

# Financial and Economic Notes

April 2020 vol. 171

## Equity Markets

In Canada, the market faced more than one headwind this quarter. As the COVID-19 pandemic rippled through the global economy, Canadian investors also had to consider the impact of an oil price war between Saudi Arabia and Russia. It has quite possibly been the opposite of what would be considered business as usual for Canadian companies, explaining the historic weakness for the S&P/TSX Composite, which was down 20.9% for the quarter. This was the worst calendar quarter since Q4 of 2008 and only the ninth time we've seen the benchmark down more than 20% since 1919. None of the eleven sectors were spared in this weakness as they all generated negative returns for the period.

US equities were clearly weak, ending the quarter down 19.6% in USD. For Canadian investors, the performance was aided by the weakness of the loonie given the economic reliance on the energy sector with the index ending the quarter down 12.0% in Canadian dollars. In this period of heightened uncertainty and rapid economic slowdown, we've seen a strong rotation to defensive sectors with Health Care (-13%), Consumer Staples (-13%), and Utilities (-13%) the clear winners. The best performing sector, however, was IT (-12%), which outperformed every other sector despite being more cyclical. Energy (-50%) on the other hand, was hit hard on two sides.

International equities were not spared from the weakness, ending the quarter down 15.3% in Canadian dollars. As was the case with North American equities, the market saw a strong rotation into defensive sectors with Health Care (0%), Utilities (-5%), and Consumer Staples (-5%) performing the best.

## Highlights

Most of the planet's inhabitants have been collectively sent to their rooms. Business activity has been shut down, which clearly will cause a recession.

## Fixed Income Markets

The impact of COVID-19 on the global population and the global economy has been unprecedented. As the dispersion of the virus accelerated into March, many countries, provinces and states all but shut down hoping to temper the impact on the population and local healthcare systems. The effect on markets has been secondary to the impact on the health and welfare of civilization, which has been disturbed in a way few living people have ever experienced. As a result, the economic fallout and resulting market activity has mirrored the virus' impact on society. Efforts to contain and slow its spread have come with their own economic consequences and have created a large degree of uncertainty. What is known at this point is that the virtual shut down of global economies has produced record breaking economic contraction and widespread unemployment this quarter. In addition, markets reacted quickly with a flight to quality in early March and then, as risks rose, a flight to cash where bonds and equities sold off in the second half of the month. No market was immune to the outflow and market liquidity was limited as the magnitude of the rapid move out of risk assets drove asset prices to extreme levels. As a result, widespread central bank and government intervention was quickly implemented with emergency inter meeting rate cuts, quantitative easing actions, liquidity support facilitates, and broad fiscal stimulus geared toward small business, the unemployed and sectors suffering the most hardship. The support spending and loan programs in Canada continue to be tweaked as the impact grows deeper and wider in breadth, while central bank activity is focused on preserving market liquidity and keeping interest rates low through bond purchases which will help stabilize government and credit markets and offset the upward pressure on interest rates as the government issues debt to fund its massive fiscal spending programs.

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## Assumption Life Investment Funds

Applicable for Registered Pension Plan clients only

Gross returns as of March 31, 2020

FUNDS	1 MTH %	YTD %	1 year %	2 years %	3 years %	4 years %	5 years %
<b>ASSUMPTION / LOUISBOURG FUNDS</b>							
<b>Balanced Fund - RPP</b>	<b>-8.0</b>	<b>-10.4</b>	<b>-4.9</b>	<b>-0.1</b>	<b>1.3</b>	<b>3.7</b>	<b>2.6</b>
Multi-Index	-8.2	-9.7	-3.9	1.2	2.0	4.1	2.8
<b>Canadian Dividend Fund</b>	<b>-14.5</b>	<b>-20.2</b>	<b>-12.5</b>	<b>-4.8</b>	<b>-2.4</b>	<b>2.2</b>	<b>1.4</b>
S&P / TSX Index	10.8	-12.4	-7.9	0.5	1.3	4.6	2.5
<b>U.S. Equity Fund (\$CAN)</b>	<b>-7.1</b>	<b>-12.0</b>	<b>-2.5</b>	<b>4.8</b>	<b>5.5</b>	<b>8.8</b>	<b>5.4</b>
S&P 500 Index (\$ CAN)	10.1	-2.8	4.1	11.4	9.6	14.1	12.2
<b>Money Market Fund</b>	<b>0.1</b>	<b>0.4</b>	<b>1.6</b>	<b>1.6</b>	<b>1.3</b>	<b>1.1</b>	<b>1.0</b>
SCM 91 Day T-Bills	0.0	0.7	1.8	1.7	1.4	1.2	1.0
<b>Fixed Income Fund</b>	<b>-1.6</b>	<b>1.1</b>	<b>3.9</b>	<b>4.2</b>	<b>3.5</b>	<b>3.2</b>	<b>2.7</b>
SCM Universe Bond Index	3.8	5.4	8.5	7.3	4.5	4.1	3.7
<b>Growth Portfolio</b>	<b>-13.1</b>	<b>-17.8</b>	<b>-10.1</b>	<b>-3.0</b>	<b>-0.2</b>	<b>3.6</b>	<b>2.5</b>
Multi-Index	-13.0	-17.3	-10.0	-1.7	0.5	4.6	2.7
<b>Balanced Growth Portfolio</b>	<b>-10.8</b>	<b>-14.3</b>	<b>-7.6</b>	<b>-1.9</b>	<b>0.3</b>	<b>3.3</b>	<b>2.2</b>
Multi-Index	-10.5	-13.3	-6.9	-0.2	1.2	4.3	2.7
<b>Balanced Portfolio</b>	<b>-9.1</b>	<b>-11.4</b>	<b>-5.9</b>	<b>-1.3</b>	<b>0.4</b>	<b>2.8</b>	<b>2.0</b>
Multi-Index	-7.7	-8.5	-3.1	1.5	2.1	3.9	2.8
<b>Conservative Portfolio</b>	<b>-8.1</b>	<b>-9.2</b>	<b>-5.7</b>	<b>-1.9</b>	<b>-0.3</b>	<b>1.4</b>	<b>1.2</b>
Multi-Index	-4.8	-3.6	0.6	3.1	2.8	3.5	2.7
<b>Canadian Small Capitalization Equity Fund</b>	<b>-26.5</b>	<b>-35.3</b>	<b>-29.9</b>	<b>-20.8</b>	<b>-16.8</b>	<b>-6.2</b>	<b>-5.3</b>
BMO NB Small Cap Weighted Index	25.1	-22.6	-18.8	-13.0	-8.8	-3.8	-2.8
<b>SmartSeries Income Fund</b>	<b>-7.8</b>	<b>-9.5</b>	<b>-5.3</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Multi-Index	-4.7	-3.8	0.8	n/a	n/a	n/a	n/a
<b>SmartSeries 2020 Fund</b>	<b>-8.9</b>	<b>-11.7</b>	<b>-5.7</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Multi-Index	-6.5	-7.2	-1.4	n/a	n/a	n/a	n/a
<b>SmartSeries 2025 Fund</b>	<b>-9.2</b>	<b>-12.6</b>	<b>-6.4</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Multi-Index	-7.5	-8.9	-2.8	n/a	n/a	n/a	n/a
<b>SmartSeries 2030 Fund</b>	<b>-9.7</b>	<b>-13.6</b>	<b>-7.0</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Multi-Index	-8.3	-10.4	-3.8	n/a	n/a	n/a	n/a
<b>SmartSeries 2035 Fund</b>	<b>-10.1</b>	<b>-14.6</b>	<b>-7.4</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Multi-Index	-9.3	-12.1	-5.1	n/a	n/a	n/a	n/a
<b>SmartSeries 2040 Fund</b>	<b>-10.6</b>	<b>-15.5</b>	<b>-8.0</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Multi-Index	-10.0	-13.4	-6.1	n/a	n/a	n/a	n/a
<b>SmartSeries 2045 Fund</b>	<b>-10.9</b>	<b>-16.2</b>	<b>-8.1</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Multi-Index	-10.5	-14.3	-6.8	n/a	n/a	n/a	n/a
<b>SmartSeries 2050 Fund</b>	<b>-11.4</b>	<b>-16.9</b>	<b>-8.9</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Multi-Index	-11.0	-15.1	-7.4	n/a	n/a	n/a	n/a
<b>SmartSeries 2055 Fund</b>	<b>-11.8</b>	<b>-17.5</b>	<b>-9.4</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Multi-Index	-11.2	-15.5	-7.8	n/a	n/a	n/a	n/a
<b>Momentum Fund</b>	<b>-16.5</b>	<b>-17.2</b>	<b>-5.3</b>	<b>-1.2</b>	<b>0.9</b>	<b>7.1</b>	<b>5.1</b>
S&P / TSX Index	10.8	-12.4	-7.9	0.5	1.3	4.6	2.5
<b>Preferred Share Fund</b>	<b>-21.6</b>	<b>-26.2</b>	<b>-26.0</b>	<b>-19.3</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
S&P/TSX Preferred Share (TXPR) Index	12.6	-13.1	-11.2	-8.7	n/a	n/a	n/a

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FUNDS	1 MTH %	YTD %	1 year %	2 years %	3 years %	4 years %	5 years %
<b>FIDELITY FUNDS</b>							
<b>Canadian Opportunities Fund</b>	<b>-13.7</b>	<b>-14.5</b>	<b>-4.6</b>	<b>5.0</b>	<b>3.7</b>	<b>8.3</b>	<b>5.8</b>
S&P / TSX Small and Mid Cap Combined Index	-25.2	-29.7	-23.4	-10.2	-6.9	-1.4	-2.7
<b>True North Fund</b>	<b>-11.6</b>	<b>-13.9</b>	<b>-6.4</b>	<b>1.6</b>	<b>2.1</b>	<b>4.3</b>	<b>3.2</b>
S&P / TSX Index	-17.4	-20.9	-14.2	-3.7	-1.9	2.9	0.9
<b>International Growth Fund</b>	<b>-6.9</b>	<b>-10.1</b>	<b>4.4</b>	<b>4.4</b>	<b>7.9</b>	<b>9.0</b>	<b>6.9</b>
Overseas Blend	-3.7	-9.5	0.3	1.3	5.2	6.6	4.9
<b>Europe Fund</b>	<b>-14.3</b>	<b>-20.3</b>	<b>-14.8</b>	<b>-7.2</b>	<b>-0.9</b>	<b>1.4</b>	<b>0.1</b>
MSCI Europe Index	-9.3	-16.9	-10.0	-5.2	-0.2	3.0	1.0
<b>American Disciplined Equity Fund</b>	<b>-8.4</b>	<b>-12.3</b>	<b>0.9</b>	<b>5.2</b>	<b>7.1</b>	<b>9.4</b>	<b>7.0</b>
S&P 500 Index (\$CAN)	-7.1	-11.7	-0.9	6.0	7.4	10.6	9.2
<b>NorthStar Fund</b>	<b>-8.2</b>	<b>-13.4</b>	<b>-10.7</b>	<b>-5.1</b>	<b>-2.2</b>	<b>0.2</b>	<b>1.6</b>
MSCI AC World	-8.3	-13.7	-5.4	0.3	3.7	7.3	5.3
<b>Monthly Income Fund</b>	<b>-9.6</b>	<b>-9.7</b>	<b>-4.1</b>	<b>1.7</b>	<b>1.6</b>	<b>3.1</b>	<b>3.0</b>
Monthly Income Blend	-10.2	-10.6	-4.5	2.1	2.1	4.4	3.1
<b>Canadian Asset Allocation Fund</b>	<b>-10.6</b>	<b>-11.5</b>	<b>-5.4</b>	<b>1.4</b>	<b>2.0</b>	<b>4.1</b>	<b>3.0</b>
Can Asset Alloc Blend	-11.9	-13.4	-7.8	-0.6	0.1	3.0	1.6
<b>Far East Fund</b>	<b>-5.7</b>	<b>-9.4</b>	<b>-2.1</b>	<b>-2.1</b>	<b>8.5</b>	<b>10.6</b>	<b>7.3</b>
MSCI AC FE ex Jap (G)	-5.2	-8.8	-5.3	-4.0	4.5	8.5	4.6
<b>Emerging Market Fund</b>	<b>-10.3</b>	<b>-14.7</b>	<b>-6.4</b>	<b>-3.9</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
MSCI Emerging Markets (G)	-10.3	-16.1	-12.0	-7.9	n/a	n/a	n/a
<b>NorthStar Balanced Fund</b>	<b>-6.3</b>	<b>-6.6</b>	<b>-2.8</b>	<b>1.1</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Northstar Balanced Blend	-2.5	-2.0	4.1	5.9	n/a	n/a	n/a
<b>CI FUNDS</b>							
<b>Signature Corporate Bond Fund</b>	<b>-11.3</b>	<b>-10.1</b>	<b>-5.3</b>	<b>-0.1</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Multi-Index	-8.9	-8.2	-3.8	0.7	n/a	n/a	n/a
<b>Signature Canadian Bond Fund</b>	<b>-2.7</b>	<b>0.8</b>	<b>4.0</b>	<b>4.8</b>	<b>3.4</b>	<b>3.1</b>	<b>2.7</b>
SCM Universe Bond Index	-2.0	1.6	4.5	4.9	3.7	3.1	2.7
<b>Signature High Income Fund</b>	<b>-16.2</b>	<b>-17.3</b>	<b>-10.9</b>	<b>-0.5</b>	<b>-0.6</b>	<b>2.5</b>	<b>0.8</b>
Multi-Index	-14.3	-16.7	-11.6	-1.1	-0.4	2.7	0.8
<b>American Value Fund</b>	<b>-16.0</b>	<b>-21.0</b>	<b>-9.8</b>	<b>-0.9</b>	<b>2.0</b>	<b>6.2</b>	<b>4.8</b>
S&P 500 Index (\$CAN)	-8.1	-12.8	-2.0	5.5	7.1	10.2	9.0
<b>Cambridge Canadian Dividend Fund</b>	<b>-18.6</b>	<b>-24.5</b>	<b>-18.7</b>	<b>-4.2</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
S&P/TSX Composite Total Return Index	-17.4	-20.9	-14.2	-3.7	n/a	n/a	n/a
<b>Cambridge Canadian Asset Allocation Corp Fund</b>	<b>-9.9</b>	<b>-11.6</b>	<b>-5.5</b>	<b>0.1</b>	<b>0.7</b>	<b>3.1</b>	<b>2.6</b>
60% S&P/TSX, 40% Dex Universe Bond Total Return	-11.2	-12.2	-6.7	0.0	0.5	3.2	1.8
<b>Signature Global Resource Corp Class Fund</b>	<b>-23.7</b>	<b>-36.8</b>	<b>-36.6</b>	<b>-27.1</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
50% S&P/TSX Energy Total Return Index, 50% S&P/TSX Materials Total Return Index	-20.4	-27.9	-20.5	-9.0	n/a	n/a	n/a
<b>Signature Global Dividend Fund</b>	<b>-13.2</b>	<b>-18.9</b>	<b>-12.8</b>	<b>-4.2</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
MSCI ACWI Global High Dividend Yield Total Return Index (CAD)	-8.0	-15.7	-7.6	-0.1	n/a	n/a	n/a