# Insights & Strategies

PRIVATE CLIENT SOLUTIONS

October 7, 2019

Quarterly Edition

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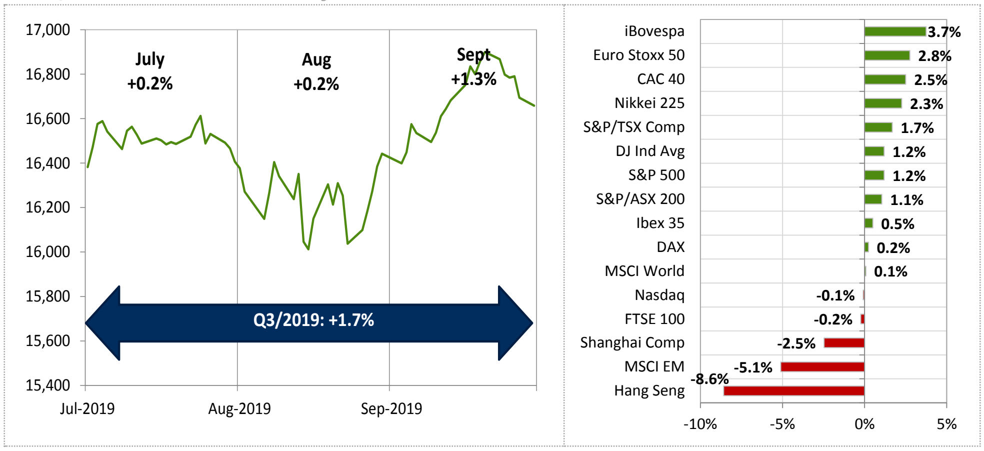
# TSX: Break On Through

The S&P/TSX spent most of the third quarter trading in a range, but managed to break to new all-time highs in September, as a swift rotation into value and safe-haven stocks bid up the undervalued Canadian market. With the S&P/TSX trading at a discount to its 10-year historical forward price-to-earnings ratio for the past year, there were plenty of value names for investors to choose from. The deeply depressed energy sector experienced the most notable bounce, gaining 8.2% from its August lows. The initial move was attributed to the value rotation, while the second leg resulted from rising Middle East tensions. An attack on Saudi Arabia's main oil processing and storage facility, Abqaiq, removed more than 5 mln/bpd of capacity, making it the most significant disruption to global oil supply in modern history, representing about 5% of global production.

Canadian financials also participated, particularly the banks and insurers which ripped higher in September. This was attributed to the value rotation but also due to signs the Canadian housing market was stabilizing. Canadian housing prices picked up for the first time in 9 months in August thanks to a drop in mortgage rates. The average promotional five-year fixed rate fell by more than 80 bps since December.

While the broader market benefited from investors moving into more cyclical pockets of the market, it also received a boost from a safe-haven trade, as investors sought the safety of precious metals stocks. Trade uncertainties, Middle East tensions, easier monetary policy and global growth concerns were the primary drivers for investors bidding up bullion prices. Gold had spent over three years trading between US$1,120/oz and US$1,370/oz, but broke out of the range early in the quarter for the first time since 2013, and raced to a high of 1,566/oz in a matter of weeks.

S&P/TSX Q3 Return & Major Indices




Source: Bloomberg, Raymond James Ltd. As at September 30, 2019.

**Please read domestic and foreign disclosure/risk information beginning on page 13.**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The US expansion achieved a notable milestone during the quarter, marking its 10th anniversary and becoming the longest post-war business cycle expansion. The current expansion that started in 2009 has lasted over 124 months and exceeds the 1991-2001 expansion. Interestingly, while the current expansion is a record in terms of duration, it pales in comparison to the 1991-2001 expansion in terms of magnitude of GDP growth as it is notably smaller. This is a fascinating point considering the depth of the 2008-09 recession and the amount of monetary and fiscal stimulus used to right the economy.

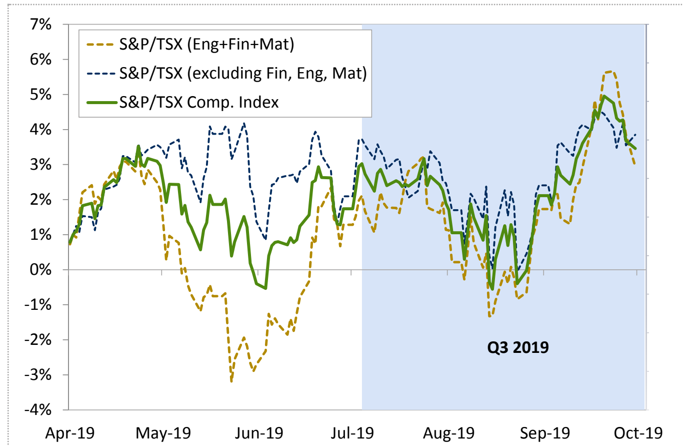
While expansions don't die of old age, the current cycle continued to show its age. Bond markets rallied through much of Q3 amid greater global economic uncertainty, pushing global bond yields in major economies to their lowest level in history. In fact, some US$16 trillion, or 27% of the global sovereign bond market, traded with negative yields and the US, Canada, UK, Australia and New Zealand were the only developed world bond markets without any negative yielding bonds.

The steep decline in long-term yields pushed the closely watched US 2- and 10-year maturities to invert for the first time since 2007. As long bonds signalled slower economic growth ahead, in August, the US Federal Reserve delivered an 'insurance' rate cut, the first in a decade, and followed through with an additional cut in September. However, shortly after the insurance rate cut, President Trump ratcheted up the trade war with China by announcing intentions to levy a further 10% tariff on $300 bln of Chinese goods on September 1st. With this move, Trump set in motion another round of tit-for-tat retaliation. In response, China weakened the yuan to its lowest level in 11 years, driving concerns that the trade war could morph into an all-out currency war, a situation where countries actively attempt to devalue their currency. The result was that on August 5th, the S&P 500 posted its worst single trading day of the year. However, tensions eased toward the end of the quarter, which helped fuel the recovery and sent the S&P 500 near its current year high, while the S&P/TSX jumped to a record high.

## Sector Performance

The wide dispersion in S&P/TSX performance that occurred in the prior quarter narrowed in Q3. Considering our measures - the "Big Three" (financials, energy and materials) and the "Everything Else" – we can see that performance tracked very closely, as many sectors participated in the Q3 gain. However, energy and financials were the primary drivers of return in September with each sector posting gains of 8.9% and 8.2%, respectively, off the August 26 market low. Given their weight in the index, they were responsible for the broader market pushing to a record high.

### S&P/TSX Performance – Broad-based Advance




| Sector | Index Weight | Q3 2019 Price Return | 1-yr Price Return |
|---|---|---|---|
| Consumer Disc. | 4.3% | 2.3% | 0.9% |
| Consumer Staples | 4.1% | 5.4% | 22.9% |
| Energy | 16.5% | 0.0% | -11.5% |
| Financial | 32.8% | 4.2% | 1.2% |
| Health | 1.4% | -30.1% | -40.6% |
| Industrial | 10.9% | -1.8% | 2.8% |
| Information Tech. | 5.1% | 3.3% | 32.5% |
| Material | 10.9% | 0.1% | 12.9% |
| Real Estate | 3.6% | 7.4% | 10.2% |
| Communications | 5.6% | 0.9% | 10.1% |
| Utilities | 4.7% | 9.0% | 26.7% |

Source: Bloomberg, Raymond James Ltd. As at September 30, 2019.

### S&P/TSX Sector Breadth

| Sector Breadth | No. of issues above 50d? | 50d vs Prior Qrt | No. of issues above 200d? | 200d vs Prior Qrt |
|---|---|---|---|---|
| Communication Services | 43% | ▲ | 29% | ▼ |
| Consumer Discretionary | 19% | ▼ | 13% | ▼ |
| Consumer Staples | 40% | ▲ | 60% | ▼ |
| Energy | 56% | ▲ | 41% | ▲ |
| Financials | 85% | ▲ | 93% | ▲ |
| Health Care | 0% | ▼ | 20% | ▼ |
| Industrials | 41% | ▼ | 59% | ▲ |
| Information Technology | 67% | ▲ | 78% | ▲ |
| Materials | 16% | ▼ | 63% | ▼ |
| Real Estate | 96% | ▲ | 92% | ▲ |
| Utilities | 94% | ▲ | 100% | - |

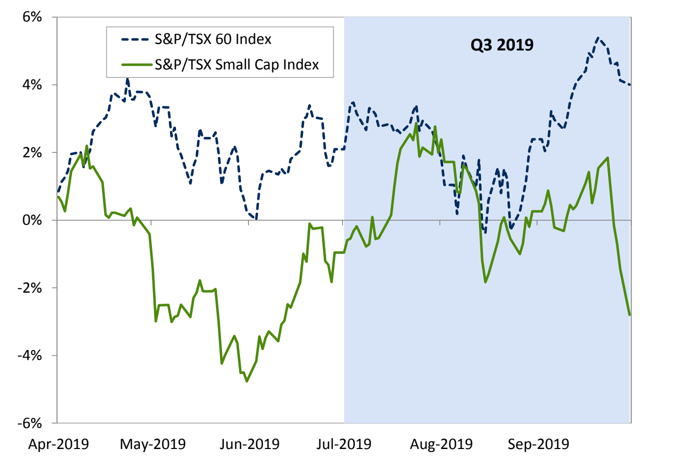
Source: Bloomberg, Raymond James Ltd. As at September 30, 2019.

In terms of sector breadth, in the table on the previous page, we show the number of issues trading above their 50-day and 200-day moving averages. We continue to see a defensive posturing as utilities and real estate have the most number of issues trading above their short- and long-term moving averages. However, there was a notable improvement across most sectors compared to the prior quarter, while industrials, health care and materials saw more issues trading below their 50-day moving averages.

## Large Caps & Small Caps

Canadian large caps gained 1.9% in Q3, handily beating the small cap index, which finished the quarter with a negative 1.9% return. The large cap outperformance was largely a function of the value rotation, as many of Canada's large companies can be found within the financials and energy sectors.

Large Caps Trounce Small Caps in Q3

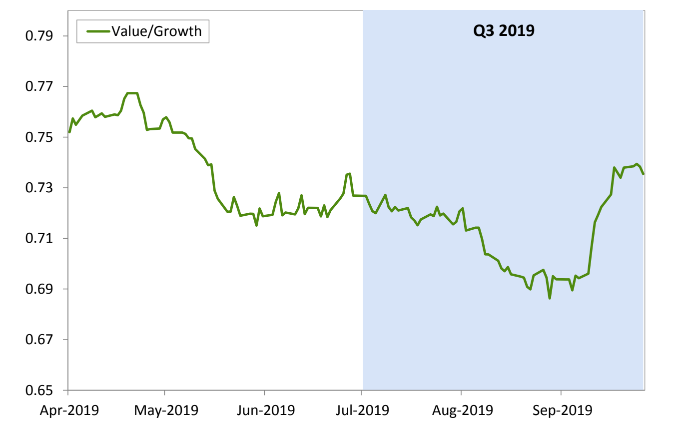



Source: Bloomberg, Raymond James Ltd. As at September 30, 2019.

## Value Rotation

Growth as an investment style has outperformed value for the better part of a decade; however, there have been times when value has made a comeback. The final month of the quarter can be counted as one of those instances. We believe the rotation was largely the function of long-term bond yields, which hit historic lows, backing up amid the easing of trade tensions. As the bond yield rose, investors took it as a signal that the grow outlook was not as dire and investors quickly shifted their mindset. The improved outlook allowed investors to move from growth/momentum into pockets of the market that have not been participating, primarily value.

Value Makes a Late Quarter Comeback

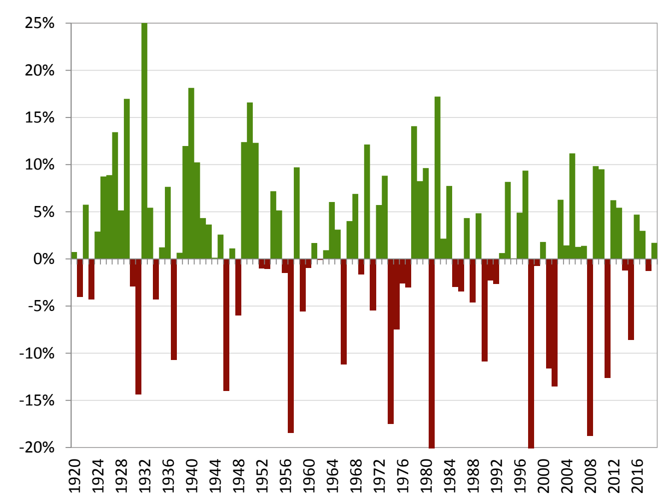



Source: Bloomberg, Raymond James Ltd. As at September 30, 2019.

## Historical Performance

S&P/TSX Historical Quarterly Returns Since 1920

| | Q1 | Q2 | Q3 | Q4 |
|---|---|---|---|---|
| # Positive | 70 | 55 | 62 | 71 |
| # Negative | 30 | 45 | 38 | 28 |
| % Positive | 70.0% | 55.0% | 62.0% | 71.4% |
| Average | 2.3% | 0.8% | 1.7% | 2.1% |
| Median | 2.6% | 1.0% | 1.7% | 3.0% |




Source: Bloomberg, Raymond James Ltd. As at September 30, 2019.

From a historical perspective, the third quarter return was largely in line with the historical average despite the headline risks that weighed on investor sentiment. Looking forward, we have now entered the strongest seasonal pattern for the market with Q4 and Q1 exhibiting positive returns 70% of the time, and an average gain exceeding 2.0% in each period. Investors may recall how challenging Q4 2018 was when the

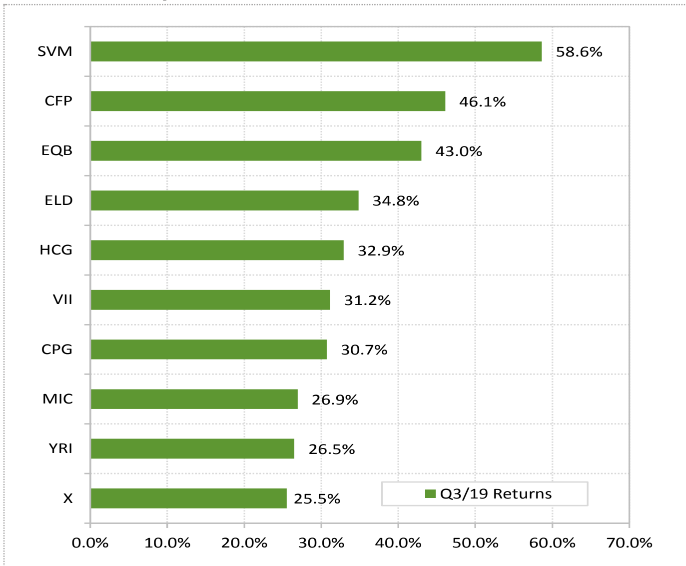
S&P/TSX slipped 10.9%, so what is the likelihood of a similar outcome in Q4 2019? History suggests it would be an unusual outcome as the Canadian equity market has only experienced back-to-back double digit negative Q4s once in history (Q4 1929 and Q4 1930).

***Jason Castelli, CFA***
***VP, Head of Investment Strategy***

## Q3-2019: Leaders & Laggards

Financials, energy and materials sector stocks filled the leaderboard in Q3/19. Positive company-specific news largely revolved around quarterly results/guidance that either came in-line or exceeded analyst estimates.

**S&P/TSX: Top 10 Performers in Q3/19**




Source: Bloomberg, Raymond James Ltd. As at September 30, 2019.

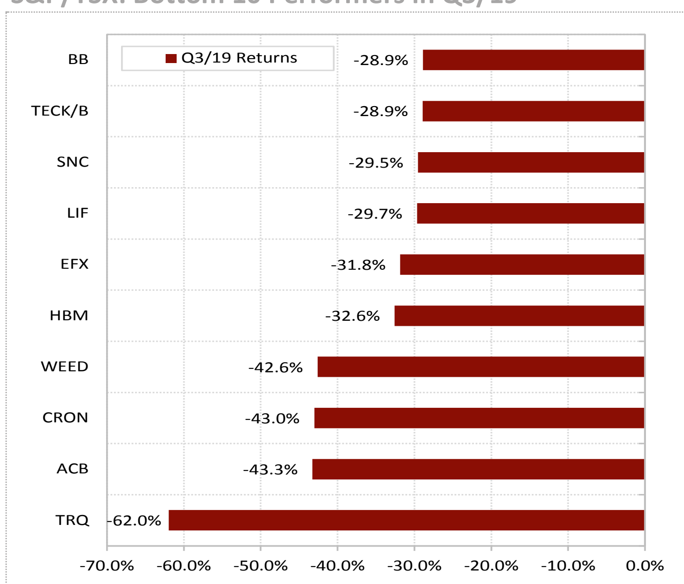
**Silvercorp Metals (SVM-T)** reported fQ1/20 earnings that beat estimates – the stock was also added to the S&P/TSX Composite Index. **Eldorado Gold (ELD-T)** announced early in the quarter that they renewed their buyback program and, in August, reiterated 2019 gold production and cost guidance. ELD also benefitted from Greek elections results that saw the pro-investment New Democracy party come into power. The miner operates two mines and has two development projects in the Mediterranean country. As for **Yamana Gold (YRI-T)**, the company finished the quarter up 27%, announcing Q2/19 production numbers that were in-line and reiterated 2019 gold production guidance.

Forest products company **Canfor (CFP-T)** was the second best performing name during the quarter. CFP received an unsolicited bid to be taken over by Great Pacific Capital for $16/share, an 82% premium to its previous closing price. CFP designated a special committee of independent directors to review the offer. RJL analyst Daryl Swetlishoff sees the offer as opportunistic and below intrinsic value as he pegs his target price at $18/sh.

Within financials, four companies led the charge. **Equitable Group (EQB-T)** reported stellar Q2/19 results with strong asset growth and improved margins, beating bottom-line estimates and producing a return on equity ahead of consensus. The bank also increased its quarterly dividend and indicated that dividends would increase by 20-25% per year for the next five years. **Genworth MI Canada (MIC-T)** had a solid quarter; the highlight was double-digit year-over-year growth in net premiums written. Also **Brookfield Business Partners (BBU.UN-T)** announced that it had agreed to acquire Genworth Financial's 57% stake in MIC for $48.86/share (or $2.4 bln). **TMX Group (X-T)** reported Q2/19 top and bottom line results that beat estimates on the back of solid Transport, Derivatives and Global Solutions, Insights and Analytics revenues.

As for the energy sector, **Crescent Point Energy (CPG-T)** saw its share price increase after it announced the sale of its Uinta Basin and non-core Saskatchewan assets for cash proceeds of $912 mln in order to strengthen its balance sheet and improve the company's free cash flow generating abilities. Finally, **Seven Generations Energy (VII-T)** reported a beat on Q2/19 cash flow, lowered its operating cost guidance, and almost doubled its share buyback program.

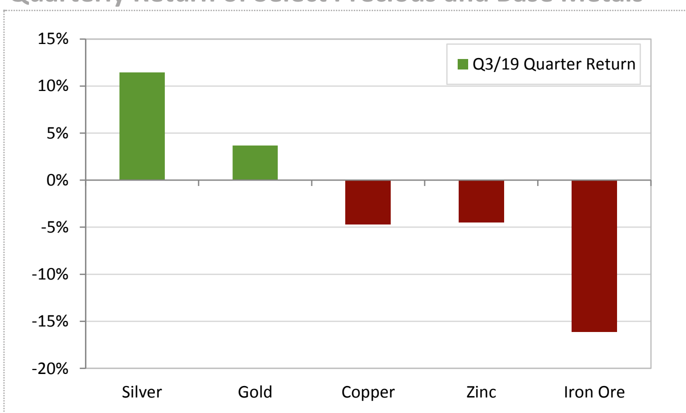
**S&P/TSX: Bottom 10 Performers in Q3/19**




Source: Bloomberg, Raymond James Ltd. As at September 30, 2019.

Of the laggards, cannabis and base metal companies filled over half the list. **Turquoise Hill Resources (TRQ-T)** lost 62% during the quarter after the company announced an additional 16-30 month project delay and $1.2-1.9 bln in increased costs at its 66%-owned Oyu Tolgoi copper mine located in Mongolia. **Hudbay Minerals (HBM-T)** declined 33% after it announced that the US District Court for the District of Arizona issued a ruling that ordered the miner to vacate its Rosemont property, effectively halting construction at the site. Rosemont is among the top 20 largest undeveloped Greenfield copper deposits in the world and delays in construction effectively push out HBM's production profile. The miner is appealing the court's decision. **Teck Resources (TECK.b-T)** was down 29% after the company reported Q2/19 earnings results that came in below analyst estimates.

**Quarterly Return of Select Precious and Base Metals**




Source: Bloomberg, Raymond James Ltd. As at September 30, 2019.

The cannabis industry had a difficult quarter. **CannTrust Holdings (TRST-T)** was down 77% during the quarter after the company received a non-compliance report from Health Canada regarding the growing of cannabis in five unlicensed rooms at its Pelham, ON greenhouse facility and for providing inaccurate information to the regulator. Subsequently, Health Canada placed a hold on 5,200 kg of dried cannabis harvested from the unlicensed rooms, a meaningful portion of the company's inventory. The non-compliance has also raised concerns regarding governance issues for investors. TRST was removed from the S&P/TSX Composite Index on September 23.

The overall sector remained hampered during the quarter with large players such as **Aurora Cannabis (ACB-T)**, **Cronos Group (CRON-T)** and **Canopy Growth (WEED-T)** all down over 40%, as investors switched focus to profitability prospects as opposed to market share gains. During the quarter, ACB upsized its existing credit facility with Bank of Montreal by $160 mln to $360 mln and sold out of its remaining position in Green Organic Dutchman (TGOD-T), but reported Q4/19 results that showed revenue and EBITDA coming in below consensus estimates. CRON acquired a CBD-infused skincare manufacturer and distributor for $300 mln, and had a $2.3 bln cash position on its balance sheet as at Q2/19. As for WEED, Bruce Linton, founder, co-CEO and board member, was fired from his role due to disagreements over strategy with majority owner **Constellation Brands (STZ-US).** WEED also reported FQ1/20 results that were largely below expectations and guidance that was below market expectations, expecting to achieve positive net income within 3-5 years.

As for **Enerflex (EFX-T)**, while the energy services company beat on Q2/19 EBITDA estimates, it showed another quarter of weak bookings, implying declining backlogs, which may reduce EBITDA momentum going forward. **SNC-Lavalin (SNC-T)** announced a reorganization of the company by exiting its lump-sum turnkey contracting business and separating its struggling Resources and Infrastructure Construction segments. Management also withdrew its 2019 guidance, reported poor Q2/19 results, and further reduced its quarterly dividend. SNC's credit rating was also downgraded by Standard & Poor's. **Labrador Iron Ore Royalty (LIF-T)**, the iron ore royalty streamer, saw its share price pressured by declines in iron ore, with the base metal down 16% in the quarter, its largest quarterly decline since Q2/17. The company also reported Q2/19 EPS that came in well below estimates.

Lastly, **BlackBerry (BB-T)** made it on the list as the company reported quarterly results that showed revenue coming in below estimates and narrowed the revenue growth guidance to the lower end; the news was also followed by downgrades from analysts on the Street.

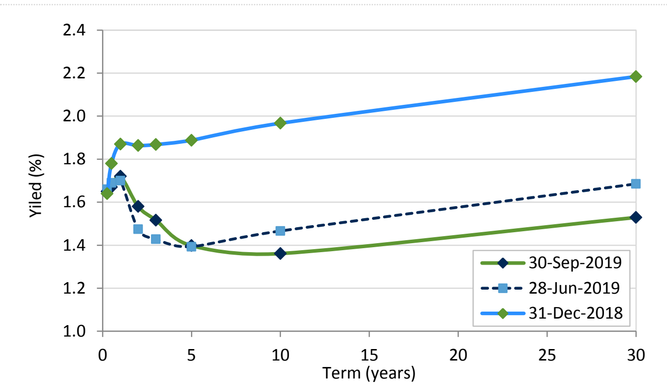
***Larbi Moumni, CFA***
***Senior Equity Specialist***

# Fixed Income: Finding Value

## Bonds

Despite the Federal Reserve and President Trump fighting over the direction of interest rates in the US, this has done very little to dictate the direction for rates here in Canada. During the past few months we have been in a stand-still, waiting for economic data and financial markets to reveal a definite direction for the Canadian bond market. As we can see from the chart below, rates have moved significantly since last December, but very little over the course of the past three months. One bright spot in the Canadian bond market has been the performance of long dated treasury issues; since December 2018, they have appreciated in value by about $18.00 and trimmed 72 basis points from the yield. The yield on 30-year issues went from 2.275% on December 14, 2018 to a current yield of 1.545%. Furthermore, the 30-year issue has increased in value by about 17 basis points, or approximately $4.50, since June of this year.

Canadian Yield Curve




| Term | Sept. 30, 2019 | June 30, 2019 | Dec. 31, 2018 |
|---|---|---|---|
| 3-Month | 1.650 | 1.660 | 1.640 |
| 6-Month | 1.670 | 1.690 | 1.780 |
| 1-Year | 1.720 | 1.700 | 1.870 |
| 2-Year | 1.580 | 1.474 | 1.863 |
| 3-Year | 1.516 | 1.428 | 1.868 |
| 5-Year | 1.398 | 1.393 | 1.888 |
| 10-Year | 1.361 | 1.466 | 1.967 |
| 30-Year | 1.529 | 1.685 | 2.184 |

Source: Bloomberg, Raymond James Ltd.

Quality has remained a theme at the forefront, if we look at spread traded product, which is any type of bond that trades based on its yield versus a Treasury issue of similar maturity. This implies that the better quality the issuer is from a credit perspective (spreads haven't widened as much), the better the performance. For example, using 10-year products, we can see that provincial issues and Crown corporations have, on average, widened by less than 1 basis point while AA rated banks have widened out by approximately 6.5-7.0 basis points. Meanwhile, higher yielding corporate bonds have widened by about the same since the end of June.

One of the most affected assets in terms of yield over the past nine months has been GIC issues. These have typically been a staple investment for a majority of retail clients, and their yields have fallen lower and lower, reducing the cash flow opportunity to investors. A one-year GIC rate in December 2018 was 2.91% annual to our clients; now the best rate is a mere 2.20%. Similar discrepancies are apparent across the whole GIC curve, with the 5-year term going from 3.55% annual in December 2018 to the best rate now of 2.40%.

The majority of investors continue to look for yield which begs the question "where is the value?" In this market, we see most investors either buying short-term products (30 day to 1-year terms) or waiting on the sidelines hoping for rates to increase. We are also seeing laddering, where investors buy bonds at progressively longer maturities. Regardless of the direction rates move, by purchasing a bond ladder the benefit is that you are re-investing at current rates and are advantaged if there is a normal yield curve (the steeper the better).

## Preferred Shares

The preferred shares market had a volatile third quarter as yields, in particular the Government of Canada (GoC) 5-year, were on a roller coaster ride. During the quarter, the GoC-5-year yield fell as low as 1.10% which brought back memories of the 2015 nightmares (when the BoC cut rates 2 times) for many preferred share investors. Despite all the volatility, bargain hunters were rewarded in the month of September as the preferred market exhibited a total return of 3.3%. We are looking for yields to move modestly higher for the remainder of the year and the GoC 5-year yield (~1.30%) to catch up with the overnight rate of 1.75%. We remain constructive on fixed-reset preferred shares with reset dates 1.5-2.5 years out, but suggest investors hold some perpetuals and high reset spread fixed-resets to help mitigate the risk of potentially lower yields.

***Harvey Libby & Phil Kwon***
***Fixed Income***

## Managed Money & Flows

Our quarterly edition looks at the trends of asset flows into managed money products and continues with analysis on Q3/19. Canadian-domiciled ETFs and mutual funds (funds) provide the basis for our holistic look at where investors are putting money to work.

### Overall Trends

The third quarter of 2019 seems to be a continuation of the trend that first developed in 2018 when ETF net inflows surpassed fund net inflows for the first time. Year-to-date, ETFs have outsold mutual funds by over 570%, gathering a total of $14.3 billion in new assets with traditional mutual funds gathering just about $2.5 billion. Interestingly, funds are not in net redemptions for the year as they were in 2018. Global fixed income was the broad winner of net new assets for both funds and ETFs amid continued trade uncertainty, and fears of a global slowdown. US equities were the next major category winner; however, the flows were not shared equally as mutual funds were actually in redemptions. Rounding out the top three was Canadian fixed income, which gathered assets from both ETFs and funds.

| Name | Funds ($M) | ETFs ($M) | Combined ($M) |
|---|---|---|---|
| Global Fixed Income | $1,492 | $378 | $1,870 |
| US Equity | ($8.3) | $1,763 | $1,756 |
| Canadian Fixed Income | $936 | $566 | $1,502 |

Source: Morningstar. As at August 31, 2019

While our source of data does not allow for a detailed comparison of active versus passive mandates, we generally view funds as being actively managed and about three-quarters of available ETFs as passive. The distinction between active management and passive indexing is an important indication of manager sentiment of markets. Index based products are typically seen as effective tools to capture 100% of the up market, but as a result also capture about 100% of the down markets. Factor-based and quantitative strategies can reduce either upside or downside capture skewing these numbers, but active managers typically are best suited for less efficient market places in order to limit potential downside risk. With that context, a movement into global fixed income, primarily into mutual funds, supports our view that this asset class benefits from the active touch of a manager. Likewise, US equities draw primarily from ETFs while Canadian fixed income is split between funds and ETFs. The US market is rather efficient compared to other marketplaces, and Canadian fixed income consists of more than 70% government and provincial issuers. While being an indiscriminate buyer of credit is not our favourite starting point, when more than 70% of the underlying is government-backed, we recognize there are worse places to invest.

| Broad Categories | QTD ETFs | QTD Funds | QTD Combined |
|---|---|---|---|
| Fixed Income | $810 | $2,956 | $3,766 |
| Equity | $2,417 | ($631) | $1,786 |
| Other | $310 | $158 | $468 |
| Balanced | $273 | $95 | $368 |
| Money Market | $33 | ($48) | ($14) |

Source: Morningstar. As at August 31, 2019

| Name | QTD ETFs | QTD Funds | Combined |
|---|---|---|---|
| Global Small/ Mid Cap Equity | (627,990) | (463,828,224) | ($464,456,214) |
| Can Neutral Balanced | (97) | (478,237,945) | ($478,238,042) |
| Can Equity Balanced | 7,389,998 | (755,876,530) | ($748,486,532) |

Source: Morningstar. As at August 31, 2019

### Drill down

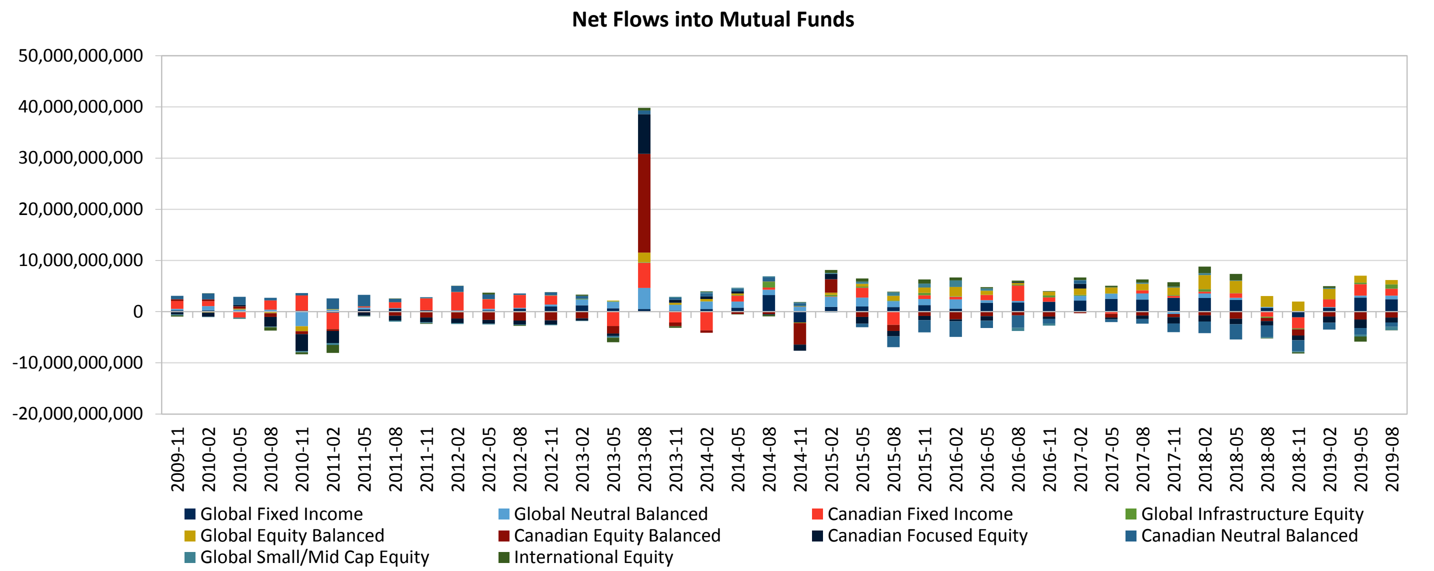
Drilling down within the world of ETFs, **BMO's S&P 500 ETF (ZSP-T)** led the way in net new flows followed by the Canadian index represented by **iShares S&P/TSX 60 (XIU-T)** and **BMO Long Federal Bond (ZFL-T)** rounding out the pack in third place. The top asset gatherers in the ETF space support our rough approximation of active versus passive breakdown. Active Canadian bonds led the pack, represented by **Desjardins Canadian Bond fund**. **TD Canadian Equity fund** came in second place and **PIMCO** was pushed from first place last quarter to third place this quarter. Again, a focus in the fixed income space for active fund management continues to support our belief in market efficiency.

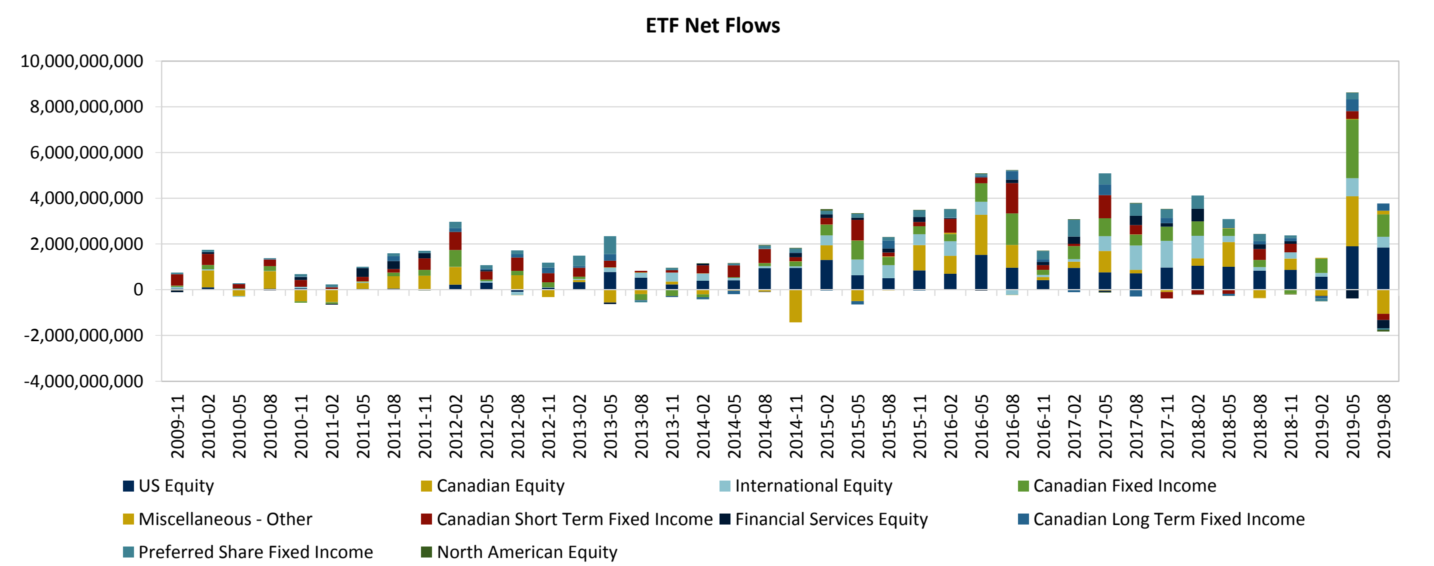
### The Bottom Line

Net flows into funds have remained relatively stable over the last 10 years on a quarterly basis. In contrast, ETF flows have been decidedly more variable in terms of both broad category group, but also overall net new assets as seen in the charts on the next page. From this data, it would appear that ETFs represent a more opportunistic way to allocate capital during different market conditions. We continue to see benefits to both product types and believe both can be effectively integrated into a portfolio.

***Spencer Barnes, MSc., CIM***
***AVP, Mutual Fund & ETFs***

## Fund Flows: 10 Years Quarterly




Source: Morningstar. As at August 31, 2019

# Quarterly Chart Package

## Long-Term Market Returns

| | Currency | Level | 1 Mo | 3 Mo | 6 Mo | YTD | 1 Yr | 2 Yr | 3 Yr | 4 Yr | 5 Yr | 10 Yr |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Canada** | | | | | | | | | | | | |
| S&P/TSX Comp | CAD | 16,659 | 1.3% | 1.7% | 3.5% | 16.3% | 3.6% | 3.2% | 4.2% | 5.8% | 2.2% | 3.9% |
| S&P/TSX Comp TR | CAD | 58,605 | 1.7% | 2.5% | 5.1% | 19.1% | 7.1% | 6.5% | 7.4% | 9.0% | 5.3% | 7.0% |
| S&P/TSX 60 Comp | CAD | 998 | 1.6% | 1.9% | 4.0% | 16.1% | 4.8% | 4.0% | 5.1% | 6.2% | 2.9% | 3.9% |
| S&P/TSX Small Cap | CAD | 564 | -3.1% | -1.9% | -2.8% | 6.9% | -9.1% | -5.7% | -4.3% | 3.8% | -2.5% | 1.0% |
| **United States** | | | | | | | | | | | | |
| S&P 500 Comp | USD | 2,977 | 1.7% | 1.2% | 5.0% | 18.7% | 2.2% | 8.7% | 11.1% | 11.6% | 8.6% | 10.9% |
| S&P 500 Comp TR | USD | 6,009 | 1.9% | 1.7% | 6.1% | 20.6% | 4.3% | 10.9% | 13.4% | 13.9% | 10.8% | 13.2% |
| Dow Jones Ind Avg | USD | 26,917 | 1.9% | 1.2% | 3.8% | 15.4% | 1.7% | 9.6% | 13.7% | 13.4% | 9.6% | 10.7% |
| NASDAQ Comp | USD | 7,999 | 0.5% | -0.1% | 3.5% | 20.6% | -0.6% | 11.0% | 14.6% | 14.7% | 12.2% | 14.2% |
| S&P 600 Small Cap | USD | 948 | 3.2% | -0.6% | 0.9% | 12.2% | -10.8% | 2.4% | 7.8% | 9.9% | 8.3% | 11.6% |
| **International** | | | | | | | | | | | | |
| DJ Euro Stoxx 50 | EUR | 3,569 | 4.2% | 2.8% | 6.5% | 18.9% | 5.0% | -0.4% | 5.9% | 3.6% | 2.0% | 2.2% |
| FTSE 100 (UK) | GBP | 7,408 | 2.8% | -0.2% | 1.8% | 10.1% | -1.4% | 0.2% | 2.4% | 5.1% | 2.3% | 3.7% |
| CAC 40 (France) | EUR | 5,678 | 3.6% | 2.5% | 6.1% | 20.0% | 3.4% | 3.2% | 8.5% | 6.2% | 5.2% | 4.1% |
| DAX (Germany) | EUR | 12,428 | 4.1% | 0.2% | 7.8% | 17.7% | 1.5% | -1.6% | 5.7% | 6.5% | 5.6% | 8.2% |
| IBEX 35 (Spain) | EUR | 9,245 | 4.9% | 0.5% | 0.0% | 8.3% | -1.5% | -5.6% | 1.7% | -0.8% | -3.1% | -2.4% |
| CSI 300 (China) | CNY | 3,815 | 0.4% | -0.3% | -1.5% | 26.7% | 10.9% | -0.3% | 5.4% | 4.5% | 9.2% | 2.4% |
| HANG SENG (Hong Kong) | HKD | 26,092 | 1.4% | -8.6% | -10.2% | 1.0% | -6.1% | -2.7% | 3.8% | 5.8% | 2.6% | 2.2% |
| NIKKEI 225 (Japan) | JPY | 21,756 | 5.1% | 2.3% | 2.6% | 8.7% | -9.8% | 3.4% | 9.8% | 5.8% | 6.1% | 7.9% |
| TOPIX (Tokyo) | JPY | 1,588 | 5.0% | 2.4% | -0.2% | 6.3% | -12.6% | -2.6% | 6.3% | 3.0% | 3.7% | 5.7% |
| KOSPI (S. Korea) | KRW | 2,063 | 4.8% | -3.2% | -3.6% | 1.1% | -12.0% | -7.2% | 0.3% | 1.3% | 0.4% | 2.1% |
| S&P/ASX 200 (Australia) | AUD | 6,688 | 1.3% | 1.1% | 8.2% | 18.5% | 7.7% | 8.5% | 7.2% | 7.4% | 4.8% | 3.5% |
| BOVESPA (Brazil) | BRL | 104,745 | 3.6% | 3.7% | 9.8% | 19.2% | 32.0% | 18.7% | 21.5% | 23.5% | 14.1% | 5.5% |
| BOLSA (Mexico) | MXN | 43,011 | 0.9% | -0.3% | -0.6% | 3.3% | -13.1% | -7.6% | -3.1% | 0.2% | -0.9% | 3.9% |
| S&P BSE Sensex (India) | INR | 38,667 | 3.6% | -1.8% | 0.0% | 7.2% | 6.7% | 11.2% | 11.5% | 10.3% | 7.7% | 8.5% |
| **Other** | | | | | | | | | | | | |
| MSCI World | USD | 2,180 | 1.9% | 0.1% | 3.4% | 15.7% | -0.2% | 4.4% | 8.1% | 8.3% | 5.1% | 6.8% |
| MSCI EAFE | USD | 1,889 | 2.5% | -1.7% | 0.7% | 9.9% | -4.3% | -2.2% | 3.5% | 3.5% | 0.5% | 2.0% |
| MSCI Emerging Markets | USD | 1,001 | 1.7% | -5.1% | -5.4% | 3.6% | -4.5% | -3.8% | 3.5% | 6.0% | -0.1% | 0.9% |
| MSCI Far East | USD | 3,398 | 2.6% | -0.3% | 0.6% | 7.5% | -6.4% | 0.0% | 4.0% | 5.5% | 3.3% | 3.5% |
| MSCI Europe | USD | 1,645 | 2.6% | -2.2% | 0.6% | 10.7% | -3.8% | -3.4% | 3.5% | 2.5% | -0.5% | 1.6% |
| **C$ Indices** | | | | | | | | | | | | |
| S&P 500 Comp | CAD | | 1.2% | 2.3% | 4.2% | 15.3% | 4.8% | 12.0% | 11.5% | 11.4% | 12.3% | 13.3% |
| S&P 500 Comp TR | CAD | | 1.3% | 2.8% | 5.2% | 17.1% | 6.9% | 14.2% | 13.7% | 13.7% | 14.6% | 15.7% |
| Dow Jones Ind Avg | CAD | | 1.4% | 2.3% | 3.0% | 12.0% | 4.4% | 12.9% | 14.0% | 13.2% | 13.3% | 13.1% |
| MSCI World | CAD | | 1.4% | 1.2% | 2.6% | 12.4% | 2.4% | 7.6% | 8.4% | 8.2% | 8.7% | 9.1% |
| MSCI EAFE | CAD | | 2.0% | -0.6% | -0.1% | 6.7% | -1.8% | 0.8% | 3.8% | 3.4% | 3.9% | 4.2% |
| MSCI Emerging Markets | CAD | | 1.2% | -4.0% | -6.2% | 0.6% | -2.0% | -0.9% | 3.8% | 5.9% | 3.3% | 3.1% |
| MSCI Far East | CAD | | 2.0% | 0.9% | -0.2% | 4.4% | -4.0% | 3.1% | 4.3% | 5.4% | 6.8% | 5.7% |
| MSCI Europe | CAD | | 2.1% | -1.2% | -0.2% | 7.4% | -1.3% | -0.5% | 3.8% | 2.4% | 2.9% | 3.8% |
| Canadian Dollar | USD/CAD | $1.32 | -0.5% | 1.1% | -0.8% | -2.9% | 2.6% | 3.0% | 0.3% | -0.1% | 3.4% | 2.2% |

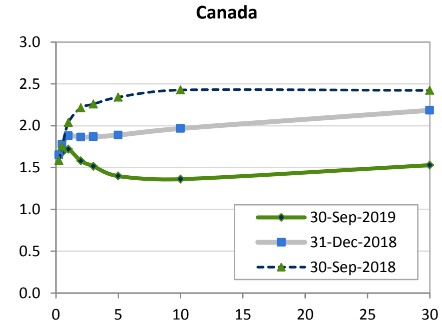
Source: Bloomberg, Raymond James Ltd. All return numbers greater than one year are annualized. Performance as at September 30, 2019.

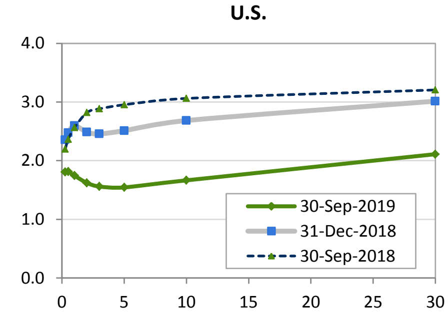
| | Level | 1 Mo | 3 Mo | 6 Mo | YTD | 1 Yr | 2 Yr | 3 Yr | 4 Yr | 5 Yr | 10 Yr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **S&P/TSX Sectors** | | | | | | | | | | | |
| Communication Services | 1,565 | 0.1% | 0.9% | -0.4% | 8.3% | 9.3% | 2.9% | 2.7% | 4.8% | 6.1% | 8.6% |
| Consumer Discretionary | 2,264 | -1.2% | 2.3% | 6.5% | 16.4% | 2.1% | -0.2% | 5.2% | 4.1% | 6.4% | 10.2% |
| Consumer Staples | 5,595 | -0.4% | 5.4% | 6.9% | 17.8% | 24.1% | 12.0% | 7.4% | 7.7% | 12.2% | 14.6% |
| Energy | 2,032 | 5.0% | 0.0% | -4.0% | 9.8% | -10.2% | -7.2% | -6.3% | -0.2% | -8.8% | -2.9% |
| Financials | 2,887 | 6.4% | 4.2% | 6.6% | 16.7% | 2.4% | 3.4% | 7.3% | 7.6% | 4.9% | 6.1% |
| Health Care | 380 | -7.4% | -30.1% | -36.7% | -5.7% | -39.1% | 7.3% | -9.4% | -38.8% | -26.4% | 1.3% |
| Industrials | 3,404 | -2.4% | -1.8% | 2.8% | 18.0% | 1.8% | 8.5% | 11.9% | 12.2% | 6.9% | 12.5% |
| Information Technology | 447 | -7.1% | 3.3% | 18.0% | 47.7% | 32.3% | 31.0% | 24.2% | 22.1% | 21.7% | 5.6% |
| Materials | 2,294 | -7.5% | 0.1% | 5.1% | 13.7% | 14.2% | 3.1% | 0.3% | 11.6% | 1.4% | -2.1% |
| Real Estate | 3,765 | 2.8% | 7.4% | 4.6% | 21.6% | 12.1% | 11.3% | 7.3% | 7.0% | 7.4% | 9.2% |
| Utilities | 2,446 | 2.9% | 9.0% | 13.6% | 30.3% | 27.0% | 7.1% | 5.7% | 7.1% | 5.3% | 4.9% |
| **S&P 500 Sectors** | | | | | | | | | | | |
| Communication Services | 167 | 0.4% | 1.8% | 6.1% | 20.5% | 4.2% | 1.5% | -0.7% | 4.3% | 0.7% | 4.4% |
| Consumer Discretionary | 947 | 0.7% | 0.2% | 5.1% | 21.2% | 1.0% | 14.9% | 14.2% | 12.6% | 12.4% | 15.9% |
| Consumer Staples | 629 | 1.3% | 5.4% | 8.5% | 20.6% | 13.4% | 6.5% | 4.8% | 6.7% | 6.2% | 9.1% |
| Energy | 437 | 3.6% | -7.2% | -10.7% | 3.1% | -22.1% | -7.1% | -5.6% | -0.8% | -7.9% | 0.7% |
| Financials | 466 | 4.5% | 1.4% | 9.0% | 17.6% | 1.6% | 4.2% | 13.2% | 11.1% | 8.3% | 8.8% |
| Health Care | 1,043 | -0.3% | -2.7% | -1.8% | 4.2% | -5.3% | 5.0% | 7.8% | 8.0% | 7.1% | 12.1% |
| Industrials | 655 | 2.9% | 0.5% | 3.6% | 20.8% | -0.6% | 4.1% | 9.1% | 11.0% | 7.4% | 10.9% |
| Information Technology | 1,413 | 1.4% | 3.0% | 8.8% | 29.9% | 6.9% | 17.8% | 20.8% | 20.8% | 16.5% | 15.5% |
| Materials | 365 | 2.9% | -0.7% | 5.0% | 15.2% | 0.4% | 1.2% | 6.7% | 9.8% | 3.1% | 6.9% |
| Real Estate | 244 | 0.5% | 6.9% | 8.6% | 26.6% | 20.7% | 10.6% | 6.7% | 8.3% | 7.9% | 11.0% |
| Utilities | 328 | 4.0% | 8.4% | 11.3% | 22.3% | 22.9% | 10.5% | 9.7% | 10.6% | 8.9% | 8.2% |
| **Commodities** | | | | | | | | | | | |
| **Energy** | | | | | | | | | | | |
| Crude Oil - WTI (US$/bbl) | $54.07 | -1.9% | -7.5% | -10.1% | 19.1% | -26.2% | 2.3% | 3.9% | 4.6% | -9.9% | -2.6% |
| Brent Crude (US$/bbl) | $60.78 | 0.6% | -8.7% | -11.1% | 13.0% | -26.5% | 2.8% | 7.4% | 5.9% | -8.5% | -1.3% |
| Natural Gas (US$/MMBtu) | $2.33 | 2.0% | 1.0% | -12.5% | -20.7% | -22.5% | -12.0% | -7.1% | -2.0% | -10.8% | -7.1% |
| Heating Oil (US$/gal) | $1.91 | 4.2% | -2.0% | -3.4% | 13.4% | -19.0% | 2.6% | 7.6% | 5.9% | -6.4% | 0.6% |
| Gasoline (US$/gal) | $1.60 | -0.5% | -17.4% | -15.3% | 21.2% | -23.6% | 0.0% | 2.6% | 3.7% | -9.1% | -0.7% |
| **Metals** | | | | | | | | | | | |
| Gold (US$/oz.) | $1,466 | -3.8% | 3.7% | 13.4% | 14.4% | 23.0% | 6.9% | 3.7% | 7.1% | 3.9% | 3.8% |
| Silver (US$/oz.) | $17.00 | -6.5% | 11.4% | 12.5% | 9.4% | 15.5% | 1.0% | -4.0% | 4.0% | -0.1% | 0.2% |
| Aluminum AA (US$/lb.) | $0.78 | -1.8% | -4.4% | -10.0% | -6.7% | -16.5% | -9.5% | 1.0% | 2.2% | -2.6% | -0.9% |
| Copper (US$/lb.) | $2.56 | 1.3% | -4.5% | -11.7% | -4.0% | -8.5% | -6.0% | 5.6% | 2.6% | -3.0% | -0.7% |
| Nickel (US$/lb.) | $7.61 | -4.7% | 34.4% | 31.3% | 59.5% | 35.3% | 27.4% | 17.3% | 13.2% | 0.9% | -0.5% |
| Zinc (US$/lb.) | $1.06 | 7.8% | -4.7% | -18.6% | -3.6% | -9.0% | -13.3% | 0.0% | 8.9% | 0.8% | 1.9% |
| **Soft** | | | | | | | | | | | |
| Wheat (US$/bushel) | $4.96 | 9.9% | -6.1% | 8.3% | -1.5% | -2.6% | 5.2% | 7.2% | -0.8% | 0.7% | 0.8% |
| Corn (US$/bushel) | $3.88 | 8.4% | -7.7% | 8.8% | 3.5% | 8.9% | 4.5% | 4.8% | 0.0% | 3.9% | 1.2% |
| Sugar (US$/lb.) | $0.12 | 7.0% | -3.2% | -4.9% | -0.9% | 14.4% | -6.2% | -19.1% | -0.5% | -5.1% | -6.8% |
| **Currencies** | | | | | | | | | | | |
| Canadian Dollar (CAD/USD) | $0.76 | 0.5% | -1.1% | 0.8% | 3.0% | -2.5% | -2.9% | -0.3% | 0.1% | -3.3% | -2.1% |
| Canadian Dollar (USD/CAD) | $1.32 | -0.5% | 1.1% | -0.8% | -2.9% | 2.6% | 3.0% | 0.3% | -0.1% | 3.4% | 2.2% |
| Euro (EUR/USD) | $1.09 | -0.8% | -4.2% | -2.8% | -5.0% | -6.1% | -4.0% | -1.0% | -0.6% | -2.9% | -2.9% |
| Yen (USD/YEN) | 108.08 | 1.7% | 0.2% | -2.5% | -1.5% | -4.9% | -2.0% | 2.2% | -2.6% | -0.3% | 1.9% |
| Pound Sterling (GBP/USD) | $1.23 | 1.1% | -3.2% | -5.7% | -3.6% | -5.7% | -4.2% | -1.8% | -5.1% | -5.4% | -2.6% |
| U.S. Dollar Index | 99.38 | 0.5% | 3.4% | 2.2% | 3.3% | 4.5% | 3.3% | 1.3% | 0.8% | 2.9% | 2.6% |

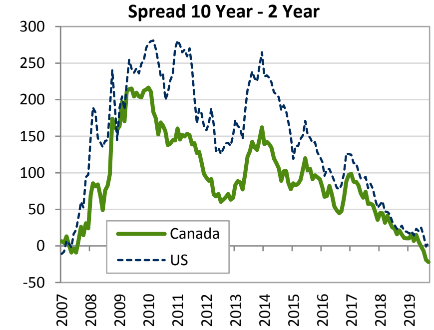
Source: Bloomberg, Raymond James Ltd. All return numbers greater than one year are annualized. Performance as at September 30, 2019.

## Charts of Interest

### Yield Curve

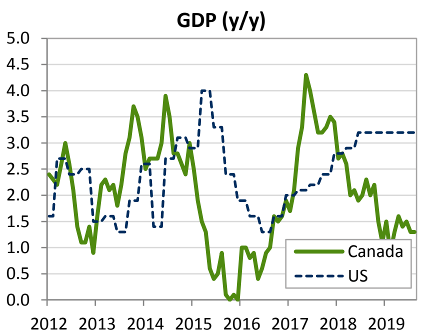


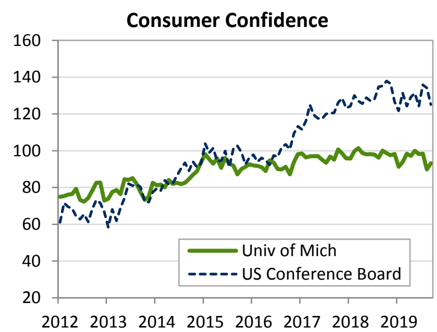



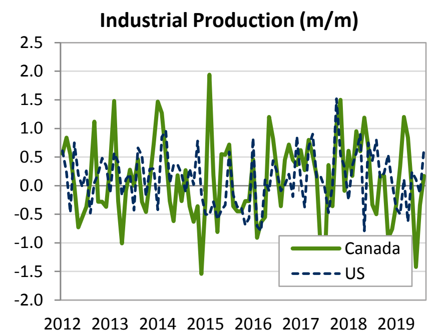



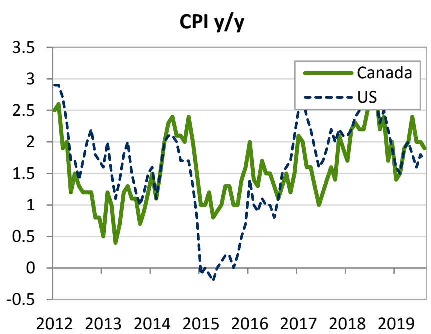

Source: Bloomberg, Raymond James Ltd. Performance as at March 31, 2019.

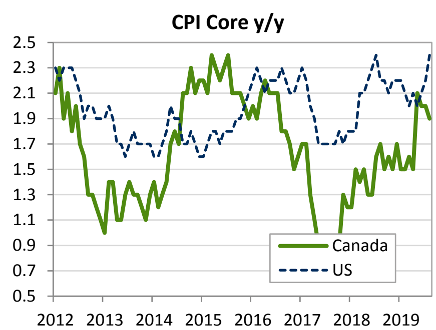
### Economic Data

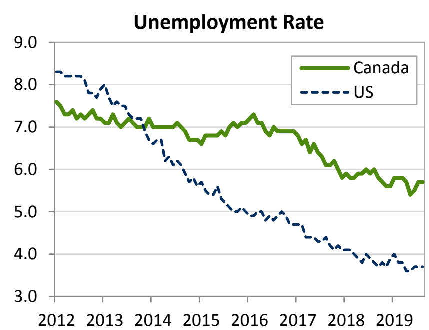


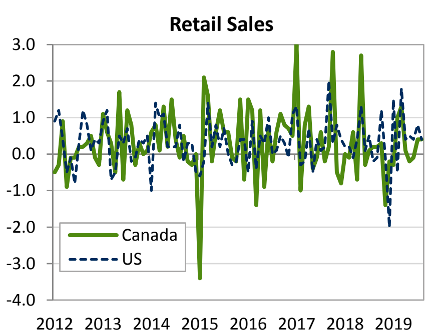



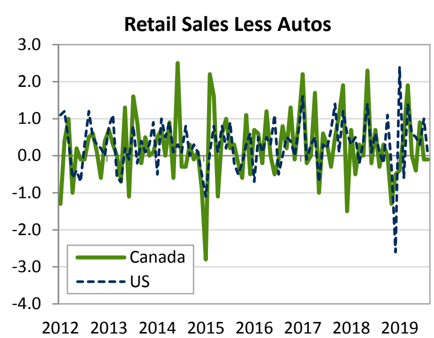



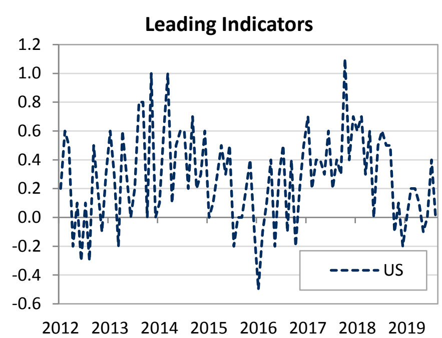



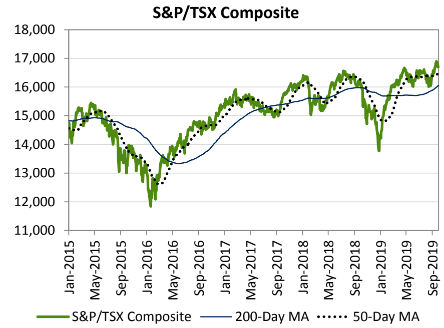



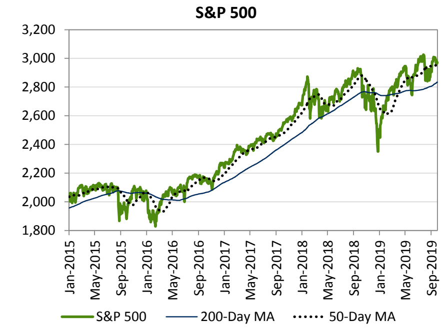



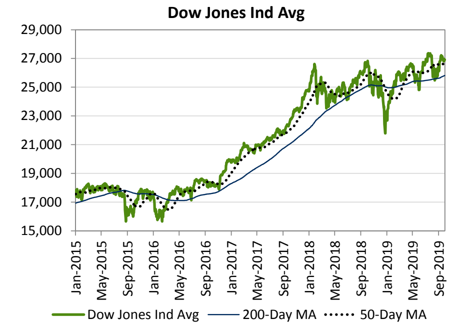




Source: Bloomberg, Raymond James Ltd. Performance as at September 30, 2019.

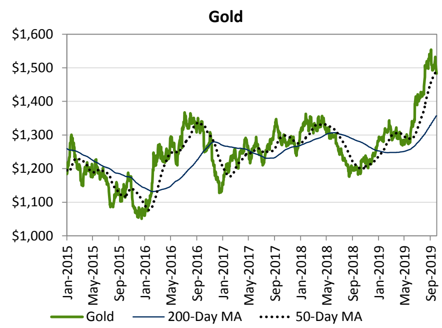
## Markets

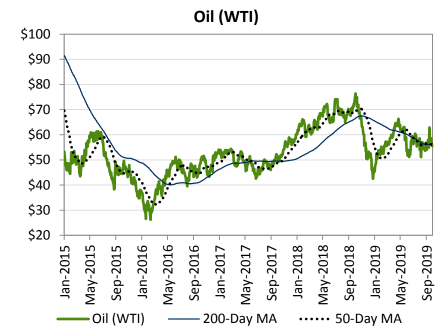


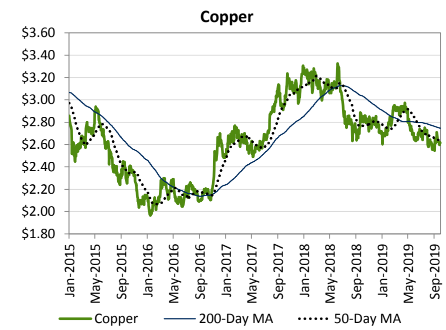



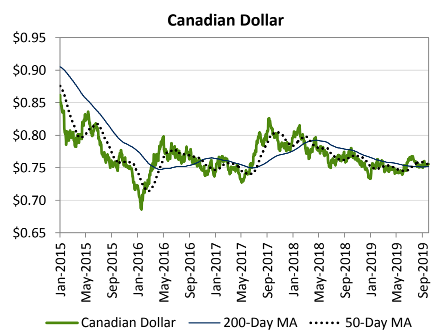

## Commodities

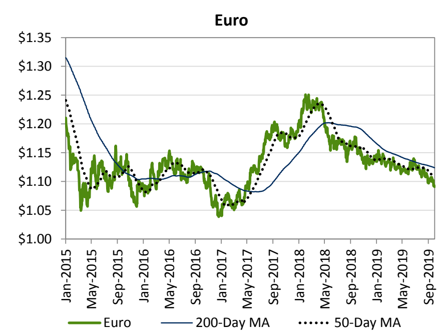


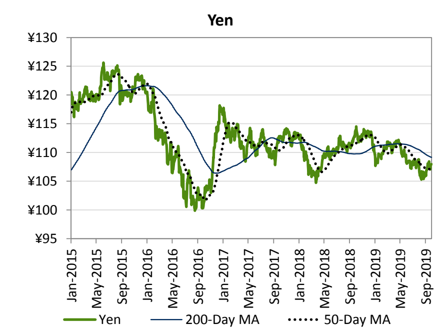




## Currencies




Source: Bloomberg, Raymond James Ltd. Performance as at September 30, 2019.

# Important Investor Disclosures

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