



## All Eyes on Washington

### Highlights

- > After a sharp rise in August, the U.S. stock market showed increased volatility in September as the likelihood of a fiscal stimulus package announced before the presidential election decreased significantly. A deal in October is still possible, but without new stimulus, markets are likely to remain choppy between now and the U.S. election on November 3.
- > According to surveys and betting markets, at this stage the most probable scenario is a Democratic sweep. This outcome could cause some turbulence on Wall Street given the implications for tax policy, but the focus of Dems' early days in office would most likely be on ensuring a strong economic recovery through an aggressive fiscal plan. Therefore, it should not halt the upward trend in the stock markets. Rather, the risk is in accelerating depreciation of the U.S. dollar, which would further support global growth and foreign equities.
- > That said, one lesson from the 2016 election is that anything can happen. Consequently, we believe it best to avoid aggressive positions that rely on a specific outcome. This is especially true today, knowing that there is a non-negligible probability of an election so close that it could require a recount, in addition to the potential for delays caused by mail-in ballots.
- > Nevertheless, we stand by our baseline view that the outcome of the presidential elections shouldn't have an outsized impact on the direction of equity markets, as it should not put an end to the ongoing economic recovery. This same rationale holds for the persistence of COVID-19 cases, which have unsurprisingly started to rise again in several developed countries recently but without being accompanied by a proportional increase in deaths.
- > After three quarters in 2020, the U.S. stock market remains the leader by a wide margin, but this status could be challenged in the coming months, especially should there be a Biden victory. Faced with this backdrop and following the strengthening of the USD against the CAD in September, we are tactically reducing our U.S. equity allocation in favour of the EAFE region this month. To be clear, this change is not motivated by a strong belief that the Democrats are heading for a major victory. Rather, it is conceived from a risk management perspective consistent with our assessment that it is best to avoid aggressive positions ahead of a presidential election which remains highly uncertain.
- > In September, gold prices declined for a second consecutive month as inflation expectations declined along with the diminished prospect of U.S. fiscal stimulus. Ultimately, we still expect gold to fare well as the ongoing economic recovery should support a gradual rise in inflation, even if fiscal measures are smaller than initially expected and/or are delayed. But, the most optimistic scenario for gold prices is clearly the most inflationary one: a Democratic sweep allowing the party to substantially increase public spending as outlined in their platform.

Table 1 Global Asset Allocation Views

	-	←	=	→	+	Δ
<b>Asset Classes</b>						
Cash						
Fixed Income						
Equities						
Alternatives						
<b>Fixed Income</b>						
Government						
Investment Grade						
High Yield						
Duration						
<b>Equities</b>						
Canada						
United States						↓
EAFE						↑
Emerging Markets						
Value <---> Growth						
Small <---> Large Cap.						
Low Vol <---> High Beta						
<b>Alternatives &amp; FX</b>						
Inflation Protection						
Gold						
Non-Traditional FI						
Uncorrelated Strategies						
Canadian Dollar						

This table is for illustration purposes only. Bars represent the degree of preference of an asset relative to the maximum deviations allowed from a reference index. The further to the right (left) they are, the more bullish (bearish) our outlook for the asset is. For equity factors, a bar to the right indicates a preference for the factor to the right (e.g. Growth) and vice versa. No bars indicate a neutral view. The column under the delta sign (Δ) displays when our outlook has improved (↑) or worsened (↓) from the previous month. Consult Table 3 for details on the base-case economic scenario underpinning these views and Table 4 to see how they translate into a model balanced portfolio.

CIO Office

## Market Review

### Fixed Income

- > Last month, the Federal Reserve reaffirmed its commitment to keeping interest rates low for the foreseeable future, with the FOMC's latest dot plot – a chart which shows how members of the Committee see the target rate evolving over the next few years – presaging no rate increases for the next 3 years.
- > The impact of this and of the resurgence in COVID-19 cases in many developed nations was relatively muted for Fixed Income products, especially so for higher-rated bonds.
- > High-Yield credit did, however, suffer from a widening spread, finishing the month as the worst-performing asset within the group.

### Canadian Equities

- > Positive GDP figures highlighting Canada's ongoing economic recovery were unable to lift the country's equity market. The S&P/TSX closed out September with its first retreat since March.
- > Losses were not shared equally among industry sectors though, with the more defensive Utilities and Consumer Staples faring better than their more cyclical and growth-oriented peers within the Energy and Information Technology sectors.

### U.S. Equities

- > News that the economy had added 1.37 million new jobs in August did little to stop the S&P 500 from slipping in September, closing out the month with its worst performance since March.
- > Unlike its cousin to the north, equity performance deterioration in the U.S. was more generalized across industries, although Energy, as well as tech-related sectors did play an outsized roll in the decline.
- > While last month may have impeded investors' gains, the quarter remained a positive one, with all sectors (save for Energy) clawing away from their pre-summer lows.

### Commodities

- > Gold retreated in September, dropping below its 50-day moving average for the first time since early June.
- > The move lower follows a strong surge in the lustrous metal's value over the summer months, as the commodity had become increasingly attractive following a decline in real rates and a gradual depreciation in the USD.
- > Following a resumption of social distancing and lockdown measures in many developed countries, demand for crude oil waned last month, sharply reducing gains made over the previous quarter.

### Foreign Exchange

- > Having gradually edged down since its peak in late March, the Greenback strengthened once more in the final weeks of the quarter following a rise in COVID-19 case numbers.
- > Meanwhile, a strained relationship between the UK and the EU brought a potential Brexit deal into question, ultimately weighing on the Pound Sterling's performance.

Table 2 Market Total Returns

Asset Classes	September	Q3	YTD
Cash (3-month T-bills)	0.0%	0.1%	0.8%
Bonds (FTSE CA Ovr. Univ.)	0.3%	0.4%	8.0%
FTSE CA Short term	0.2%	0.7%	4.8%
FTSE CA Mid term	0.4%	1.1%	9.4%
FTSE CA Long term	0.4%	-0.3%	11.0%
FTSE CA Government	0.4%	0.1%	8.5%
Federal	0.4%	0.0%	7.5%
Provincial	0.4%	0.1%	9.2%
Municipal	0.8%	1.1%	9.3%
FTSE CA Corporate	0.0%	1.3%	6.8%
AA+	0.1%	0.9%	5.4%
BBB	0.0%	1.9%	7.1%
BoAML Inv. Grade (\$US)	-0.3%	1.7%	6.6%
BoAML High-Yield (\$US)	-1.0%	4.7%	-0.3%
Preferred Shares	0.2%	11.4%	-1.1%
Canadian Equities (S&P/TSX)	-2.1%	4.7%	-3.1%
Energy	-11.0%	-8.1%	-36.0%
Industrials	3.1%	13.6%	9.3%
Financials	-3.5%	4.0%	-12.9%
Materials	-2.9%	9.1%	25.8%
Utilities	6.4%	11.0%	9.2%
Cons. Disc	1.9%	8.4%	-3.3%
Cons. Staples	7.7%	9.1%	10.5%
Healthcare	-8.5%	-14.3%	-40.8%
IT	-2.5%	3.6%	67.9%
Comm. Svc.	-0.4%	2.0%	-7.1%
REITs	0.8%	4.1%	-16.7%
S&P/TSX Small Cap	-4.6%	6.6%	-8.6%
US Equities (S&P500 USD)	-3.8%	8.9%	5.6%
Energy	-14.5%	-19.7%	-48.1%
Industrials	-0.8%	12.5%	-4.0%
Financials	-3.5%	4.4%	-20.2%
Materials	1.3%	13.3%	5.5%
Utilities	1.1%	6.1%	-5.7%
Cons. Disc	-3.6%	15.1%	23.4%
Cons. Staples	-1.5%	10.4%	4.1%
Healthcare	-2.2%	5.9%	5.0%
IT	-5.4%	12.0%	28.7%
Comm. Svc.	-6.5%	8.9%	8.6%
REITs	-2.0%	1.9%	-6.8%
Russell 2000 (USD)	-3.5%	4.6%	-9.6%
World Eq. (MSCI ACWI)	-3.2%	8.3%	1.8%
MSCI EAFE (USD)	-2.6%	4.9%	-6.7%
MSCI EM (USD)	-1.6%	9.7%	-0.9%
Commodities (CRB index)	-3.1%	7.7%	-19.8%
WTI Oil (US\$/barrel)	-6.0%	2.0%	-34.4%
Gold (US\$/ounce)	-3.5%	6.5%	24.9%
Copper (US\$/tonne)	-0.4%	11.1%	8.4%
Forex (DXY - US Dollar index)	1.9%	-3.6%	-2.6%
USD per EUR	-1.9%	4.4%	4.5%
CAD per USD	2.1%	-1.9%	2.6%

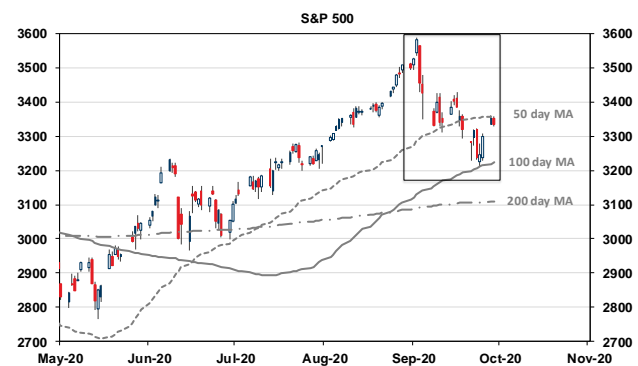
CIO Office (data via Refinitiv)

2020-09-30

## All Eyes on Washington

After a sharp rise in August, the U.S. stock market showed increased volatility in September, bouncing off its 100-day moving average to end the third quarter of the year close to its 50-day moving average (Chart 1). This brings the performance of the S&P 500 in September, Q3, and 2020 to -3.8%, +8.9%, and +5.6%, respectively.

### 1 Equity volatility increased in September...

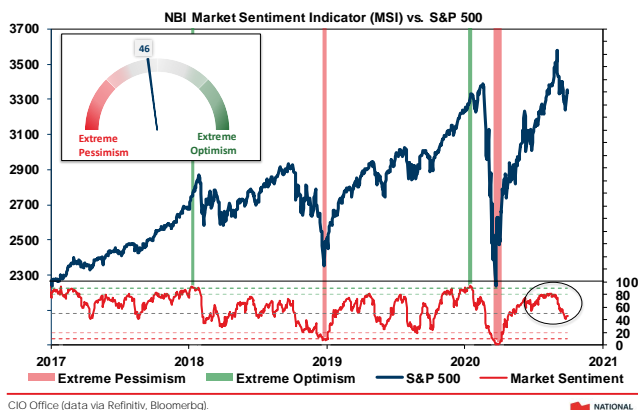


CIO Office (data via Refinitiv).



In our last report, we mentioned that a pullback in the short term would hardly be surprising, as suggested by our sentiment indicator (Chart 2). However, we did not expect it to be substantial (i.e. >10%), given the monetary support and the economic recovery underway.

### 2 ... after a summer full of optimism



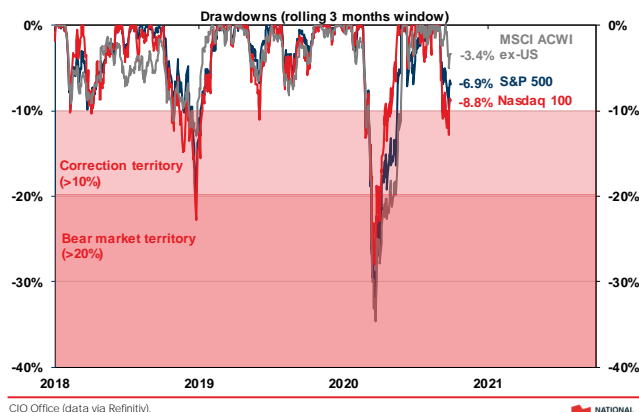
CIO Office (data via Refinitiv, Bloomberg).



A few weeks later, it was technology stocks – speculators' favourite playground throughout the summer – that took the biggest hit, momentarily pulling the S&P 500 near the 10% correction mark, while equities elsewhere in the world experienced smaller drawdowns (Chart 3).

Rather than increasing our equity allocation in the face of lower prices, we erred on the side of caution and opted to maintain our slight overweight as is. The reason underlying this prudence is that the likelihood of a fiscal stimulus package announced

### 3 A correction... for technology stocks

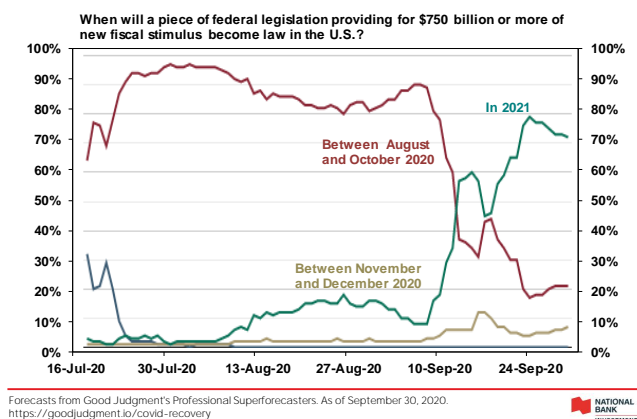


CIO Office (data via Refinitiv).



before the presidential election has decreased significantly in recent weeks (Chart 4). A deal in October is still possible, especially if upcoming economic data show a marked loss of momentum in the recovery. But without new stimulus, markets are likely to remain choppy between now and the U.S. elections on November 3.

### 4 A fiscal stimulus package might have to wait



Forecasts from Good Judgment's Professional Superforecasters. As of September 30, 2020.  
<https://goodjudgment.io/covid-recovery>

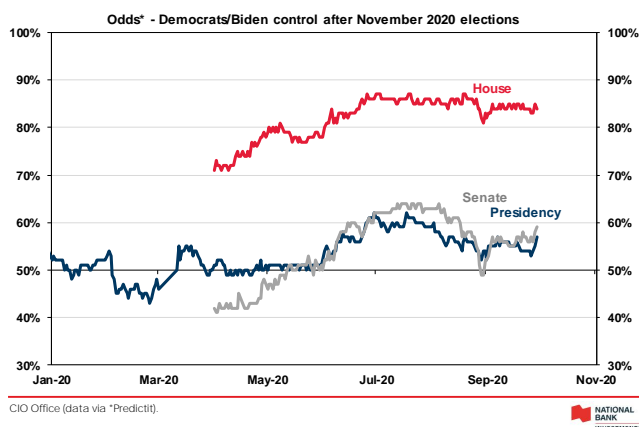


For now, Democrats still have a slight advantage, according to the betting market (Chart 5, next page). Based on polling data, *FiveThirtyEight* analyses place the probability of a Democratic victory in the presidency and the senate even higher, at 78% and 62%, respectively.

Therefore, the most probable scenario at this stage is a Democratic sweep. This would give Dems full latitude to reverse half of Trump's tax cuts as described under Joe Biden's platform, which could lower S&P 500 earnings by about 9%.<sup>1</sup> On the other hand, during their early days in office, the focus would most likely be on ensuring a strong economic recovery through a more aggressive fiscal plan than under the Republicans. Moreover, let us not forget that a Biden administration implies greater predictability in terms of foreign policy and less arbitrary use of tariffs. In short, although this scenario could

<sup>1</sup> Study of potential impact of Biden tax reform on 2021 S&P 500 EPS (excluding potential second-order effects), Goldman Sachs Investment Research

## 5 U.S. Elections: Democrats have the lead



cause turbulence on Wall Street given the implications for tax policy, it should not halt the upward trend in the stock markets over the cyclical horizon. Rather, the risk is in accelerating depreciation of the U.S. dollar, which would further support global growth and foreign equities.

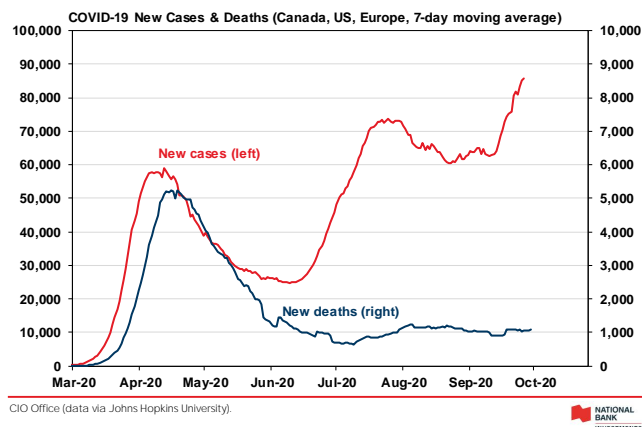
In the event of a Biden victory and a Republican-controlled Senate, a key implication is that it would be more difficult to pass a major fiscal stimulus package. This "bad news" for the markets would clash with the "good news" of Trump's tax cuts remaining in place, and the net effect is hard to quantify. Ditto in the case of a Trump victory that would equate to the status quo.

That being said, one lesson from the 2016 election is that anything can happen. Consequently, we believe it best to avoid aggressive positions that rely on a specific outcome. This is especially true today, knowing that there is a non-negligible probability (5% according to *FiveThirtyEight*) of an election so close that it could require a recount, in addition to the potential for delays caused by mail-in ballots. As the President himself said when questioned about his intention to ensure a peaceful transition: "Well, we're going to have to see what happens."

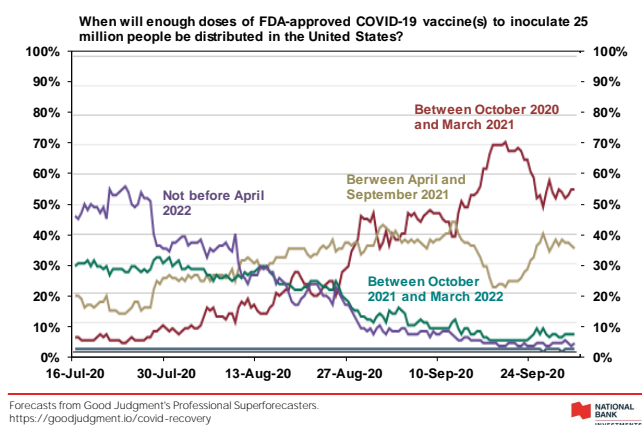
Nevertheless, we stand by our baseline view that the outcome of the presidential elections shouldn't have an outsized impact on the direction of equity markets, as it should not put an end to the ongoing economic recovery. This same rationale holds for the persistence of COVID-19 cases, which have unsurprisingly started to rise again in several developed countries recently but without being accompanied by a proportional increase in deaths (Chart 6).

To be clear, although total lockdowns remain highly unlikely, the coronavirus will continue to weigh on the economic recovery until an effective vaccine becomes available. Fortunately, this seems increasingly plausible over the next 12 months (55% chance by March 2021 and 90% chance by September 2021, according to experts polled by the *Good Judgment project*, Chart 7).

## 6 COVID-19: An evolving problem...



## 7 ... against which there is ground for optimism



## Equities: Eyes on the Dollar

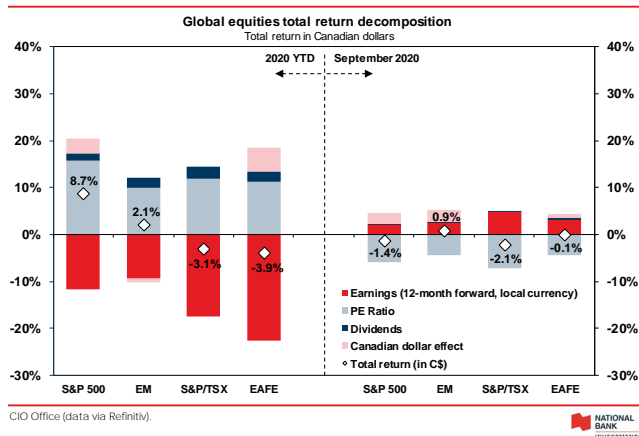
Despite an initially more-pronounced correction in the U.S., the strong rebound of the S&P 500 at the end of the month resulted in relatively similar performances across the world's major stock exchanges in September, ranging from -2.1% for the S&P/TSX to +0.9% for emerging markets (in Canadian dollars, Chart 8, next page). After three quarters in 2020, the U.S. stock market therefore remains the leader by a wide margin, but this status could be challenged in the coming months.

The most likely electoral scenario at this time – a Biden victory – involves three elements that could accelerate depreciation of the U.S. dollar and increase the attractiveness of foreign equities on a relative basis: (1) less uncertainty for global trade, (2) higher U.S. taxes, and (3) large fiscal deficits. Many other factors already suggested a weaker USD on a cyclical horizon, as we covered in our August report.<sup>2</sup> This is partly why we have been overweighting emerging markets since then, as this region is generally the main beneficiary of a weakening U.S. dollar environment (Chart 9, next page). That said, the EAFE region could also do well under such conditions (Chart 10, next page).

<sup>2</sup> Factors include (1) a cyclical rebound in global economic activity, (2) lower interest-rate differentials, and (3) substantial fiscal deficits. See our August 2020 Asset Allocation Strategy report (*The Real Deal*) for more details.



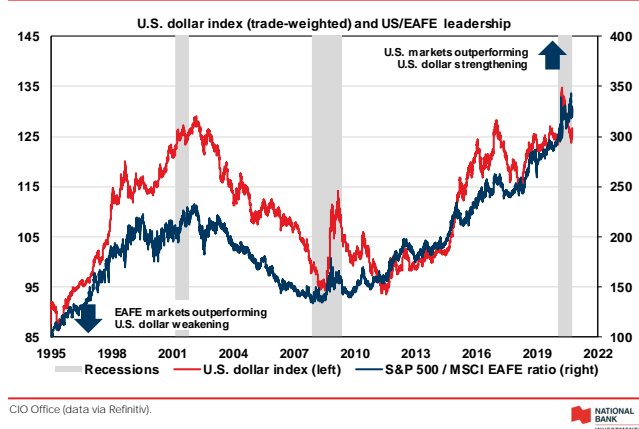
## 8 U.S. equities remain well ahead YTD...



## 9 ... but EM should take the lead as the US\$ heads lower



## 10 EAFE stocks also benefit from a weaker US\$ environment

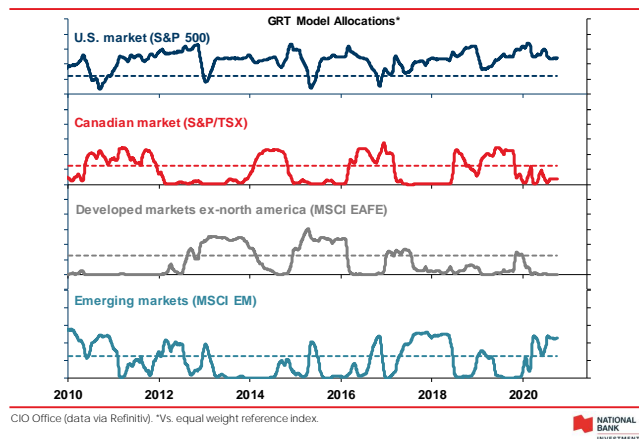


Faced with this backdrop and following the strengthening of the U.S. dollar against the Canadian dollar in September, this month we are tactically reducing our U.S. equity allocation (from overweight to neutral) in favour of the EAFE region (from underweight to neutral).

We must emphasize that this asset allocation change is not motivated by a strong belief that the Democrats are heading for a major victory. It is rather conceived from a risk management perspective consistent with our assessment that it is best to avoid aggressive positions that rely on a specific outcome ahead of a presidential election which remains highly uncertain. Similarly, this change aims to account for another event that is objectively increasingly likely, though nothing can be taken for granted: a vaccine announcement by year end. This eventuality could reduce the relative attractiveness of U.S. equities – whose greater allocation to technology stocks makes them the big winner in the context of a pandemic – and benefit the more cyclical EAFE region.

Our GRT model continues to prefer U.S. over EAFE equities, (Chart 11), a stance that we actually held continuously for more than two years and which has proven successful over this period. If this trend continues beyond the cloud of uncertainty hanging over the fourth quarter, we are likely to return to this positioning. In the same vein, a firm indication of leadership change towards foreign equities would lead us to take a more aggressive stance in this direction.

## 11 Closely monitoring inter-regional trends



As such, we will continue to closely monitor the situation over the coming weeks, and we stand ready to adjust our asset allocation once we have more clarity on the economic and geopolitical environment under which we will operate in 2021. This also includes ongoing trade negotiations between the United Kingdom and the European Union, in their final stretch before the end-of-October deadline set by the EU's chief negotiator, Michel Barnier.

## Commodities: Eyes on Inflation

In September, gold prices declined for a second consecutive month falling below their 50-day moving average for the first time since early June, but finding support on its 100-day moving average (Chart 12, next page).

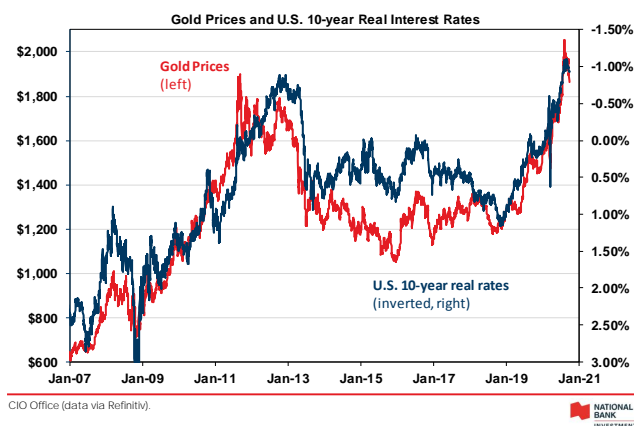
The speed at which the price of gold broke through the \$2,000/oz. mark in July meant that it was at least due for a breather in the short term, if not a pullback. This is indeed something we stated in our August 4 report. However, we did not perceive this potential decline as significant enough to alter our positive outlook for gold over a longer-term horizon, and this still holds true today. The reason is that the ultimate threat

## 12 A volatile period for gold prices...



to gold is tighter monetary conditions (i.e. higher real rates, Chart 13), and it is clear this is not what central banks have in mind for the years to come.

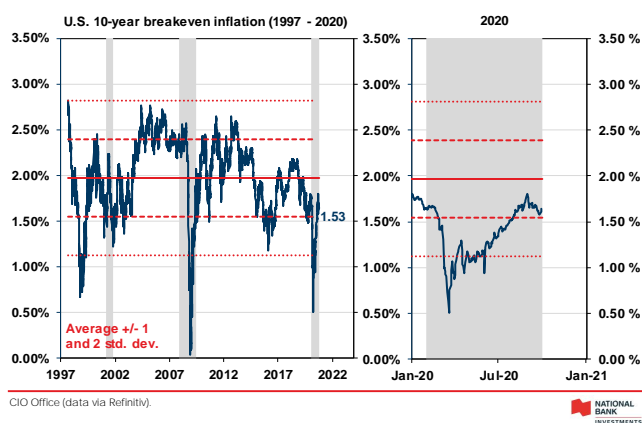
## 13 ... but monetary conditions should remain supportive ...



This doesn't mean that gold prices have no downside risks. Although the Federal Reserve has no intention of raising interest rates, we could still find ourselves in an environment where monetary conditions tighten against its will. How could this happen? If inflation expectations were to fall without central banks having the capacity to substantially lower their policy rates (already near zero) to counter the trend. In fact, this conundrum likely explains part of the weakness of gold in September, when diminished odds of a major new U.S. fiscal stimulus plan before year end weighed on the inflation outlook (Chart 14).

Ultimately, we still expect gold to fare well as the ongoing economic recovery should support a gradual rise in inflation, even if fiscal measures are smaller than initially expected and/or are delayed. But, the most optimistic scenario for gold prices is clearly the most inflationary one: a Democratic sweep allowing the party to substantially increase public spending as outlined in their platform.

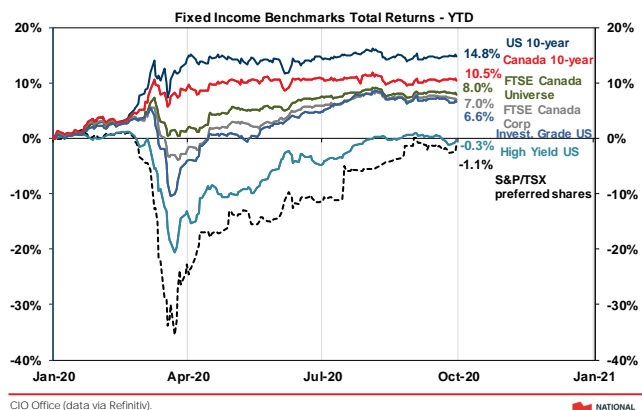
## 14 ... as long as inflation expectations don't regress



## Fixed Income: Not Much to See

Bond markets remained relatively stoic in the face of heightened equities turbulence last month. U.S. 10-year Treasury bills barely moved (+0.2% total return in September) along with the overall Canadian market (+0.3%). For their part, the riskier high-yield debt (-1.0%) declined slightly, but still ended the third quarter with gains (Chart 15).

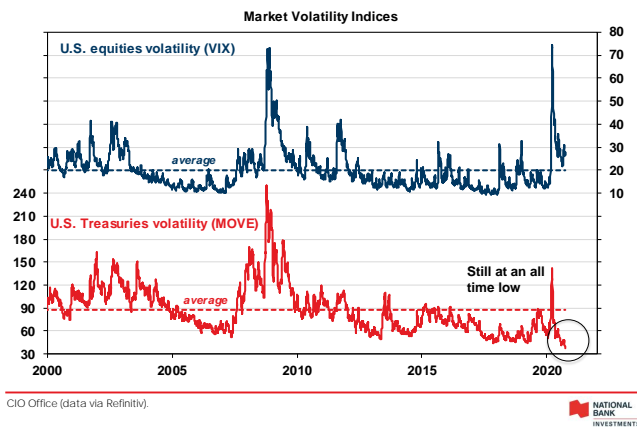
## 15 No major moves in September...



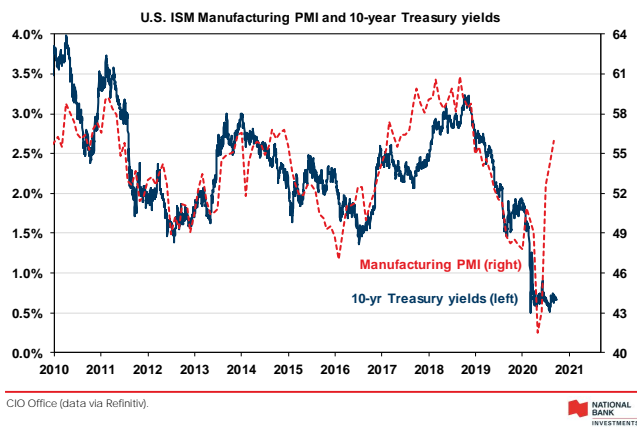
As discussed last month, the key driver for 10-year sovereign yields is expectations of changes in the Federal Reserve's policy rate over the bond horizon. As the Federal Reserve is clear in its intention to leave it near zero until (at least) 2023 and as stock market volatility in September has had no effect on this outlook, Treasury bills volatility remained at an all-time low (Chart 16, next page).

Accordingly, long-term rates should remain low and stable over the next few months, as intended by the Federal Reserve which seeks to ensure a maximum of monetary accommodation in the face of an economic recovery that remains fragile. Ultimately, it is only when this fragility dissipates that interest rates will slowly be able to begin to give way to the upward pressure currently observed (Chart 17, next page). This will likely require a major fiscal stimulus package in the United States but even

### 16 ... despite stock market turbulence



### 17 Pressure is **building...** but rates should remain stable



more important would be the announcement of a COVID-19 vaccine ready for distribution.

Table 3 Base Case Scenario

Scenario (prob.%)	Key elements and investment implications
Base case (60%)	<ul style="list-style-type: none"> <li>The global economy emerges out of a severe but brief recession. The pace of growth remains above the long-term trend but slows down relative to Q3-2020. The rise of COVID-19 cases in some parts of the world and at different times leads to greater dispersion in economic data.</li> </ul>
	<ul style="list-style-type: none"> <li>Advances in medical research, compliance with best sanitary practices by most people, and the disproportionate economic cost associated with total lockdowns incline governments to adopt a more targeted approach to fighting the pandemic. Progress in vaccine research suggests the start of generalized vaccination in the second half of 2021.</li> </ul>
	<ul style="list-style-type: none"> <li>Central bank interventions ensure highly accommodative monetary conditions. The majority of developed countries maintain an adequate level of fiscal support. The U.S. Congress extends their fiscal stimulus package after presidential elections.</li> </ul>
	<ul style="list-style-type: none"> <li>The U.S. electoral backdrop creates a high degree of uncertainty for financial markets, but does not significantly alter the trajectory of the ongoing economic recovery.</li> </ul> <p>→ <b>Bond yields remain stable while the U.S. dollar depreciates. Equities remain on an upward trend, but their pace slows down. Leadership across regions remains volatile, emerging markets outperform.</b></p>
Bullish (20%)	<ul style="list-style-type: none"> <li>The U.S. Congress passes a major fiscal stimulus package before year-end. This facilitates a stronger than expected rebound in economic activity and generates a sharp increase in investors' risk appetite.</li> </ul>
	<ul style="list-style-type: none"> <li>Unprecedented research efforts led by the global scientific and medical community bear fruit; COVID-19 vaccines are rapidly manufactured and ready for distribution in early 2021.</li> </ul> <p>→ <b>Bond yields rise modestly while the U.S. dollar depreciates. Global equities reach new highs. Leadership shifts to small caps, cyclical, emerging markets and EAFE equities.</b></p>
Bearish (20%)	<ul style="list-style-type: none"> <li>Persistently rising COVID-19 infections and inadequate fiscal responses damage consumer confidence and hinder the recovery.</li> </ul>
	<ul style="list-style-type: none"> <li>Central banks redouble their efforts, but these prove insufficient in preventing a series of defaults on corporate debt, while upward pressure on the USD further jeopardizes emerging economies.</li> </ul> <p>→ <b>Bond yields fall and the U.S. dollar shoots higher. Equities venture near bear market territory. Leadership shifts to government and high-grade bonds. Defensive stocks outperform.</b></p>

CIO Office. Last update: October 1, 2020 (updated quarterly unless an event demands a revision). \*Subjective probabilities based on current market conditions and subject to change without notice.

Table 4 Global Asset Allocation - Model Portfolio Weights (in CAD)

	Benchmark		Model Portfolio				Comments
	Total	Asset Class	Total		Asset Class		
			Allocation	Active Weight	Allocation	Active Weight	
Asset Classes							
Cash	0%	-	0.0%	0.0%	-	-	Early in a new economic cycle, the outlook for equities compares favourably to bond markets, which are showing yields close to an all-time low. Alternatives allow for better control of the total risk of the portfolio and offers protection against a potential recovery in inflation. Overall, this positioning is slightly pro-risk.
Fixed Income	40%	-	32.0%	-8.0%	-	-	
Equities	60%	-	61.0%	1.0%	-	-	
Alternatives	0%	-	7.0%	7.0%	-	-	
Fixed Income							
Government	28%	73%	17.5%	-10.5%	55%	-18.3%	Highly accommodative monetary conditions and a gradual recovery in economic activity should lead corporate bonds to outperform government securities. For risk control purposes, we are sticking to investment grade credit. Treasury yields should remain close to current levels, with inflation expectations exerting only modest upward pressure on interest rates over the cyclical horizon.
Investment Grade	12%	27%	14.5%	2.5%	45%	18.3%	
High Yield	0%	0%	0.0%	0.0%	0%	0.0%	
Duration	8.4 yrs	-	8.0 yrs	-0.4 yrs	-	-	
Equities							
Canada	21%	35%	20.0%	-1.0%	33%	-2.3%	Geographical mix broadly in line with the recommendations of our GRT model. We expect emerging markets to be the major beneficiaries of the weakening U.S. dollar environment. To diversify against a potential style rotation, we hold neutral positions in U.S. and EAFE equities. We also favour the quality style and the equal weight index in the U.S.
United States	21%	35%	21.4%	0.4%	35%	0.0%	
EAFE	12%	20%	12.2%	0.2%	20%	0.0%	
Emerging markets	6%	10%	7.5%	1.5%	12%	2.3%	
Alternatives							
Inflation Protection	0%	0%	2.0%	2.0%	29%	28.6%	The macroeconomic environment remains very favourable to gold, with real interest rates likely to trend lower and the U.S. dollar to depreciate. Accordingly, TIPS should outperform their nominal counterparts, in addition to providing more direct inflation protection and little volatility. This asset mix offers low correlation with traditional assets.
Gold	0%	0%	5.0%	5.0%	71%	71.4%	
Non- Traditional FI	0%	0%	0.0%	0.0%	0%	0.0%	
Uncorrelated Strategies	0%	0%	0.0%	0.0%	0%	0.0%	
Foreign Exchange							
Canadian Dollar	61%	-	54.0%	-7.0%	-	-	We do not have a specific view on the Canadian dollar. Our overall portfolio strategy places us overweight in U.S. dollars versus our benchmark, mainly due to our gold position. We maintain this positioning solely because gold in Canadian dollars offers more attractive historical properties from a portfolio construction standpoint.
U.S. Dollar	21%	-	26.4%	5.4%	-	-	
Euro	5%	-	4.6%	0.0%	-	-	
Japanese Yen	3%	-	3.1%	0.0%	-	-	
British Pound	2%	-	1.7%	0.0%	-	-	
Others	9%	-	10.2%	1.5%	-	-	

CIO Office. The fixed income benchmark is 100% FTSE Canada Universe. There are no alternative assets in the benchmark as their inclusion is conditional on improving the risk/return properties of traditional assets (60/40). The amplitude of the color bars under the "Active Weight" columns are proportional to the maximum deviations of the portfolio (+/- 10% for stocks and bonds, +10% in cash, +20% in alternative assets).



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**General**

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