	-3.69%	-5.74%
S&P/TSX SmallCap Index	529	-0.73%	-9.27%

Source: Bloomberg Finance L.P.
As of October 30, 2020.

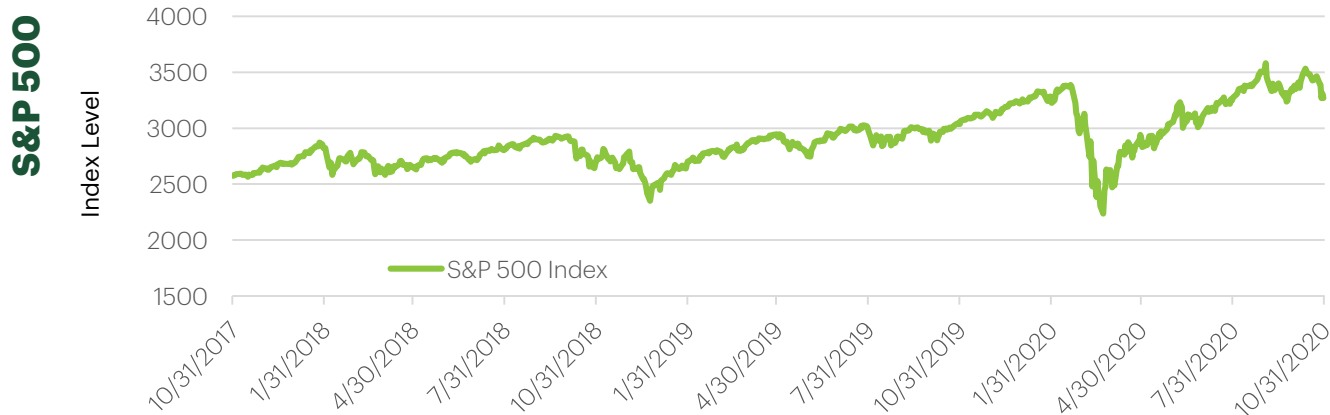
Economic Indicators

Key Economic Indicators	Level	Report Date
Real GDP (YoY %)	-3.8	31-Aug-20
Headline CPI (YoY %)	0.5	30-Sep-20
Core CPI (YoY %)	1.0	30-Sep-20
Unemployment Rate (%)	8.9	31-Oct-20
Net Change Employment (000s)	83.6	31-Oct-20
Consumer Confidence	52.5	31-Oct-20
Retail Sales (YoY %)	3.5	31-Aug-20
Housing Starts (000s)	209	30-Sep-20

Source: Bloomberg Finance L.P.
As of October 30, 2020.

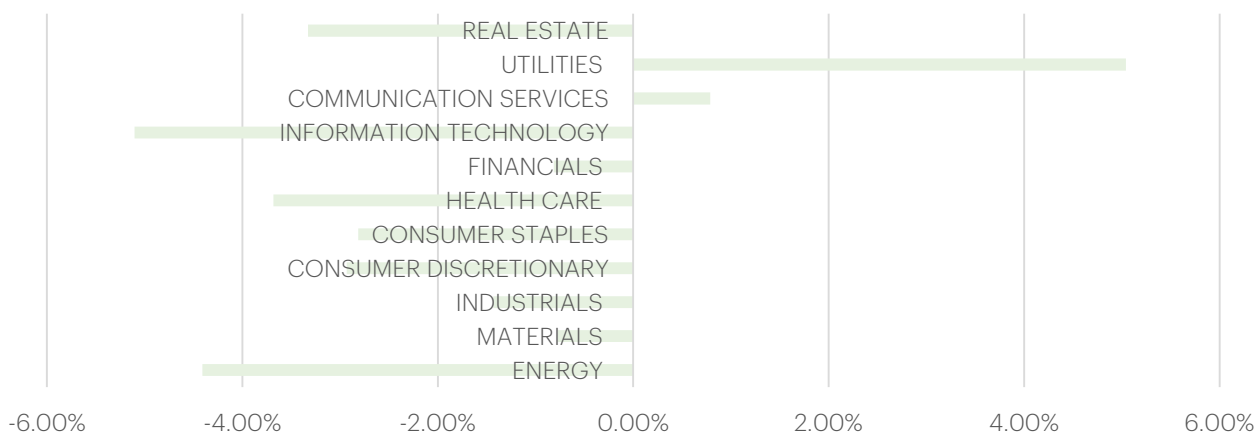
U.S. Equity Markets

- U.S. equities, as represented by the S&P 500 Total Return Index (\$US), returned -2.66% in October. Year-to-date the index has returned 2.77%.
- Utilities (5.04%), Communication Services (0.79%) and Materials (-0.77%) were the top three performing sectors. Conversely, Information Technology (-5.10%), Energy (-4.41%) and Health Care (-3.68%) were the bottom three performing sectors.
- The tech slump added to the volatility on the markets as earnings from some of the biggest tech companies disappointed investors. The end of October was one of the worst on record for equity markets. Rising coronavirus infections across many states and uncertainty about further government stimulus contributed to the drawdown.
- Earnings news was relatively positive over the month; however, this was offset by uncertainty around the U.S. election, vaccine trials and increasing COVID-19 cases. Investors were weighing the possibility of a clean sweep for the Democrats which could result in a quicker and bigger fiscal stimulus package, with the negative possibility of higher corporate tax rates and increased regulation. The U.S. is showing some signs of improvement but the pace of recovery seems to be slowing. The unemployment rate fell yet again to 7.9% in September, however, the increase in jobs fell short of expectations. The recent surge in coronavirus cases is threatening economic growth. On a bright spot, retail sales rose in September and GDP grew at a record-breaking rate on an annualized basis over the third quarter.



Source: Bloomberg Finance L.P.
As of October 30, 2020.

Monthly S&P 500 Sector Returns



Source: Bloomberg Finance L.P.
As of October 30, 2020.

Indices

Index	Level	MoM	YTD
S&P 500 Index	3,270	-2.66%	2.77%
Dow Jones Index	26,501	-4.52%	-5.38%
NASDAQ Composite Index	10,912	-2.26%	22.57%
Russell 2000 Index	1,539	2.09%	-6.78%

Source: Bloomberg Finance L.P.
As of October 30, 2020.

U.S. Equity Markets continued

Economic Indicators

Key Economic Indicators	Level	Report Date
Real GDP (YoY %)	-2.9	30-Sep-20
Headline CPI (YoY %)	1.4	30-Sep-20
Core CPI (YoY %)	1.7	30-Sep-20
Unemployment Rate (%)	6.9	31-Oct-20
Change Non Farm Payrolls (000s)	638	31-Oct-20
Consumer Confidence	100.9	31-Oct-20
Retail Sales (YoY %)	5.4	30-Sep-20
Housing Starts (000s)	1,415	30-Sep-20

Source: Bloomberg Finance L.P.
As of October 30, 2020.

International Equity Markets

- International equities, as represented by the MSCI EAFE Total Return Index (\$US), returned -3.99% for the month and -10.38% year-to-date.
- Coronavirus restrictions when into high gear in much of Europe, as cases increased almost exponentially. The U.K. reported the highest deaths in Europe. Risk assets fell and

many are now fearing a double-dip recession as economies re-shutter. The eurozone unemployment rate is on the rise. Recent data is showing a decline in German industrial production after months of growth. Investors are closely watching the outcome of discussions between the U.K. government and European Union over a post-Brexit trade deal.

Indices

International	MoM	YTD	YTD C\$
DAX Index	-9.44%	-12.77%	-7.45%
FTSE 100 Index	-4.75%	-23.91%	-23.69%
NIKKEI 225 Index	-0.90%	-1.12%	5.08%
MSCI EAFE Index	-3.99%	-10.38%	-7.89%
MSCI EM Index	2.08%	1.13%	3.94%
MSCI WORLD Index	-3.04%	-0.96%	1.80%

Source: Bloomberg Finance L.P.
As of October 30, 2020.

Equities

Glossary of terms

bps: Basis points. One basis point is equal to 0.01%.

CPI: Consumer Price Index, an indicator that measures the changes in prices of a basket of consumer goods and services.

DAX Index: Stock market index representing the 30 major German companies trading on the Frankfurt Stock Exchange.

Dow Jones Index: Dow Jones Industrial Average, a stock market index that measures the stock performance of 30 large companies listed on stock exchanges in the United States.

FTSE 100 Index: Stock market index of the 100 companies listed on the London Stock Exchange with the highest market capitalization.

GDP: Gross Domestic Product, the monetary value of all finished goods and services made within a country during a specific period.

MoM: Month over month.

MSCI ACWI ex-USA Index: MSCI All Country World Index excluding the U.S., a stock market index that captures large and mid cap representation across developed market countries (excluding U.S.) and emerging market countries.

MSCI EAFE: MSCI Europe, Australasia and Far East, an index that is designed to measure the equity market performance of developed markets outside of the U.S. and Canada.

MSCI EM: MSCI Emerging Markets, a stock market index that captures large and mid cap representation across emerging market countries.

MSCI World Index: A broad global equity index that represents large and mid-cap equity performance across developed markets.

NASDAQ Composite Index: A stock market index representing over 2,500 common equities listed on the Nasdaq stock exchange.

NIKKEI 225: Stock market index for the Tokyo Stock Exchange.

Russell 2000 Index: An index measuring the performance of approximately 2,000 of the smallest-cap American companies in the Russell 3000 Index.

YTD: Year to date.

YoY: Year over year.



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