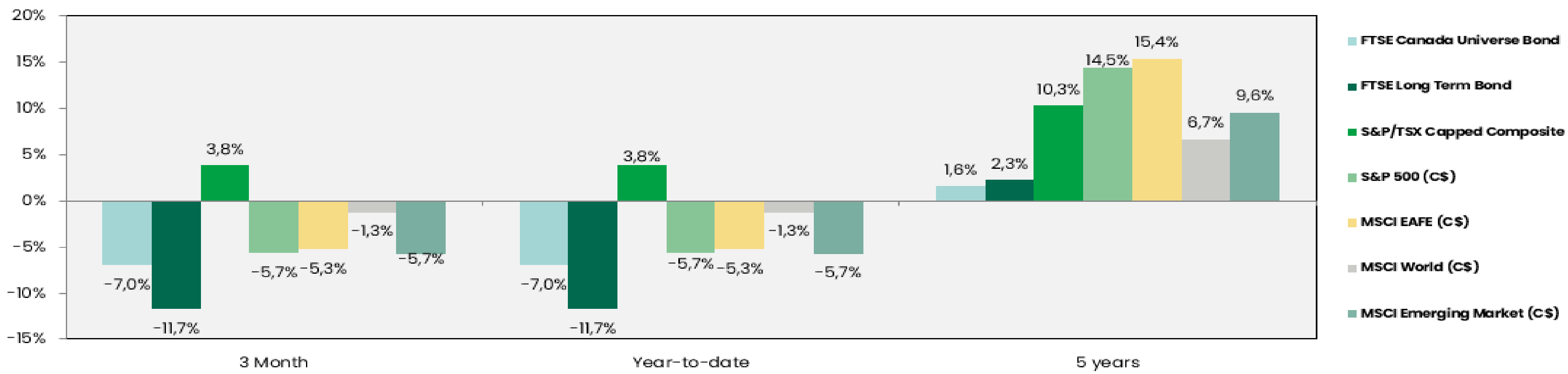
Commentary as at March 31, 2022

Market Indices Performance (C$)



2022 gets off to a volatile start amid interest rate uncertainties

Stock markets took a big step backwards in the first quarter. Most global stock indexes have lost ground since the year began, with the exception of the Canadian market, which, despite feeble growth, remained in positive territory. This was mainly thanks to sharply higher oil prices. The S&P/TSX Capped Composite index finished the quarter up 3.8% while the US market experienced the largest first-quarter drop as the S&P 500 index posted a return of -5.7% in Canadian dollars, primarily due to economic resilience and corporate profits.

Skyrocketing inflation, which affected energy prices in particular, along with the upwards movement of the US Federal Reserve's key rates, has brought increased volatility to stock markets since the beginning of the year. Factoring in the tense geopolitical situation and the tighter economic environment, the markets lost ground overall.

US stocks dropped in the first quarter after a year of dazzling growth. The data continue to indicate that the overall economy remains stable, even though corporate profits are inflation-sensitive. IT was one of the sectors most affected by higher interest rates. Meanwhile, Energy turned in a strong performance as investors expect demand to keep on rising amid tight supplies during the economic recovery.

In European news, the market fallback was more moderate as investors focused on fragile corporate profits and soaring energy prices, partly due to the economic war with Russia. The quarter was marked by gas price volatility, which fuelled rising inflation. The eurozone's annual inflation rate hit 7.5% in March, up dramatically from 1.3% a year ago. The European Central Bank indicated that it would be scaling back its bond purchases, although it ruled out an interest rate increase in 2022.

In the Canadian bond market, short and medium-term yields rose, as did long-term yields. This accounted for the negative quarterly return (-7.0%) recorded by the FTSE TMX Canada Universe index.

During the quarter, gold (spot price) closed the quarter at US$1,942 an ounce, up 7.6%. Meanwhile, Brent crude closed at US$111.4 a barrel, up 43.3%. WTI (West Texas Intermediate) and WCS (Western Canada Select) closed at US$107.8 and US$93.7, up 43.4% and 48.6% respectively.

In the employment market, the US economy added 1,685,000 million jobs in the first quarter and gained 7,366,000 million in the past 12 months. In Canada, 209,000 jobs were added during the quarter while nearly 769,700 jobs were gained in the past 12 months. Canada's unemployment rate dropped to 5.3%, while the US rate fell to 3.6%.

In the US residential real estate market, the most recent data for the S&P CoreLogic Case-Shiller index (January 2022) show a 12-month variation of +19.1%, while the Teranet-National Bank House Price index, which measures Canadian residential real estate, showed a +16.6% variation for the same period.

	Canada	United States
GDP Growth (y/y)	3.3%	5.5%
Inflation (y/y growth)	6.7%	8.5%
Job Creation (QTD)	209 000	1 685 000
Job Creation (y/y growth)	769 700	7 366 000
Unemployment Rate	5.3%	3.6%

Most recent data as of March 31st, 2022

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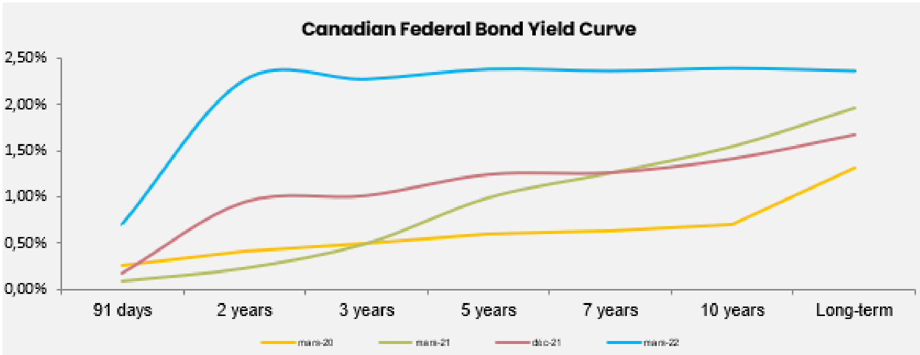
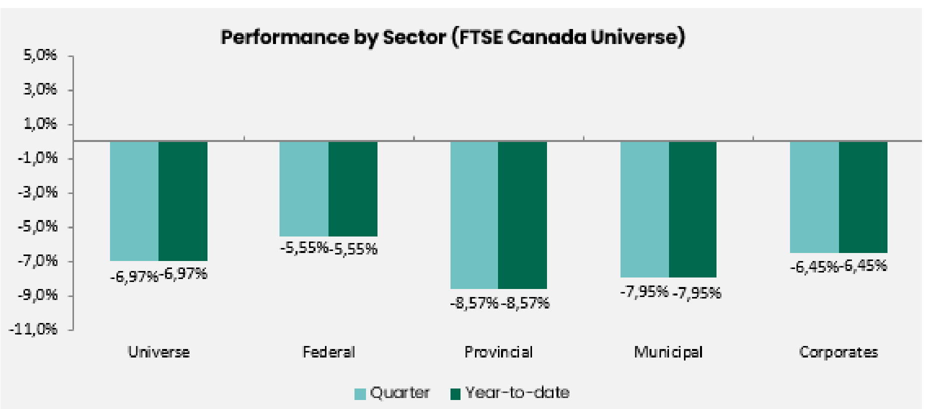
Canadian bond market

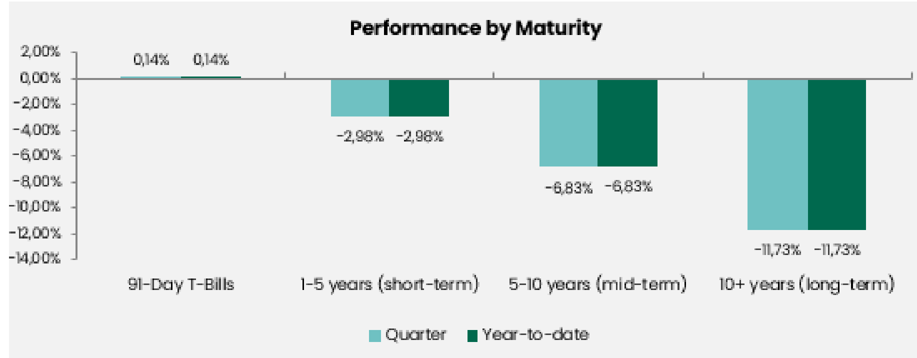
During the first quarter, Canada bonds posted negative returns as interest rates edged higher.



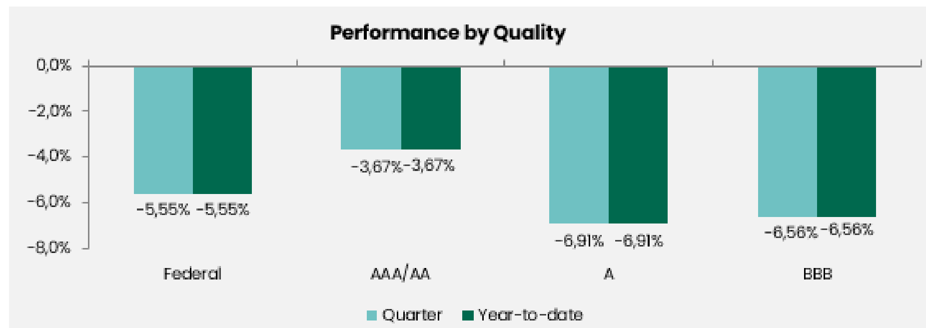
During the period, the FTSE Canada Universe index posted a return of -6.97%. All bond categories had a largely negative quarter as the pressure of higher interest rates impacted yields. In Canada, the Canada 10-year yield rose from 1.42% to 2.40% during the quarter.



The biggest underperformance was recorded by provincial bonds with a quarterly return of -8.57%, while federal bonds posted a return of -5.55%.



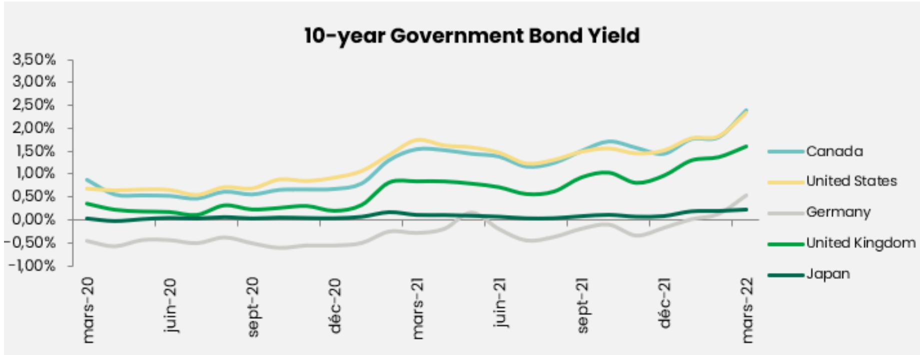
Long-term bonds had the worst quarterly return with an underperformance of -11.73%. Short-term bonds posted a much more moderate return of -2.98% while medium-term bonds came in at -6.83%. Federal 2-year, 10-year and 30-year bonds finished the quarter with returns to maturity of 2.27%, 2.40% and 2.37% respectively, while 91-day Treasury bills posted a return of 0.71%.



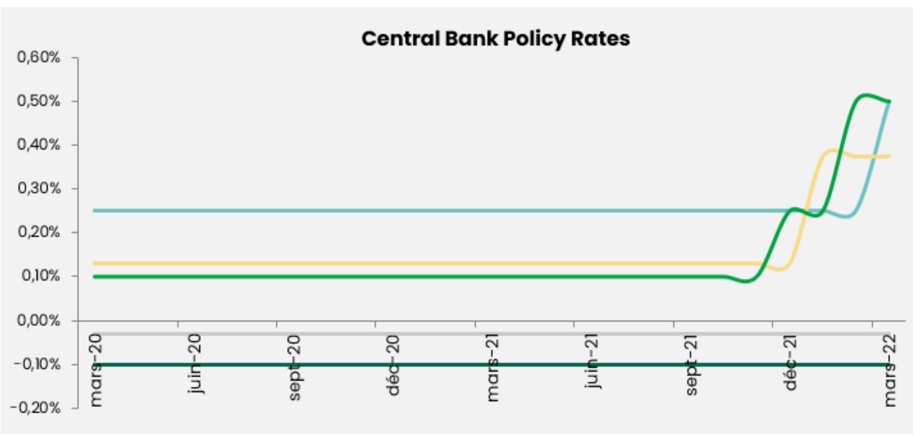
Grade A bonds were the worst quarterly performers quarter as investor demand plummeted. AAA/AA bonds had the most moderate underperformance.

Global bond markets

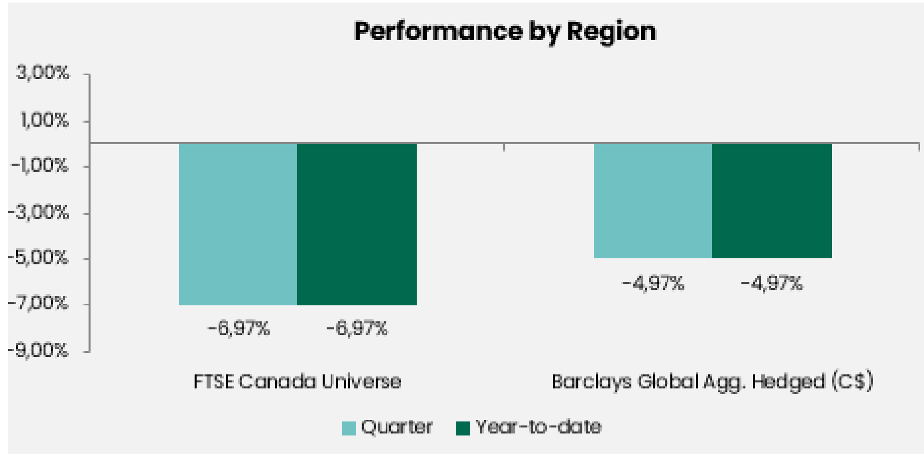
The yields to maturity for 10-year government bonds rose in all countries shown in the table below. Germany also moved into positive territory during the first quarter.



The Bank of Canada hiked its key rate to 0.50% during the quarter in the wake of persistently above-target inflation and the labour market's rapid recovery. In the US, the Fed also decided to move its key rate into the 0.25%-0.50% range. The Fed's official comments on the transitory nature of inflationary tensions finally changed, indicating that inflation may well continue. The Bank of England also opted to move its key rate to 0.50%.



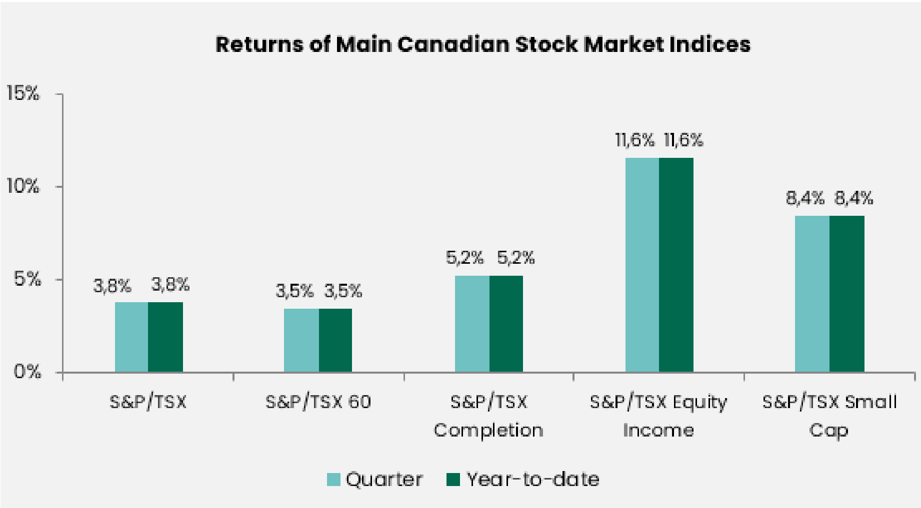
Canadian bonds, as measured by the FTSE Canada Universe index, posted a return of -6.97%, compared to -2.89% for global bonds (Barclays Global Aggregate index, currency hedged (CA$). Higher yields along the curve were responsible for global bonds' underperformance.



Canadian stock market

The Canadian stock market, as measured by the S&P/TSX index, finished the first quarter with a return of 3.8% as higher interest rates and inflation ending up slowing growth. The Canadian market's positive return was primarily the result of rising oil prices, which offset large fallbacks in the other sectors.

Nevertheless, all the main Canadian indexes recorded positive returns during the quarter, ranging from 3.5% to 11.6%. Medium and small-cap stocks fared slightly better than large caps. The equity income index finished the quarter with a return of 11.6%.



S&P/TSX Sector	Weight (%)	Returns		
		Quarter	Year-to-date	3 years
Energy	16,3	28,70%	28,70%	13,95%
Materials	13,2	20,12%	20,12%	20,00%
Industrials	12,0	3,88%	3,88%	15,43%
Consumer Discretionary	3,2	-7,70%	-7,70%	10,81%
Consumer Staples	3,8	5,37%	5,37%	11,61%
Health Care	0,7	-8,51%	-8,51%	-30,16%
Financials	31,7	2,19%	2,19%	16,02%
Information Technology	6,7	-35,45%	-35,45%	21,86%
Communications Services	5,0	8,84%	8,84%	10,46%
Utilities	4,6	4,94%	4,94%	16,86%
Real Estate	2,8	-4,94%	-4,94%	7,19%

Seven of the 11 S&P/TSX sectors posted positive returns in the first quarter. Energy came in first with a return of 28.70%, with Canadian Natural Resources being the biggest contributor (46.23%). CNR is a Canadian company that extracts, processes and markets oil from the Athabasca tar sands. In second place was Materials (20.12%), helped along by Nutrien (36.54%), a Canadian company specializing in fertilizer production and one of the world's largest potash producers.

IT pulled up the rear (-35.45%) amid rising interest rates. The biggest detractor was Shopify, down -51.46%. Healthcare finished in 10th place (-8.51%), with Aurora Cannabis Inc. (-27.3%) being this sector's worst detractor.

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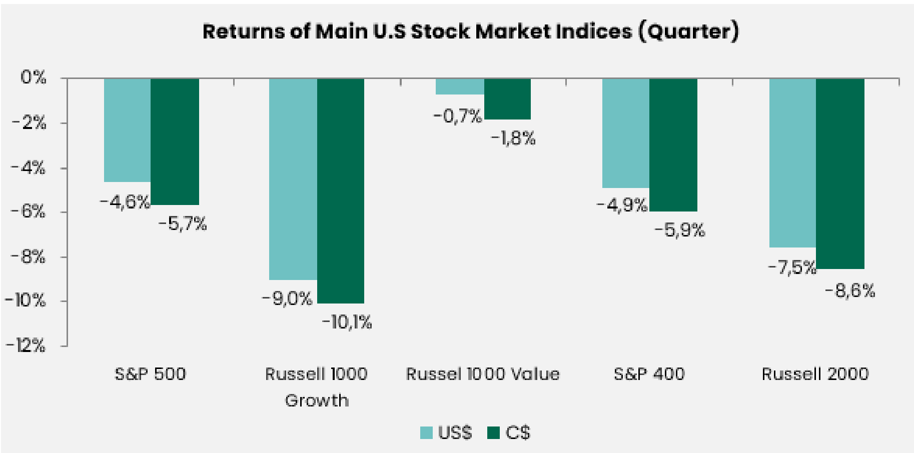
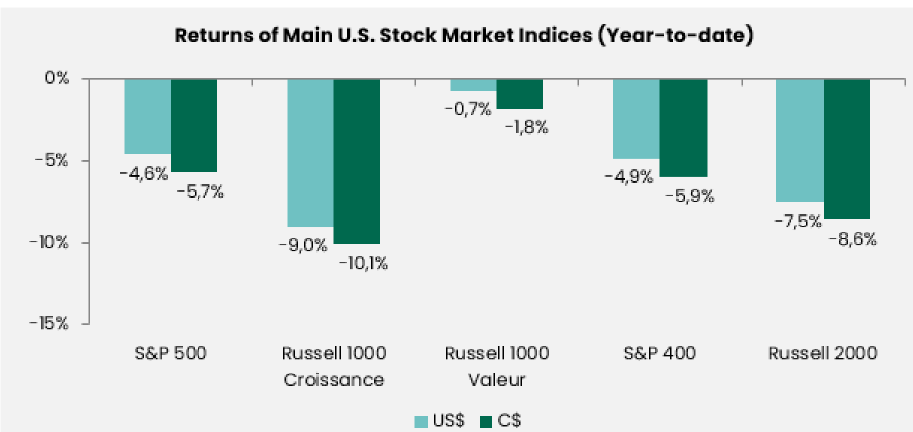
US stock market

During the quarter, the S&P 500 index was down -4.6% in US currency. The Canadian dollar's performance in relation to the greenback had an impact of over one point on the quarterly return. The Canadian-dollar return was -5.7% for Canadian investors.

Value-style stocks outperformed growth-style. The Russell 1000 Value index generated a return of -0.7%, outpacing the Russell 1000 Growth index at -9.0%. In terms of market capitalization, small caps (Russel 2000) underperformed medium (S&P 400) and large caps (S&P 500).





S&P 500 Sector	Weight (%)	Returns (in US$)		
		Quarter	Year-to-date	3 years
Energy	3,9	39,03%	39,03%	11,04%
Materials	2,6	-2,37%	-2,37%	19,24%
Industrials	7,9	-2,36%	-2,36%	13,18%
Consumer Discretionary	12,0	-9,03%	-9,03%	18,58%
Consumer Staples	6,1	-1,01%	-1,01%	14,00%
Health Care	13,6	-2,58%	-2,58%	16,47%
Financials	11,1	-1,48%	-1,48%	16,74%
Information Technology	28,0	-8,36%	-8,36%	30,54%
Communications Services	9,4	-11,92%	-11,92%	15,49%
Utilities	2,7	4,77%	4,77%	12,15%
Real Estate	2,7	-6,22%	-6,22%	13,67%

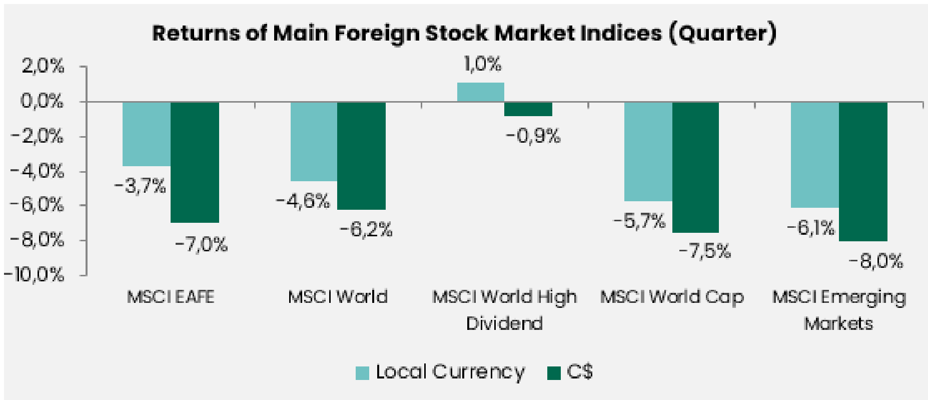
Two of the 11 US stock index sectors generated positive returns in US dollars. Energy finished in first place with a return of 39.03%, followed by Utilities (4.77%). The Energy sector's two biggest contributors were Exxon Mobil (36.48%) and Chevron (40.22%). In the Utility sector, Sempra Energy (28.01%), specializing in natural gas transportation, was the biggest contributor.

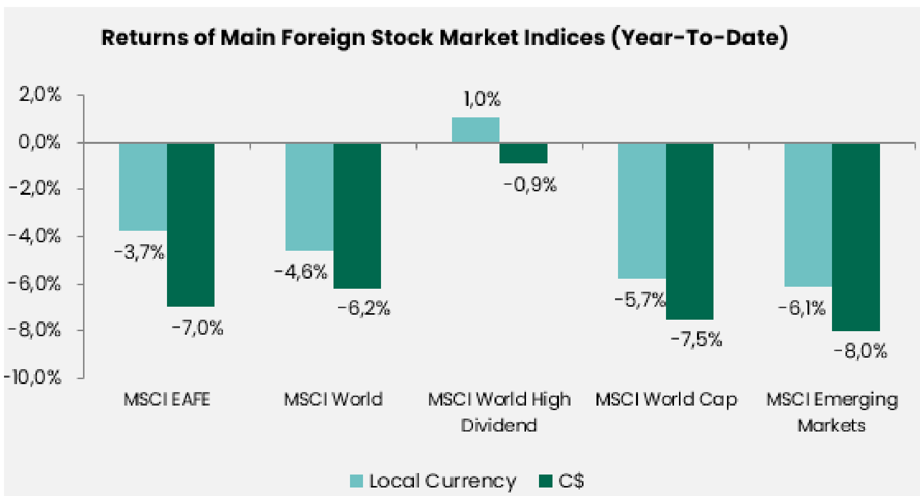
In contrast, the biggest contributor to the index's underperformance was Communication Services (-11.92%), followed by Consumer Discretionary (-9.03%). The biggest Communication Services detractors were Netflix (-37.82%) and Meta Platforms (-33.89%). In the Consumer Discretionary sector, Home Depot (-27.44%) was the biggest detractor.

Foreign stock markets

The vast majority of global stock markets reported negative returns in the first quarter, primarily due to higher interest rates in various countries, galloping inflation, supply chain bottlenecks and rising energy prices.

Of the indexes listed below, MSCI World High Dividend turned in the best quarterly performance with a return of 1.0% in local currencies. MSCI Emerging Markets (-6.1%) posted the worst quarterly return.





MSCI EAFE	Weight	Returns (in local currency)		
Region	(%)	Quarter	Quarter	3 years
United Kingdom	15,26%	4,75%	4,75%	4,97%
Europe ex-UK	30,05%	-8,23%	-8,23%	8,95%
Japan	22,31%	-1,56%	-1,56%	10,17%
Pacific ex-Japan	32,38%	1,73%	1,73%	5,56%

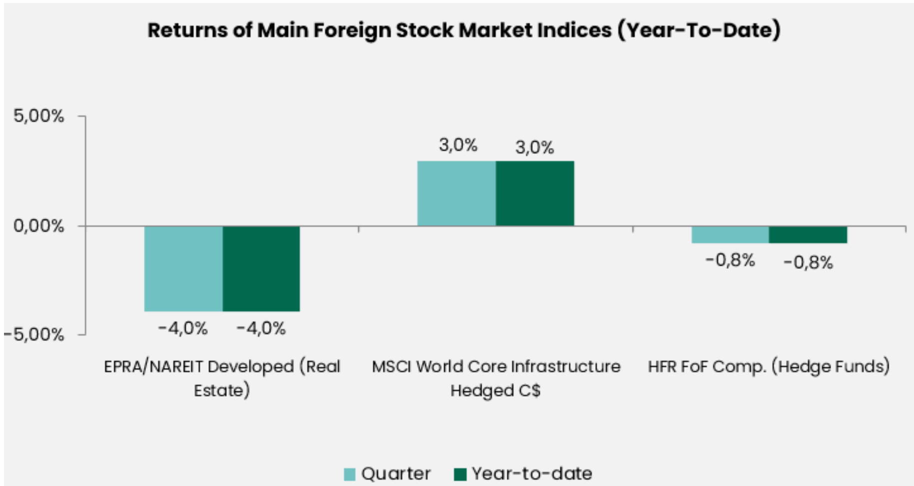
In local currencies, five of the 21 EAFE countries generated positive returns during the quarter. The best performers were Norway and Portugal, while Austria and Ireland were the worst.

MSCI EAFE	Weight	Returns (in CAD)		
Sector	(%)	Quarter	Year-to-date	3 years
Energy	4,1	15,68%	15,68%	-1,73%
Materials	8,2	2,15%	2,15%	11,76%
Industrials	15,4	-11,72%	-11,72%	6,26%
Consumer Discretionary	11,5	-14,51%	-14,51%	6,34%
Consumer Staples	10,2	-8,72%	-8,72%	1,18%
Health Care	13,0	-4,80%	-4,80%	8,56%
Financials	17,7	-2,16%	-2,16%	4,51%
Real Estate	2,9	-3,79%	-3,79%	-3,88%
Information Technology	8,6	-17,06%	-17,06%	13,28%
Communications Services	4,8	-2,78%	-2,78%	1,77%
Utilities	3,4	-5,21%	-5,21%	3,83%

Two of the 11 MSCI EAFE sectors posted positive performances in local currencies. The best performer was Energy with a return of 15.68%, buoyed by Shell (26.1%) and BP (10.3%). Financials, the index’s largest sector, recorded a return of -2.16%, impacted by BNP Paribas (-17.3%).

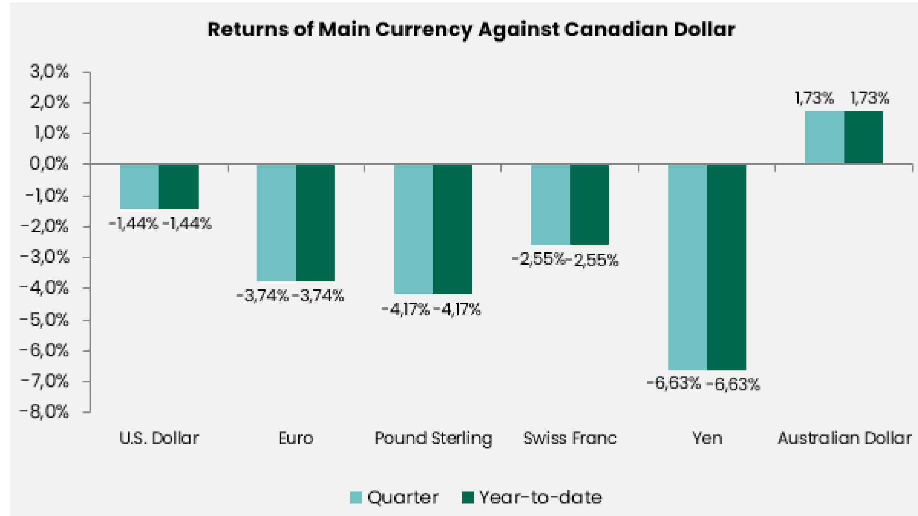
IT posted the worst quarterly performance, with the biggest detractor being SAP (-21.7%).

Alternative investments and currencies



Returns in C$			
Quarter	-5,0%	3,0%	-1,9%
YTD	-5,0%	3,0%	-1,9%

Two of the main alternative investment indexes had negative quarterly returns in US dollars (the Canadian dollar conversion was not beneficial). The EPRA/NAREIT index finished in last place among the alternative investment indexes during the quarter, with a return of -4.0% in US currency. The MSCI infrastructure index turned in a quarterly performance of 3.0%, while the HFR Fund of Funds Composite index posted a slightly negative return of -0.8%.



During the quarter, the Canadian dollar gained against all the other major currencies, except for the Australian dollar.