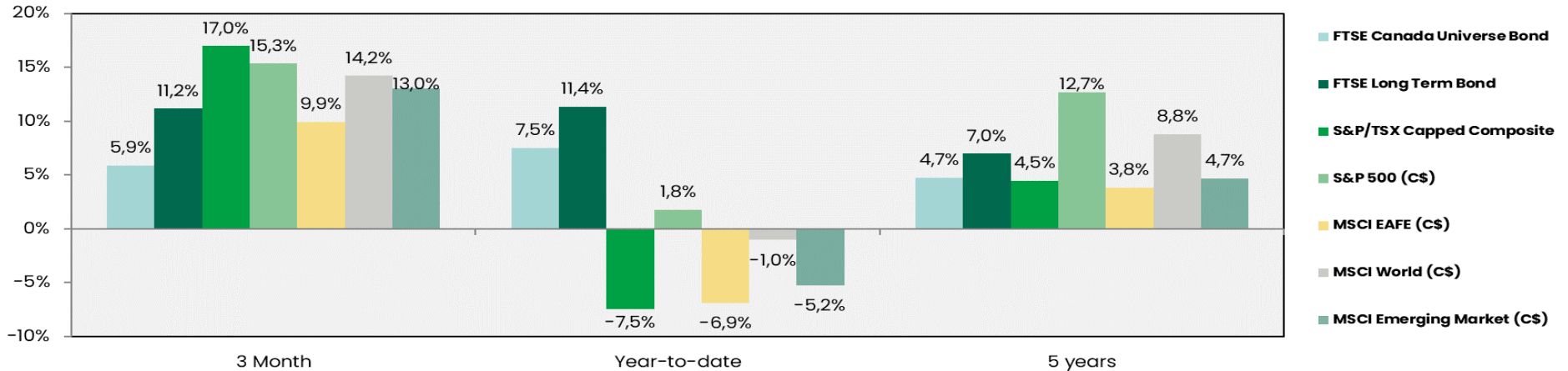




Market Indices Performance (C\$)



Coronavirus pandemic V2.0

In terms of performance, the second quarter was very profitable not just for stocks, but also for bonds as central banks and governments pumped in huge amounts of stimulus to support the economy. Around the world, central banks clearly indicated they were willing to dip into their entire arsenal to keep borrowing costs very low for governments and businesses. In so doing, they do not seem to want to give up providing liquidity support to the markets. Certain risks remain, however. The US Federal Reserve and other central banks indicated that they see their function as lending, not spending, so they will not necessarily be poised to rescue companies with insolvency problems. In other words, some firms will be faced with the prospect of bankruptcy, with a number of examples cropping up in the second quarter, unfortunately. In addition, the virus has not been completely contained, nor has a vaccine been approved. Despite a few setbacks, the vast majority of the main global stock markets rebounded favourably in the second quarter, including in Canada, where the main index (S&P/TSX Capped Composite) finished up 17.0%. The FTSE Canada Universe index posted a return of 5.9% during the quarter, while the FTSE Canada Long Term was up 11.2%.

US stocks notched major gains, finishing the second quarter up 15.3% in Canadian dollars thanks to the reopening of the economy and progress in the race for a vaccine. In Europe, stocks moved strongly upwards while countries began to relax social distancing restrictions. The EU's recovery plans for the post-crisis era also helped to sustain the markets.

In Canada's bond market, interest rates continued to drop along the yield curve, thus explaining in part the FTSE Canada Universe index's positive quarterly return.

During the quarter, gold was up 9.9%, closing at US\$1,768 an ounce. In the oil patch, Brent crude was up 81%, closing the quarter at US\$41.15 a barrel. West Texas Intermediate (WTI) and Western Canada Select (WCS) were up 93.9% and 473.6%, closing the quarter at US\$39.7 and US\$29.1 a barrel respectively.

In employment news, the US economy shed 13.3 million jobs during the second quarter and close to 13.1 million over the past 12 months. In Canada, meanwhile, 751,300 jobs were lost, with some 1,624,400 having disappeared over the past 12 months. Unemployment in Canada moved up to 12.3%, compared to 11.1% in the US.

In the US residential real estate market, the most recent data for the S&P CoreLogic Case-Shiller index (April 2020) showed a 12-month variation of 3.97%, while the Teranet/National Bank House Price Index, which measures Canadian residential real estate, showed a variation of 5.27% for the same period.

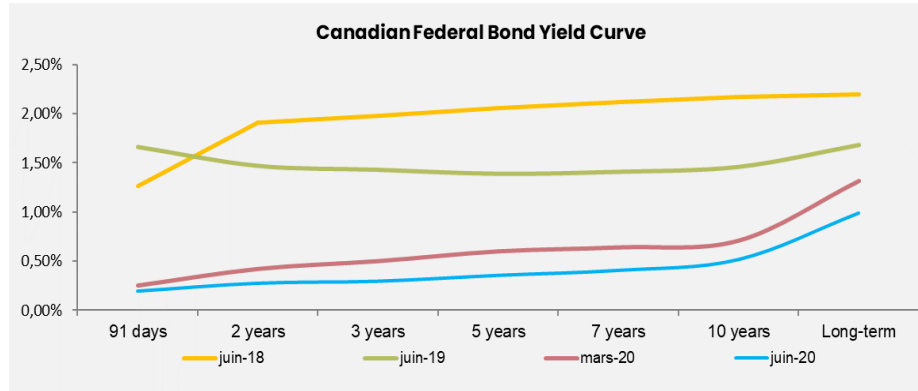
	Canada	United States
GDP Growth (y/y)	-2,1%	-5,0%
Inflation (y/y growth)	-0,4%	0,6%
Job Creation (QTD)	-751 300	-13 288 000
Job Creation (y/y growth)	-1 624 400	-13 052 000
Unemployment Rate	12,3%	11,1%

Données les plus récentes en date du 15 juillet 2020

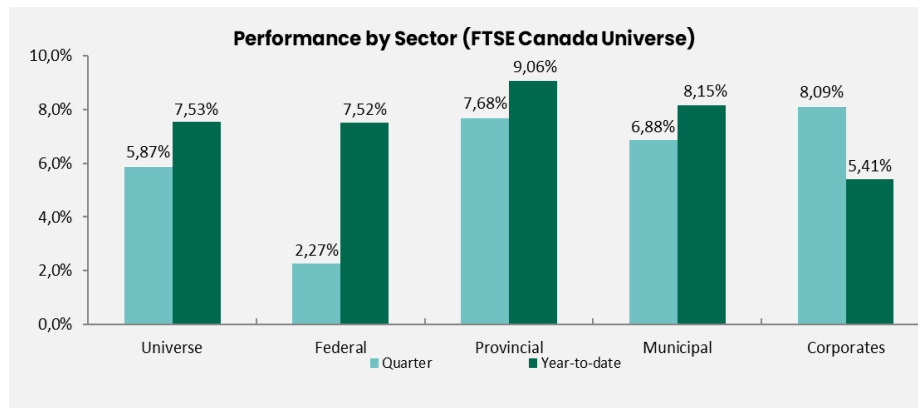


Canadian bond market

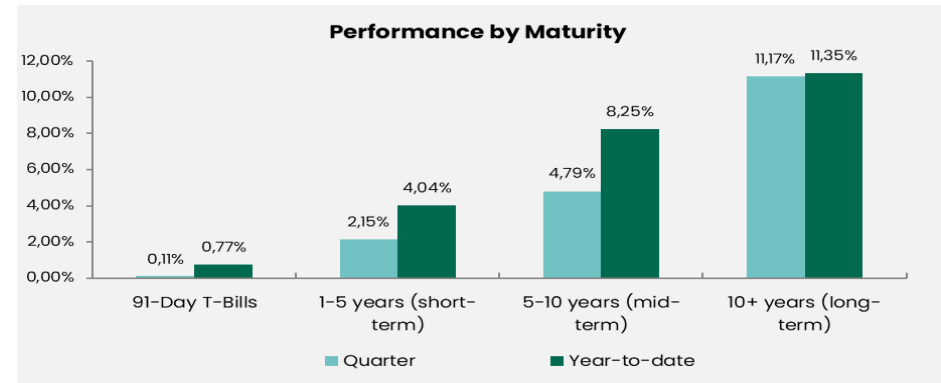
During the second quarter, yields to maturity for Canada bonds fell along the entire curve.



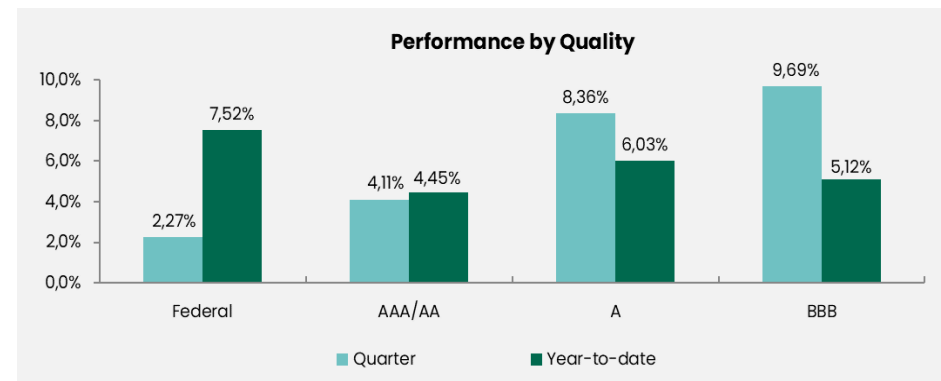
During the period, the FTSE Canada Universe index posted a return of 5.87%. All bond categories had a positive quarter, thanks mainly to the drop in interest rates along the entire yield curve. The performance of corporate bonds was attributable to lower credit spreads. The weakest quarterly performers were federal bonds, with a return of 2.27% for the quarter.



Long-term bonds were the best performers this quarter with a yield of 11.17%, attributable to a more pronounced interest rate drop along the long-term portion of the yield curve. Short-term bonds posted a return of 2.15%, compared to 4.79% for medium-term bonds. Meanwhile, 2-year, 10-year and 30-year federal bonds finished the quarter with yields to maturity of 0.28%, 0.52% and 0.99% respectively, while 91-day Treasury bills posted a yield of 0.20%.



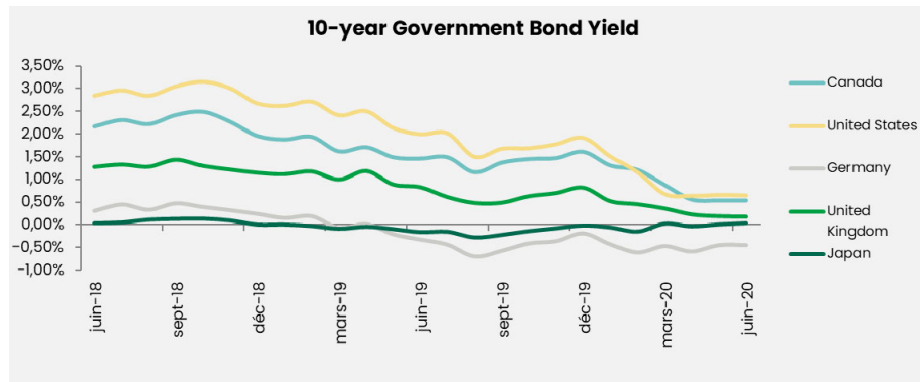
Corporate bonds saw credit spreads shrink in relation to federal bonds during the quarter, which had a positive impact on the quarterly performance. BBB bonds were the top performers in the second quarter.



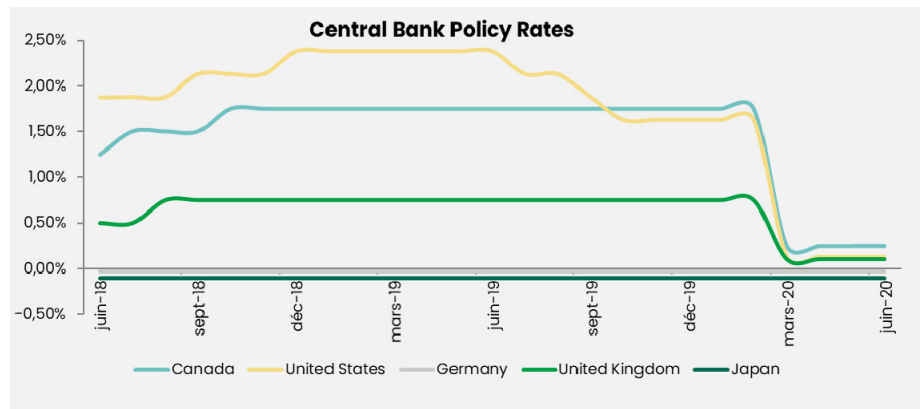


Global bond markets

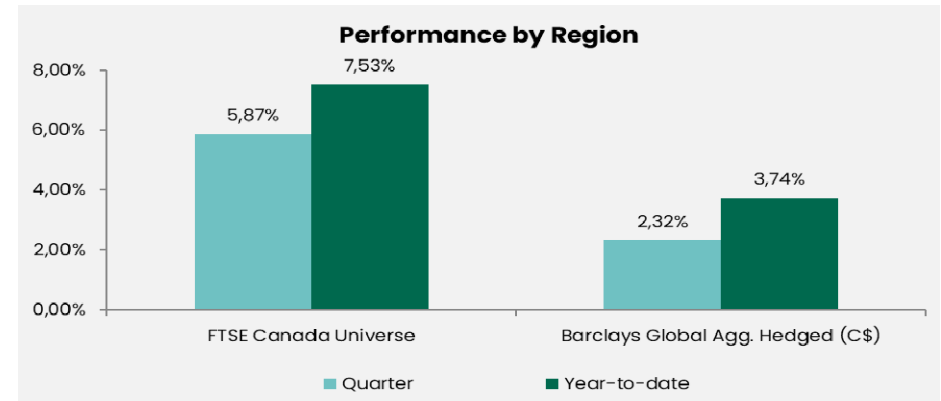
In most cases, the yields to maturity of 10-year government bonds dropped in the countries listed in the table below. Germany's yields remained negative during the quarter.



The Bank of Canada kept its key rate at 0.25% in the second quarter in a bid to stimulate the Canadian economy, which was hit hard by the coronavirus and plunging oil prices. In the US, the Fed decided to keep its key rate within a range of 0% and 0.25%. The Bank of England decided to keep its key rate at 0.10%.



Canadian bonds, as measured by the FTSE Canada Universe index, posted a return of 5.87%, compared to 2.32% for global bonds (Barclays Global Aggregate Currency Hedged index (C\$)). Lower interest rates and investors' search for security drove the strong performance of Canadian bonds in relation to global bonds.

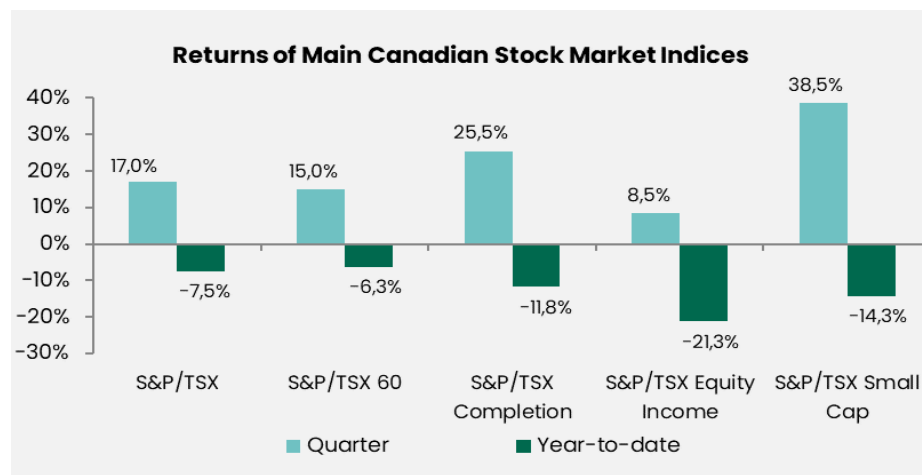




Canadian stock market

The Canadian stock market, as measured by the S&P/TSX index, finished the quarter with a return of 17.0%. In the second quarter, Canada's main index posted an impressive return, making up for one of its all-time worst performances in the first quarter, when the Canadian market had been hit hard by lower oil prices and the coronavirus crisis.

All the main Canadian indexes generated positive returns during the quarter, ranging from 8.5% to 38.5%. Small caps did better than large caps. The Canadian income stock index finished with a return of 8.5%, impacted mainly by a steep drop in interest rates and an anticipated cut in dividends.



S&P/TSX Sector	Weight (%)	Returns		
		Quarter	Year-to-date	3 years
Energy	12,4	10,79%	-30,40%	-9,48%
Materials	14,7	42,06%	15,46%	12,02%
Industrials	11,5	13,22%	-3,81%	8,07%
Consumer Discretionary	3,4	32,82%	-10,79%	-1,44%
Consumer Staples	4,3	11,71%	1,29%	6,90%
Health Care	1,1	9,88%	-30,91%	-11,87%
Financials	28,9	6,17%	-16,22%	0,72%
Information Technology	10,3	68,28%	62,00%	47,72%
Communications Services	5,4	-0,95%	-9,00%	3,01%
Utilities	5,0	3,81%	-1,71%	7,69%
Real Estate	3,1	11,76%	-20,03%	1,50%

In the second quarter, 10 of the 11 S&P/TSX sectors posted positive returns. Coming in first place was Information Technology with a return of 68.3%, boosted primarily by Shopify, which like other tech stocks had a spectacular quarter with a return of 118.8%. Tech companies have been seeking to develop e-commerce platforms during the pandemic, which led Shopify to report quarterly earnings instead of an expected loss. Shopify is now Canada's largest company in terms of market capitalization. In second place was Materials, up 42.1%, driven by Barrick Gold (41.7%) and Wheaton Precious Metals (54.5%).

As the only negative performer, Telecommunications Services brought up the rear with a return of -0.95% in the second quarter. The sector was dragged down by Cineplex (-31.3%) and Rogers (-6.4%). For its part, Cineplex absorbed a pair of hits during the quarter, starting with its planned takeover by Cineworld, which never came to fruition, followed by a management announcement that the existing business model might not be able to withstand the current economic environment.



US stock market

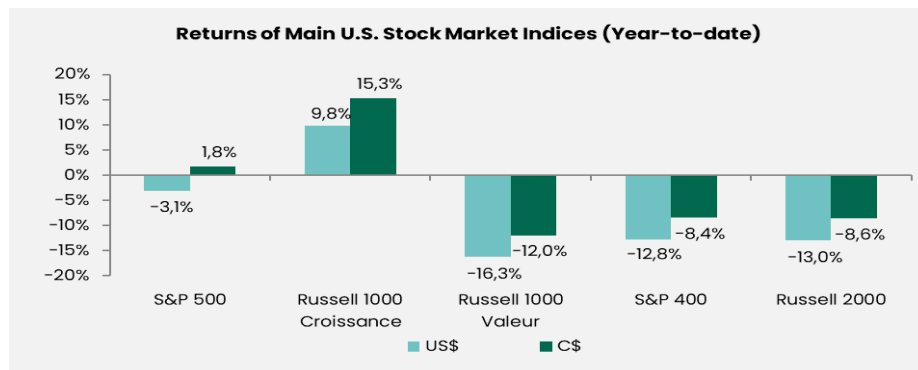
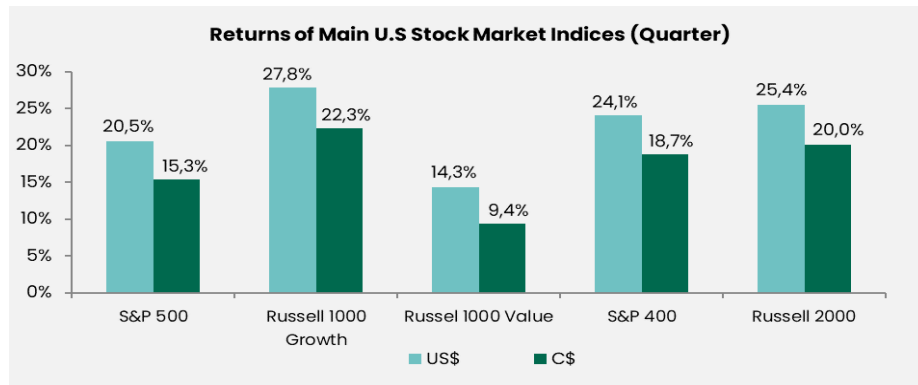
During the quarter, the S&P 500 posted a return of 20.5% in US dollars, outperforming the other main stock markets. Early-quarter data confirmed the severe economic impact of the lockdown measures. However, the subsequent easing of restrictions, the Fed's flexible monetary policy and the initial signs of a recovery gave the stock market across-the-board gains. The weekly pace of insurance applications slowed considerably while retail sales rebounded strongly in April and May. Nevertheless, investors' optimism was tempered by a subsequent increase in COVID-19 cases, prompting a number of countries to rethink their approach and to step back by locking down a portion of their economies once again.

Growth-style continued to outperform value-style stocks in the second quarter. The Russell 1000 Growth index was up 27.8%, outpacing the Russell 1000 Value index, which was up 14.3% in US dollars. In terms of stock market capitalization, small caps (Russell 2000) outperformed large caps (S&P 500) and medium caps (S&P 400).

S&P 500 Sector	Weight (%)	Returns (in US\$)		
		Quarter	Year-to-date	3 years
Energy	2,9	30,51%	-35,34%	-12,41%
Materials	2,5	26,01%	-6,92%	4,13%
Industrials	8,0	17,01%	-14,64%	1,91%
Consumer Discretionary	10,5	32,86%	7,23%	15,28%
Consumer Staples	7,1	8,12%	-5,66%	5,03%
Health Care	15,2	13,59%	-0,81%	10,30%
Financials	10,4	12,20%	-23,62%	0,10%
Information Technology	26,2	30,53%	14,95%	26,82%
Communications Services	11,0	20,04%	-0,31%	8,56%
Utilities	3,2	2,73%	-11,14%	6,37%
Real Estate	2,8	13,22%	-8,53%	6,30%

All 11 sectors of the main US stock index generated positive returns in US dollars. In first place was Consumer Discretionary with a return of 32.9%, helped along by improved retail sales. The main contributor was Amazon thanks to its strong performance (41.5%) and relative weight within the index. The Information Technology sector, which has been very resilient during the crisis, came in second with a return of 30.5%, with the biggest contributors being Apple (43.84%) and Microsoft (29.4%).

In contrast, the lowest-performing sector was Utilities with a return of 2.7%. A defensive sector like this would be expected play a more minor role in the recovery during a rapid market resurgence like we have just seen. The biggest contributor in this sector was Dominion Energy (13.7%), which produces and distributes electricity.

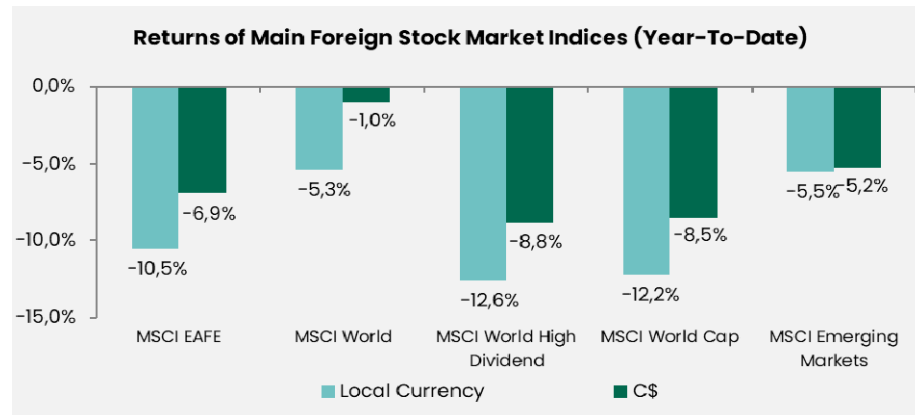
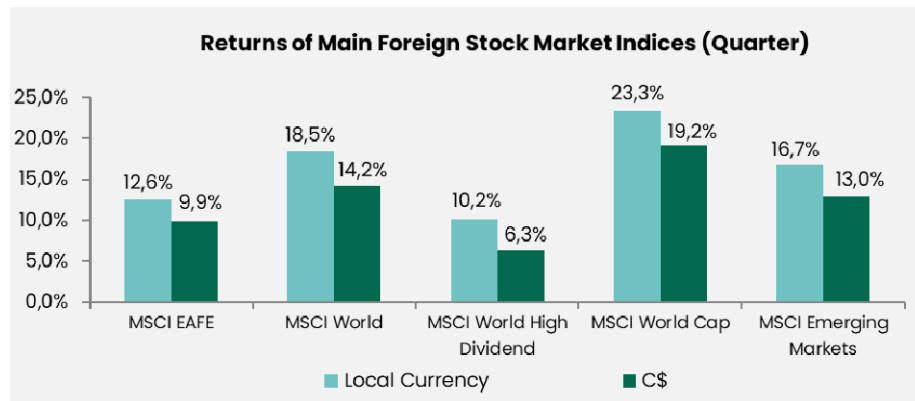




Foreign stock markets

During the second quarter of 2020, the main foreign stock indexes posted positive returns in local currencies as well as in Canadian dollars. As in Canada and the US, foreign indexes benefited from the rebound following the first-quarter market drop.

Of the indexes shown below, the MSCI World Small Cap was the top quarterly performer with a return of 23.3% in local currencies. The others posted positive returns of between 10.2% and 18.5% in local currencies.



MSCI EAFE Region	Weight (%)	Returns (in local currency)		
		Quarter	Quarter	3 years
United Kingdom	14,09%	8,17%	-17,72%	-2,32%
Europe ex-UK	48,93%	14,67%	-9,48%	1,82%
Japan	25,40%	11,54%	-7,80%	1,58%
Pacific ex-Japan	11,58%	12,09%	-11,63%	2,92%

In local currencies, all 21 of the EAFE index countries generated positive returns during the quarter. At the top were Germany and the Netherlands, while Norway and Spain brought up the rear.

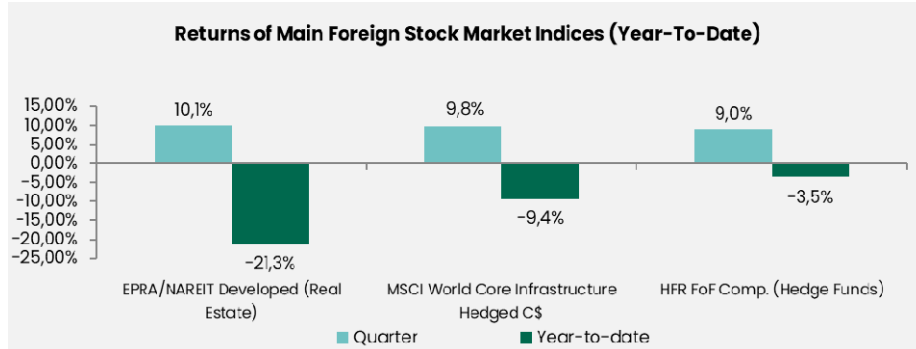
MSCI EAFE Sector	Weight (%)	Returns (in local currency)		
		Quarter	Year-to-date	3 years
Energy	3,4	-1,99%	-33,74%	-6,09%
Materials	7,3	20,03%	-8,18%	4,33%
Industrials	14,5	15,92%	-12,80%	1,09%
Consumer Discretionary	11,3	15,98%	-13,54%	0,59%
Consumer Staples	12,0	7,56%	-4,11%	2,50%
Health Care	14,5	11,96%	4,57%	9,77%
Financials	16,1	10,34%	-21,30%	-6,68%
Real Estate	3,2	6,38%	-20,79%	-3,40%
Information Technology	8,3	21,57%	1,31%	10,16%
Communications Services	5,4	11,81%	-6,13%	-1,74%
Utilities	4,0	10,36%	-1,53%	7,29%

Meanwhile, 10 of the 11 MSCI EAFE sectors posted positive performances in local currencies. The best performer was Information technology, aided by ASML Holding (32.7%), one of the leading global manufacturers of photolithography machines for the semi-conductor industry. In second place was Materials, propped up by BHP Group (33.1%), a producer of iron, diamonds, uranium, coal and bauxite.

The Energy sector posted the worst quarterly performance, with the biggest detractor being BP PLC (-12.7%), followed by Royal Dutch Shell (-13.2%).

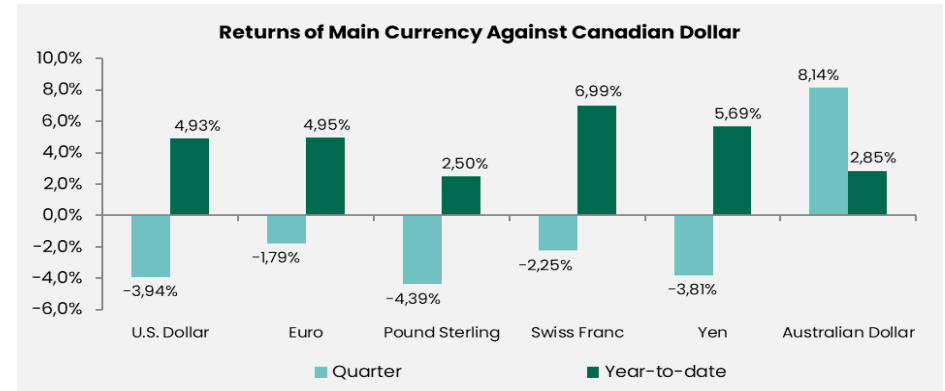


Alternative investments and currencies



Returns in C\$		
Quarter	5,3%	9,8%
YTD	-17,4%	-4,3%

The main alternative investment indexes all reported positive quarters. The real estate index was the top quarterly performer, with a return of 10.1%, or 5.3% when converted into Canadian dollars. Meanwhile, the infrastructure index was up 9.8%, while the HFR Fund of Funds Composite index posted a return of 9.0% (-4.3% in C\$).



During the quarter, the Canadian dollar appreciated against all major currencies, except the Australian dollar. This was primarily due to higher oil prices.