

ECONOMIC AND MARKET REVIEW

THIRD QUARTER 2024



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Economic indicators dashboard – Canada

Q3 2024

MOST RECENT  | 3-MONTH TREND  | TYPICAL RANGE  | ACTUAL RANGE 



Market Volatility

Slight increase but within normal range

%

Yield

Yield spread flattened as BoC commenced rate cuts



Unemployment

Unemployment rate rising as the economy is not creating enough jobs to absorb strong immigration.



Economic Expansion

Economic growth improves slightly but remains lackluster

MARKET INDICATORS

Market Volatility (CBOE VIX)

1/1/1990 - 9/30/2024



10 Year Canada Treasury Yield

1/1/1986 - 9/30/2024



Yield Spread

1/1/1987 - 9/30/2024



Home Prices

3/1/2000 - 7/31/2024



ECONOMIC INDICATORS

Inflation (CPI)

1/1/1950 - 8/30/2024



Unemployment

1/1/1966 - 8/30/2024



Economic Expansion (GDP)

1/1/1962 - 6/30/2024



Consumer Sentiment (CSI)

3/1/2010 - 9/30/2024



Household Debt to GDP

1/1/1990 - 6/30/2024



Household Debt to GDP (YOY %)

1/1/1991 - 6/30/2024



Source: LSEG DataStream, St. Louis Fed, Russell Investments, as of September 30, 2024. See Slide 31 for category definitions. Russell Investments' Economic Indicators Dashboard charts several key indicators to help investors assess economic and market trends.

Economic indicators dashboard – U.S.

Q3 2024



Market Volatility

Stayed in the typical range despite being up from 12.68 at the end of Q2

%

Yield Spread

Up from -1.12 at the end of Q2



Unemployment

Remained low despite a slight increase from 4.10 at the end of Q2



Consumer Sentiment

Remained below the typical range in Q2

MOST RECENT

3-MO. TREND

TYPICAL RANGE

ACTUAL RANGE

MARKET INDICATORS

Market Volatility (CBOE VIX)

[HISTORICAL DETAILS](#)

10 Yr. U.S. Treasury Yield

[HISTORICAL DETAILS](#)

Yield Spread

[HISTORICAL DETAILS](#)

Home Prices (HPI)

[HISTORICAL DETAILS](#)

ECONOMIC INDICATORS

Inflation (CPI)

[HISTORICAL DETAILS](#)

Unemployment

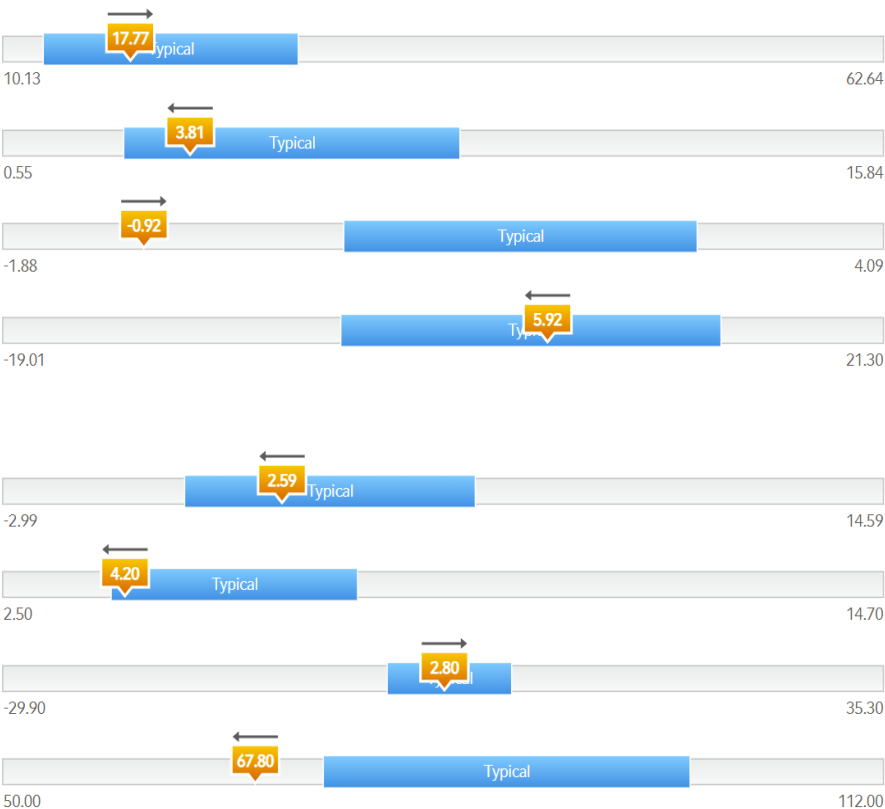
[HISTORICAL DETAILS](#)

Economic Expansion (GDP)

[HISTORICAL DETAILS](#)

Consumer Sentiment (CSI)

[HISTORICAL DETAILS](#)

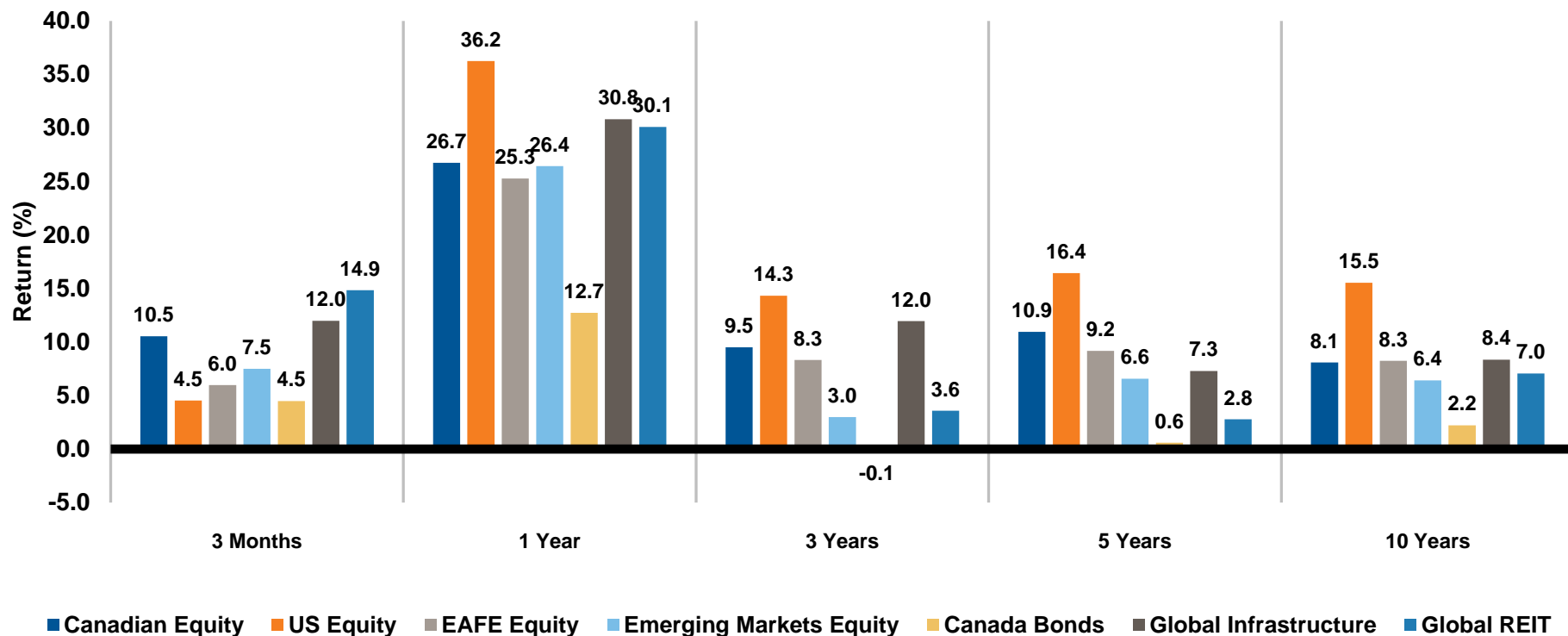


Source: <http://www.russellinvestments.com>, current state as of 10/02/2024. See appendix for category definitions. Russell Investments' Economic Indicators Dashboard charts several key indicators to help investors assess economic and market trends.

Capital markets

Periods ending September 30, 2024

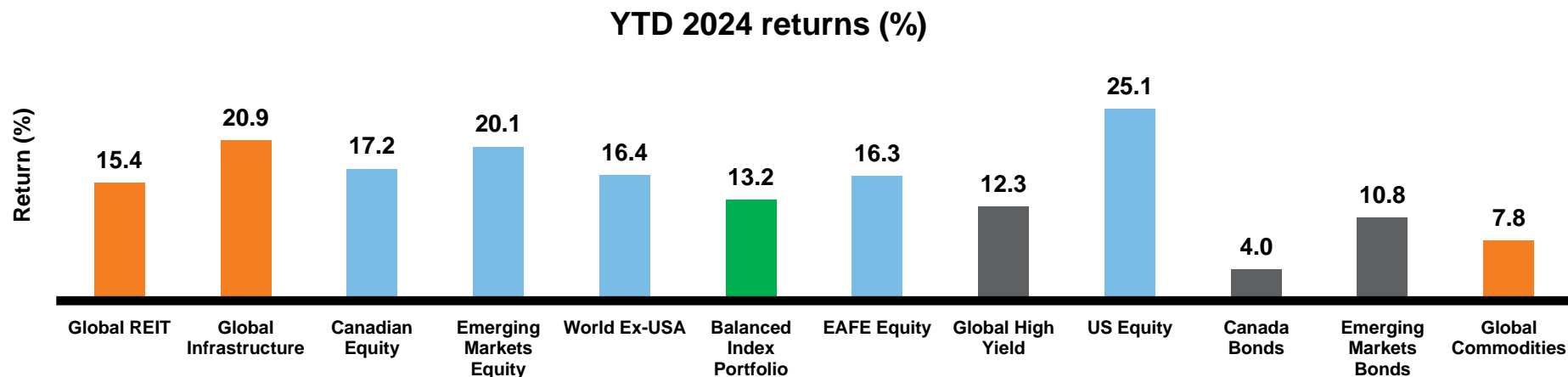
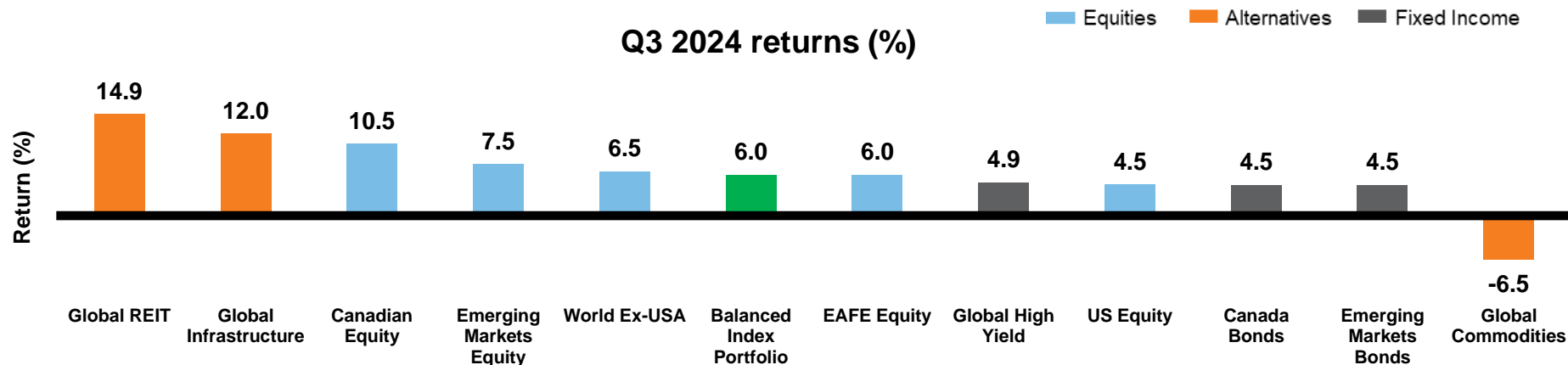
Capital market returns (%)
(Annualized for periods greater than 1 year)



Source: Russell Investments, Morningstar. In CAD. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly. Definitions: Canadian Equity = S&P/TSX Composite Index, US Equity = S&P 500 Index, EAFE Equity = MSCI EAFE Index, Emerging Markets Equity = MSCI Emerging Markets Index, Canada Bonds = Bloomberg Canada Aggregate Index, Global Infrastructure = S&P Global Infrastructure Index, Global Real Estate Investment Trusts (REITs) = FTSE EPRA NAREIT Developed Index. Returns are annualized except for periods less than one year. EAFE is an acronym referring to Europe, Australasia and the Far East.

What worked and what didn't

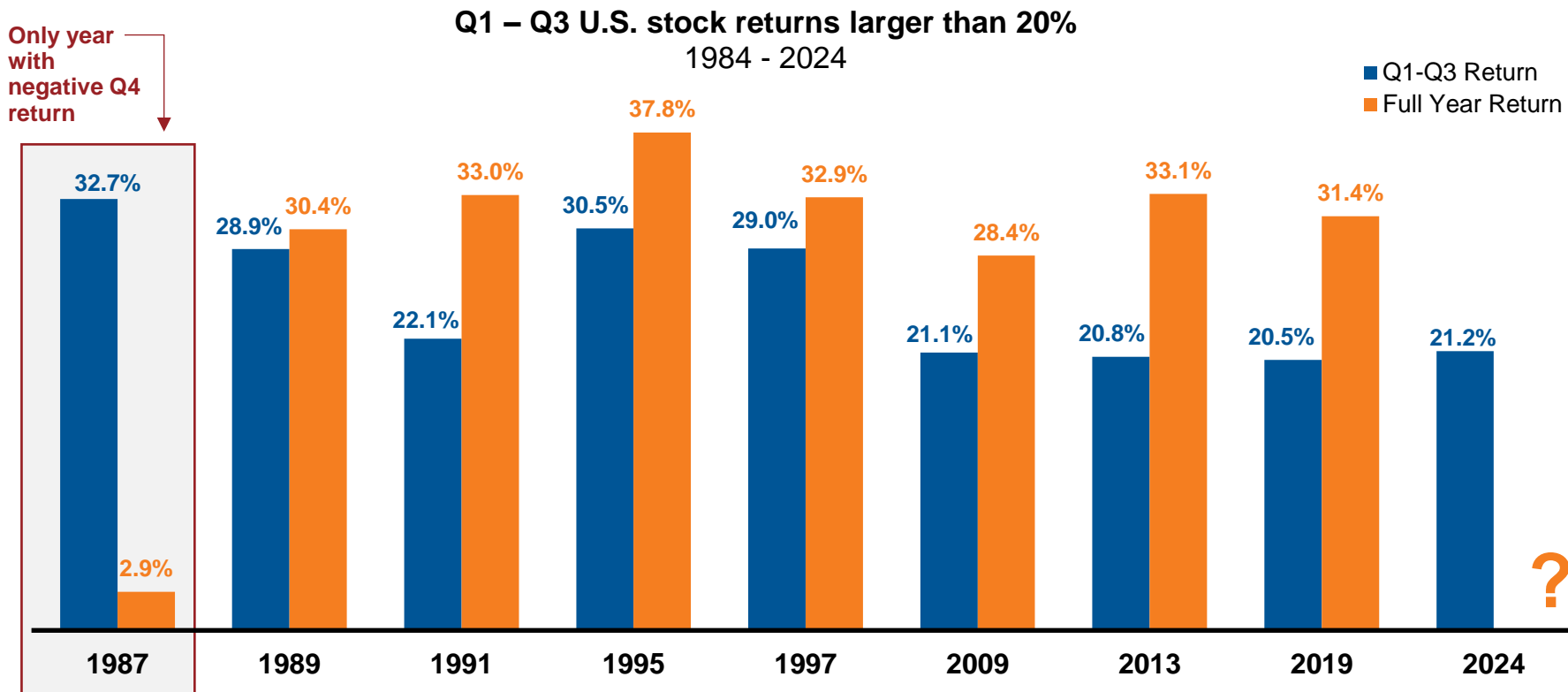
Q3 2024 vs. YTD 2024



Source: Russell Investments, Morningstar. In CAD. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly. Definitions: Canadian Equity = S&P/TSX Composite Index, US Equity = S&P 500 Index, Global High Yield= Bloomberg Global High Yield Bond Index, World ex-USA=MSCI AC World ex-USA Index, EAFE Equity = MSCI EAFE Index, Emerging Markets Equity = MSCI Emerging Markets Index, Canada Bonds = Bloomberg Canada Aggregate Index, Emerging Markets Bonds = Bloomberg EM USD Aggregate Index, Global REIT = FTSE EPRA NAREIT Developed Index, Global Commodities=S&P Goldman Sachs Commodities Index. Balanced Index Portfolio: 20% Canadian Equity, 20% US Equity, 20% EAFE Equity and 40% Canada Bonds. Returns are annualized except for periods of less than one year.

U.S. stocks continued their strong run

Markets delivered largest year to date returns through Q3 since 1997



- Through the first 3 quarters of 2024, U.S. stocks delivered returns larger than 20% for the 9th time since 1984
- Gains continued into Q4 in each prior occurrence, except 1987 – marked by the Black Monday crash
- The average gain during Q4 for these calendar years was just below 6.5%

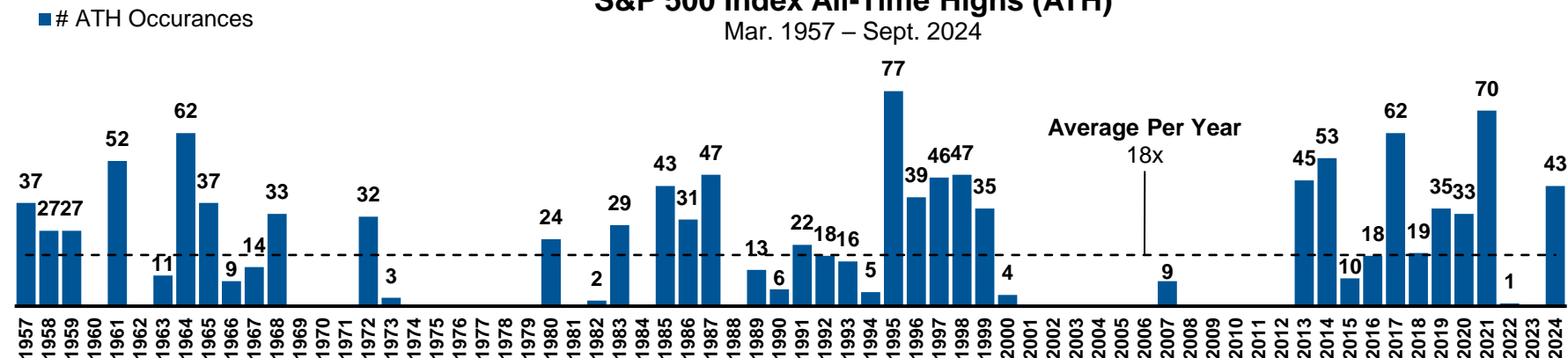
Source: Morningstar. U.S. Stocks represented by Russell 1000 Index. As of 9/30/2024. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment.

All-time highs

Historically they haven't signaled the party is over

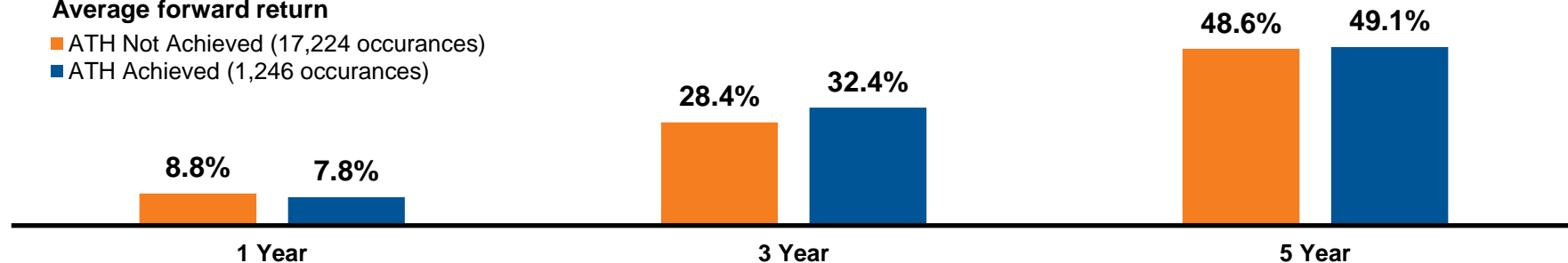
S&P 500 Index All-Time Highs (ATH)

Mar. 1957 – Sept. 2024



Average forward return

- ATH Not Achieved (17,224 occurrences)
- ATH Achieved (1,246 occurrences)

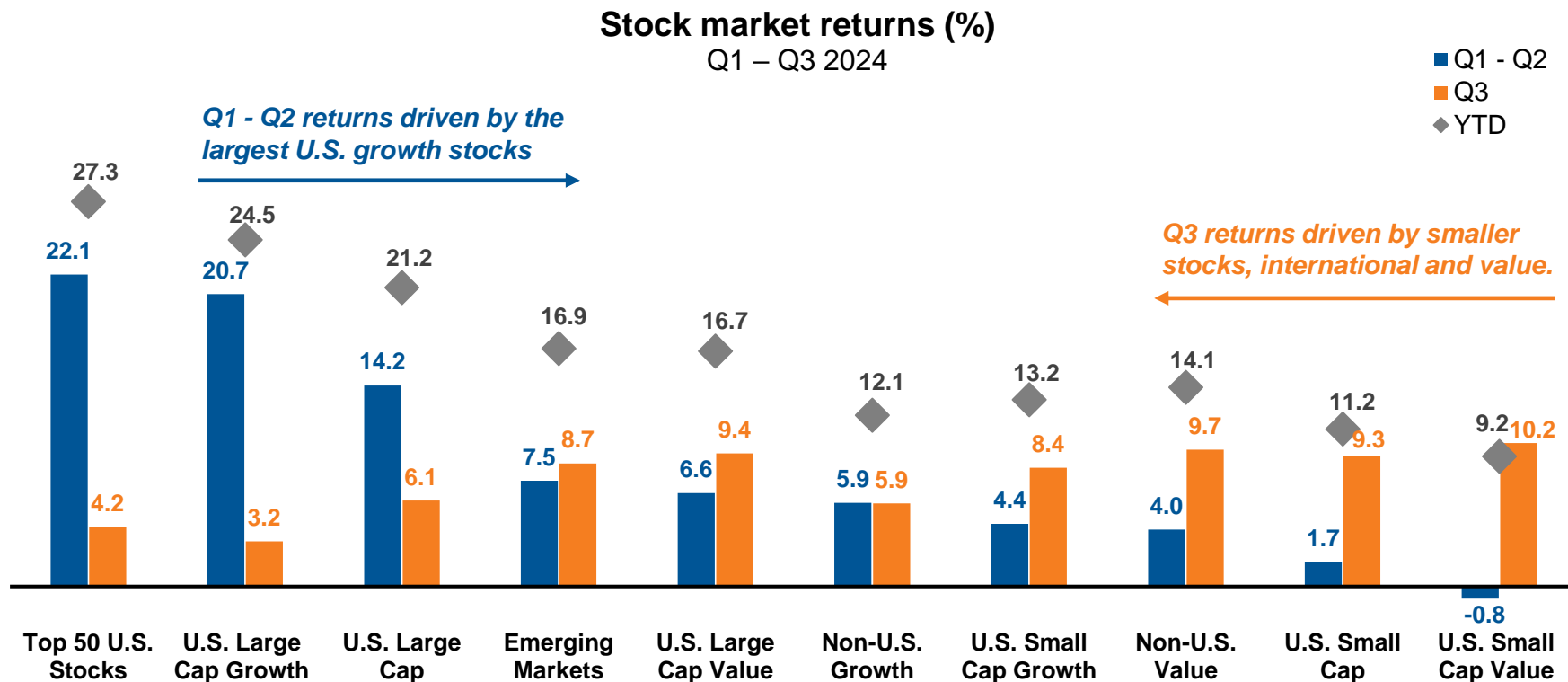


- Since 1957, the S&P has hit an all-time high 18x per year on average, or 7.0% of the time
- YTD through September 2024, the market has more than doubled that average
- Despite apprehension of investing at these peaks, markets have provided attractive results

Source: Morningstar. S&P 500 Price Index as of 9/30/2024. ATH; All time high. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

Stock leadership reversed course

Laggards for the first half of the year outperformed in Q3



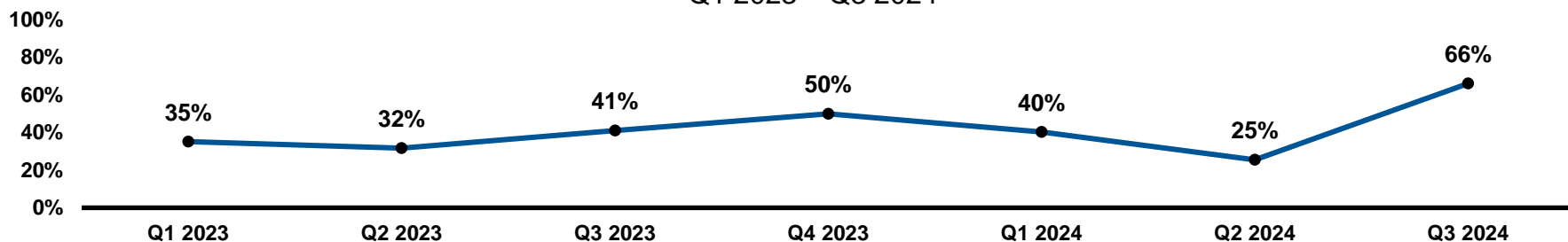
- U.S. large cap growth stocks led returns for the first half of the year driven by continued dominance from the “Mag 7”
- This trend reversed in Q3 as the market environment favored small cap, international and value stocks
- Maintaining diversification across size, region and style can help take advantage of these swings as they occur

Source: Morningstar. Top 50 U.S. Stocks: Russell Top 50 Mega Cap Index; U.S. Large Cap Growth: Russell 1000 Growth; U.S. Large Cap Value: Russell 1000 Value; U.S. Small Cap: Russell 2000; U.S. Small Cap Growth: Russell 2000 Growth; U.S. Small Cap Value: Russell 2000 Value; U.S. Large Cap: Russell 1000; Non-U.S. Growth: MSCI World ex-USA Growth; Non-U.S. Value: MSCI World ex-USA Value; Emerging Markets: MSCI Emerging Markets. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

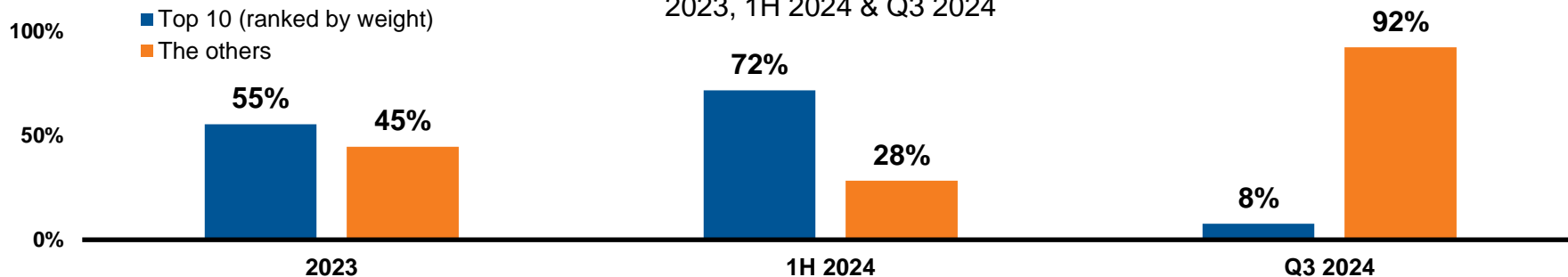
S&P 500 Index participation has widened

More constituents participated in Q3 performance

% S&P 500 Index constituents beating the index
Q1 2023 – Q3 2024



% Contribution by S&P 500 Index constituents
2023, 1H 2024 & Q3 2024

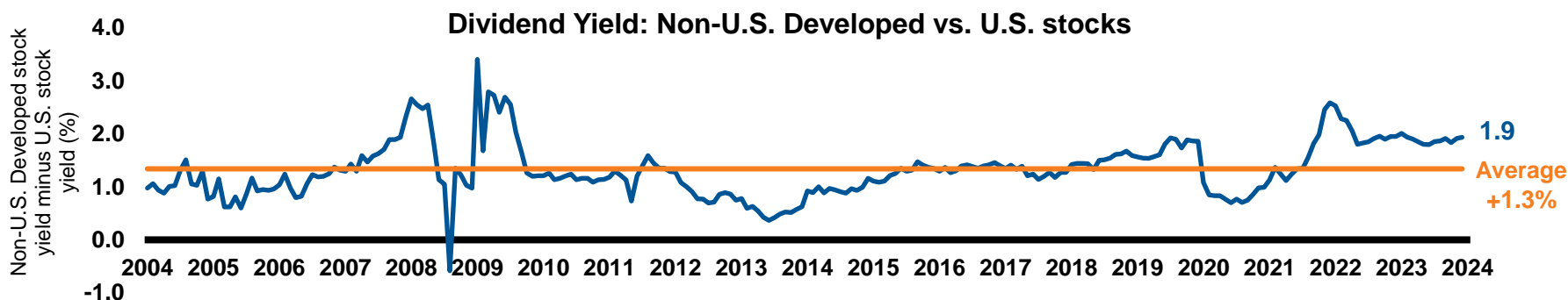
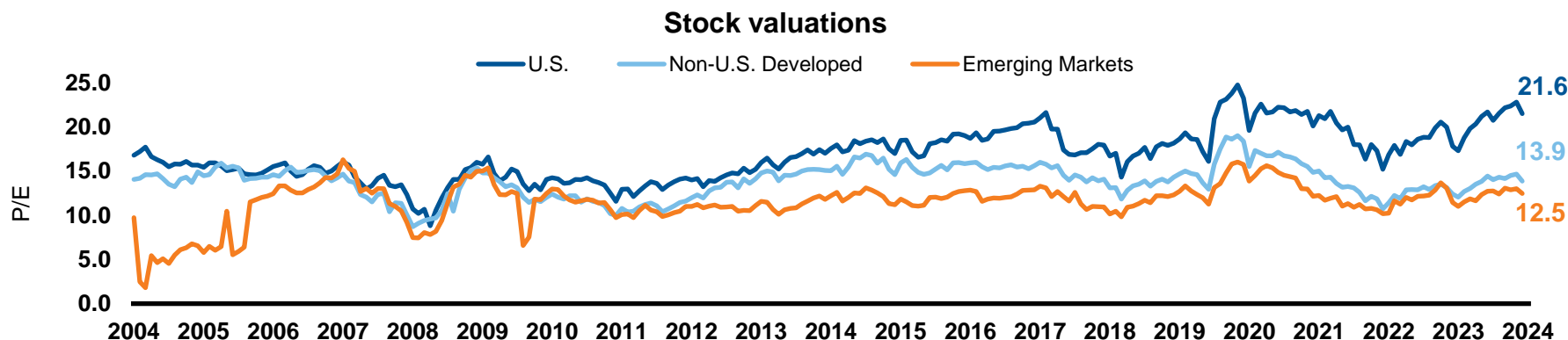


- In Q3, 66% of constituents outperformed the S&P 500, a level not seen in over 2 years
- 72% of 1H 2024 performance was driven by the 10 largest index constituents
- Those same 10 stocks contributed just 8% to Q3 2024 performance, indicating broader market participation

Source: Morningstar. S&P 500 Index, Constituents: % contribution measured as the average weight of underlying constituents over each period. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

International and emerging market stocks appear attractive

Based on favorable valuations and yields relative to U.S. stocks



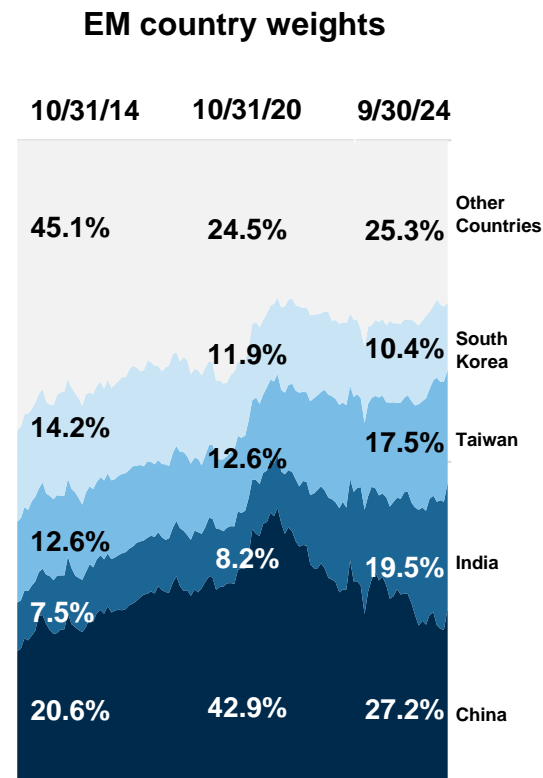
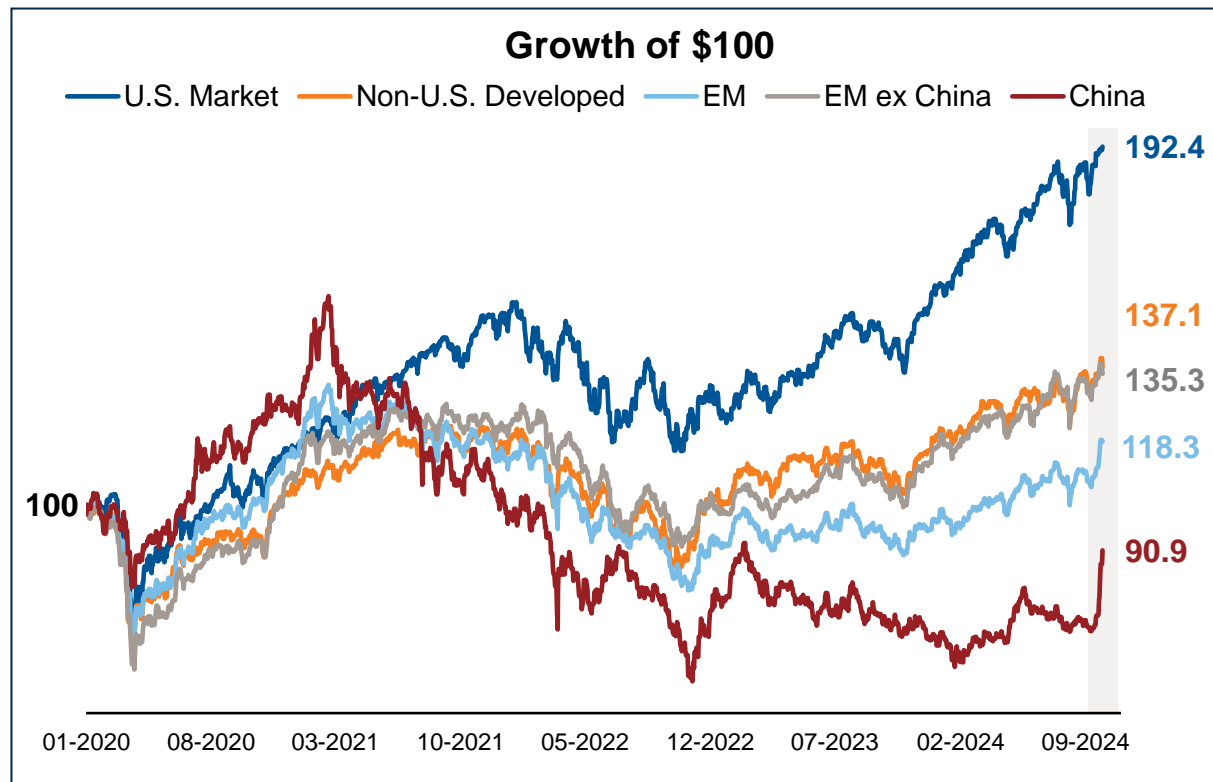
AVERAGE P/E AS OF 9/30/2024			
	5YR	10YR	20YR
S&P 500	20.1	19.2	16.9
MSCI EAFE	14.4	14.7	13.9
MSCI EM	12.7	12.3	11.5

- Valuations for U.S. stocks are higher than their long-term averages
- Non-U.S. developed and emerging markets stocks appear cheap relative to U.S. stocks, and in-line with longer-term averages
- Non-U.S. stocks have consistently delivered higher levels of income than their U.S. counterparts

Source: Morningstar, Data 10/1/2004 – 9/30/2024. U.S.: S&P 500 TR Index; Non-U.S. Developed: MSCI EAFE Index; Emerging Markets: MSCI Emerging Markets index. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment.

Emerging markets stocks rallied

Chinese stocks surged to close out Q3



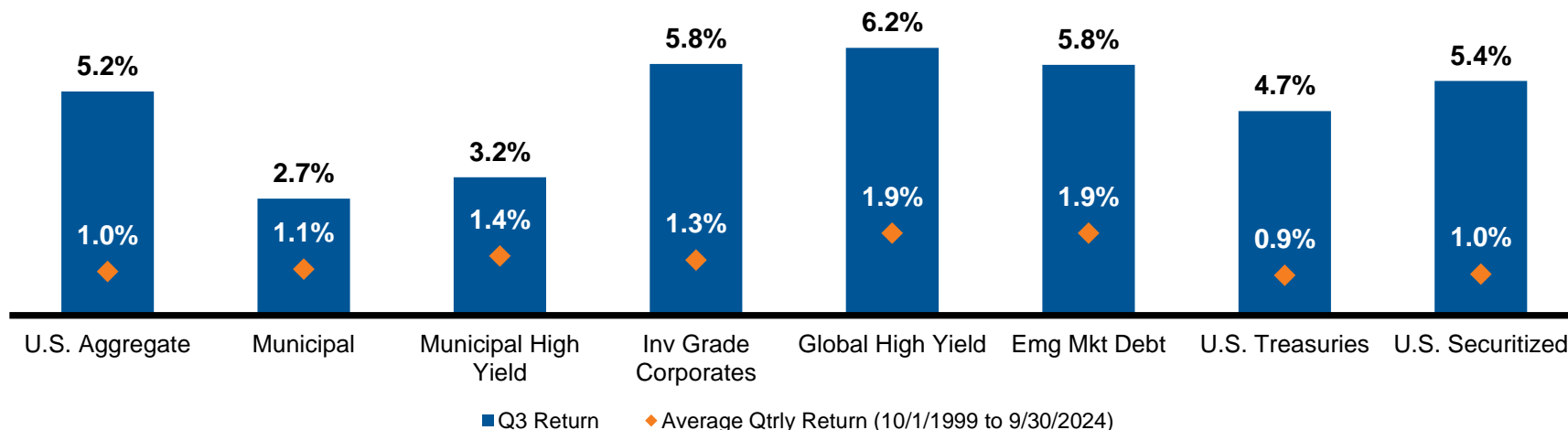
- Chinese stocks returned 21.6% in the final week of third quarter, surging amid new stimulus measures including rate cuts and lower reserve requirement ratios for banks
- China continues to make up a significant portion of the MSCI Emerging Markets Index, at 27.2% at the end of Q3 – though that is down from its peak weight of 42.9% in October 2020

Source: Morningstar. U.S. Market: S&P 500 TR Index; Non-U.S. Developed: MSCI EAFE Index; Emerging Markets (EM): MSCI Emerging Markets index; EM ex China: MSCI Emerging Markets ex China Index; China: MSCI China Index. Country weights provided monthly for MSCI Emerging Markets Index. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment.

Strong quarter for fixed income

All fixed income sectors experienced positive returns in Q3

Fixed income sector returns Q3 2024



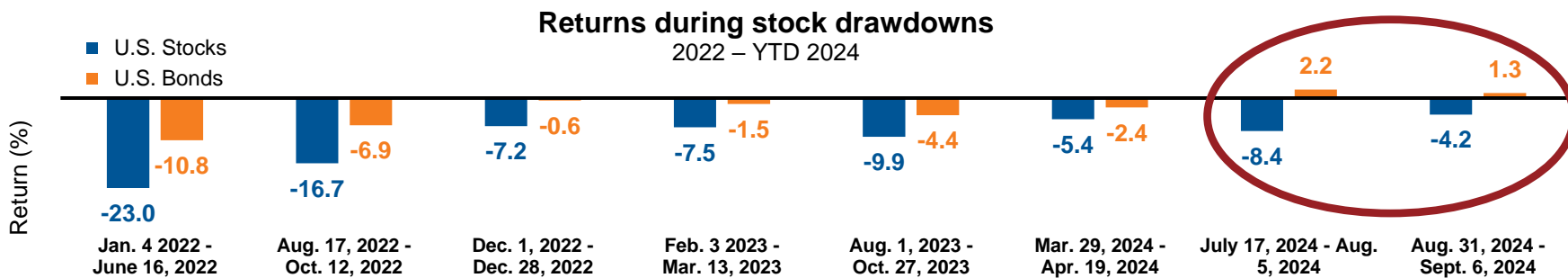
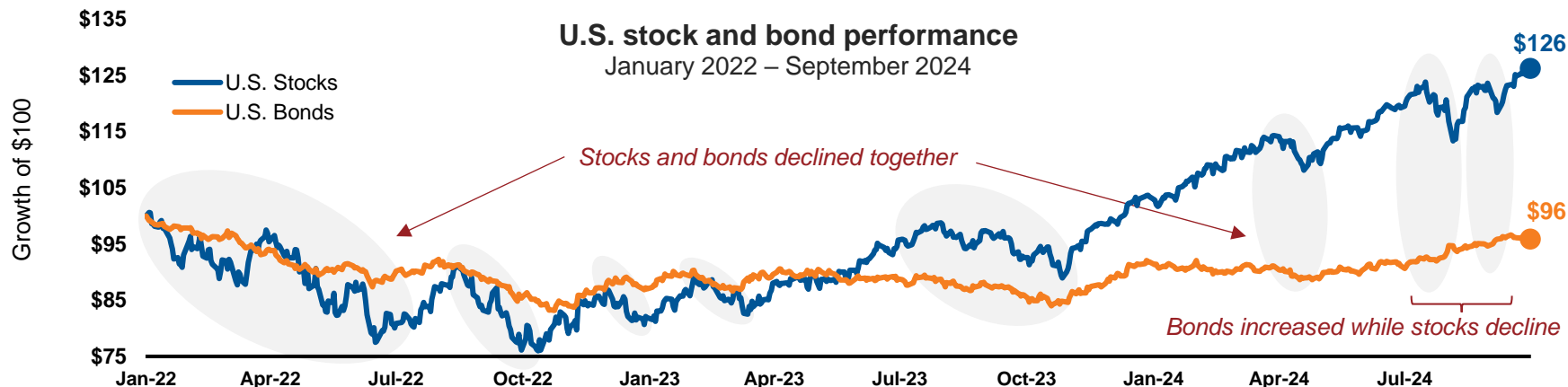
As of 9/30/2024	U.S. Aggregate	Municipal	Municipal High Yield	U.S. IG Corporates	Global High Yield	Emg Mkt Debt	U.S. Treasuries	U.S. Securitized
Yield (YTW)	4.2%	3.3%	5.2%	4.7%	7.3%	6.3%	3.8%	4.5%
Avg Coupon (%)	3.4%	4.6%	4.6%	4.3%	5.9%	5.0%	2.9%	3.3%
Duration (Yrs)	6.2	6.1	6.5	7.2	3.6	6.2	6.1	5.6

Q3 was a strong quarter for fixed income as every sector was up at least 2%.
This dynamic has occurred just 10% of the time over the last 25 years

Source: Morningstar & Barclays Live. Performance is based on index data: Bloomberg U.S. Agg Bond TR USD, Bloomberg Municipal TR USD, Bloomberg HY Muni TR USD, Bloomberg U.S. Corp IG TR USD, Bloomberg Global HY TR USD, Bloomberg EM USD Agg TR USD, Bloomberg U.S. Treasury TR USD, Bloomberg U.S. Sctzd MBS ABS CMBS TR USD. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

Bonds returned to form during stock volatility

Latest stock drawdowns demonstrated diversification benefits

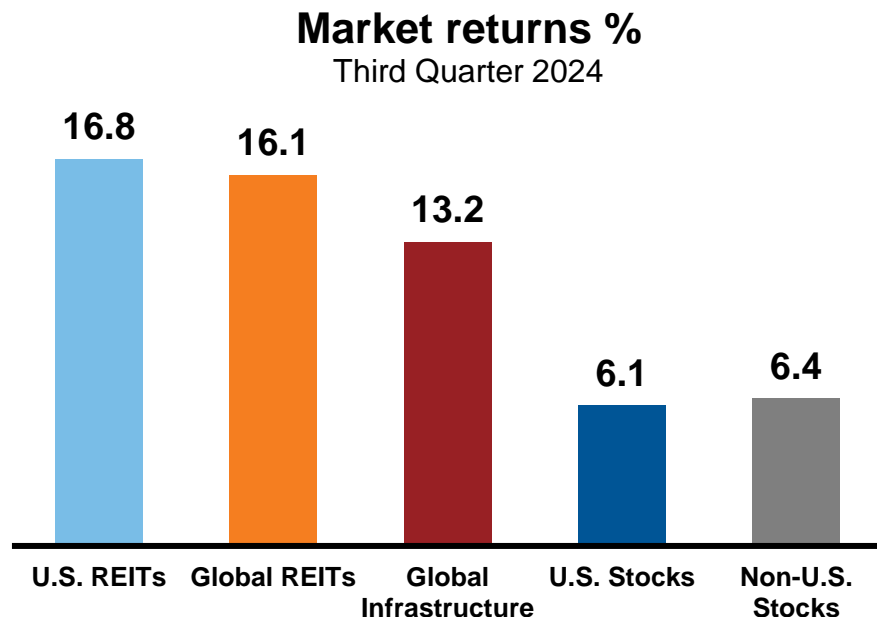


- The 60/40 portfolio has been challenged in recent years as bonds declined along with stocks in periods of volatility
- During Q3, bonds once again helped cushion stock losses by providing positive returns
- This may signal bonds continue to have diversification benefits in a portfolio to help offset stock declines

Source: Morningstar. U.S. Stocks represented by S&P 500 Index. Bonds represented by Bloomberg US Aggregate Bond Index. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment.

Real assets react to anticipated rate cuts

Strong real assets quarter could be start of trend



- Real Assets responded positively to the Federal Reserve cutting interest rates
- Environment could be improving for real assets

Improving interest rates

- Lower borrowing costs for properties
- Real asset yields may look more attractive relative to bond yields

Composition evolving to reflect economy

- Data Centers
- Logistics
- Health Care

Potential inflation hedge

- Property values, rents, and tolls tend to increase with inflation

Source: Russell 1000 Index, FTSE NAREIT REIT Index, FTSE EPRA Nareit Developed Index, S&P Global Infrastructure Index, Russell 1000 Index, MSCI World xUS Index. In USD.

Russell Investments' global market outlook

ECONOMIC VIEWS



U.S. ECONOMY

- The labor market is rebalancing, with a soft landing as the base case, though recession risks remain

CANADIAN ECONOMY

- Although the economy is not in an official recession, the significant rise in unemployment and decline in per capita GDP highlight underlying vulnerabilities



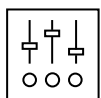
EUROPE

- Parts of Europe (e.g. Germany) were in a technical recession, but there are some tentative signs from credit activity that things may be bottoming out
- Inflation is tracking towards Central Bank targets
- European Central Bank started cutting interest rates in June, but risk of interest rates being too tight for too long remains



PACIFIC BASIN

- Wage growth and inflation expectations have moved towards Bank of Japan's inflation targets
- China's government still committed to GDP growth target of 'around 5%'



FED and BoC POLICY

- U.S. Federal Reserve likely to do gradual rate cuts, but exact path will depend on economic data
- The Bank of Canada is expected to continue reducing its policy rate, with the possibility of a larger 50 basis-point cut given the weakening labor market and slowing economy

ASSET CLASSES



GLOBAL EQUITIES

- Potentially limited upside to U.S. equities given expensive multiples and overbought sentiment
- Non-U.S. developed stocks at discount compared to U.S., but still have earnings uncertainties



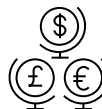
FIXED INCOME

- Government bond yields are attractive, but not at an unsustainable extreme anymore
- Credit spreads are tight, dampening return expectations for investment grade and high yield



REAL ASSETS

- REIT (Real Estate Investment Trust) and listed infrastructure valuations appear attractive relative to broad equities



CURRENCIES

- USD appears expensive on a purchasing-power parity basis
- However, a global recession could result in further upside for the dollar as investors flock to safety
- CAD is undervalued; however, the Canadian business cycle outlook limits upside

There is no guarantee the stated expectations will be met. As of October 2024. Forecasting represents predictions of market prices and/or volume patterns utilizing varying analytical data. It is not representative of a projection of the stock market, or of any specific investment.. GDP=gross domestic product

U.S. recession risks have come down from their peak

But remain above average

MEDIUM-TERM RISK INDICATORS	APR 2022	AUG 2023	OCT 2024
Slope of the curve (10y-2y)	Red	Red	Orange
Labor market slack	Red	Red	Green
Stance of Fed policy	Green	Red	Red
Output Gap	Red	Red	Yellow
Corporate financing gap	Green	Green	Green
Household debt levels	Green	Green	Green
Household debt services	Green	Green	Green
Corporate debt levels	Red	Red	Red
Corporate debt service	Green	Green	Yellow

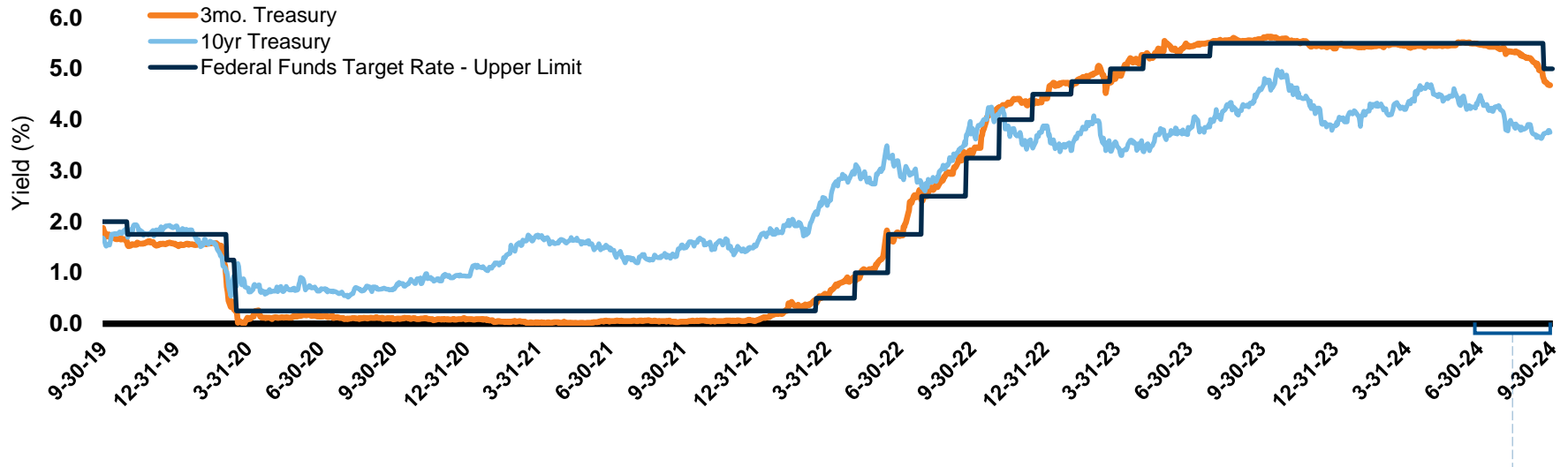
SHORT-TERM INDICATORS	APR 2022	AUG 2023	OCT 2024
Business Cycle Index	Green	Orange	Green
Yield Curve (10y – 3m)	Green	Red	Red
Employment Growth	Green	Green	Green
Consumption Growth	Yellow	Yellow	Yellow
Ted Spread	Green	Yellow	Yellow
Credit Spread	Yellow	Yellow	Green
Temporary help employment	Green	Red	Red
Consumer spending decomposition	Yellow	Orange	Yellow
Architectural billings	Yellow	Red	Red
Financial Conditions Index	Yellow	Orange	Orange
Banking lending standards	Green	Red	Red
ISM Manufacturing	Green	Red	Red
ISM non-manufacturing	Yellow	Yellow	Green
Initial jobless claims	Green	Yellow	Green
Bank loan demand	Green	Red	Yellow

- Business Cycle Index is bolstered by improvement in Credit Spreads
- Corporate debt servicing is more difficult with interest rates remaining elevated despite first Fed cut
- Despite some improving indicators, the economic outlook remains mixed with higher-than-normal level of uncertainty

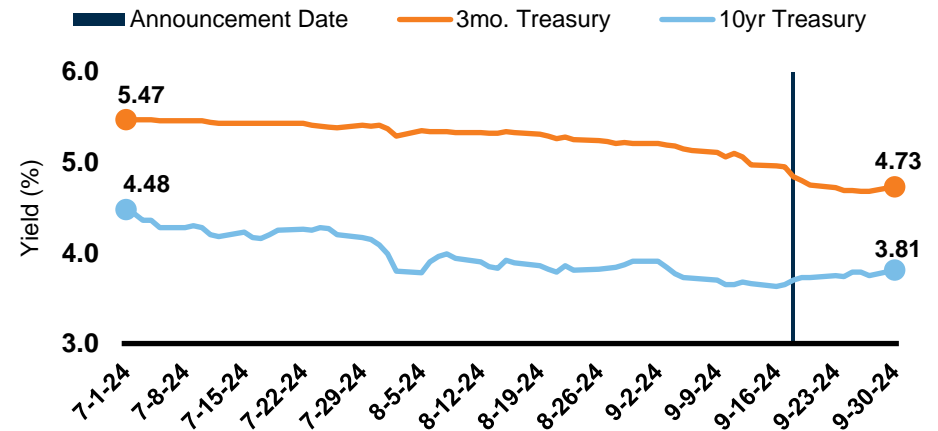
Source: Russell Investments, October 2024. Red represents areas of high risk. Orange and yellow represent areas of intermediate risk. Green represents areas of low risk.

Changes in U.S. Treasury yields

Fed Funds Rate impacts short-term interest rates more directly than long-term rates



- Both short and intermediate-term yields were decreasing prior to the official rate cut announcement from the U.S. Federal Reserve
- Intermediate treasury yields ticked up following the announcement of the Fed Funds Target rate reduction
 - Reduced demand for longer-term bonds puts downward pressure on prices

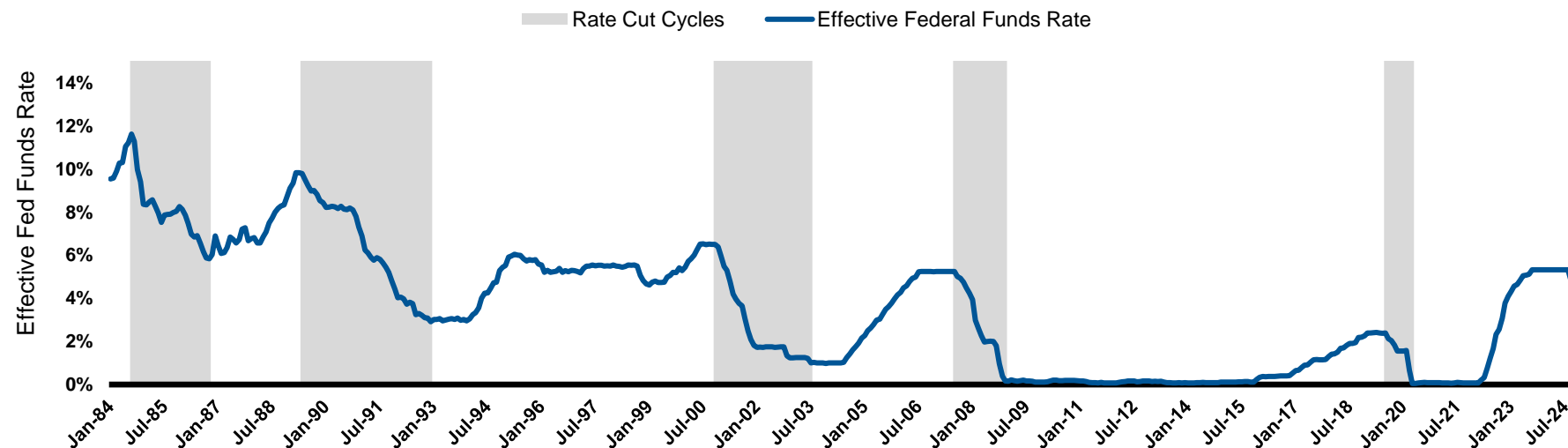


Source: St. Louis Fed. 3 Month U.S. Treasury Securities; 10 Year U.S. Treasury Securities.

Historical returns during rate cut cycles

Fixed income has outperformed cash in recent rate cut cycles

U.S. Federal Reserve Bank historical rate cut cycles, since 1984



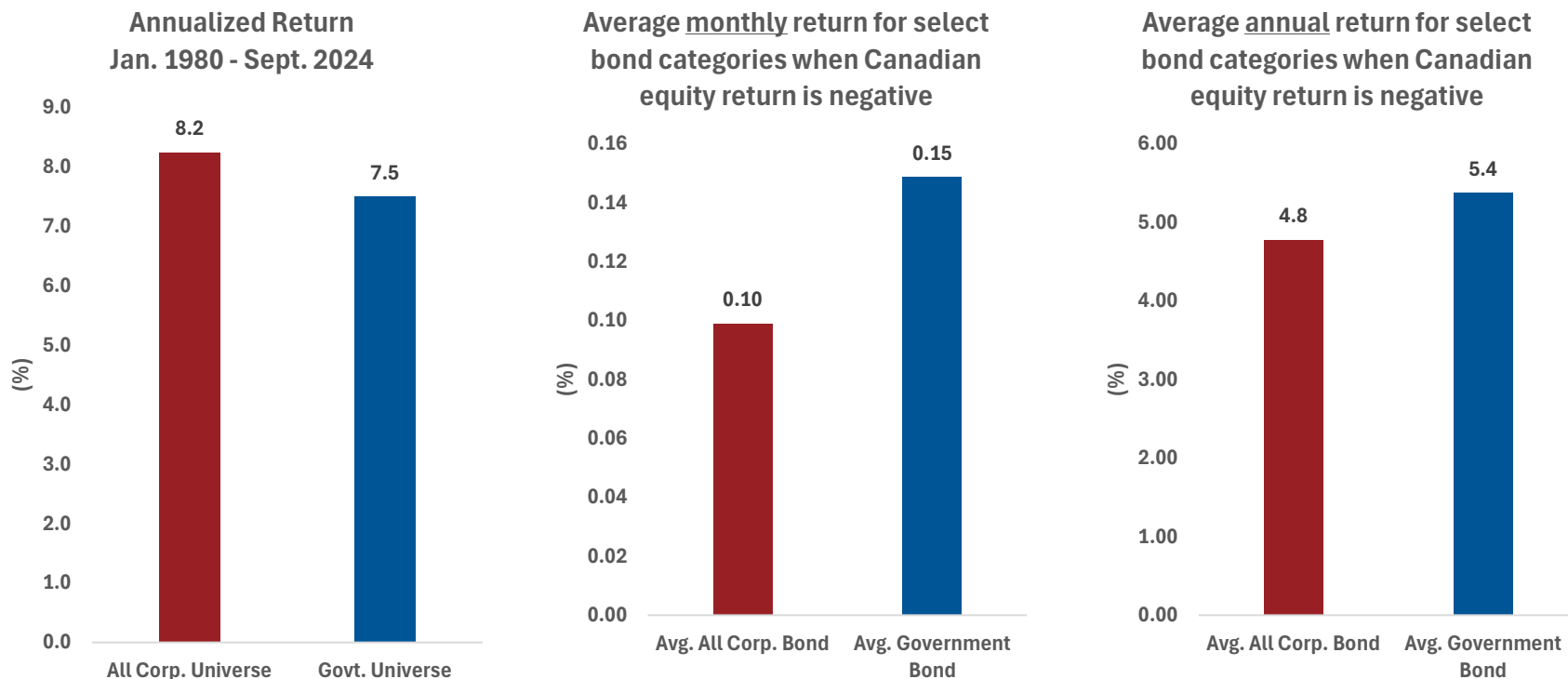
Total Cumulative Return, Intra-Cut Cycle							
Start of Cycle	End of Cycle	Initial Target Rate	End Target Rate	U.S. Equity	Aggregate Bonds	60/40	Cash
August 1984	October 1986	11.50%	5.88%	78.94%	54.97%	69.35%	18.19%
May 1989	December 1992	9.81%	3.00%	59.04%	50.58%	55.66%	24.87%
November 2000	July 2003	6.50%	1.00%	-27.74%	24.31%	-6.92%	7.68%
July 2007	December 2008	5.25%	1.00%	-37.86%	11.48%	-18.12%	4.03%
July 2019	April 2020	2.25%	0.00%	0.62%	7.56%	3.40%	1.50%

- Fixed Income has been a greater buoy to a diversified portfolio over the past five rate cut cycles than cash
- Cash is subject to greater re-investment risk as its return is directly tied to the effective federal funds rate

Performance is based on index data: U.S. Equity represented by Russell 1000 TR USD 1984-1986, S&P 500 TR USD thereafter. Aggregate Bonds: Bloomberg U.S. Agg Bond TR USD, Cash: FTSE Treasury Bill 3-Mo. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

The case for government bonds

Government bonds are historically more diversifying during equity market volatility

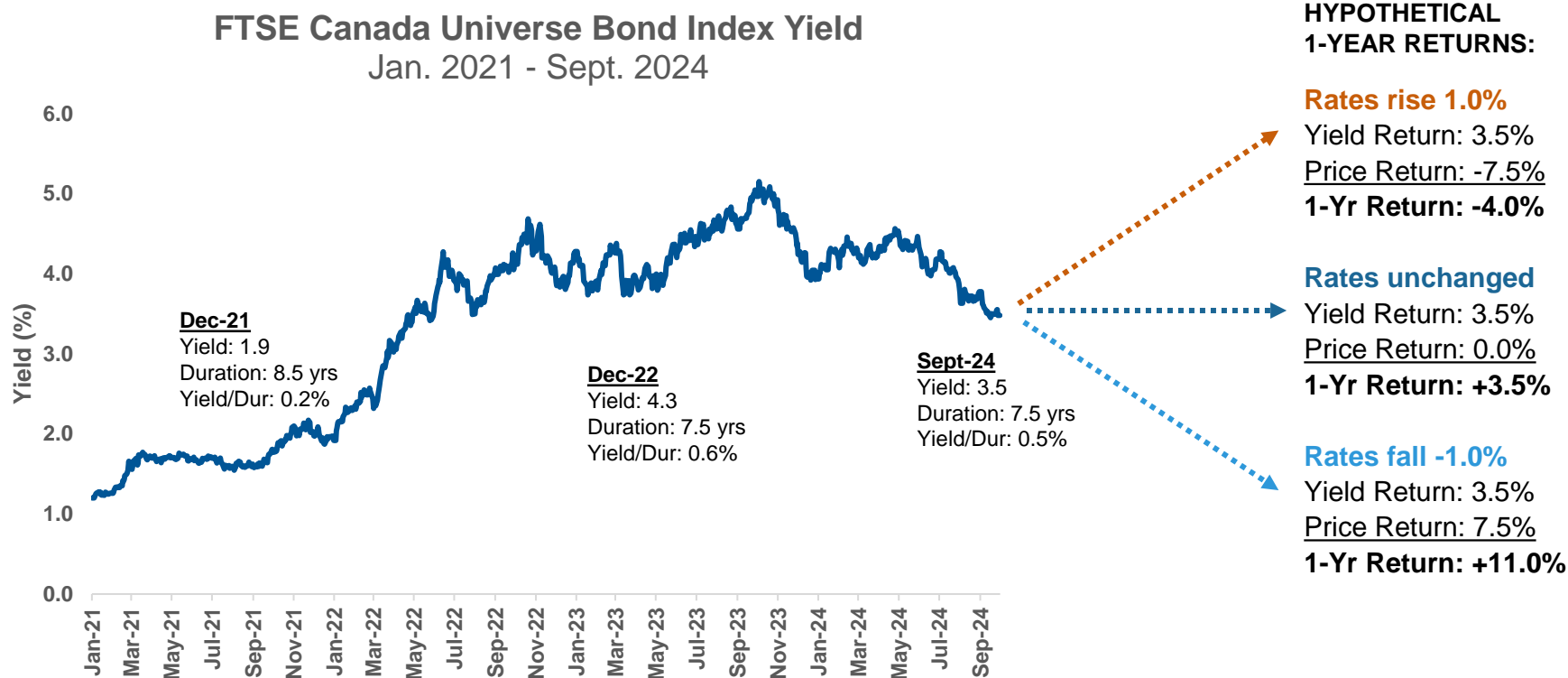


- Over long timeframes, corporate bonds have historically outperformed government bonds, as illustrated in the first chart.
- But during periods of equity market volatility, government bonds have been more effective diversifiers.
- That's why maintaining a balanced strategic allocation to both is essential.

Source: LSEG DataStream. Annualized return and monthly average return based on data from January 1980 to September 2024, Average annual return chart based on Annual returns from 1980 – 2023.. All Corporate Universe, Government Bond Universe based on respective FTSE Canada Universe Bond Index. The S&P/TSX Composite Index returns were used to determine negative Canadian equity return.

Understanding the impact of changing rates

Falling rates can boost return from bonds



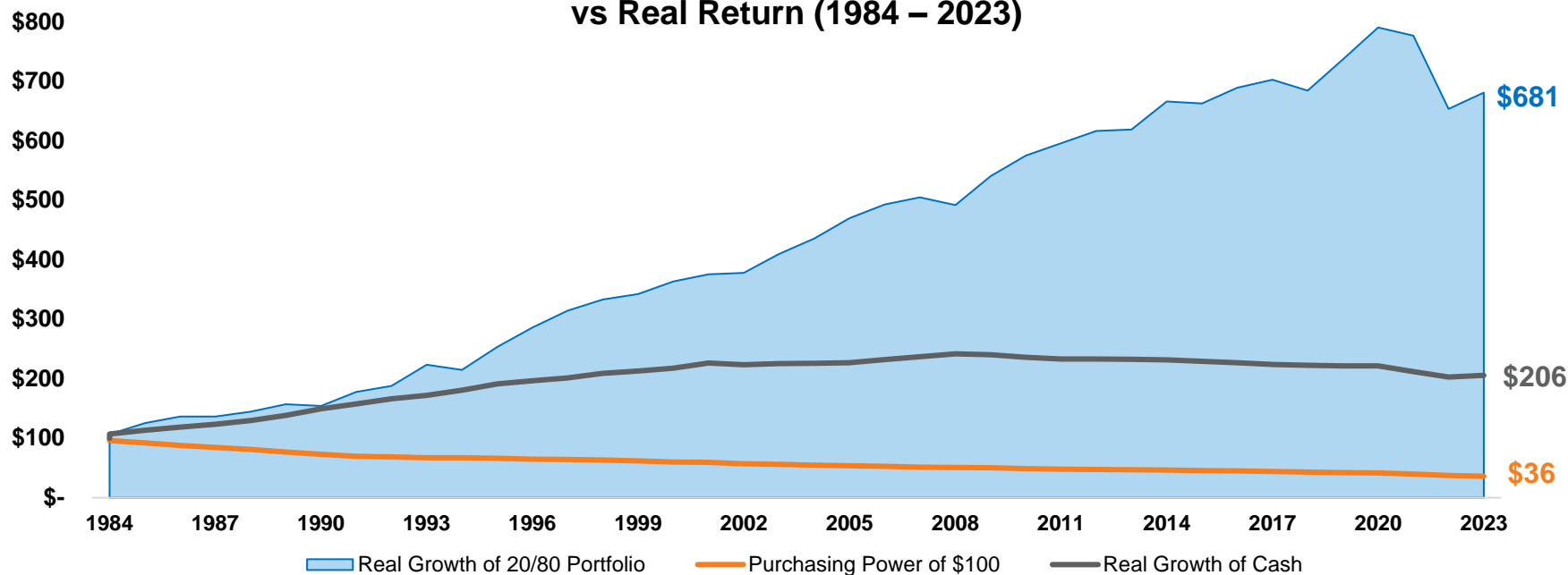
- Fixed income is a crucial diversifier of equity market volatility
- Higher yields help to offset the price impact of further rate increases
- If rates fall, price appreciation can boost returns as demonstrated in Q4 2023
- As of September 30, bond market pricing is for 200bps of additional easing to December 2025

Source: LSEG DataStream. Data as of 9/30/2024. Yield-to-Worst and Duration of the FTSE Canada Universe Bond Index. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly. Bps = basis points.

Inflation eats away at purchasing power

A diversified portfolio can be a hedge against inflation

Falling Purchasing Power vs Real Return (1984 – 2023)



- Real return is the return on investment, adjusted for inflation
- A conservative diversified portfolio has fared far better than cash as an inflation hedge
- Not investing cash has increased opportunity costs as you miss out on an inflation hedge and capital appreciation
- Although inflation has subsided in 2024 and is now down to 2.0%, this rate is still in line with the 40-year average of 2.5% illustrated in the chart

Source: Morningstar. Performance is based on index data: 20/80 Portfolio is based on 20% S&P/TSX Composite Index and 80% FTSE Canada Universe Bond Index. Cash return based on FTSE Canada 91 Day T-Bill Index. Inflation based on Canadian Total CPI. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

U.S. election cycle results

Despite political uncertainty sticking to the plan has provided solid returns

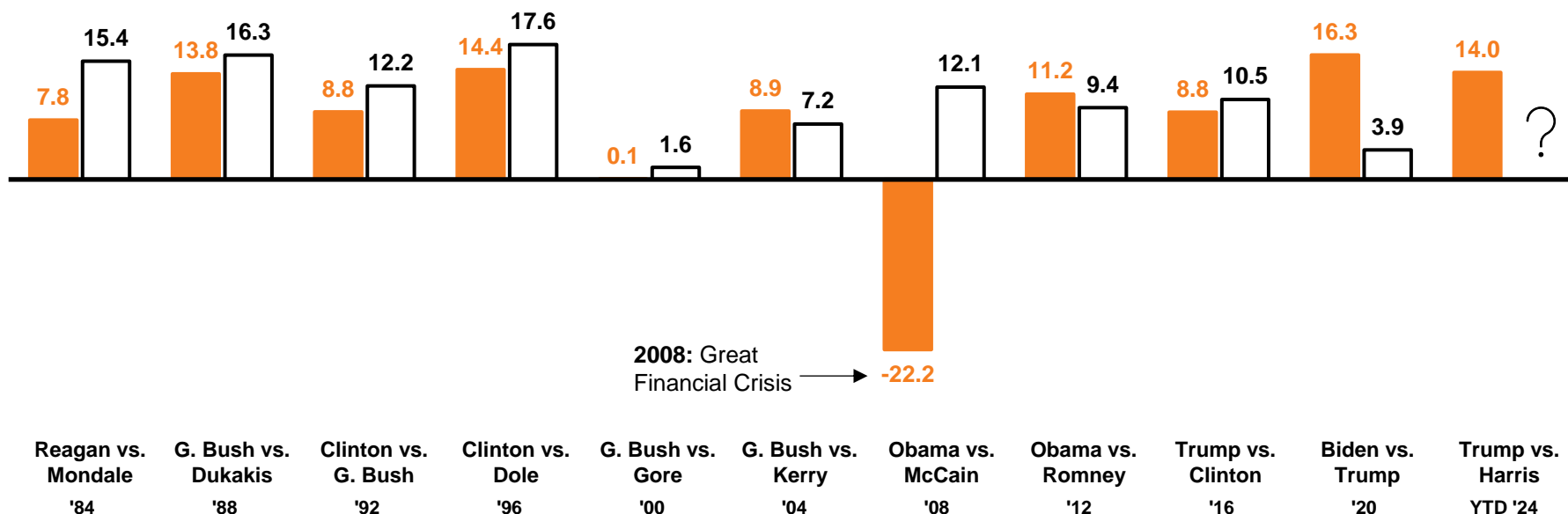
Presidential election year vs. following 3 years

60/40 Portfolio 1984 to Sept. 2024

Returns%

■ Election year

□ 3 years following election years



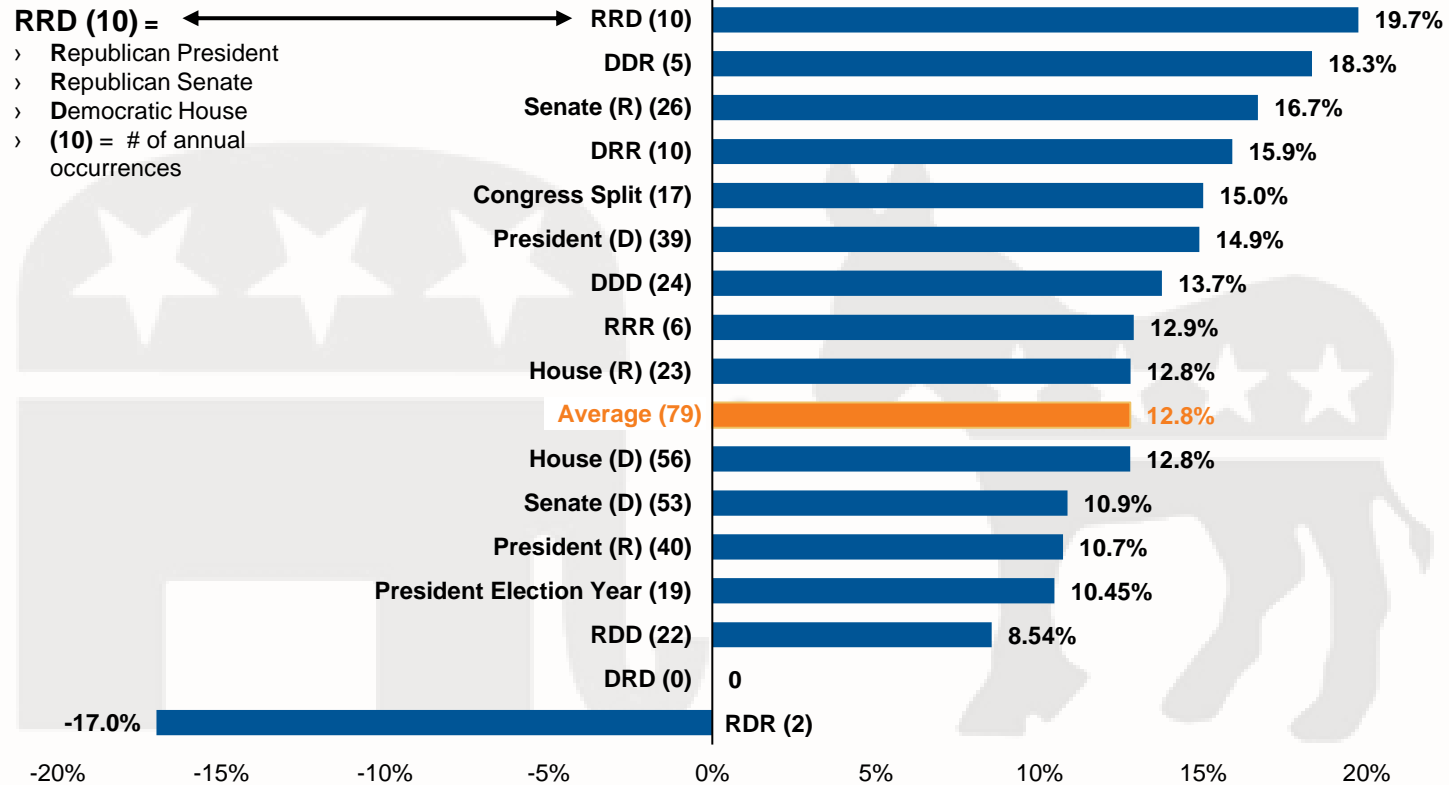
- 9 of the last 10 election years, a 60/40 portfolio finished in positive territory, with an average annual return of **6.8%**
- The negative occurrence was driven by the bursting of the historic housing bubble

- The same portfolio consistently delivered positive results **100%** of the time in the 3 years following an election year
- Election cycles provided an average annual return of **10.6%**

Source: The American Presidency Project & Morningstar Direct: 60/40 Portfolio: 60% U.S. Equity / 40% Bonds. U.S. Equity: Russell 3000 Index. Bonds: Ibbotson Intermediate Bond Index (1984-1985) linked to Bloomberg U.S. Aggregate Bond Index (1986-Present). Indexes are unmanaged and cannot be invested in directly. Returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment.
 *Election Cycle: Start of an election year through the end of a pre-election year.

Politics and markets

U.S. stocks performance vs political makeup 1945-2023

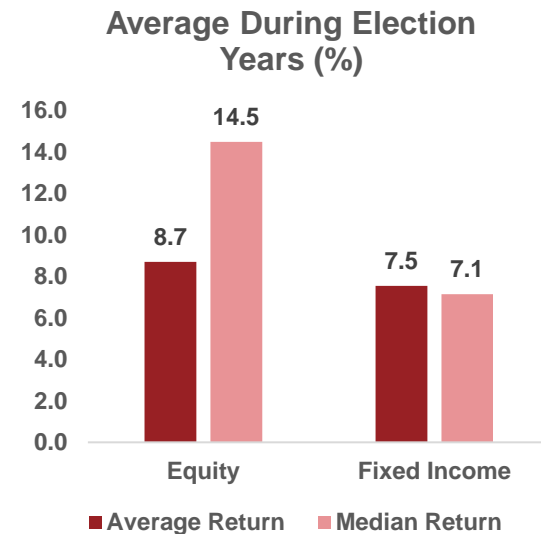
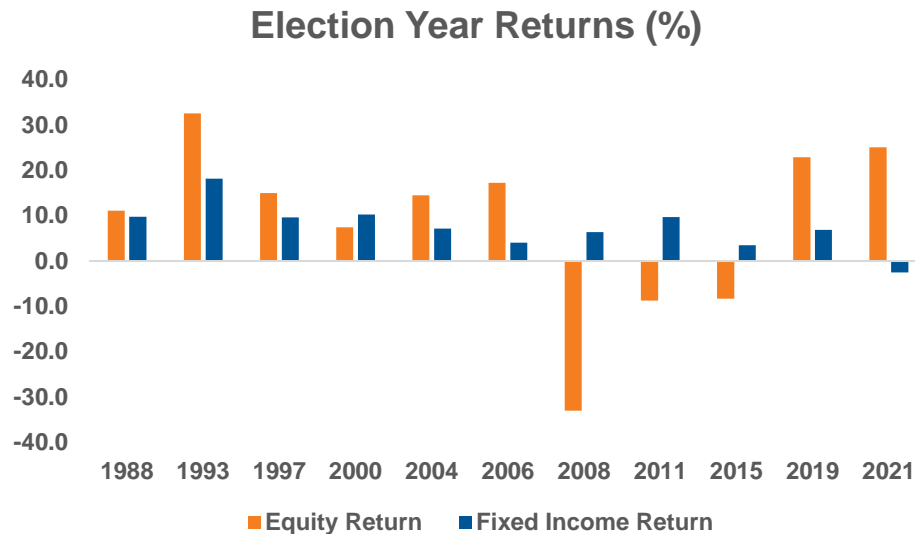


- Markets dislike uncertainty more than any specific party
- Since the end of World War II, no party has consistently experienced superior market returns
- It is important to focus on the policies rather than the people

U.S. Stocks: S&P 500 Index. As of 12/31/2023. Indexes are unmanaged and cannot be invested in directly. Returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment.

Canadian elections and market returns

Macro matters more than elections

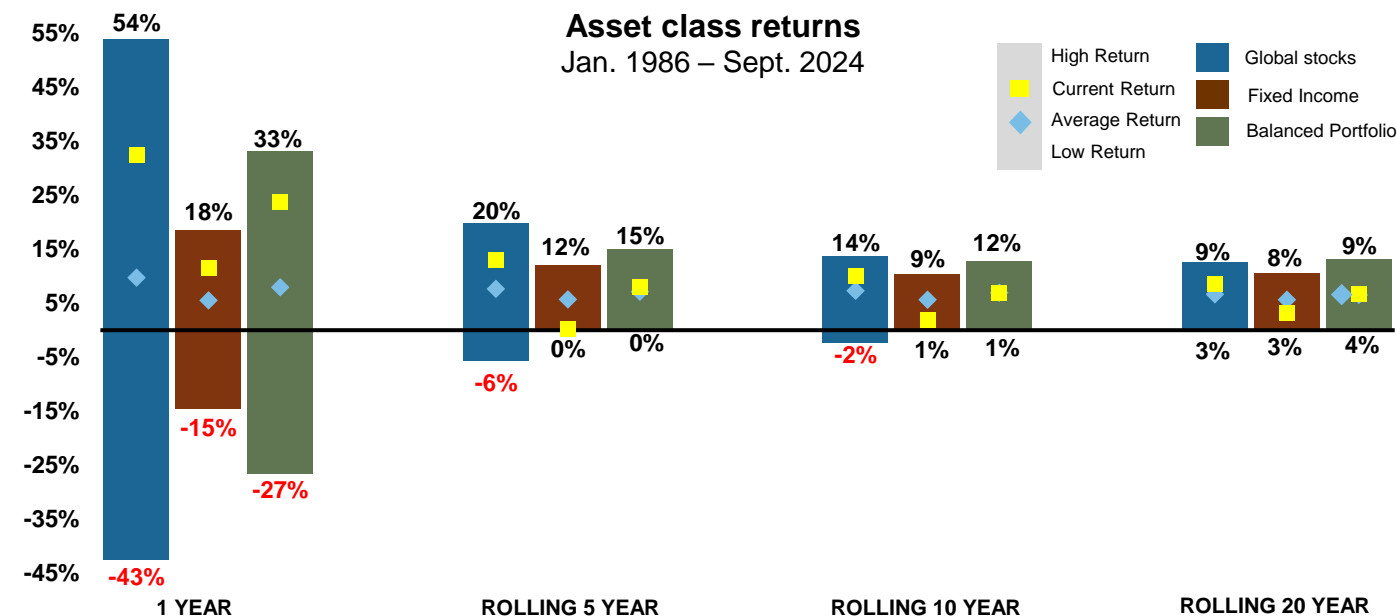


- Over the past 30 years, Canadian equities have delivered an average return of 8.7% and a median return of 14.5% during election years. In contrast, Canadian fixed income saw nearly identical figures, averaging 7.5% with a median of 7.1%.
- The three instances when equities experienced declines were driven by macroeconomic factors rather than political issues. Specifically, Canadian equities dropped during the Global Financial Crisis of 2008, the volatility stemming from the European financial crisis and the U.S. debt downgrade in 2011, and the energy price collapse in 2015. Bonds posted a negative return 2021 due to the inflation surge and yield increases.
- Staying disciplined and diversified across asset classes and geographies is crucial.

Source: LSEG DataStream. Equity Return based on S&P/TSX Composite Index; Fixed Income Return based on FTSE Canada Universe Bond Index.

Investing through a long-term lens

Global stocks, bonds, and balanced portfolio returns over time



- Global stocks were the only asset class with negative returns for the 5- and 10-year periods
- Over both the 10- & 20-year periods the average return for a balanced portfolio was ~ 7%

U.S. Equity Market Fall %	How many different types of downturns have you invested through?						
	1960s	1970s	1980s	1990s	2000s	2010s	2020s
-20%+	1	1	1	0	0	1	1
-35%+	0	1	0	0	1	0	0
-50%+	0	0	0	0	1	0	0

- Down markets are nothing new to investors, don't let volatility & short-term market swings distract you from your long-term goals
- Someone who began investing in the 1960s has been through five 20%+ corrections, two 35%+ corrections, and one 50%+ correction

Source: Morningstar Direct. Equity: MSCI World; Fixed Income: Bloomberg U.S. Aggregate Bond Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Balanced: 60% Equity, 40% Fixed Income. Based on rolling quarterly time periods. U.S. Equity: S&P 500 Price Index. Indexes are unmanaged and cannot be invested in directly. In USD.

Different paths but similar results

Historical range of returns for a 60% stock / 40% bond portfolio

INITIAL INVESTMENT YEAR (STARTING ON JAN. 1)

		'87	'88	'89	'90	'91	'92	'93	'94	'95	'96	'97	'98	'99	'00	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15	'16	'17	'18	'19	'20	'21	'22	'23
Holding period	1 YR	12	17	16	-7	18	0	17	2	20	10	13	18	14	-4	-7	-8	21	11	7	14	8	-25	20	10	0	11	14	5	0	6	15	-5	20	13	12	-16	16
	3 YRS	15	8	8	3	11	6	13	10	14	14	15	9	1	-6	1	7	13	10	10	-3	-1	0	10	7	8	10	6	4	7	5	9	9	15	2	3		
	5 YRS	11	8	8	5	11	9	12	12	15	10	7	2	3	2	4	8	12	2	4	4	2	2	11	8	6	7	8	4	7	9	11	4	8				
	10 YRS	10	10	10	10	11	8	7	7	8	7	7	7	2	3	4	5	7	6	6	5	4	5	7	7	8	9	6	6									
	20 YRS	9	9	6	6	7	6	7	7	7	6	6	6	5	5	6	7	6	6																			
	30 YRS	7	7	7	7	7	7	7	7																													

Example: An investment starting in 2005 and held for 10 years delivered a return of 6% per year

All returns positive after 5 years

- Investors may attempt to time markets perfectly
- Since 1987, positive results have been achieved after five years regardless of entry point
- Don't let short-term results detract from long-term goals

Source: Morningstar. 60/40 Portfolio represents 60% MSCI World / 40% Bloomberg US Aggregate Bond. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment.

Index definitions

FTSE EPRA/NAREIT Developed Index: A global market capitalization weighted index composed of listed real estate securities in the North American, European and Asian real estate markets.

FTSE NAREIT All Equity Index: Measures the performance of the commercial real estate space across the U.S. economy offering exposure to all investment and property sectors.

JP Morgan Emerging Market Bond Index (EMBI): Dollar-denominated sovereign bonds issued by a selection of emerging market countries.

MSCI country indices: Indices which include securities that are classified in that country according to the MSCI Global Investable Market Index Methodology, together with companies that are headquartered or listed in that country and carry out the majority of their operations in that country.

MSCI EAFE (Europe, Australasia, Far East) Index: A free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. and Canada.

MSCI Emerging Markets Index: A float-adjusted market capitalization index that consists of indices in 24 emerging economies.

MSCI World Ex-US Index: A broad global equity index that represents large and mid-cap equity performance across 23 developed market countries.

Russell 1000® Growth Index: Measures the performance of the broad growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

Russell 1000® Value Index: Measures the performance of the broad value segment of U.S. equity value universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

Russell 2000® Index: measures the performance of the 2,000 smallest companies in the Russell 3000 index.

Russell 3000® Index: Measures the performance of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The **S&P Canada Aggregate Bond Index** tracks the performance of Canadian dollar-denominated investment-grade debt publicly issued in the eurobond or Canadian domestic market.

S&P/TSX Composite Index: The benchmark Canadian index, representing roughly 70% of the total market capitalization on the Toronto Stock Exchange.

The S&P 500® Index: A free-float capitalization-weighted index published since 1957 of the prices of 500 large-cap common stocks actively traded in the United States. The stocks included in the S&P 500® are those of large publicly held companies that trade on either of the two largest American stock market exchanges: the New York Stock Exchange and the NASDAQ.

S&P Goldman Sachs Commodities Index: A composite index of commodity sector returns representing an unleveraged, long-only investment in commodity futures that is broadly diversified across the spectrum of commodities.

The **S&P Global Infrastructure Index:** Provides liquid and tradable exposure to 75 companies from around the world that represent the listed infrastructure universe. To create diversified exposure across the global listed infrastructure market, the index has balanced weights across three distinct infrastructure clusters: Utilities, Transportation, and Energy.

S&P Global Natural Resources Index: The index includes 90 of the largest publicly-traded companies in natural resources and commodities businesses that meet specific investability requirements, offering investors diversified and investable equity exposure across 3 primary commodity-related sectors: agribusiness, energy, and metals & mining.

Index definitions continued

Bloomberg Global High Yield Index: An index which provides a broad-based measure of the global high-yield fixed income markets. The Global High-Yield Index represents the union of the U.S. High-Yield, Pan-European High-Yield, U.S. Emerging Markets High-Yield, CMBS High-Yield, and Pan-European Emerging Markets High-Yield Indices.

The **Bloomberg Canada Aggregate Bond Index** measures the Canadian investment grade fixed income market and is comprised of government, government-related and corporate securities.

Bloomberg Global Aggregate Index CAD Hedged: measures the performance of the global investment grade, fixed-rate bond markets. The benchmark includes government, government-related and corporate bonds, as well as asset-backed, mortgage-backed and commercial mortgage-backed securities from both developed and emerging markets issuers.

Bloomberg U.S. Corporate Bond Index TR: Measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers.

Bloomberg HY Muni TR: An unmanaged index considered representative of noninvestment-grade bonds. Includes dollar-denominated, investment-grade, publicly issued securities with maturities of one to 10 years.

Citigroup 1-3 Month T-Bill Index: An unmanaged index that tracks short-term U.S. government debt instruments.

FTSE Canada Real Return Bond Index consists of semi-annual pay real return bonds denominated in Canadian dollars, with an effective term to maturity greater than one year.

ICE BofA US 3M Treasury Bill TR: measures the performance of a single issue of outstanding treasury bill which matures closest to, but not beyond, three months from the rebalancing date.

ICE BofA Global High Yield Index Hedged (CAD): Tracks the performance of USD, CAD, GBP and EUR denominated below investment grade corporate debt publicly issued in the major domestic or Eurobond markets.

Economic Indicators Dashboard definitions - Canada

LSEG DataStream source for all data.

Market Indicators

HOME PRICES – Teranet - National Bank House Price: Composite 11, Index. The index is estimated by tracking the observed or registered home prices over time.

MARKET VOLATILITY(VIX) – CBOE VIX (Chicago Board Options Exchange Volatility Index) measures annualized implied volatility as conveyed by S&P 500 stock index option prices and is quoted in percentage points per annum. For instance, a VIX value of 15 represents an annualized implied volatility of 15% over the next 30 day period. The VIX measures implied volatility, which is a barometer of investor sentiment and market risk.

10 YR. CANADATREASURY YIELD – The yield on the 10 year Canadian Treasury note issued by the Canadian Government. It is important because it is seen as a benchmark for interest rate movements and borrowing costs in the economy.

YIELD SPREAD – The spread between 3 month Treasury bill yields and 10 year Treasury note yields measures the market outlook for future interest rates. A normal or upward-sloping yield curve, can imply that investors expect the economy to grow and inflation to eat into asset returns. They thus demand a higher yield for long-term Treasuries. An inverted yield curve has often been an indicator of coming recessions, but not always. For example, reduced inflation expectations could cause the yield curve to flatten.

Economic Indicators

CONSUMER SENTIMENT – The Thomson Reuters/Ipsos Consumer Sentiment Index (CSI) is based on a monthly random sample of consumer citizens in chosen countries who answer 11 standard quantitative questions. The eleven tracked questions are then used to create a series of Indexes.

ECONOMIC EXPANSION (GDP) – GDP (Gross Domestic Product) measures the total market value of a nation's output of goods and services during a specific time period. It is usually measured on a quarterly basis. Calculating Real GDP growth allows economists to determine if production increased or decreased, regardless of changes in the purchasing power of the currency.

INFLATION – The Consumer Price Index (CPI) is a measure of the average change in prices over time of goods and services purchased by households. This indicator value represents the trailing year over year % change in the CPI index as of last month-end.

UNEMPLOYMENT – Number of unemployed persons expressed as a percentage of the labour force. The unemployment rate for a particular group (age, sex, marital status, etc.) is the number unemployed in that group expressed as a percentage of the labour force for that group.

HOUSEHOLD DEBT TO GDP – Canada, Household Sector, Debt to Gross Domestic Product

Economic Indicators Dashboard definitions – U.S.

Market Indicators

HOME PRICES – The S&P/Case-Shiller Home Price Index is a measurement of U.S. residential real estate prices, tracking changes in top 20 metropolitan regions. This indicator value represents the trailing year over year % change in the home prices index as of last month-end. Residential real estate represents a large portion of the U.S. economy, and the Home Price index helps us monitor the value of real estate.

MARKET VOLATILITY(VIX) – CBOE VIX (Chicago Board Options Exchange Volatility Index) measures annualized implied volatility as conveyed by S&P 500 stock index option prices and is quoted in percentage points per annum. For instance, a VIX value of 15 represents an annualized implied volatility of 15% over the next 30-day period. The VIX measures implied volatility, which is a barometer of investor sentiment and market risk.

10 YR. U.S. TREASURY YIELD – The yield on the 10-year U.S. Treasury note issued by the U.S. Government. It is important because it is seen as a benchmark for interest rate movements and borrowing costs in the economy.

YIELD SPREAD – The spread between 3-month Treasury bill yields and 10-year Treasury note yields measures the market outlook for future interest rates. A normal or upward-sloping yield curve, can imply that investors expect the economy to grow and inflation to eat into asset returns. They thus demand a higher yield for long-term Treasuries. An inverted yield curve has often been an indicator of coming recessions, but not always. For example, reduced inflation expectations could cause the yield curve to flatten.

Economic Indicators

CONSUMER SENTIMENT – The University of Michigan Survey of Consumer Sentiment Index is an economic indicator which measures the degree of optimism that consumers feel about the overall state of the economy and their personal financial situation.

ECONOMIC EXPANSION (GDP) – GDP (Gross Domestic Product) measures the total market value of a nation's output of goods and services during a specific time period. It is usually measured on a quarterly basis. Current GDP is based on the current prices of the period being measured. Nominal GDP growth refers to GDP growth in nominal prices (unadjusted for price changes). Real GDP growth refers to GDP growth adjusted for price changes. Calculating Real GDP growth allows economists to determine if production increased or decreased, regardless of changes in the purchasing power of the currency.

INFLATION – The Consumer Price Index (CPI) NSA (non-seasonally adjusted) measures changes in the price level of a market basket of consumer goods and services purchased by households. This indicator value represents the trailing year over year % change in the CPI index as of last month-end.

UNEMPLOYMENT – The Bureau of Labor Statistics measures employment and unemployment of all persons over the age of 15 using two different labor force surveys conducted by the United States Census Bureau (within the United States Department of Commerce) and the Bureau of Labor Statistics (within the United States Department of Labor) that gather employment statistics monthly. The data reported here is seasonally adjusted (SA) to account for seasonal gains in employment leading up to Christmas.