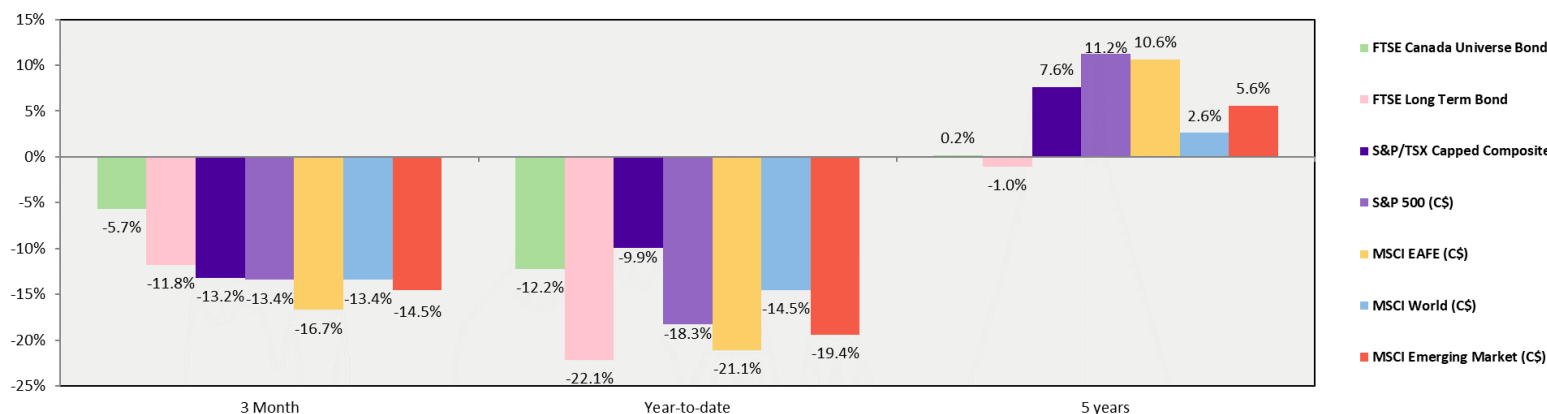


Commentary as at June 30, 2022



Market Indices Performance (C\$)



Rising inflation is a major concern

The last quarter took place under the theme of inflation. Rising prices of different goods and services is a growing concern globally. In response to this persistent inflation, central banks had no choice but to increase key interest rates. This had important repercussions on stock markets that registered a decline in the second quarter of 2022. All global stock indexes have posted negative returns: the S&P/TSX Capped Composite recorded a drop of -13.2% this quarter while the MSCI EAFE index posted a quarterly return of -16.7% in Canadian dollars, due to the geopolitical context.

Rising inflation, reflected in markedly higher prices in the Energy and Consumer Staples sectors, is of great concern to investors. In addition, the war in Ukraine and supply chain problems are having a major impact on supply, exacerbating price increases seen around the world. Central banks must raise interest rates in response, fueling the concerns of investors with recessionary fears.

US stocks had another disappointing quarter, culminating in a half-year performance of -18.3%. The Fed's aggressive rate hike led to reduced household spending and certainly had an impact on corporate earnings. The Consumer Discretionary sector was the second quarter's poorest performer due to higher interest rates. In contrast, the Energy sector turned in a good performance, spurred by higher prices and surging demand.

Over in Europe, the markets recorded a significant drop due to the energy crisis and the war with Russia. The European Central Bank revisited its position and is expected to raise interest rates in the near future to offset rising inflation. Annual inflation in the eurozone hit 8.6% in June, up significantly from 1.9% one year ago.

In the Canadian bond market, short, medium and long-term rates rose, which accounts for the negative quarterly return (-5.7%) recorded by the FTSE TMX Canada Universe index.

Gold closed the quarter down -6.44% to US\$1,817 (spot price). In the oil patch, a barrel of Brent crude closed the quarter up 4.13% to US\$109. West Texas Intermediate (WTI) and Western Canada Select (WCS) finished the quarter down -1.91% and -2.20%, posting closing prices of US\$105.8 and US\$91.7 respectively.

In employment news, the US economy added 1,124,000 jobs during the second quarter and gained 6,576,000 over the past 12 months. Back in Canada, 11,900 jobs were added during the quarter while 825,700 have materialized in the past 12 months. Canada's unemployment rate dropped to 4.9%, compared to 4.0% in the US.

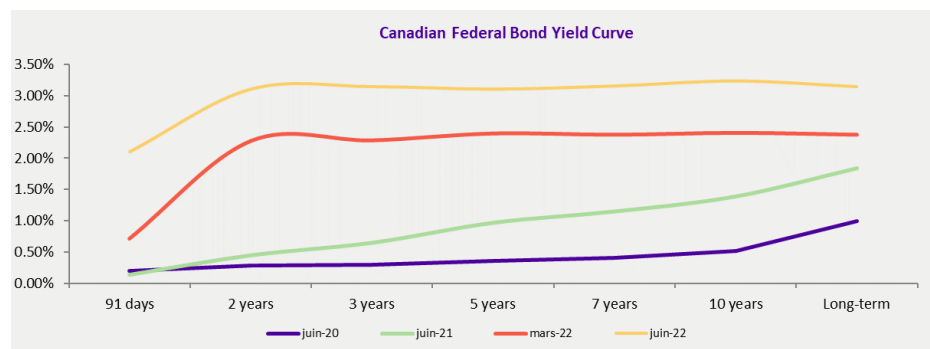
In the US residential real estate market, the most recent data from the S&P CoreLogic Case-Shiller index (May 2022) showed a 12-month variation of +20.5%, while the Teranet-National Bank House Price index, which tracks Canadian residential real estate, showed a variation of +18.3% for the same period.

	Canada	United States
GDP Growth (y/y)	5.6%	1.6%
Inflation (y/y growth)	7.7%	9.1%
Job Creation (QTD)	11 900	1 124 000
Job Creation (y/y growth)	825 700	6 576 000
Unemployment Rate	4.9%	4.0%

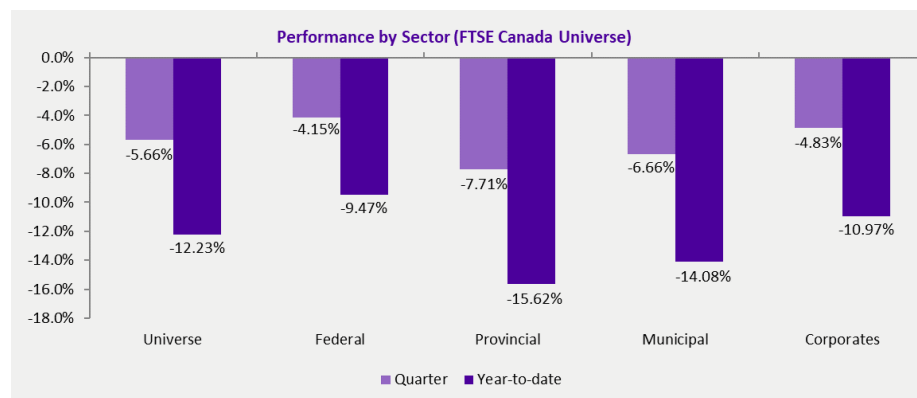
Commentary as at June 30, 2022

Canadian bond market

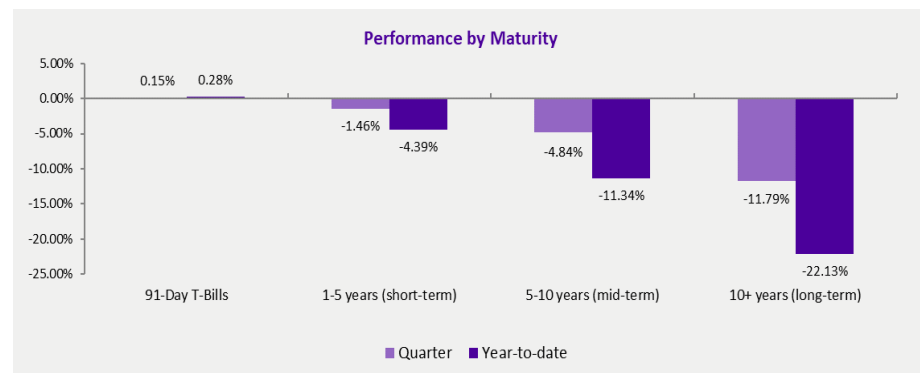
In the second quarter of 2022, Canadian bonds generated negative returns amid interest rate hikes.



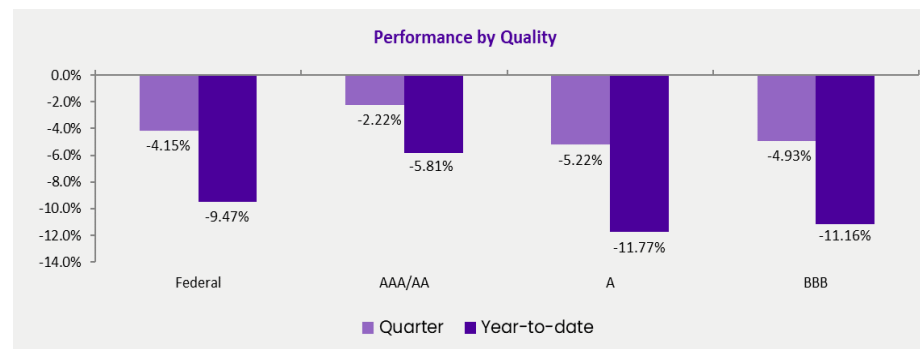
During the period, the FTSE Canada Universe index posted a return of -5.66%. All bond categories recorded negative performances in the second quarter as a result of rising interest rates. The yield for a Canada 10-year bond rose from 2.40% to 3.23% during the quarter.



Provincial bonds were the worst performers with a return of -7.71% for the quarter. In contrast, federal bonds posted a return of -4.15% and were the best sector of the FTSE Canada Universe index.



For the second quarter in a row, long-term bonds were the worst performers, with a return of -11.79%. Short and medium-term bonds recorded more moderate returns of -1.46% and -4.84% respectively. Federal 2-year, 10-year and 30-year bonds finished the quarter with yields to maturity of 3.10%, 3.23% and 3.14%, while 91-day Treasury bills stood at 2.10%.

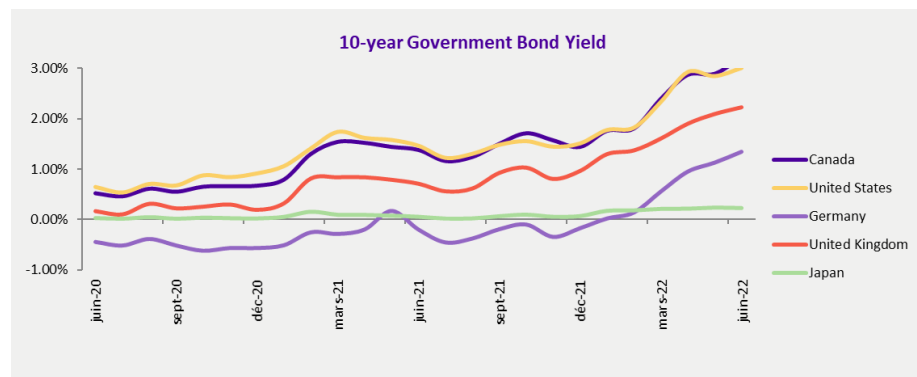


A-rated bonds were the worst quarterly performers, reflecting investor demand, while AAA/AA bonds performed better despite their negative performance.

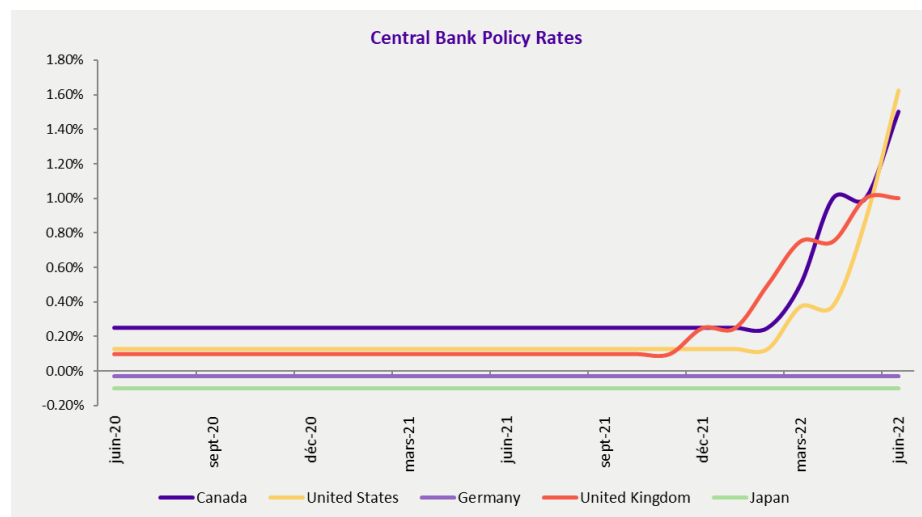
Commentary as at June 30, 2022

Global bond markets

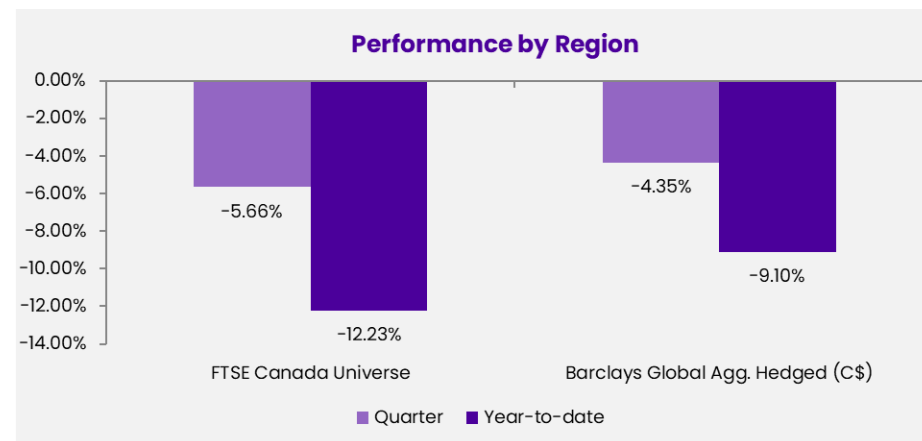
The yields to maturity of 10-year government bonds rose for all countries listed in the diagram below. Germany finally moved into positive yield territory since last quarter.



The Bank of Canada raised its key rate to 1.50% in the second quarter in response to persistent inflation that continues to exceed the target. The US Fed also decided to boost its key rate to within the 1.50% and 1.75% range. The Fed is sticking with its higher rate policy, which was launched in March 2022. The Bank of England also decided to up its key rate to 1.00%.¹



During the second quarter, Canadian bonds, as measured by the FTSE Canada Universe index, posted a return of -5.66%, compared to -4.35% for global bonds (Barclays Global Aggregate index, currency-hedged (CA\$)). Higher interest rates were primarily responsible for global bonds' under-performance.



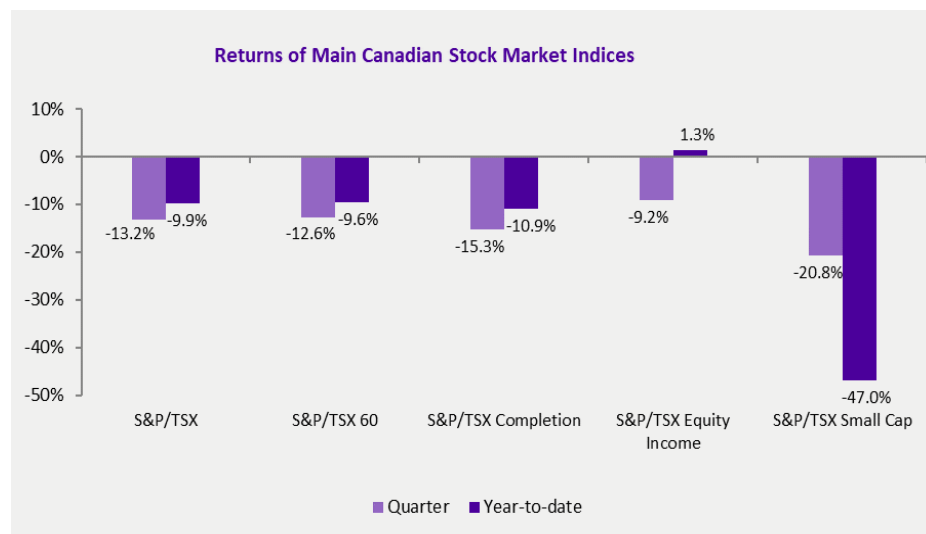
¹ Data presented in this report is as of June 30th, 2022. However, as of the date of publication of this report, key rates are the following:
Bank of Canada : 2,50 %
Fed : 2,25 % - 2,50%

Commentary as at June 30, 2022

Canadian stock market

The Canadian stock market, as measured by the S&P/TSX index, finished the quarter with a return of -13.2% as higher interest rates and inflation combined to slow growth. The negative return was primarily due to wary investors and reduced spending in the Consumer Discretionary sector.

All the major Canadian indexes posted negative returns during the quarter, ranging from -20.8% to -9.2%. Large caps did slightly better than small caps. The equity income index finished the quarter with a return of -9.2%.



S&P/TSX Sector	Weight (%)	Returns		
		Quarter	Year-to-date	3 years
Energy	18.4	-2.01%	26.11%	14.28%
Materials	11.6	-23.63%	-8.27%	7.78%
Industrials	12.0	-12.72%	-9.34%	8.49%
Consumer Discretionary	3.3	-10.18%	-17.10%	4.85%
Consumer Staples	4.1	-6.15%	-1.11%	8.66%
Health Care	0.4	-49.67%	-53.96%	-42.60%
Financials	31.8	-13.15%	-11.25%	9.36%
Information Technology	5.4	-29.68%	-54.61%	3.64%
Communications Services	5.2	-8.77%	-0.70%	7.05%
Utilities	5.2	-3.48%	1.28%	13.47%
Real Estate	2.7	-17.76%	-21.83%	1.27%

All S&P/TSX sectors posted negative returns in the second quarter, with the best being Energy (-2.01%) and Suncor Energy Inc. being the biggest contributor (11.99%). Suncor is a Canadian company that extracts, produces and supplies energy from various resources, including the tar sands. The second-best performer was Utilities (-3.48%), helped along by Capital Power Corp. (11.90%), an Alberta-based company that operates electricity production facilities.

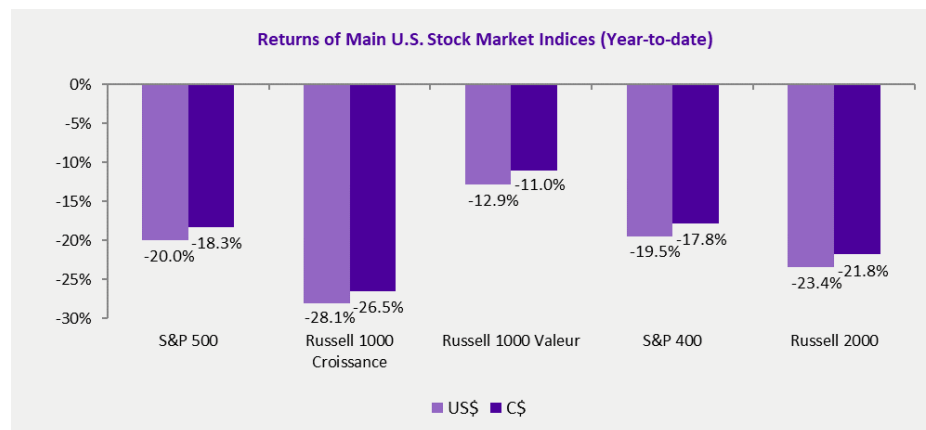
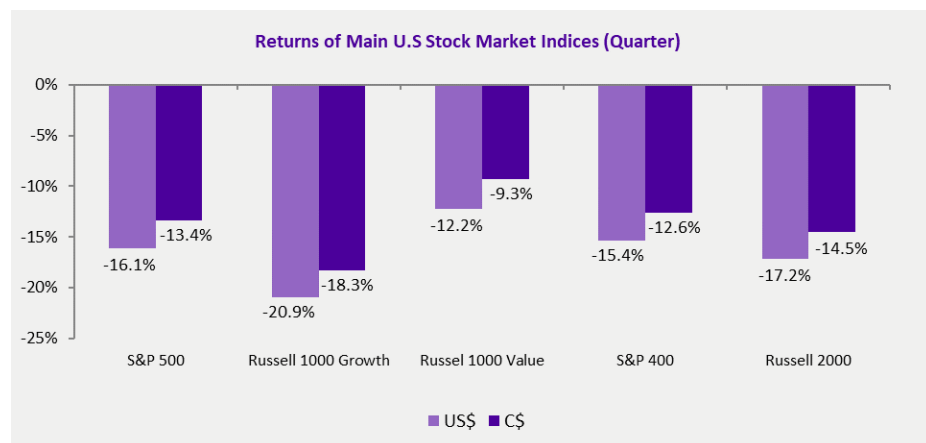
The Health Care sector came in last place (-49.67%), with the biggest detractor being Bausch Health Companies Inc. (-62.32%). This pharmaceutical company develops and manufactures a wide variety of products. The IT sector also had a negative impact on the index's quarterly performance, coming in 10th place (-29.68%). For the second quarter in a row, Shopify was this sector's worst detractor (-52.27%).

Commentary as at June 30, 2022

US stock market

During the quarter, the S&P 500 index was down -16.1% in US currency. The loonie/greenback standing had an impact on the quarterly return as the Canadian dollar lost ground. The Canadian dollar return for investors was -13.4%.

Value-style stocks outperformed growth-style as the Russell 1000 Value index generated a return of -12.2%, outpacing the Russell 1000 Growth index (-20.9%). In terms of market capitalization, small caps (Russell 2000) once again outdid medium caps (S&P 400) as well as large caps (S&P 500).



S&P 500 Sector	Weight (%)	Returns (in CA\$)		
		Quarter	Year-to-date	3 years
Energy	4.4	-2.06%	34.64%	9.67%
Materials	2.6	-13.14%	-16.15%	9.80%
Industrials	7.8	-11.99%	-15.03%	5.60%
Consumer Discretionary	10.5	-23.74%	-31.40%	4.91%
Consumer Staples	7.0	-1.49%	-3.58%	10.38%
Health Care	15.1	-2.83%	-6.39%	13.12%
Financials	10.8	-14.80%	-17.00%	6.26%
Information Technology	26.8	-17.63%	-25.36%	18.20%
Communications Services	8.9	-18.11%	-28.68%	4.89%
Utilities	3.1	-1.98%	1.56%	8.50%
Real Estate	2.9	-11.93%	-18.33%	6.46%

All 11 US stock index sectors generated negative returns in Canadian dollars. Consumer Staples turned in the best performance with a return of -1.49%, followed by Utilities (-1.98%). The biggest Consumer Staples contributor was Philip Morris International Inc., which specializes in tobacco products, with a return of 6.44%. In the Utilities sector, Constellation Energy Corp. was the biggest contributor with a return of 2.06%. This US-based company produces and distributes energy.

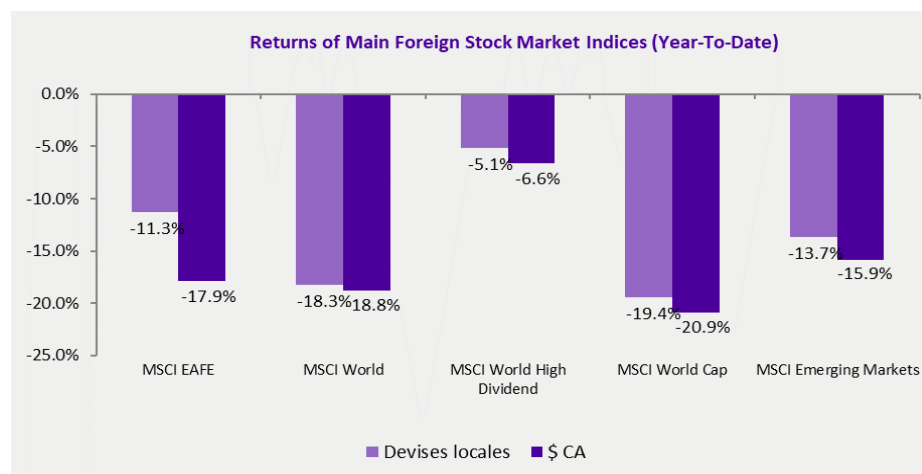
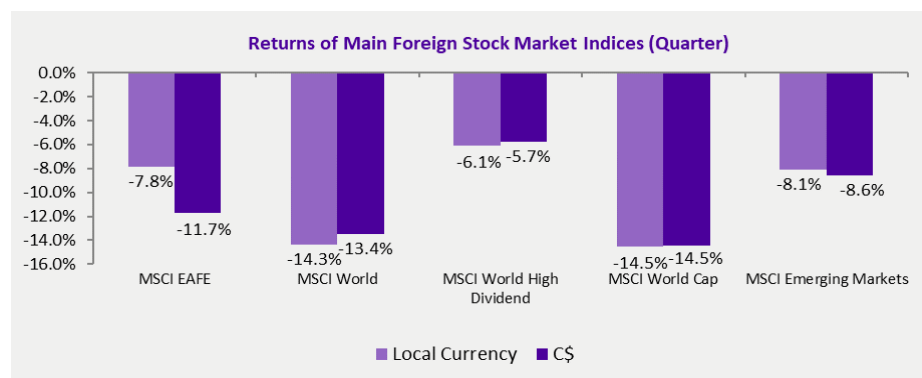
In contrast, the biggest contributor to the index's under-performance was Consumer Discretionary (-23.74%), followed by Communication Services (-18.11%). The biggest Consumer Discretionary detractor was Amazon with a return of -34.84%, while in the Communication Services sector, Alphabet Inc. was the worst performer (-21.65%).

Commentary as at June 30, 2022

Global stock markets

All global stock markets posted negative returns in the second quarter, primarily due to interest rate hikes by various central banks in response to rising inflation and supply chain bottlenecks, which are hampering production.

Of the indexes shown below, the MSCI World High Dividend Yield was the best quarterly performer with a -6.1% return in local currencies. The MSCI World Small Cap (-14.5%) recorded the lowest return.



MSCI EAFE Region	Weight (%)	Returns (in local currency)		
		Quarter	Quarter	3 years
United Kingdom	15.93%	-2.94%	1.67%	2.81%
Europe ex-UK	21.66%	-10.47%	-17.84%	3.55%
Japan	22.25%	-4.44%	-5.93%	9.13%
Pacific ex-Japan	40.16%	-8.67%	-7.09%	0.53%

In local currencies, all 21 EAFE index countries posted negative returns during the quarter. The best performers were Portugal and Hong Kong, while Israel and Singapore were the worst.

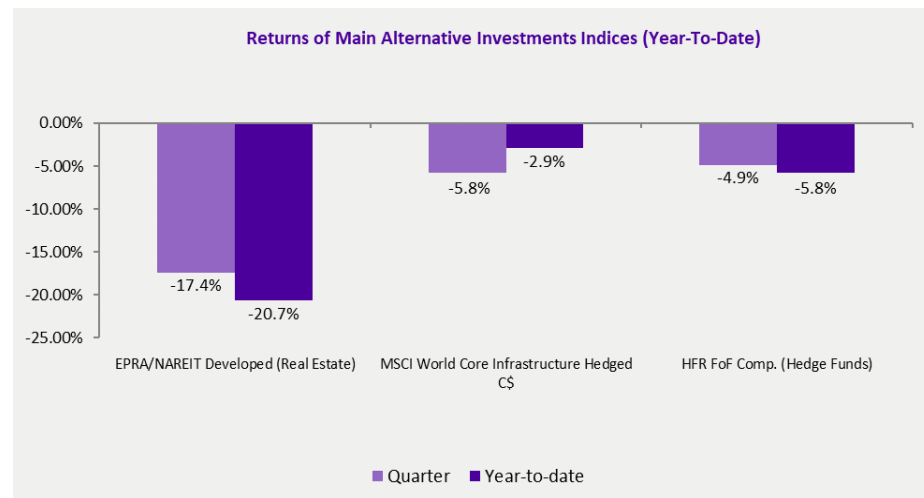
MSCI EAFE Sector	Weight (%)	Returns (in CA\$)		
		Quarter	Year-to-date	3 years
Energy	4.8	-0.92%	14.61%	-1.43%
Materials	8.3	-18.45%	-16.70%	3.85%
Industrials	15.1	-15.83%	-25.69%	-0.84%
Consumer Discretionary	11.1	-12.77%	-25.43%	0.42%
Consumer Staples	10.3	-5.36%	-13.62%	-0.56%
Health Care	13.2	-6.55%	-11.04%	6.20%
Financials	17.6	-11.11%	-13.02%	-0.17%
Real Estate	2.9	-13.00%	-16.30%	-6.88%
Information Technology	8.2	-20.97%	-20.97%	3.29%
Communications Services	4.9	-8.00%	-10.55%	-1.60%
Utilities	3.6	-8.86%	-13.61%	0.91%

All 11 MSCI EAFE index sectors posted negative performances in Canadian currency. The best quarterly performer was Energy with a return of -0.92%, helped by TotalEnergies SE (7.57%) and Repsol SA (14.34%). Consumer Staples came in second (-5.36%); its biggest contributor was Swedish Match AB (39.76%), which specializes in matches and tobacco-based products.

The worst-performing sectors were IT and Materials, with returns of -20.97% and -18.45% respectively. The biggest IT detractor was ASML Holdings NV (-26.99%), while the biggest Materials detractor was BHP Group LTD (-16.24%).

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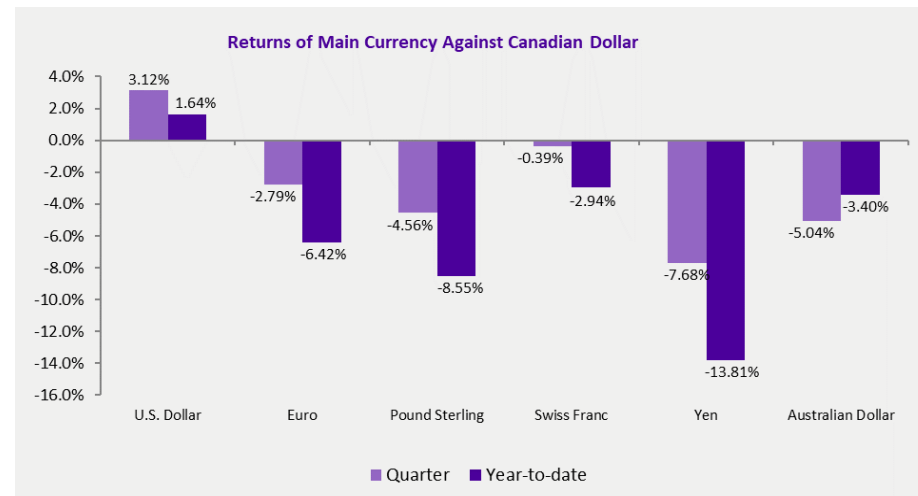
Alternative investments and currencies



Returns in C\$

Quarter	-14.7%	-5.8%	-1.6%
YTD	-19.0%	-2.9%	-3.6%

The three main alternative investment indexes had negative quarters in US dollars, although the Canadian-dollar conversion was beneficial. The EPRA/NAREIT index came in last place among the alternative investment indexes in the second quarter with a return of -17.4% in US currency. The MSCI Infrastructure index posted a quarterly performance of -5.8%. Meanwhile, the HFR Fund of Funds Composite index notched a return of -4.9%.



During the quarter, the Canadian dollar gained against all other major currencies, except the US dollar.