



## SSQ Smart Beta Plus Portfolio Guaranteed Investment Funds (GIFs)

# How should investors react to the Covid-19 pandemic?



SSQ Insurance is aware that it can be hard to see the value of investments fluctuate significantly. While this situation can be difficult for you, know that SSQ Insurance is actively monitoring its portfolio managers, strategies, funds and turnkey solutions and ensuring that the strategies in place are always the best ones for you.

In recent years, SSQ Insurance had begun to position its investment platform more defensively, with fund offerings that offer generally better downside protection than the market. The good news is that your **SSQ Smart Beta Plus Portfolio GIFs** are part of this platform. With the guidance of your financial advisor, you have made a wise choice.

## SSQ Smart Beta Plus Portfolio GIFs

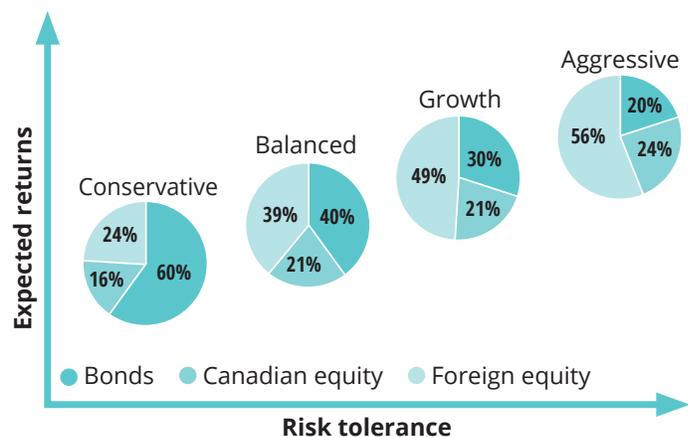
The **SSQ Smart Beta Plus Portfolio GIFs** follow a core-satellite approach that combines Smart Beta strategies with active strategies. Smart Beta strategies offer lower volatility, maximum diversification and higher risk-adjusted returns, while active strategies aim to outperform their benchmarks.

The following is, as an example of the return on the Balanced Smart Beta Plus funds as at March 31, 2020. It is important to keep in mind that the market, as represented by the S&P/TSX and S&P500, returned -21.59% for the S&P/TSX and -20.00% for the S&P500 over the same period.

Risk profile	Smart Beta Plus	S&P/TSX	S&P500
Balanced*	-10.80%	-21.59%	-20.00%

The **SSQ Smart Beta Plus portfolio** funds are designed to offer investors solutions covering a wide range of risk and return needs. The portfolios are composed of several asset classes with the objective of maximizing diversification and expected return based on the client's ability and willingness to take risk. The portfolios apply an approach that selects the best managers in the market based on the needs of the portfolios. The selection focuses on the quality of the strategies and the preservation of capital.

In the chart, we can see the diversification across all asset classes in the various portfolios.



\*Year-to-date returns net of fees, as at March 31, 2020. The return on the actual Smart Beta Portfolio you invested in can be found at <https://ssq.ca/en/investment/segregated-funds/returns>

## Automatic monthly rebalancing of portfolio funds



One of the best, easiest and most underrated features to implement as a portfolio management strategy is automatic rebalancing. In SSQ Insurance's portfolio funds, the automatic rebalancing function is based on two parameters: monthly calendar rebalancing and rebalancing within predefined ranges.

As an example, let's say an investor has chosen a balanced portfolio with an allocation of 60% in equities and 40% in bonds for his portfolio. Given the stock market downturn, the percentage of their account allocated to equities could, in times of significant market downturns, reach 40% or less, which would reduce their desired exposure to equities.

By the fund automatically activating a rebalancing methodology, the manager will automatically buy the asset that has fallen the most and sell the asset that has risen the most, to return to the planned allocation. This involves selling when the price is high and buying when the price is low. Automatic rebalancing controls risk and can potentially improve returns, "Buy low, sell high" meaning the funds are well positioned to recapture the upside of any market correction!

## Confirm your investment decisions



If you have chosen this turn-key solution, it's likely the result of your financial advisor's help in matching your ability and willingness to tolerate risk with the correct portfolio and fund. With the help of your financial advisor, you can complete a questionnaire to fully understand your financial situation and risk tolerance level when you buy and any time thereafter. **If your financial situation has changed or you are**

**no longer comfortable with the level of risk in your portfolio, you can always contact your financial advisor to help you assess your personal situation and make changes, if necessary.**

## Built-in guarantees

Keep in mind that your SSQ Insurance GIFs provide capital guarantees, both upon maturity and at death. As such, your investments are more than just an investment, they are considered an insurance policy with all the added benefits that come with it. Should the value of your investments decrease since your first contribution, SSQ Insurance will cover a minimum of 75% of the difference, and up to 100% at contract maturity or upon your death. These are valuable benefits at any time, but even more so in volatile times like the present!

## To conclude

Investors should always consult their financial advisor if their investment plan has changed. However, the Investment Portfolio Managers at SSQ Insurance generally recommend that you do not make changes to your investments unless your financial objectives change significantly and you have consulted with your financial advisor. Corrections are a natural part of the investment cycle and, in the long run, investors who remain invested see their reward. Now more than ever, it is important to stay focused on your long-term goals for your investments.

When markets are volatile, it is natural to worry about the impact on your portfolio. And when you're worried, you want to act, it's human nature to do so. If you have an established investment plan, you are probably already in the best possible position to go through this crisis. Focus on your long-term goal, stay diversified, resist the temptation of market timing and stay invested, and continue to seek the guidance of your financial advisor. Despite the increasing number of headlines in the media, it is important to keep in mind that your Smart Beta Plus Portfolio funds are designed to help you achieve your long-term financial goals. The investment plans you made with your financial advisor take into consideration the fund managers' capacity and tolerance for risk, and that it is consistent with yours.

It's important to focus on what you can control. The discomfort of this crisis can cause people to make emotional decisions, but such behaviour is usually more detrimental to achieving long-term financial goals. While it's hard to ignore emotions, understanding the source of those emotions and channelling your energy into other activities can help you get through this crisis. We encourage you to consult with your financial advisor for guidance should you need assistance!

Finally, the best way to get through this crisis is to remain invested and disciplined by continuing to invest on a regular basis towards the goals and objectives you have set.