Insights & Strategies

PRIVATE CLIENT SOLUTIONS

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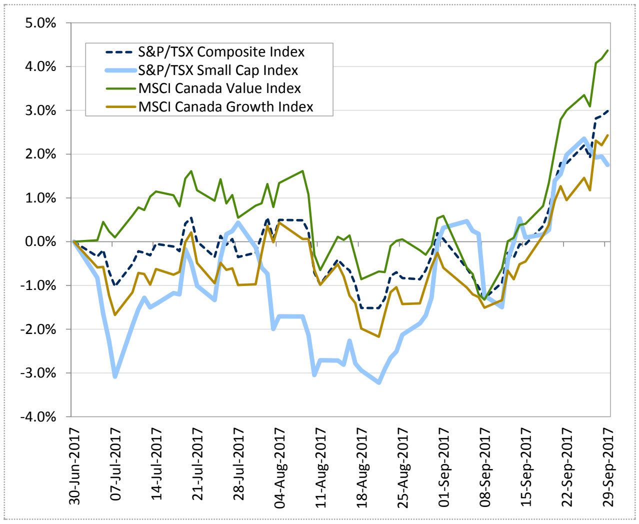
Quarterly Edition

Inside this Issue

Bring on the Fourth

It's been a difficult year for the average Canadian investor. The S&P/TSX just recently turned positive for the year and holding US securities has not helped either given the rapid rise in the Canadian dollar. While the S&P 500 has gained 12.5% in local terms year-to-date, taking into consideration the loonie's appreciation, the index is up just 4.5%. Thus a portfolio with a 60/40 Canada- US allocation would be slightly above water for the year. The S&P/TSX's underperformance this year is somewhat surprising considering the Canadian economy has recorded the best GDP growth among the G7 and commodities are ranking among the best performing asset class in the quarter.

Third Quarter Ended Well for Canada



Source: Bloomberg, Raymond James

But, the divergence in equity returns is unlikely to last in our view. Following a relatively flat first half of 2017, the S&P/TSX managed to squeak out a positive return in the third quarter. Energy and financials, which were drags in the first half, acted as a tailwind for the broader market. In fact, energy was the best performing sector in the quarter, followed by consumer discretionary and financials. Materials were not far down the list either, ranking as the fifth best performing sector last quarter. Combined, the "big 3" sectors represent over 66% of the index, so it's easy to see why the Canadian market experienced a decent quarter. Where energy, financials and materials go, so goes the broader market.

While there were plenty of headline risks vis-a-vis geopolitical events, natural disasters and political drama, the quarter was in fact characterized by an improvement in overall risk appetite underpinned by strong corporate earnings, synchronized global growth and, more importantly for the Canadian economy, a pickup in commodity prices. These factors helped to explain the recover in small caps and value-oriented strategies topping growth as a style. The S&P/TSX small cap index gained 1.8%, while the MSCI Canadian value index gained 5.2% compared to the 3.0% gain experienced by the MSCI Canadian growth index.

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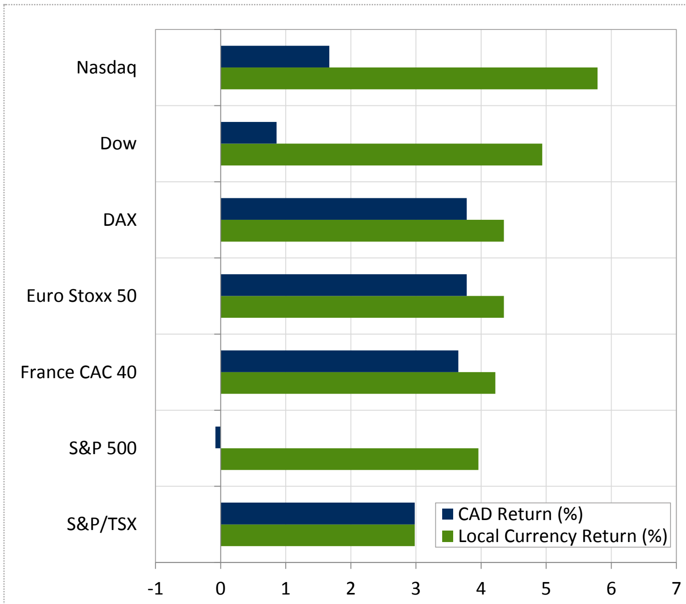
RAYMOND JAMES

While the S&P/TSX posted a healthy 3.0% return it failed to keep up with US markets which rose to new record highs. The S&P 500, Dow and Nasdaq gained 4.0%, 4.9% and 5.8%, respectively. European equities also outperformed Canada as the Euro Stoxx 50, France CAC 40 and German Dax posted returns of 4.4%, 4.2% and 4.4%, respectively. Currency can and does often play a big part in an investor's final returns. Unlike the CAD/USD currency pair, which significantly detracted from investment returns during the quarter, the CAD/Euro did not have the same negative impact as the loonie appreciated 4.0% in Q3.

Third-Quarter Market Returns



Source: Bloomberg, Raymond James Ltd.

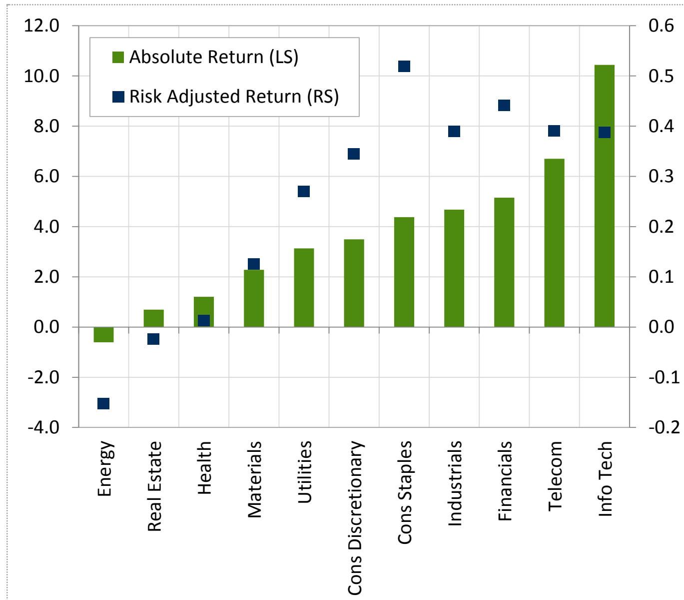
Bring on the Fourth

The third quarter has marked a turning point for the S&P/TSX index in our view. We now have energy and financials participating while we enter the seasonally strong period for equity markets. From a seasonal perspective, the S&P/TSX has produced average returns of 2.9% in the fourth quarter, making it the best performing quarter of the year historically. Statistically it is also the second least volatile quarter – the least volatile is Q1 and the most volatile is Q3.

Our year-end target for the S&P/TSX is 16,500, or ~6.0% upside from current levels, which begs the question: is this achievable? A return of 6% or more in Q4 is not statistically unreasonable to assume, as 68.2% of quarterly returns fall within 10.3% and -4.5% (we assume returns fall within a normal distribution for simplicity). Considering 66 Q4 returns, the quarter has exhibited a return greater than six percent 17 times, or 26% of all fourth quarters.

The best performing sector on an absolute basis has been technology and telecommunication. Readers may think these are an odd pair, but for those that remember the good-old Nortel days, it explains why this unlikely pair sits on top of others. However, if we remove the impact of Nortel, we are left with financials, industrials and consumer staples as the best performing. Absolute returns are good, but some investors prefer to measure return against the amount of risk one takes. Adjusting for risk, we arrive at the same list of outperformers, but the order changes to consumer staples, financials and industrials.

Fourth Quarter Returns for the Past 66 Years



Source: Bloomberg, Raymond James Ltd.

Jason Castelli, CFA
VP, Portfolio Manager

What Goes Around Comes Around

Staples and financials have been mentioned as solid candidates for both absolute and risk-adjusted returns during the fourth quarter. As such we highlight two of highest-conviction names in those sectors: Toronto-Dominion Bank (TD-T) and North West Company (NWC-T).

Toronto-Dominion Bank

TD has a solid footprint in Canada with its 1,156 branches and 15 million customers, offering a full range of services including personal and commercial banking, wealth management and insurance. The bank's Canadian retail segment (ex-wealth) demonstrated solid earnings growth of 13% year-over-year (yoy) during Q3/17, better than the Big Six average of 8%. In the US, the bank has solid exposure with 1,278 branches and 9 million customers; the retail segment in the US saw 11% earnings growth over last year. Additionally, 27% of the bank's earnings and 39% of its assets are derived south of the border, positioning them well as the US Federal Reserve continues to hike interest rates which will benefit net-interest margins.

Although Expensive, TD Has Best Growth vs Peers

Company	Forward EBIT Margin	Forward P/E	Div Yield	Payout Ratio	5 Yr EPS Growth	Debt/ Capital
TD	42.4%	12.30x	3.55%	43.5	55.29	19.2%
Peer Average	41.6%	11.29x	4.22%	45.6	32.94	21.1%
Royal Bank	40.8%	12.34x	3.87%	46.3	54.43	17.5%
CIBC	41.9%	10.11x	4.73%	45.4	42.36	26.6%
BMO	36.7%	11.57x	3.98%	43.1	37.56	7.1%
Scotiabank	45.9%	11.64x	4.00%	46.4	25.39	20.9%
National Bank	42.8%	10.80x	4.55%	46.6	4.95	33.6%

Source: Bloomberg, Raymond James Ltd.

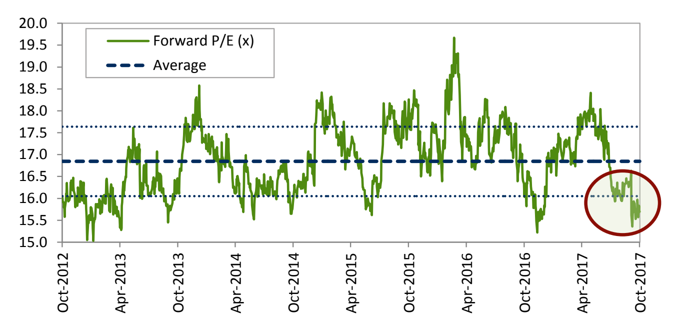
The bank has a dividend yield of 3.4% with a payout ratio of around 44% and a five-year annualized dividend growth rate of 10.4%. From a valuation standpoint, the stock trades at 1.9x P/B, at the high end of its five-year average multiple and a 6.5% premium to its peer-average P/B; however, its solid track record of EPS growth (five-year growth of 55% vs peer average of 33%) and expected EPS growth of 12% in 2017 and 6% in 2018 support the premium valuation. Based on our seasonal analysis looking at returns over the past ten years, TD tends to be strong 50% of the time in October and only 40% in December; however, the best month for the stock during the fourth quarter has been in November when it has a frequency of a positive return 80% of the time, and has averaged a 0.6% return over the past 10 years.

North West Company

NWC is a retailer for underserved rural communities in Canada, Alaska and the Caribbean with over 230 stores operating under banners such as Northern, Quickstop, NorthMart, Giant Tiger, AC Value Center and Cost-U-Less. The company provides essential products to remote areas where 90% of households in such locations shop at one of the company's banners. NWC has a steady customer base that enjoys stable incomes tied to government funding. Northern Canada regions have benefitted from the higher Universal Child Care Benefit, which went into effect last July; new schools and other public infrastructure projects that have been benefiting the region leading to higher incomes compared to other regions in Canada. The company enjoys high barriers to entry given its expertise in moving products to difficult-to-serve areas (98 stores are not easily accessible). This past June the company acquired North Star Air, a Thunder Bay based airline servicing northwestern Ontario, bringing its freight shipments in-house.

NWC pulled back ~5% over the past three months due to Hurricane Irma, which impacted 12 stores in the Caribbean that accounted for around 10% of the firm's EBITDA. However, management noted that insurance would cover costs, expenses and loss of business. Despite this setback, consensus continues to expect double-digit EPS and sales growth over the next two years. Shares trade at 16.0x forward PE, the lower-end of its five-year average and discounted to the S&P/TSX Consumer Staples Index, which is trading at 21.5x. In terms of seasonality, NWC averages a 2.3% return with average frequency of 66% positive return during the last three months of the year. Over the past 10 Novembers, the stock has exhibited an 80% frequency of a positive return with an average return of 1.5% during that month.

NWC trading at the lower end of its forward P/E



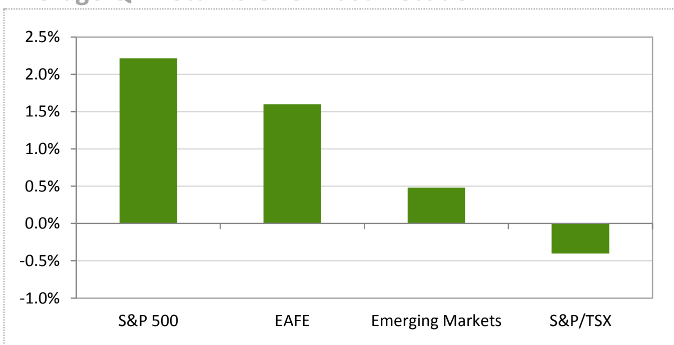
Source: Bloomberg, Raymond James Ltd.

Larbi Moumni, CFA
Equities Specialist

Q4 Seasonal Strength, Not Exclusive to Canada

Given the strong seasonality for Canadian equity markets seen in the fourth quarter, we decided to apply the same analysis to global equities, where managed money plays a more important role in a total portfolio. As you can see in the chart below, international regions have experienced a stronger lift compared to the TSX over the past decade. Granted most Canadian investors already own a significant portion of their wealth in Canadian equities, now may be an opportune time to look globally for the Q4 seasonal bounce.

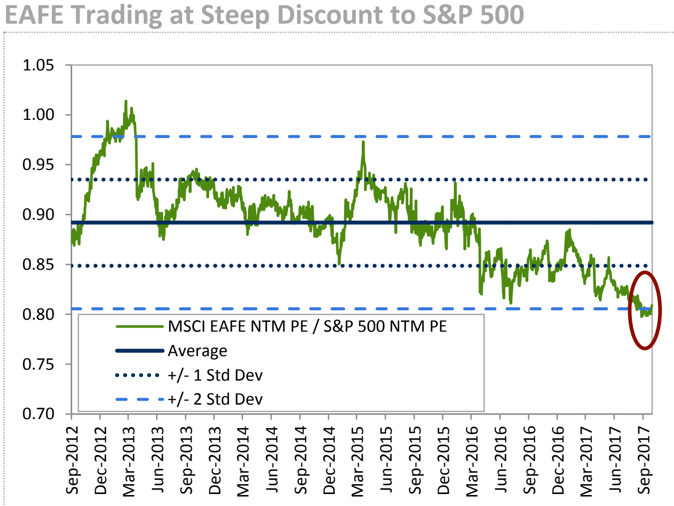
Average Q4 Returns Over Past Decade



Source: Factset, Raymond James Ltd

As you can see in the chart above, the S&P 500 has been the strongest in the fourth quarter over the past decade. However, given the lofty valuations (17.8x forward earnings), consider looking for international exposure which tends to be even more underrepresented in a typical Canadian portfolio and still trades at a significant discount to the S&P 500.

EAFE Trading at Steep Discount to S&P 500

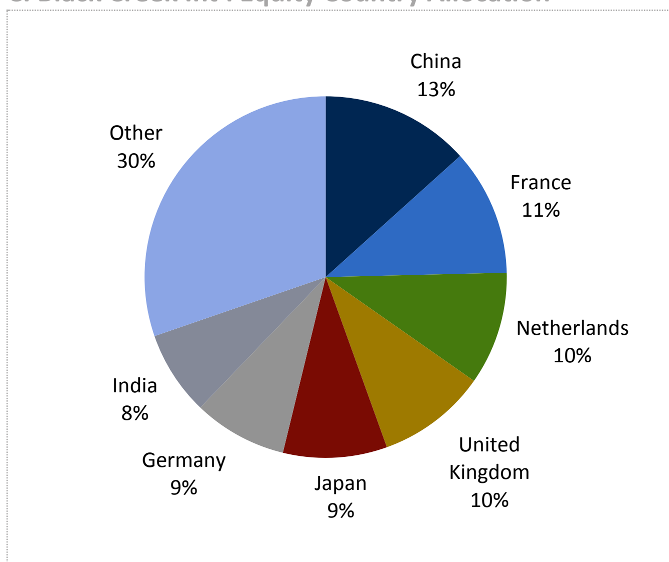


Source: Bloomberg, Raymond James Ltd.
NTM = Next 12 Months

Looking to Active

You may have heard in past publications, our preference in the international equity space is for active management. Results from a study we ran in the summer of 2016 showed that a whopping 76% of Canadian-sold European actively managed mutual funds beat passive ETFs on an absolute basis over the previous 10 years. The results jumped even higher to 86% on a risk-adjusted basis. The Asian equity category showed similar results with 77% of managers beating on an absolute basis, and 85% on a risk-adjusted basis. With that in mind, we highlight an international equity manager below that covers both European and Asian equity within its mandates.

CI Black Creek Int'l Equity Country Allocation



Source: Morningstar

One of our favoured funds for international exposure is **CI Black Creek International Equity**. The fund typically holds 25-30 names with the top 10 names representing roughly 45% of the fund, showing the management's conviction in the investment team's top ideas. The fund is led by long-time investor Richard Jenkins, although some of the heavy lifting has been handed to Evelyn Huang who was named a PM in 2013. The fund has posted spectacular returns, outperforming its benchmark and peers on a 1-, 3- and 5-year basis. This fund tends to run a higher beta (1.1) than the market which has allowed it to post superior returns on the upside, making it a great play for a seasonal strength trade.

Andrew Clee, CFA, CMT
MF/ETF Specialist and PM

Heading to the Finish Line

USDCAD has had a tumultuous year thus far, starting 2017 around 1.3440 and then pushing to a year high of 1.3750 in early May before swooning down close to 1.2100 last month. From surprise rate hikes to heated geopolitics, few could have predicted this erratic behaviour. That said, throughout the ups-and-downs of the currency pair, we have remained bullish on the USD heading to the 2017 finish line. As a result, we reiterate our mid-year USDCAD call of 1.28-1.30.

Rate Hike Probability – Fed and BoC (June –Sept.)

Date	Fed Meeting Date	Probablity of a Rate Hike	BoC Meeting Date	Probablity of a Rate Hike
6/30/2017	7/26/2017	0.0%	7/12/2017	**84.3%**
	9/20/2017	16.0%	9/6/2017	88.1%
	11/1/2017	16.7%	10/25/2017	93.0%
	12/31/2017	51.6%	12/6/2017	95.0%
7/12/2017				***BoC Announces 0.25% Rate Hike***
7/30/2017	9/20/2017	4.1%	9/6/2017	36.2%
	11/1/2017	7.9%	10/25/2017	72.9%
	12/31/2017	38.7%	12/6/2017	78.6%
8/31/2017	9/20/2017	2.1%	9/6/2017	**44.7%**
	11/1/2017	2.9%	10/25/2017	65.3%
	12/31/2017	33.8%	12/6/2017	79.1%
9/6/2017				***BoC Announces 0.25% Rate Hike***
9/29/2017	11/1/2017	66.6%	10/25/2017	25.0%
	12/31/2017	**67.5%***	12/6/2017	**61%***
10/2/2017	****Probability of a rate hike from Fed higher than BoC for first time in 2017***			

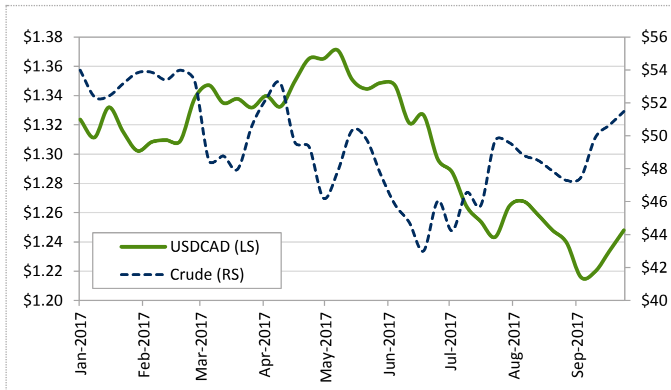
Source: Bloomberg, Raymond James Ltd.

USDCAD started the year fairly flat before moving close to the 1.38 level in early May. On one hand, this was based on a Fed rate hike in March as well as hawkish sentiment from Yellen. On the other hand, the BoC had yet to raise rates and concerns of a heated housing market in Canada as well as a lack of foreign investment weighed on investors. Furthermore, at the time the price of crude oil was at its lowest level in the year and thus, a case for a bullish USD was justified. In our May edition of Insights and Strategy, our year-end target was 1.36-1.38.

By mid-year, the BoC began to change its tone regarding the potential for rate hikes. Then in July, the BoC raised rates for the first time in two years on a strong economy based on a pickup in inflation and low unemployment. Though the likelihood of a rate hike was for the most part priced in, it was the hawkish tone out of the BoC which gave torque to the CAD. In addition, while the price of crude was still volatile, it had picked up from year lows to above $50. These factors together resulted in a USDCAD at 1.25, with CAD beginning to regain favour with the Street. As a result of the significant move in USDCAD (~10% in a matter of four months!), we had to adjust our year-end estimates to 1.28-1.30.

In September, the BoC surprised markets by raising rates for a second time (as of August 31 there was a 79.1% probability of a second rate hike by year-end, with a 44.7% probability in September; please see chart to the left). As a result, USDCAD plunged to its lowest level in over two years to ~1.21 (a 12% decrease from the peak level in April). Through the dip in USDCAD, we remained bullish on USD as we felt the BoC was raising rates in an effort to normalize its policy after two years of complacency. We felt the most important factors would be language out of the US and whether the Fed would hike rates once more in 2017. We therefore maintained our bullish USD sentiment as well as our call of 1.28-1.30. A few weeks later, Yellen indicated the elevated possibility of one more rate hike in 2017 and the potential for three hikes in 2018. Days later, Poloz said there is “no predetermined rate hike plan,” likely in an effort to downplay the idea that a third rate hike was a given event. These two comments combined, helped to pull USDCAD back up to 1.2450-1.2500 levels and support our year-end call.

USDCAD vs. Crude - YTD



Source: Morningstar

Going forward, we expect the BoC to be data dependent, which would give it flexibility to push a rate hike decision down the road. Furthermore, with the CAD heavily correlated to the price of crude, any volatility in oil prices would stand to pressure the currency. As for the USD, the Fed will need to remain hawkish and policy initiatives out of Washington, such as proposed tax reforms, will require transparency and a comprehensible blueprint.

Our USDCAD year-end call remains 1.28-1.30, but likely closer to the lower end of the range given current levels.

Razi Hasan, CFA
Fixed Income & Foreign Exchange

Quarterly Chart Package

Long-Term Market Returns

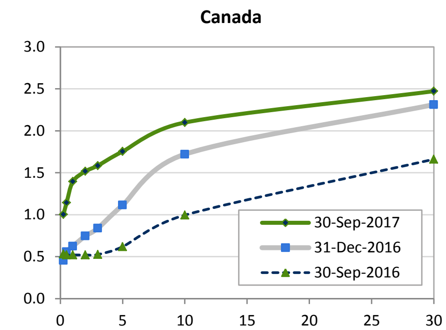
	Currency	Level	1 Mo	3 Mo	6 Mo	YTD	1 Yr	2 Yr	3 Yr	4 Yr	5 Yr	10 Yr
Canada												
S&P/TSX Comp	CAD	15,635	2.8%	3.0%	0.6%	2.3%	6.2%	8.4%	1.5%	5.2%	4.9%	1.0%
S&P/TSX Comp TR	CAD	51,702	3.1%	3.7%	2.0%	4.4%	9.2%	11.7%	4.5%	8.3%	8.1%	4.1%
S&P/TSX 60 Comp	CAD	922	3.3%	3.3%	0.7%	2.4%	7.4%	8.4%	2.2%	5.9%	5.6%	1.2%
S&P/TSX Small Cap	CAD	634	1.8%	1.8%	-4.5%	-3.7%	-1.3%	14.3%	-0.3%	2.4%	1.1%	-1.6%
United States												
S&P 500 Comp	USD	2,519	1.9%	4.0%	6.6%	12.5%	16.2%	14.5%	8.5%	10.6%	11.8%	5.1%
S&P 500 Comp TR	USD	4,888	2.1%	4.5%	7.7%	14.2%	18.6%	17.0%	10.8%	13.0%	14.2%	7.4%
Dow Jones Ind Avg	USD	22,405	2.1%	4.9%	8.4%	13.4%	22.4%	17.3%	9.5%	10.3%	10.8%	4.9%
NASDAQ Comp	USD	6,496	1.0%	5.8%	9.9%	20.7%	22.3%	18.6%	13.1%	14.6%	15.8%	9.2%
S&P 600 Small Cap	USD	904	7.6%	5.6%	7.1%	7.9%	19.4%	17.9%	12.5%	10.4%	14.1%	7.9%
International												
DJ Euro Stoxx 50	EUR	3,595	5.1%	4.4%	2.7%	9.2%	19.7%	7.7%	3.7%	5.6%	7.9%	-2.0%
FTSE 100 (UK)	GBP	7,373	-0.8%	0.8%	0.7%	3.2%	6.9%	10.3%	3.6%	3.4%	5.1%	1.3%
CAC 40 (France)	EUR	5,330	4.8%	4.1%	4.0%	9.6%	19.8%	9.4%	6.5%	6.5%	9.7%	-0.7%
DAX (Germany)	EUR	12,829	6.4%	4.1%	4.2%	11.7%	22.1%	15.2%	10.6%	10.5%	12.2%	5.0%
IBEX 35 (Spain)	EUR	10,382	0.8%	-0.6%	-0.8%	11.0%	18.2%	4.2%	-1.4%	3.1%	6.1%	-3.3%
CSI 300 (China)	CNY	3,837	0.4%	4.6%	11.0%	15.9%	17.9%	9.4%	16.1%	12.3%	10.8%	-3.7%
HANG SENG (Hong Kong)	HKD	27,554	-1.5%	6.9%	14.3%	25.2%	18.3%	15.0%	6.3%	4.8%	5.7%	0.2%
NIKKEI 225 (Japan)	JPY	20,356	3.6%	1.6%	7.7%	6.5%	23.7%	8.2%	8.0%	8.9%	18.1%	1.9%
TOPIX (Tokyo)	JPY	1,675	3.5%	3.9%	10.7%	10.3%	26.6%	8.9%	8.1%	8.8%	17.8%	0.4%
KOSPI (S. Korea)	KRW	2,394	1.3%	0.1%	10.8%	18.2%	17.2%	10.4%	5.8%	4.6%	3.7%	2.1%
S&P/ASX 200 (Australia)	AUD	5,682	-0.6%	-0.7%	-3.1%	0.3%	4.5%	6.4%	2.4%	2.1%	5.3%	-1.4%
BOVESPA (Brazil)	BRL	74,294	4.9%	18.1%	14.3%	23.4%	27.3%	28.4%	11.1%	9.2%	4.7%	2.1%
BOLSA (Mexico)	MXN	50,346	-1.7%	1.0%	3.7%	10.3%	6.6%	8.7%	3.8%	5.8%	4.3%	5.2%
S&P BSE Sensex (India)	INR	31,284	-1.4%	1.2%	5.6%	17.5%	12.3%	9.4%	5.5%	12.7%	10.8%	6.1%
Other												
MSCI World	USD	2,001	2.1%	4.4%	7.9%	14.2%	15.9%	12.5%	5.6%	6.7%	8.8%	2.0%
MSCI EAFE	USD	1,974	2.2%	4.8%	10.1%	17.2%	16.0%	9.6%	2.3%	2.1%	5.5%	-1.5%
MSCI Emerging Markets	USD	1,082	-0.5%	7.0%	12.9%	25.5%	19.7%	16.9%	2.5%	2.3%	1.5%	-1.1%
MSCI Far East	USD	3,397	0.9%	3.3%	8.5%	14.1%	12.3%	11.3%	5.5%	3.9%	7.8%	-0.1%
MSCI Europe	USD	1,763	3.2%	6.0%	12.3%	19.9%	19.0%	8.8%	1.5%	1.9%	5.4%	-1.9%
C$ Indices												
S&P 500 Comp	CAD		1.8%	0.0%	-0.1%	4.4%	10.4%	10.9%	12.5%	16.0%	17.3%	7.6%
S&P 500 Comp TR	CAD		2.0%	0.5%	0.9%	6.0%	12.7%	13.3%	14.9%	18.5%	19.8%	9.9%
Dow Jones Ind Avg	CAD		2.0%	1.0%	1.5%	5.2%	16.3%	13.5%	13.6%	15.7%	16.2%	7.3%
MSCI World	CAD		2.0%	0.4%	1.1%	6.0%	10.1%	8.8%	9.5%	11.9%	14.1%	4.4%
MSCI EAFE	CAD		2.1%	0.8%	3.1%	8.8%	10.2%	6.0%	6.0%	7.1%	10.6%	0.8%
MSCI Emerging Markets	CAD		-0.6%	3.0%	5.7%	16.4%	13.8%	13.1%	6.2%	7.3%	6.5%	1.2%
MSCI Far East	CAD		0.8%	-0.6%	1.6%	5.9%	6.7%	7.8%	9.4%	9.0%	13.0%	2.3%
MSCI Europe	CAD		3.1%	2.0%	5.2%	11.2%	13.1%	5.3%	5.2%	6.9%	10.5%	0.4%
Canadian Dollar	USD/CAD	$1.25	-0.1%	-3.8%	-6.4%	-7.2%	-5.0%	-3.2%	3.7%	4.9%	4.9%	2.3%

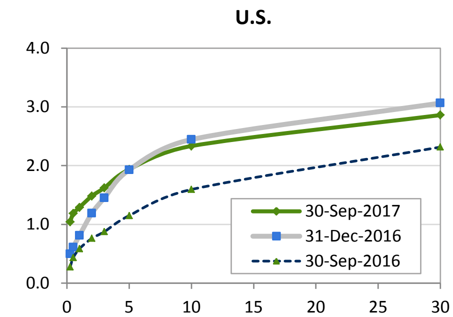
Source: Bloomberg, Raymond James Ltd. All return numbers greater than one year are annualized. Performance as at September 30, 2017.

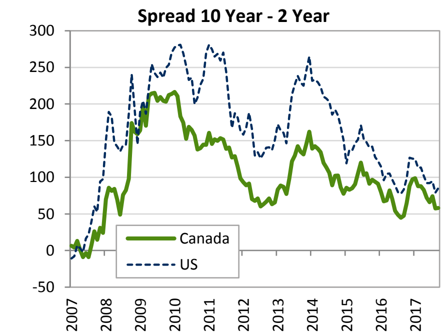
	Level	1 Mo	3 Mo	6 Mo	YTD	1 Yr	2 Yr	3 Yr	4 Yr	5 Yr	10 Yr
S&P/TSX Sectors											
Consumer Discretionary	2,272	5.5%	4.2%	8.6%	15.7%	16.8%	8.6%	11.1%	13.1%	17.4%	5.3%
Consumer Staples	4,462	-0.3%	-3.1%	-1.7%	0.5%	-1.3%	3.6%	12.4%	15.9%	18.1%	10.0%
Energy	2,362	7.4%	5.7%	-3.9%	-9.9%	-4.2%	7.3%	-9.8%	-4.0%	-2.6%	-3.3%
Financials	2,703	3.8%	3.7%	1.8%	4.5%	15.5%	12.0%	6.0%	9.0%	10.1%	3.1%
Health Care	331	5.2%	-10.5%	1.1%	-9.3%	-35.4%	-65.1%	-42.7%	-29.9%	-17.7%	-2.6%
Industrials	2,889	3.4%	2.3%	8.1%	13.4%	18.9%	16.0%	5.9%	13.6%	15.6%	7.8%
Information Technology	260	2.8%	3.1%	5.3%	12.5%	11.7%	13.8%	15.8%	17.9%	21.4%	-3.0%
Materials	2,157	-4.0%	3.0%	-4.0%	1.6%	-5.0%	20.7%	0.2%	0.4%	-7.6%	-3.3%
Real Estate	3,040	-1.1%	-2.2%	-2.3%	1.0%	-0.2%	2.9%	4.8%	7.4%	5.6%	2.4%
Telecom Services	1,478	-1.3%	1.2%	2.6%	6.6%	2.4%	6.7%	8.3%	7.8%	7.4%	3.6%
Utilities	2,133	-2.3%	-2.9%	-1.4%	4.6%	3.1%	7.2%	4.2%	5.3%	2.0%	1.0%
S&P 500 Sectors											
Consumer Discretionary	717	0.8%	0.5%	2.5%	10.8%	12.8%	10.3%	10.7%	10.6%	14.1%	9.5%
Consumer Staples	555	-1.1%	-2.0%	-1.1%	4.4%	1.6%	7.0%	6.1%	7.9%	8.5%	6.7%
Energy	507	9.8%	6.0%	-1.4%	-8.6%	-2.6%	6.0%	-8.5%	-4.3%	-1.7%	-1.3%
Financials	429	5.1%	4.8%	8.7%	11.0%	33.7%	18.5%	11.2%	12.4%	15.4%	-0.7%
Health Care	946	0.9%	3.2%	10.1%	18.7%	13.5%	11.1%	8.5%	12.7%	15.3%	8.7%
Industrials	604	3.8%	3.7%	8.0%	12.3%	19.7%	18.3%	9.7%	10.8%	13.6%	4.9%
Information Technology	1,018	0.6%	8.3%	12.4%	26.0%	27.0%	23.9%	15.6%	18.3%	15.5%	9.5%
Materials	356	3.3%	5.6%	8.3%	14.1%	18.8%	19.1%	4.4%	7.7%	8.9%	3.2%
Real Estate	199	-1.9%	0.1%	1.9%	4.7%	-0.8%	6.2%	6.2%	7.3%	6.2%	1.8%
Telecom Services	162	3.5%	5.4%	-3.2%	-8.1%	-4.8%	7.2%	0.3%	2.1%	0.7%	-0.9%
Utilities	269	-3.0%	2.0%	3.4%	9.0%	8.1%	10.6%	7.9%	9.1%	7.8%	2.9%
Commodities											
Energy											
Crude Oil - WTI (US$/bbl)	$51.67	9.4%	12.2%	2.1%	-3.8%	7.1%	7.0%	-17.2%	-15.7%	-10.9%	-4.5%
Brent Crude (US$/bbl)	$57.54	9.9%	20.1%	8.9%	1.3%	17.3%	9.1%	-15.3%	-14.6%	-12.5%	-3.1%
Natural Gas (US$/MMBtu)	$3.01	-1.1%	-0.9%	-5.7%	-19.3%	3.5%	9.1%	-10.0%	-4.1%	-2.0%	-7.9%
Heating Oil (US$/gal)	$1.81	3.1%	22.8%	15.1%	6.3%	18.6%	9.4%	-11.9%	-11.6%	-10.6%	-2.1%
Gasoline (US$/gal)	$1.61	-24.9%	6.0%	-5.5%	-3.5%	8.0%	7.5%	-14.7%	-11.6%	-13.6%	-2.5%
Metals											
Gold (US$/oz.)	$1,282	-2.8%	3.2%	2.7%	11.3%	-2.4%	7.2%	1.9%	-0.9%	-6.3%	5.6%
Silver (US$/oz.)	$16.68	-4.6%	0.7%	-8.7%	4.3%	-13.2%	7.2%	-0.8%	-6.4%	-13.6%	1.8%
Aluminum AA (US$/lb.)	$0.95	-0.7%	9.5%	7.1%	24.2%	25.6%	15.5%	2.4%	3.3%	-0.1%	-1.8%
Copper (US$/lb.)	$2.89	-4.5%	9.2%	11.0%	17.1%	33.2%	12.1%	-0.9%	-2.9%	-4.6%	-2.1%
Nickel (US$/lb.)	$4.69	-11.0%	11.8%	4.7%	4.8%	-0.7%	0.5%	-13.7%	-6.9%	-10.7%	-10.1%
Zinc (US$/lb.)	$1.41	0.5%	14.6%	14.1%	22.7%	33.0%	36.8%	11.4%	13.3%	8.6%	0.4%
Soft											
Wheat (US$/bushel)	$4.48	9.3%	-12.3%	5.1%	9.9%	11.5%	-6.5%	-2.1%	-9.8%	-13.1%	-7.1%
Corn (US$/bushel)	$3.55	3.8%	-4.1%	-2.5%	0.9%	5.5%	-4.3%	3.5%	-5.3%	-14.0%	-0.5%
Sugar (US$/lb.)	$0.14	-6.0%	-1.0%	-19.2%	-30.6%	-39.9%	5.5%	-4.4%	-6.2%	-7.1%	3.5%
Currencies											
Canadian Dollar (CAD/USD)	$0.80	0.1%	4.0%	6.8%	7.8%	5.3%	3.3%	-3.5%	-4.6%	-4.6%	-2.3%
Canadian Dollar (USD/CAD)	$1.25	-0.1%	-3.8%	-6.4%	-7.2%	-5.0%	-3.2%	3.7%	4.9%	4.9%	2.3%
Euro (EUR/USD)	$1.18	-0.8%	3.4%	10.9%	12.3%	5.2%	2.8%	-2.2%	-3.3%	-1.7%	-1.9%
Yen (USD/YEN)	112.51	2.3%	0.1%	1.0%	-3.8%	11.0%	-3.1%	0.9%	3.4%	7.6%	-0.2%
Pound Sterling (GBP/USD)	$1.34	3.6%	2.9%	6.8%	8.6%	3.3%	-5.9%	-6.2%	-4.6%	-3.7%	-4.2%
U.S. Dollar Index	93.08	0.4%	-2.7%	-7.2%	-8.9%	-2.5%	-1.7%	2.7%	3.8%	3.1%	1.8%

Source: Bloomberg, Raymond James Ltd. All return numbers greater than one year are annualized. Performance as at September 30, 2017.

Yield Curve

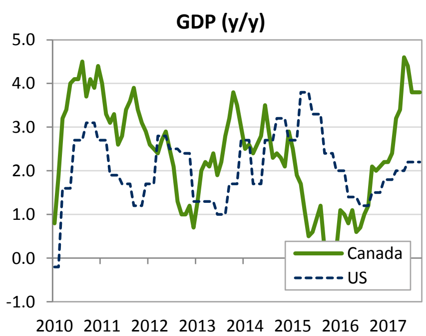


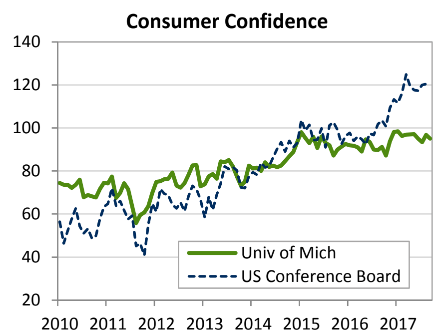


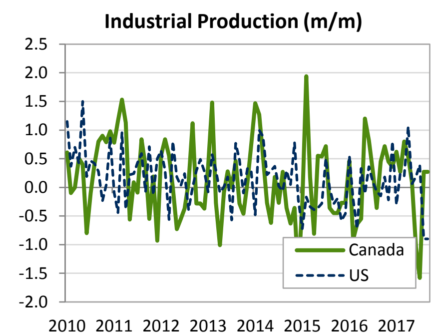


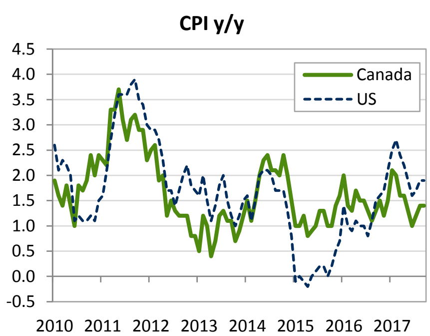
Source: Bloomberg, Raymond James Ltd. Performance as at September 30, 2017.

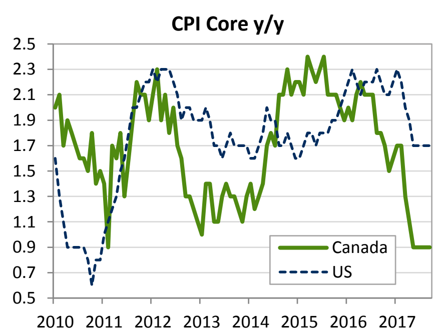
Economic Data

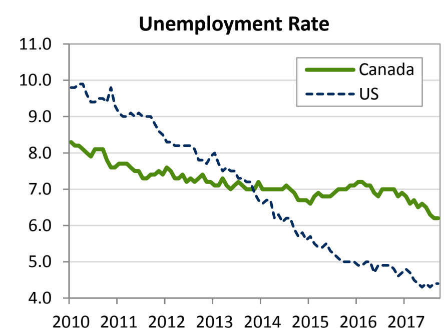


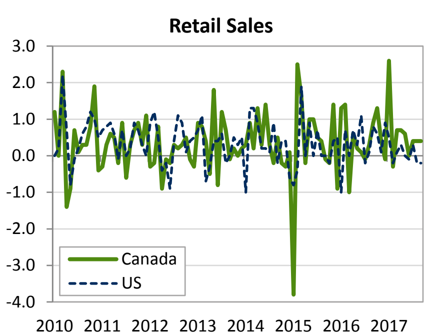


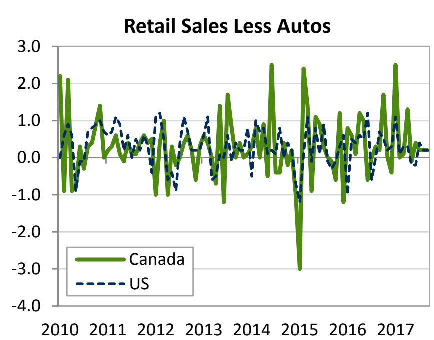


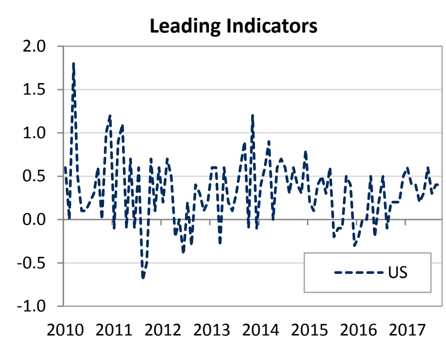








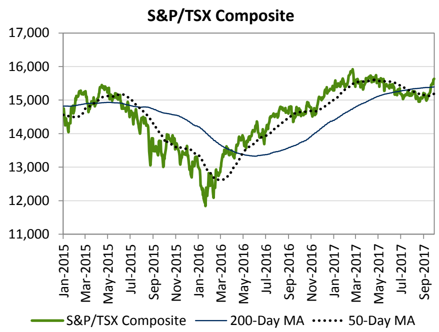


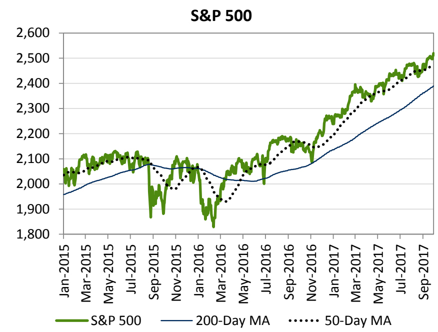


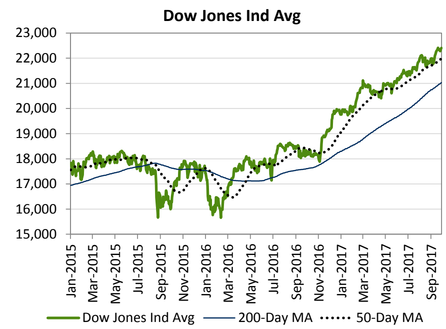
Source: Bloomberg, Raymond James Ltd. Performance as at September 30, 2017.

Charts of Interest

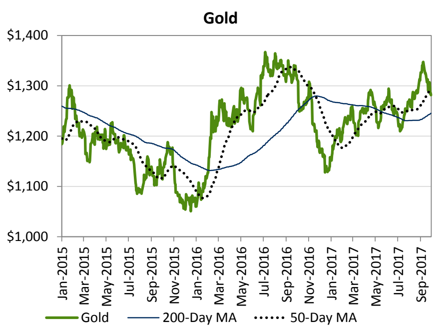
Markets

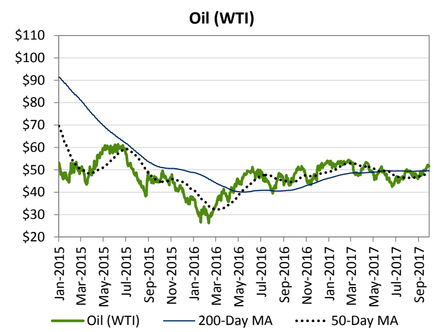


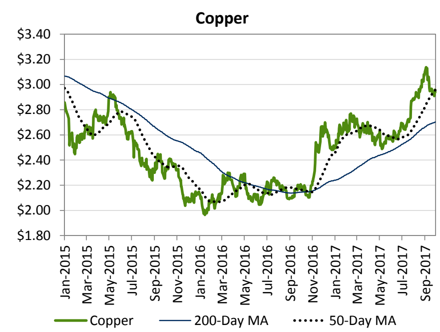




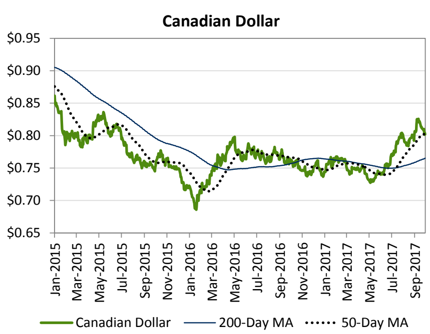
Commodities

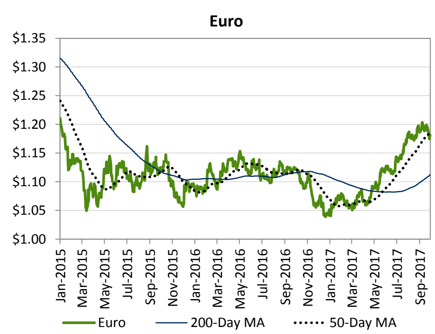


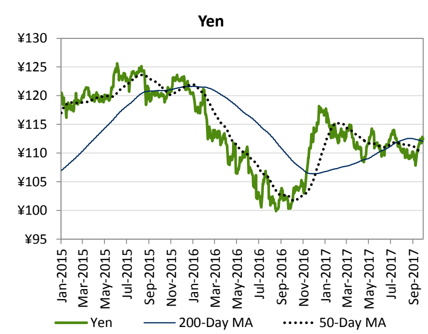




Currencies



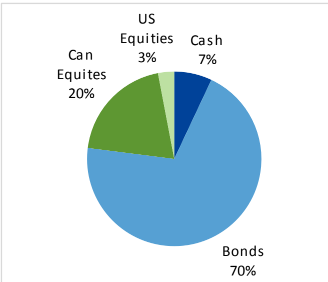
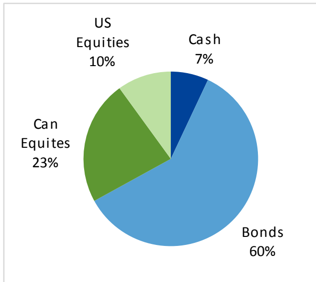
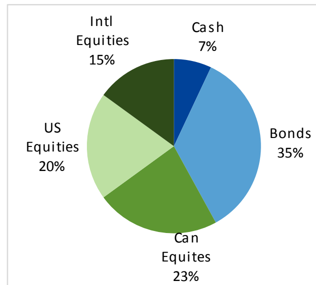
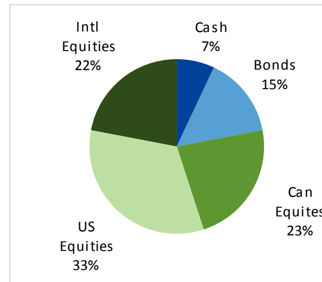
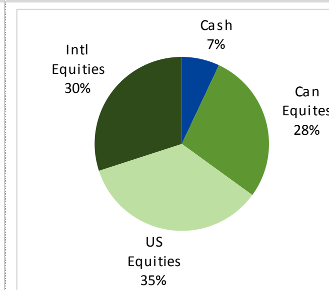




Source: Bloomberg, Raymond James Ltd. Performance as at September 30, 2017.

Investor Profiles and Asset Class Weightings

Recommended Asset Allocation

	Capital Preservation	Conservative	Moderate	Growth	Aggressive Growth
					
Cash	7%	7%	7%	7%	7%
Bonds	70%	60%	35%	15%	0%
Can Equities	20%	23%	23%	23%	28%
US Equities	3%	10%	20%	33%	35%
Intl Equities	0%	0%	15%	22%	30%
Tactical Asset Mix (Bonds include cash)					
Bonds | Equities	77 | 23	67 | 33	42 | 58	22 | 78	7 | 93
Strategic Asset Mix (Bonds include cash)					
Bonds | Equities	80 | 20	70 | 30	50 | 50	30 | 70	10 | 90
Asset Ranges					
Cash	0-20	0-20	0-20	0-20	0-20
Bonds	60-100	50-90	20-70	10-50	0-30
Equities	0-30	10-50	30-75	50-90	70-100
Description					
	May be appropriate for investors with long-term income distribution needs who are sensitive to short-term losses. The equity portion of this portfolio generates capital appreciation, which is appropriate for investors who are sensitive to the effects of market fluctuation but need to sustain purchasing power. This portfolio, which invests primarily in fixed-income securities, seeks to keep investors ahead of the effects of inflation with an eye toward maintaining principal stability.	May be appropriate for investors with intermediate-term time horizons who are sensitive to short-term losses yet want to participate in the long-term growth of financial markets. The portfolio, which fixed-income securities tend to make up the largest proportion of holdings, seeks to keep investors well ahead of the effects of inflation with an eye toward maintaining principal stability. The portfolio has characteristics that may deliver returns lower than that of the broader market with lower levels of risk and volatility.	May be appropriate for investors seeking a balance between capital preservation and capital growth. This portfolio, which is a split between fixed-income securities and equities, seeks to keep investors well ahead of the effects of inflation with an eye toward maintaining principal stability. With roughly half of the portfolio invested in a diversified mix of Canadian and international equities, investors should be comfortable with moderate fluctuations in the portfolios.	May be appropriate for investors with long-term time horizons who are not sensitive to short-term losses and want to participate in the long-term growth of the financial markets. This portfolio, which has a higher weighting in equities, seeks to keep investors well ahead of the effects of inflation with principal stability as a secondary consideration.	May be appropriate for investors with long-term time horizons who are not sensitive to short-term losses and want to participate in the long-term growth of the financial markets. This portfolio, which is primarily invested in equities, seeks to keep investors well ahead of the effects of inflation with little regard for maintaining principal stability. The portfolio may deliver returns comparable to those of the broader equity market with similar levels of risk and volatility.

Important Investor Disclosures

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