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The return of volatility!

World

After taking on Obamacare and tax reform in 2017, President Trump could very well put more emphasis on protectionism in 2018. The president states that he wants to reduce the U.S. trade deficit by imposing tariffs on a multitude of products in order to stimulate local production. Although very few concrete measures have been put in place to date, discussions in this regard have not been unanimously supported by U.S. trading partners (or even within the United States), and any decision, specifically against China, could be perceived as a declaration of a trade war and result in material reprisals worldwide.

North America

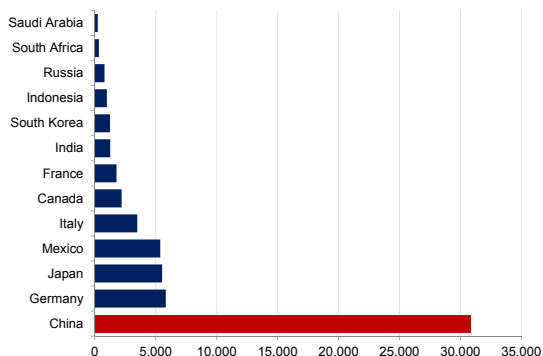
There has been significant upward pressure on interest rates since the beginning of the year, particularly in the United States. With the economy running at full capacity and an unemployment rate sitting around 4%, several economists and investors are beginning to revise up their inflation outlook and fear faster monetary tightening by the Federal Reserve (the "Fed"). Jerome Powell, who succeeded Janet Yellen as chair of the Fed, gave an optimistic overview of the U.S. economy in his first public appearance before the Congress, which sets the table for at least three rate increases in 2018.

Financial markets

Following a very strong start on the stock markets in January, volatility has finally settled in in February. First, the S&P 500 Index saw its swiftest market correction in its history with a 10.2% drop in nine days to then rebound by 7.7% in 11 days! While uncertainty in the face of the rapid increase in interest rates is at the core of this market downturn, we believe the correction is more technical than fundamental. Global economic indicators point more toward an acceleration of growth; however, we expect financial markets to be more volatile throughout the year in a context of rate hikes and a potential increase in protectionism.

G20: U.S. trade balance deficit

In millions of U.S. dollars, as at December 31, 2017

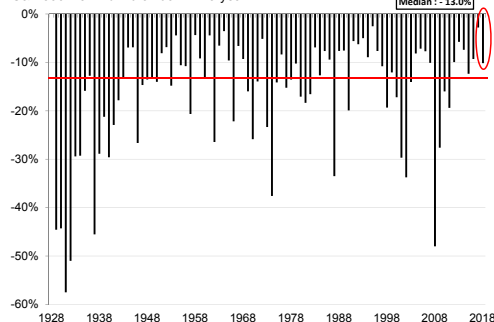


U.S. 10-year interest rate



Volatility: Back to the norm !

S&P 500 maximum drawdown in a year



Total Return Reference indexes²

Returns as at February 28, 2018

	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	0.1	0.2	0.2	0.7	0.6	0.7	1.0
FTSE TMX Canada Short Term Bond Index	0.3	(0.4)	0.1	(0.4)	0.6	1.6	2.9
FTSE TMX Canada Universe Bond Index	0.1	(1.1)	(0.7)	1.0	0.9	2.8	4.4
SB - World Government Bonds (Can. \$)	3.7	0.6	3.2	3.5	3.4	5.3	4.9
Indexes related to Canadian Equity Funds							
S&P/TSX 60	(3.1)	(3.3)	(4.4)	3.7	3.9	7.5	4.4
S&P/TSX Completion Index	(2.8)	(2.9)	(4.2)	1.7	2.1	5.2	4.3
S&P/TSX Composite Index	(3.0)	(3.2)	(4.4)	3.2	3.5	6.9	4.3
S&P/TSX Capped Composite Index	(3.0)	(3.2)	(4.4)	3.2	3.5	6.9	4.3
S&P/TSX SmallCap Index	(4.5)	(4.2)	(6.6)	(4.5)	3.6	4.0	1.8
Indexes related to U.S. & International Equity Funds							
S&P 500 (Can. \$) (Reuters)	0.6	2.4	4.1	13.3	12.1	19.9	12.7
MSCI - World (Can. \$)	0.1	1.7	3.2	13.5	9.1	15.7	8.9
MSCI - EAFE (Can. \$)	(0.3)	1.3	2.5	16.2	6.5	11.9	5.6
MSCI - EAFE (Can. \$) (Reuters)	(0.3)	1.3	2.5	16.2	6.6	11.9	5.6
MSCI - Europe (Can. \$)	(1.7)	0.2	1.5	17.3	5.7	12.0	5.6
Index related to Specialty Funds							
MSCI - AC Asian Pacific Free (Can. \$)	0.8	3.9	4.5	21.4	10.4	13.3	7.5
MSCI - Emerging Markets (Can. \$)	(0.4)	6.5	5.7	26.7	10.3	10.1	5.8
MSCI - World Health Care (Can. \$)	(0.2)	0.3	3.2	8.7	5.3	17.9	13.3
NASDAQ 100 (Can. \$)	3.0	7.1	9.6	24.4	16.5	25.5	17.8
S&P/TSX Capped REIT Index	(1.0)	0.6	(0.8)	5.4	3.8	4.6	8.5
Exchange Rate (Can. \$ / US \$)							
As at February 28, 2018: 1.2874	4.4	(0.5)	2.3	(3.3)	0.9	4.5	2.7
Exchange Rate (US \$ / Can. \$)							
As at February 28, 2018: 0.7804	(4.3)	0.5	(2.2)	3.4	(0.9)	(4.3)	(2.7)

¹ The rates for the period are non-annualized.

² Please refer to the Legal Notices on page 3 for more information about these Indexes.

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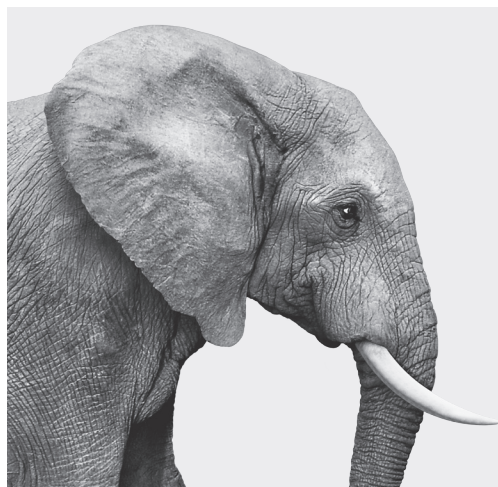
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Economic and Financial Bulletin

Economic and Financial Statistics as at February 28, 2018

	As at 2018-02-28 ¹	As at 2017-12-31
Canada - Unemployment rate	5.9%	5.9%
Canada - CPI (year/year variation)	1.7%	2.1%
Canada - GDP (year/year variation)	3.3%	3.4%
U.S. - Unemployment rate	4.1%	4.1%
U.S. - CPI (year/year variation)	2.1%	2.2%
U.S. - GDP (year/year variation)	2.5%	2.3%
2-year Canada Bonds	1.79%	1.69%
10-year Canada Bonds	2.24%	2.04%
Oil (West Texas) (US \$)	61.6	60.4
Gold (US \$)	1,319.3	1,303.5
CRB Commodities Index (US \$)	194.0	193.9
Exchange rate Can. \$/US \$	1.2832	1.2579

¹ Most recent data available at such date



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