



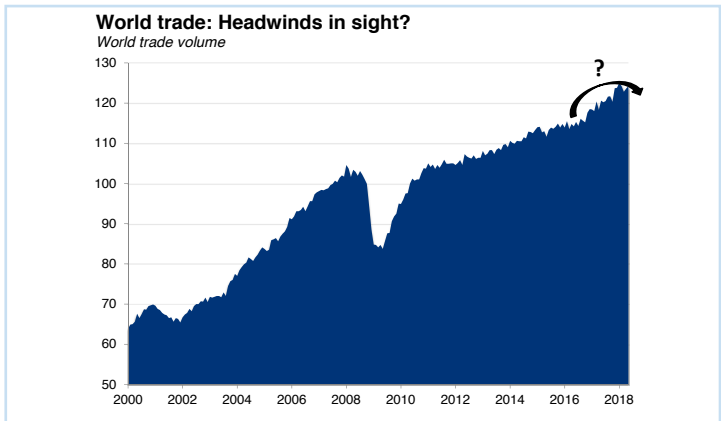
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Headwinds in sight from protectionism?

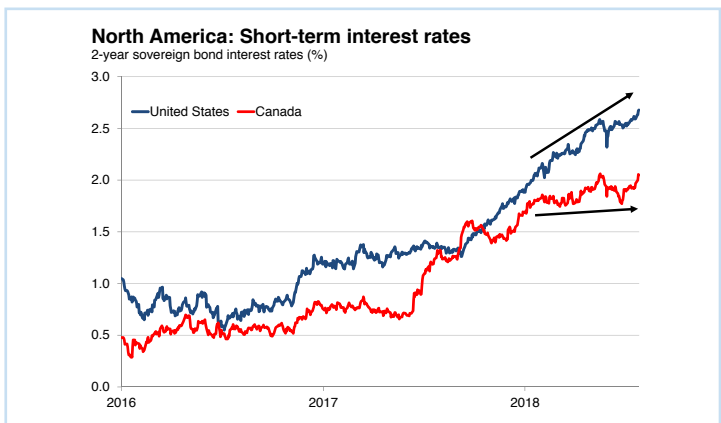
World

Even though the world economy is humming along with expected economic growth of 3.9% in 2018, the uncertainty around trade tensions between the Trump administration and certain trade partners is sending many economists back to the drawing board to reassess their economic outlooks for the longer term. Open borders have greatly contributed to world economic activity in recent years, and the protectionist measures proposed by the United States (especially toward China) have the potential to rattle the business model of certain export-leaning countries and cause headwinds for international trade volume.



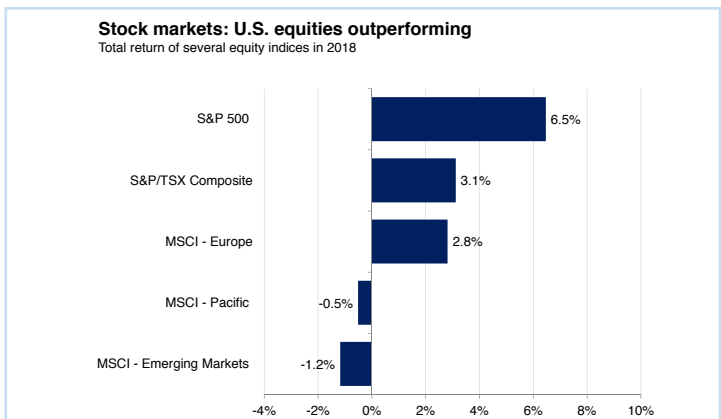
North America

In July, the Bank of Canada (BoC) raised its policy rate from 1.25% to 1.50%. While recognizing that uncertainty remains high regarding international trade negotiations with the United States, the BoC's decision rested on the fact that the economy is still running almost full steam. In addition, the BoC expects inflation to remain above target throughout the coming year. For our part, we are optimistic about Canada's economic outlook, and we believe it will only take a positive turn in the NAFTA file for Canadian interest rates to start closing the gap with those south of the border.



Financial markets

Following its first correction in over two years this past February, the U.S. stock market is now posting one of the best year-to-date performances in the world. This outperformance can be attributed to strong profit growth (driven by fiscal reform) and the fact that certain dominant sectors in the S&P 500, such as information technology and consumer discretionary, seem for now to be less sensitive to risks related to recent trade tensions. However, the index value remains relatively high and many positives seem to have already been factored in, which pushes us to favour overseas markets in terms of risk versus return.



Total Return Reference indexes²

Returns as at July 31, 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	0.3	0.7	1.0	0.6	0.7	0.9
FTSE TMX Canada Short Term Bond Index	(0.1)	0.2	0.4	0.6	0.5	1.6	2.8
FTSE TMX Canada Universe Bond Index	(0.7)	0.6	(0.1)	2.0	1.2	3.3	4.3
SB - World Government Bonds (Can. \$)	(1.4)	(0.4)	2.5	3.7	2.4	5.6	4.5
Indexes related to Canadian Equity Funds							
S&P/TSX 60	1.7	7.1	3.9	13.3	7.9	9.7	4.9
S&P/TSX Completion Index	(0.5)	2.9	0.8	7.2	6.3	6.1	5.4
S&P/TSX Composite Index	1.1	6.1	3.1	11.7	7.5	8.8	5.0
S&P/TSX Capped Composite Index	1.1	6.1	3.1	11.7	7.5	8.8	5.0
S&P/TSX SmallCap Index	(1.0)	0.4	(2.7)	4.3	8.3	5.4	3.0
Indexes related to U.S. & International Equity Funds							
S&P 500 (Can. \$) (Reuters)	2.7	8.5	10.6	21.0	12.6	18.6	13.3
MSCI - World (Can. \$)	2.1	5.3	7.6	16.5	8.9	14.8	9.4
MSCI - EAFE (Can. \$)	1.4	0.5	3.5	10.8	5.0	11.0	5.9
MSCI - EAFE (Can. \$) (Reuters)	1.4	0.5	3.5	10.8	5.1	11.0	5.9
MSCI - Europe (Can. \$)	2.3	1.1	4.5	10.7	4.9	11.1	6.1
Index related to Specialty Funds							
MSCI - AC Asian Pacific Free (Can. \$)	(0.2)	(1.8)	1.4	11.3	8.3	12.8	7.7
MSCI - Emerging Markets (Can. \$)	1.2	(3.9)	(0.6)	9.1	9.3	10.7	5.7
MSCI - World Health Care (Can. \$)	5.1	9.9	12.4	16.4	4.3	16.7	13.7
NASDAQ 100 (Can. \$)	1.7	11.2	17.5	28.0	16.3	24.3	17.4
S&P/TSX Capped REIT Index	1.2	5.9	7.4	15.4	8.7	8.5	9.5
Exchange Rate (Can. \$ / US \$)							
As at July 31, 2018: 1.3020	(1.0)	1.6	3.9	4.1	0.0	4.8	2.4
Exchange Rate (US \$ / Can. \$)							
As at July 31, 2018: 0.7680	1.0	(1.5)	(3.8)	(4.0)	0.0	(4.6)	(2.4)

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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MSCI

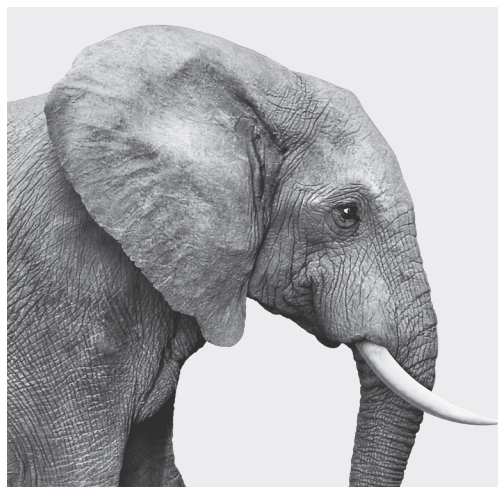
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Economic and Financial Statistics as at July 31, 2018

	As at 2018-07-31 ¹	As at 2017-12-31
Canada - Unemployment rate	6.0%	5.9%
Canada - CPI (year/year variation)	2.5%	2.1%
Canada - GDP (year/year variation)	2.6%	3.4%
U.S. - Unemployment rate	3.9%	4.1%
U.S. - CPI (year/year variation)	2.9%	2.2%
U.S. - GDP (year/year variation)	2.8%	2.3%
2-year Canada Bonds	2.07%	1.69%
10-year Canada Bonds	2.31%	2.04%
Oil (West Texas) (US \$)	68.76	60.42
Gold (US \$)	1,222.0	1,303.5
CRB Commodities Index (US \$)	194.5	193.9
Exchange rate Can. \$/US \$	1.3007	1.2579

¹ Most recent data available at such date



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