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A more optimistic tone in Canada

World

In Europe, inflation expectations remain low and the European Central Bank (ECB) is doing everything it can to avoid a scenario similar to that of Japan, which has been haunted by the spectre of deflation for decades. In March, the ECB again announced new monetary stimulation measures. In addition to lowering its key rate and enhancing its asset purchasing program, the central bank has introduced a new tool that could allow banks to borrow at a negative interest rate (on the condition that the sums borrowed are converted into loans to households and businesses). Since SMEs represent a large part of the European economy, we believe that it is this measure that has the most potential to successfully and sufficiently stimulate the economy of the euro zone.

Inflation expectations remain low in Europe and Japan

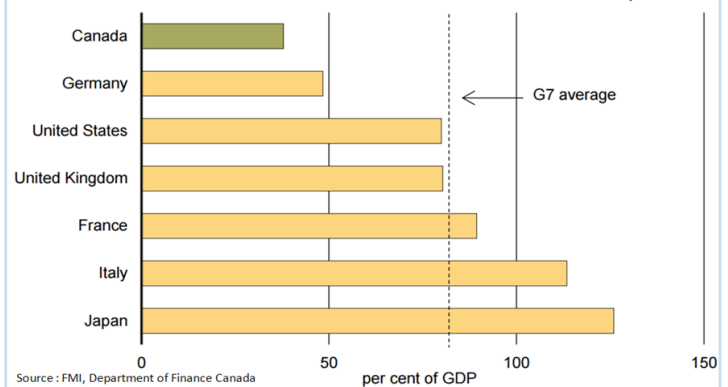
Inflation expectations in 5 years for 5 years



North America

With the announcement of its new deficit budget, Canada has officially become the first G-7 country since 2008 to resume use of this fiscal tool as a means of stimulating growth. The strategy adopted over the last few years had been, rather, to control spending and to let monetary policy have all the room for reviving growth. However, the main role of monetary policy is to stabilize economic cycles, not to create wealth; with the lowest debt ratio of the G7 and interest rates as low as they are, it now makes sense for the government to borrow over the long term in order to invest in projects that will boost growth potential for the coming years.

IMF FORECAST FOR TOTAL GOVERNMENT NET DEBT-TO-GDP RATIOS, 2015

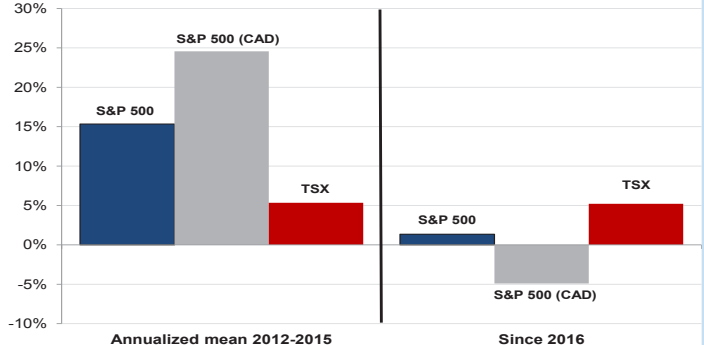


Financial markets

After having underperformed the U.S. market for the last few years, the Canadian market came back in force in the first quarter, to the extent that the S&P/TSX posted one of the strongest performances worldwide. The great pessimism that Canada faced following the collapse of oil prices seems to be fading more and more, as we see good surprises in the economic data, a more positive tone over natural resources, and the return of an expansionist budgetary policy.

S&P 500 vs S&P/TSX: A momentum change since the beginning of 2016

As of March 31



Total Return Reference indexes²

Returns as at March 31, 2016

	Simple returns ¹			Compound annual returns			
	1 month %	3 months %	YTD %	1 year %	3 years %	5 years %	10 years %
Indexes related to Income Funds							
FTSE TMX Canada 91 Day T-Bill Index	0.0	0.1	0.1	0.5	0.8	0.9	1.7
FTSE TMX Canada Short Term Bond Index	0.3	0.4	0.4	1.1	2.3	2.8	3.9
FTSE TMX Canada Universe Bond Index	0.8	1.4	1.4	0.8	3.9	5.2	5.2
S&P/TSX Capped Income Trusts (Total Return)	7.5	8.5	8.5	(0.3)	5.8	8.3	8.4
SB - World Government Bonds (Can. \$)	(1.5)	0.4	0.4	8.3	9.0	7.2	5.3
Indexes related to Canadian Equity Funds							
S&P/TSX 60	5.1	4.2	4.2	(6.1)	5.8	2.6	4.3
S&P/TSX Completion Index	6.0	5.5	5.5	(7.9)	2.8	0.7	3.7
S&P/TSX Composite Index	5.3	4.5	4.5	(6.6)	5.0	2.1	4.0
S&P/TSX Capped Composite Index	5.3	4.5	4.5	(6.6)	5.0	2.1	4.0
S&P/TSX SmallCap. Index	7.4	8.5	8.5	(5.7)	(0.6)	(5.0)	0.0
Indexes related to U.S. & International Equity Funds							
S&P 500 (Can. \$)	2.4	(5.0)	(5.0)	4.1	21.3	18.2	8.1
S&P 500 (Can. \$) (Reuters)	2.0	(5.6)	(5.6)	3.9	21.2	18.1	8.1
MSCI - World (Can. \$)	2.4	(6.6)	(6.6)	(1.3)	15.9	12.8	5.4
MSCI - EAFE (Can. \$)	2.2	(9.1)	(9.1)	(6.2)	10.9	8.4	2.9
MSCI - EAFE (Can. \$) (Reuters)	1.7	(9.7)	(9.7)	(6.3)	10.8	8.3	2.9
MSCI - Europe (Can. \$)	2.0	(8.5)	(8.5)	(5.9)	12.0	8.8	3.7
Index related to Specialty Funds							
MSCI - AC Asian Pacific Free (Can. \$)	4.3	(7.8)	(7.8)	(7.3)	9.6	7.8	3.6
MSCI - Emerging Markets (Can. \$)	8.6	(0.9)	(0.9)	(9.7)	4.0	1.9	4.4
MSCI - World Health Care (Can. \$)	(2.0)	(13.2)	(13.2)	(7.6)	19.5	19.2	7.4
NASDAQ 100 (Can. \$)	2.4	(8.5)	(8.5)	5.8	26.7	20.7	11.3
S&P/TSX Capped REIT Index	6.5	10.7	10.7	(2.2)	2.7	6.4	7.4
Exchange Rate (Can. \$ / US \$)							
As at March 31, 2016: 1.2971	(4.1)	(6.3)	(6.3)	2.3	8.5	5.9	1.1
Exchange Rate (US \$ / Can. \$)							
As at March 31, 2016: 0.7710	4.3	6.7	6.7	(2.2)	(7.8)	(5.6)	(1.1)

¹ The rates for the period are non-annualized.

² Please refer to the Legal Notices at the end of this publication for more information about these Indexes.

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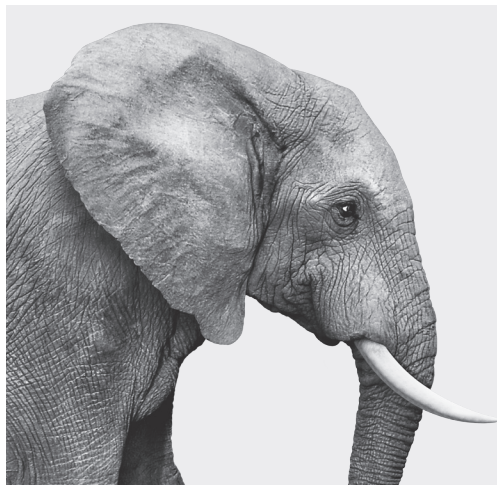
FTSE

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Economic and Financial Statistics as at March 31, 2016

	As at 2016-03-31 ¹	As at 2015-12-31
Canada - Unemployment rate	7.3%	7.1%
Canada - CPI (year/year variation)	1.4%	1.4%
Canada - GDP (year/year variation)	1.5%	-0.2%
U.S. - Unemployment rate	5.0%	5.0%
U.S. - CPI (year/year variation)	1.0%	0.5%
U.S. - GDP (year/year variation)	2.0%	2.1%
2-year Canada Bonds	0.54%	0.48%
10-year Canada Bonds	1.23%	1.40%
Oil (West Texas) (\$US)	38.3	37.2
Gold (\$US)	1,234.3	1,062.4
CRB Commodities Index (\$US)	170.5	176.1
Exchange rate \$CA/\$US	1.3006	1.3841

¹ Most recent data available at such date



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