

		<u>Oct 2020</u>	<u>YTD</u>	<u>1-Year</u>	<u>3-Years</u>	<u>5-Years</u>	<u>10-Years</u>
<b>U.S. Large Cap Equities</b>	S&P 500	-2.66%	2.77%	9.71%	10.42%	11.71%	13.01%
<b>U.S. Small Cap Equities</b>	Russell 2000	2.09%	-6.77%	-0.14%	2.19%	7.27%	9.64%
<b>Energy Infrastructure Equities</b>	Alerian US Midstream Energy Index	3.64%	-39.79%	-37.09%	-13.61%	-7.23%	-
<b>U.S. Real Estate Equities</b>	Dow Jones U.S. Select REIT Index	-2.59%	-23.40%	-25.14%	-2.35%	0.31%	6.21%
<b>Global Equities</b>	MSCI All Country World Index	-2.43%	-1.09%	4.89%	5.52%	8.11%	7.90%
<b>International Developed Equities</b>	MSCI EAFE	-3.99%	-10.80%	-6.86%	-1.24%	2.85%	3.82%
<b>Emerging Market Equities</b>	MSCI Emerging Markets	2.06%	0.87%	8.25%	1.94%	7.92%	2.42%
<b>U.S. Taxable Fixed Income</b>	Barclay's U.S. Aggregate	-0.45%	6.32%	6.19%	5.06%	4.08%	3.55%
<b>U.S. Tax-Exempt Fixed Income</b>	Barclay's Municipal Aggregate	-0.30%	3.02%	3.59%	4.09%	3.70%	3.99%
<b>High Yield Fixed Income</b>	Barclay's U.S. Corporate High Yield	0.51%	1.13%	3.49%	4.24%	6.32%	6.25%
<b>Floating Rate Loans</b>	S&P/LSTA Leveraged Loan	0.19%	-0.47%	1.71%	2.97%	4.09%	4.12%
<b>International Fixed Income</b>	Barclay's Global Aggregate Ex-U.S.	0.46%	5.26%	4.96%	3.49%	3.62%	1.21%

- Global market returns were mixed in October as investors contemplated the resurgence of Covid-19 in Europe and the U.S. elections.
- U.S. stocks were positive up until the final week of the month when volatility spiked amid widespread concerns of the resurgence's impact.
- Value stocks outperformed growth stocks for the second consecutive month, but the latter is still approximately twice as expensive (P/E).
- The equal weighted S&P 500 Index outperformed the cap weighted S&P 500 Index by 2.1% in October, but still trails 8.1% year-to-date.
- Foreign equity results diverged in October as European ex-UK stocks gave up 5.4% and Chinese data boosted EM stocks up to 2.1%.
- The EAFE Index was also negatively impacted by the re-emergence of Brexit concerns after the October meeting passed without a deal.
- In fixed income markets, most investment grade bond categories were negative including U.S. Treasuries that declined 0.9% as yields rose.
- U.S. Mortgage and Asset Backed Securities performed better, and both categories were essentially flat for the month.
- U.S. municipal bonds declined 0.3% in October with the losses spread across credit qualities and maturities.
- High yield bonds and loans gained 0.55% and 0.2% in October, respectively. The annual default rates in high yield markets have moderated.
- International bonds gained 0.5% in October as yields and the dollar moved lower.

## Economic Update

- The U.S. dollar was flat against the Canadian dollar in October.
- The Canadian economy grew by 1.2% in August after gaining 3.1% in July.
- Despite the favorable monthly results, the overall economic activity remains about 5% below the February pre-pandemic level.
- The economic growth appears to have bifurcated, as the public sector (e.g. administration, healthcare, education) and manufacturing sector (e.g. computer systems) show signs of continued recovery, while other sectors such as mining/quarrying, oil/gas refinement and tourism continued to struggle.
- The oil and gas industry declined 3.9% overall in August, and the important sub-category of oil sand extraction dropped 7.5%.



Date Range	USD to CAD	+/-
YTD	1.2962-1.3323	+2.8%
1-Year	1.3137-1.3323	+1.4%
3-Years	1.2895-1.3323	+3.2%

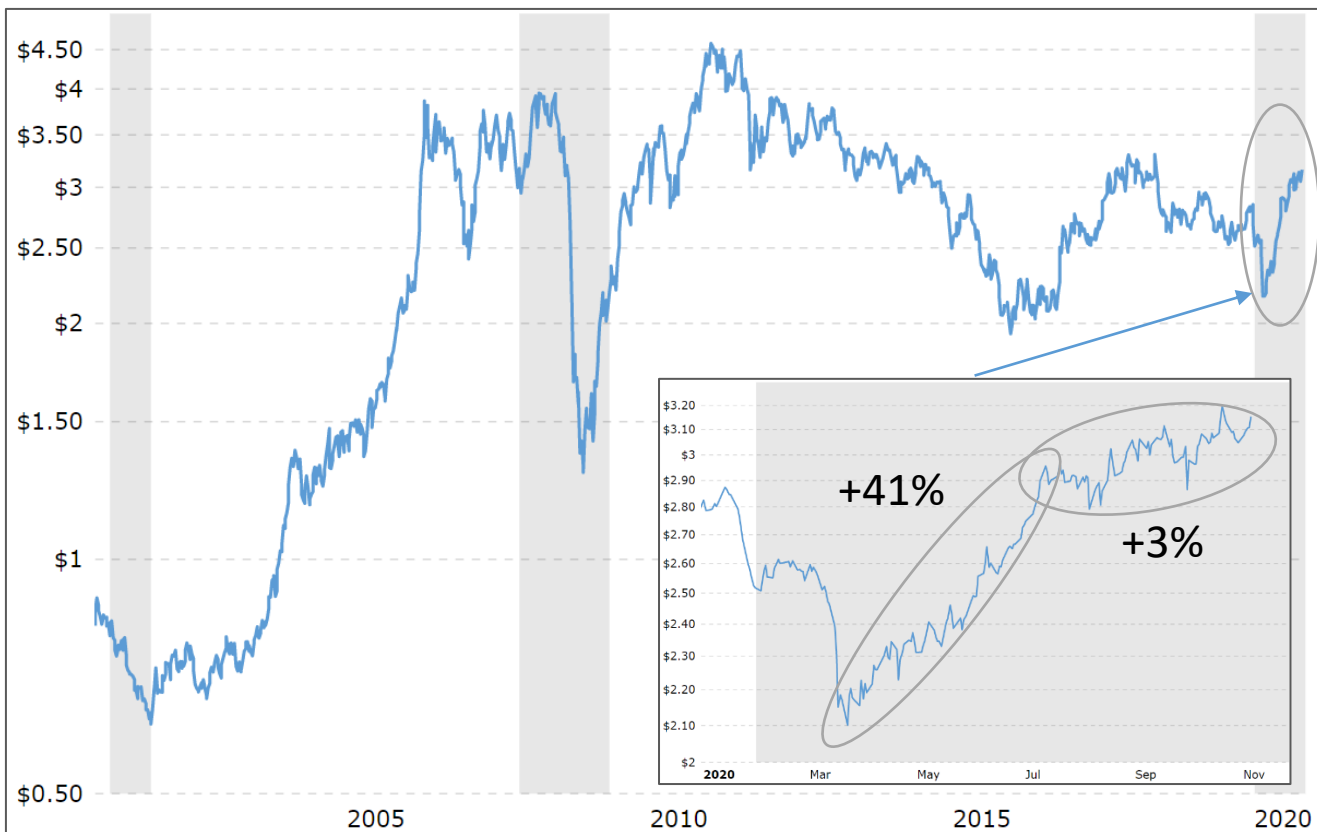
**\$USD 1,000,000**  
 =  
**\$CAD 1,332,310**  
 @ 1.33231  
 (10/31/2020)

CAD Profile	
Inflation Rate	1.60%
Interest Rate	0.25%
Information	<a href="http://www.bankofcanada.ca">http://www.bankofcanada.ca</a>

The larger chart below shows the historical daily COMEX copper price, which is displayed in U.S. dollars per pound. The chart provides 20 years of price history as well as past recessions.

The chart embedded in the bottom right hand corner provides a zoomed-in image of the 2020 YTD copper price movement.

The price of copper as of October 31<sup>st</sup> was \$3.05 per pound. Copper began the year priced at \$2.80 per pound, before falling 25%, or \$0.70 per pound, to \$2.10 on March 23, 2020. The commodity has fully recovered from the March low.



## Copper Price Outlook

Copper prices ended October \$0.02 higher and have gained \$0.09 from the end of the March-July rally, amid higher price volatility (see embedded chart).

Despite showing signs of stalling, copper did still reach a 28-month high on October 22<sup>nd</sup> and it ended the month only \$1.53 below the all time high set on January 31, 2011.

Copper is a good indicator of economic stability and looking ahead analysts at Goldman Sachs “believe that structural underinvestment, policy-driven demand and macro tailwinds from a weakening dollar and rising inflation risk may create a bullish outlook for 2021.”

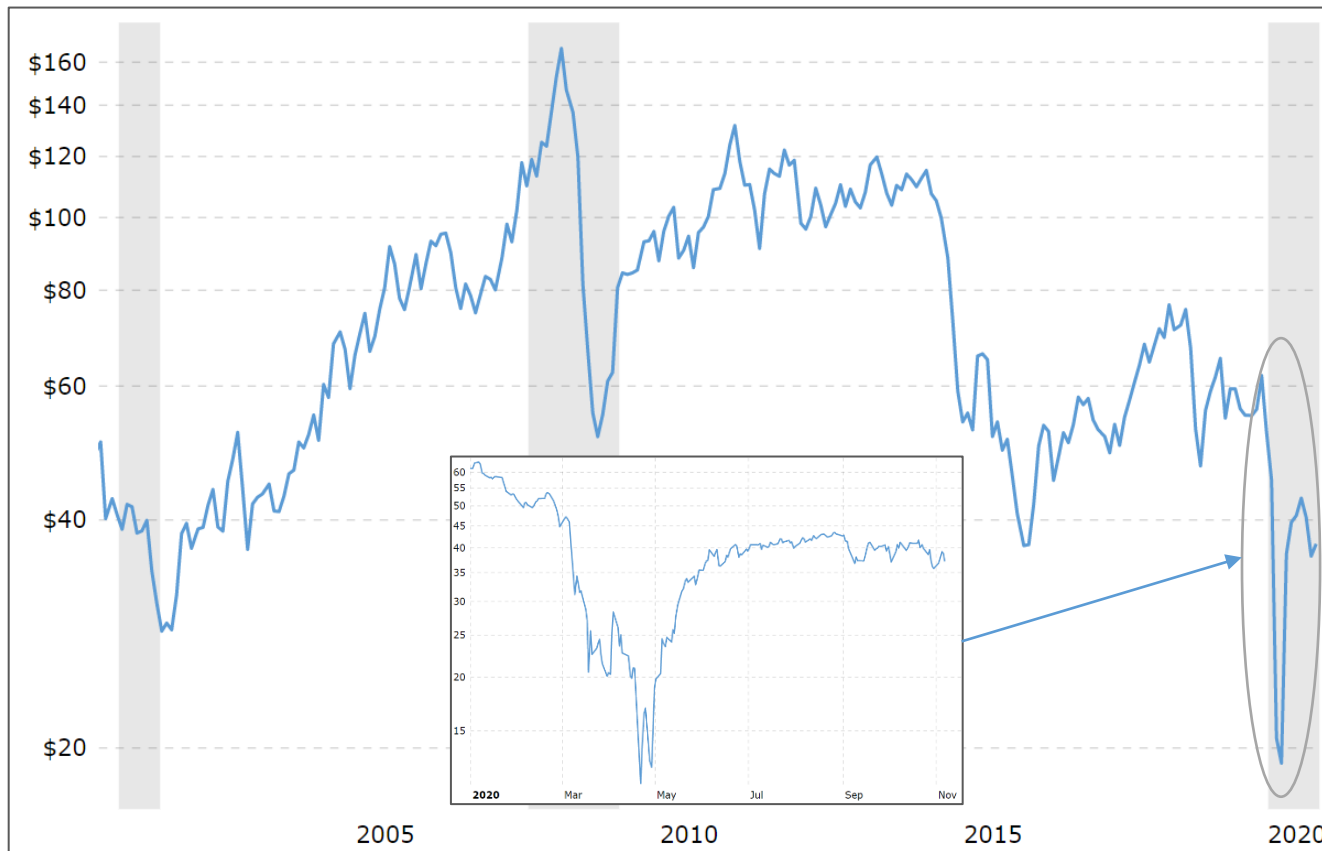
With a Biden victory, Goldman expects “increased U.S. copper demand by 2% over the next five years.” In addition, Goldman predicts copper prices will increase 2.9% within three months, 6.6% within six months, and 10.3% by this time next year.



The chart below shows the historical daily West Texas Intermediate (WTI or NYMEX) crude oil prices per barrel, which is displayed in U.S. dollars. The chart provides 20 years of price history and includes shaded columns to reflect past U.S. economic recessions.

Oil began 2020 priced at \$61.14 per barrel before falling to \$11.26 on April 21, 2020. From the January 7<sup>th</sup> peak to the April 21<sup>st</sup> trough, oil prices declined 69%. Oil prices have since recovered, adding \$24.53 per barrel.

The current price of oil, as of October 31, 2020, is \$35.79 per barrel.



Sources: Macrotrends, Yahoo/Bloomberg

## Oil Price Outlook

The oil price rally stalled in October as prices dropped 11%, or \$4.43 per barrel for two primary reasons:

- 1) The Covid-19 pandemic continues to reduce demand for oil as employees are still working from home and business travel remains null.
- 2) Supply has increased from a variety of sources over which OPEC has no control.

Expectations were that oil prices would continue to recover after the first wave of the pandemic and with a deep slump in U.S. production, and that has happened to some extent, but momentum appears to have stalled.

With fresh lockdowns implemented across Europe and a second wave of Covid-19 in the U.S., the near-term outlook for oil is negative. The only positive for oil is rising demand for heating oil as we enter the colder winter months.

