TD Wealth

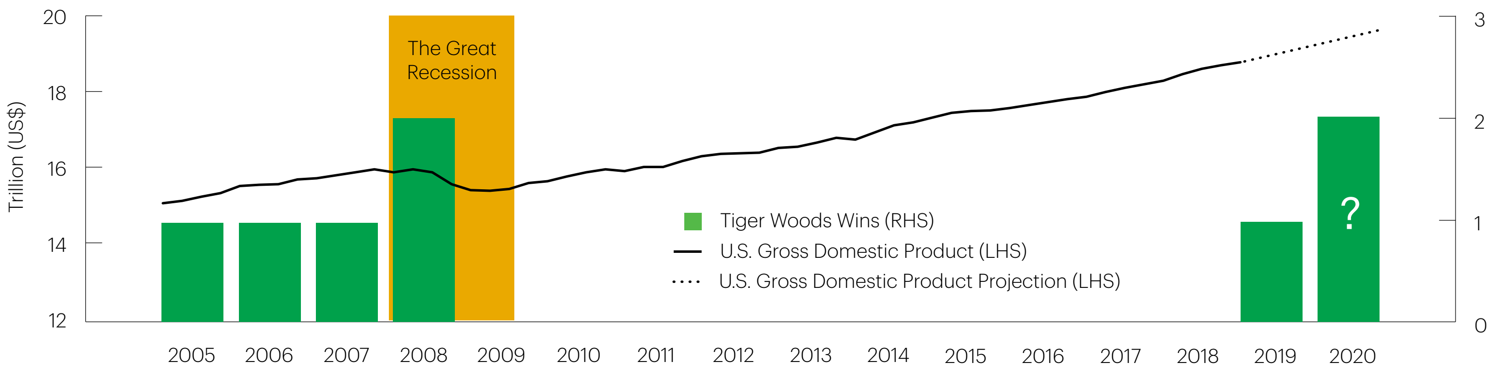
Tiger Woods, the Fed and the bull market everyone loves to hate

Monthly Perspectives // April 2019

Don't count out Tiger … or this bull

Brad Simpson, Chief Wealth Strategist, Head of Portfolio Advice & Investment Research, TD Wealth

Figure 1: Tiger vs. Bull

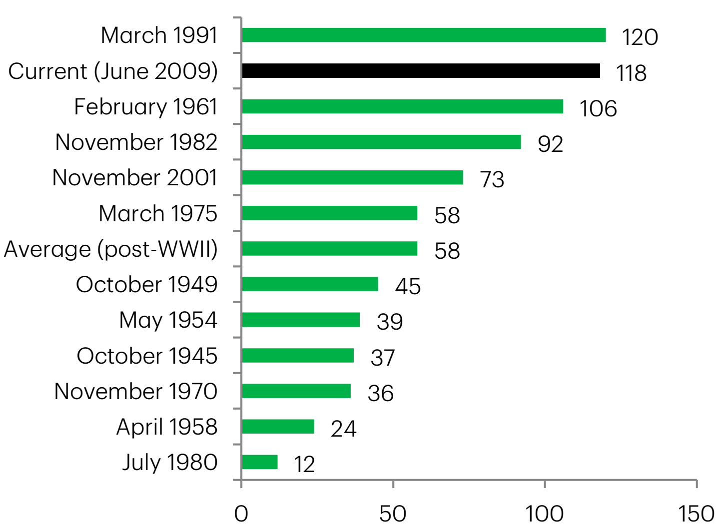


For illustrative purposes only.
Source: U.S. Federal Reserve Board; Federal Reserve Bank of St. Louis., Portfolio Advice & Investment Research, as at April 22, 2019.

Did you catch the headline a couple weeks ago about the gambler from Wisconsin who took a ridiculous flyer on something many of us thought would never happen again, and won?!

James Adducci was a struggling 39-year-old day trader who claims to have never placed a sports bet in his life. Yet Adducci saw something the rest of us did not because, about a week before the prestigious Masters golf tournament, this guy decided to: (1) fly to Las Vegas; (2) sell about $85,000 worth of losing stock; (3) stuff all that cash in a backpack; and (4) go from casino to casino in hopes that someone would take his action on the vanishigly small chance that Tiger Woods would make one of the greatest comebacks in sporting history and capture his fifth green jacket. Which he did.

Figure 2: Duration of U.S. Economic Expansion Since 1945 (months, trough to peak)



Source: Bloomberg Finance L.P., as at April 22, 2019.

Sure, Tiger's a legend, but let's be real—nobody saw this coming. For over a decade, the career of Tiger Woods has been plagued by injury and scandal. Tiger hadn't won a major tournament in nearly 11 years, since July 2008, and golf fans had given up any hope that he might win another. His championship days were over, or so we all thought.

But Adducci saw something else: a man recovering from injury, who was playing well, playing with pride in front of his kids for the first time. Tiger Woods had reclaimed a bit of that old swagger, and Adduci made the startling realization that the Big Cat wasn't done—not by a long shot—and he was willing to back that conviction up with every penny he could afford to lose. And now he's sitting on a cool $1.3 million. Money problems solved.

So what does the the victory of Tiger Woods tell us about the state of the markets? Not a whole heck of a lot, to be honest. It can, however, tell us a little something about unpredictability and staying power. Tiger Woods hadn't won a major in 129 months, and everyone had counted him out. The U.S. economy has enjoyed its second-longest expansion in history, at 118 months, but late last year—with interest rates rising and the threat of recession looming—everyone had counted it out, too. Now both are sitting within striking distance of the all-time record (Figure 2).

I know it seems like a distant memory, perhaps one we've blocked out, but over the course of three weeks in December, the S&P 500 crashed nearly 16% as investors assumed we were on the precipice of disaster. Nobody was expecting the Federal Reserve to come to the rescue because, despite all evidence to the contrary, it's never been the Fed's job—and it still isn't—to stabilize markets every time there is a market correction.

The Fed's official mandate has always been to keep inflation and employment in check, which it had done very nicely, even if we were all losing our shirts.

Then Fed Chair Jerome Powell swooped into action and did something unpredictable. Facing a rapidly deteriorating global economy, Powell hit a near ace at the par-3 16th hole—and in doing so proved that he could work the course as well as any Fed Chair before him. Remember, it was only in October when he warned everyone that we were "a long way off" from an end to rate hikes. After the market rout, though, Powell was singing a different tune. Not only were rate hikes off the table, the Fed Chair suggested that the next move might even be a cut. Powell's reversal triggered a reversal in market sentiment—a Tiger-like comeback of historic proportions.

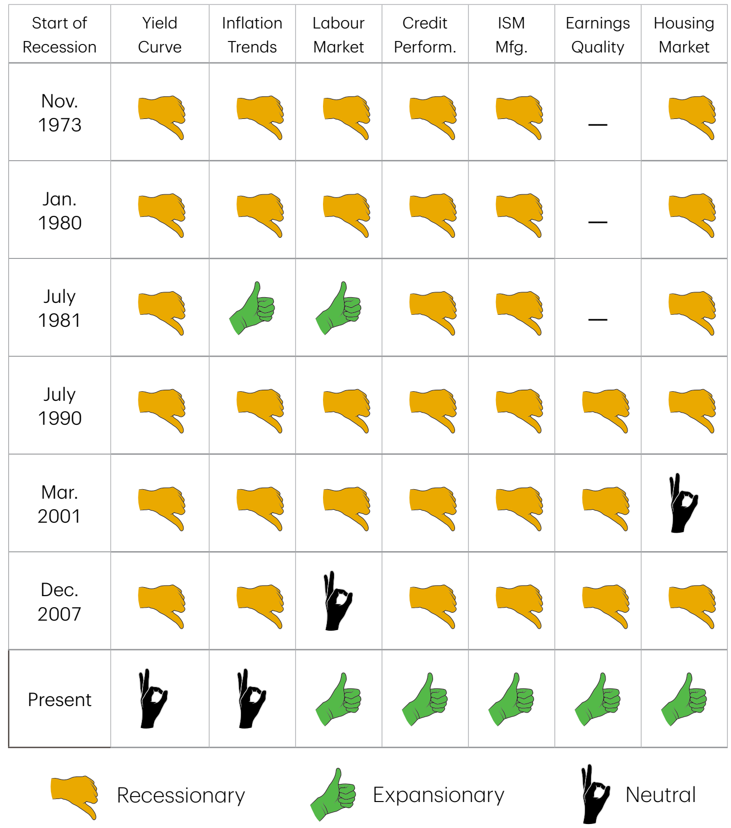
And here's the thing: There's nothing to say this economic expansion, already so long in the tooth, can't continue for some time. Corporate earnings have been promising, and the Fed is predicting slow but steady growth right through 2020 (Figure 1). Moreover, if we examine our trusty Recessionary Indicators Dashboard (Figure 3) we find that, for the most part, the economy is looking okay. Yes, we did see a brief inversion of the yield curve in March, and there's been some weakness in housing, but nothing to suggest that the economic expansion is done.

Neither, for that matter, is there anything to suggest that Tiger Woods is done winning championships. This latest victory puts him within distance of Jack Nicklaus's all-time record for majors (18 to Tiger's 15). The 79-year-old Nicklaus, who is known as the Golden Bear, admitted that he was "shaking in his boots" at the thought of losing his status as the greatest of all time, the GOAT of golf.

If recent performance is any indicator, bears of a different breed are also quaking in their boots. Does that mean we should throw caution to the wind? Fly to Vegas Adducci-style? Of course not. We at TD Wealth are not in the business of making predictions. We believe the way to build wealth is by having a solid understanding of yourself, your goals, your priorities and by enlisting the aid of a trusted advisor who can lead you through a dynamic and ever-changing financial environment.

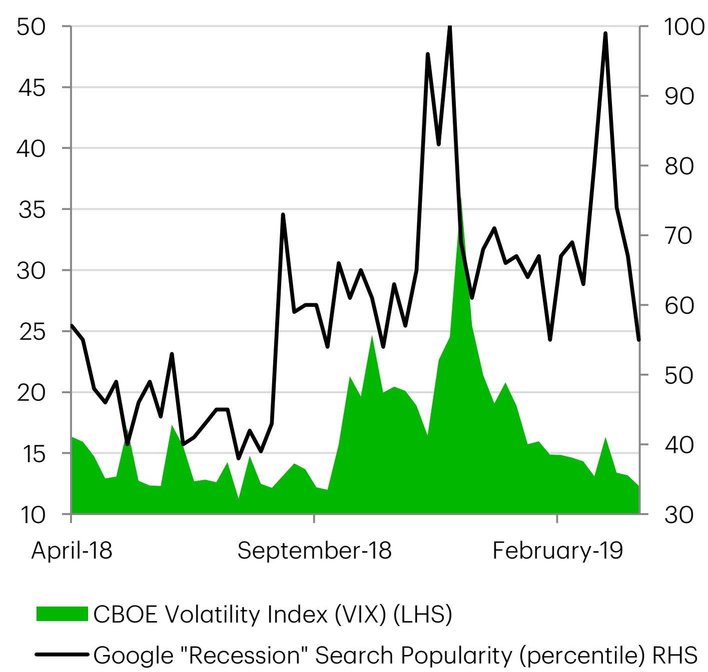
Like I said, Tiger's victory doesn't tell us about the state of the markets, but it does tell us that anything is possible. These are unpredictable times, and in unpredictable times, it's best to fall back on what we know to be true. With that in mind, we've laid out a comprehensive review of the quarter, along with the latest forecast from our Wealth Asset Allocation Committee. Let the facts speak for themselves.

Figure 3: Recessionary Indicators Dashboard



Portfolio Advice & Investment Research., as at April 22, 2019.

Figure 4: VIX vs. "Recession" Searches



Source: Bloomberg Finance L.P., Google Trends, as at April 22, 2019.

Canada

The Canadian economy came to a virtual standstill in late 2018. Gross domestic product, adjusted for inflation and annualized, rose a paltry 0.4% in the quarter, and 1.8% for the year overall—unimpressive, particularly when compared to a solid 2.9% showing south of the border. Any hope of a quick turnaround, meanwhile, was quickly snuffed out by monthly reports that suggested further deceleration, and even a slight contraction (-0.1%) in December.

Weakness in the fourth quarter could be blamed on a number of indicators, but the one that stood out most was business investment. Companies held off on any big spending initiatives in Q4, perhaps waiting for a clearer picture on Brexit and the U.S.-China trade war. Non-residential business investment fell 10.9%—its third straight quarterly decline and the steepest in two years—while investment from residential builders fell a precipitous 14.7%, due in part to new barriers for homebuyers. Higher mortgage rates, in addition to government policy designed to discourage overleveraging and speculation, has depressed the real estate market, resulting in a 5.5% drop in new home construction.

Individual consumers were similarly tight-fisted in the fourth quarter. Growth in household spending slowed for the second consecutive quarter, down to 0.7% from 1.2% in Q3, as Canadians spent less on big-ticket durable goods (-2%), with a noticeable drop in the sale of motor vehicles.

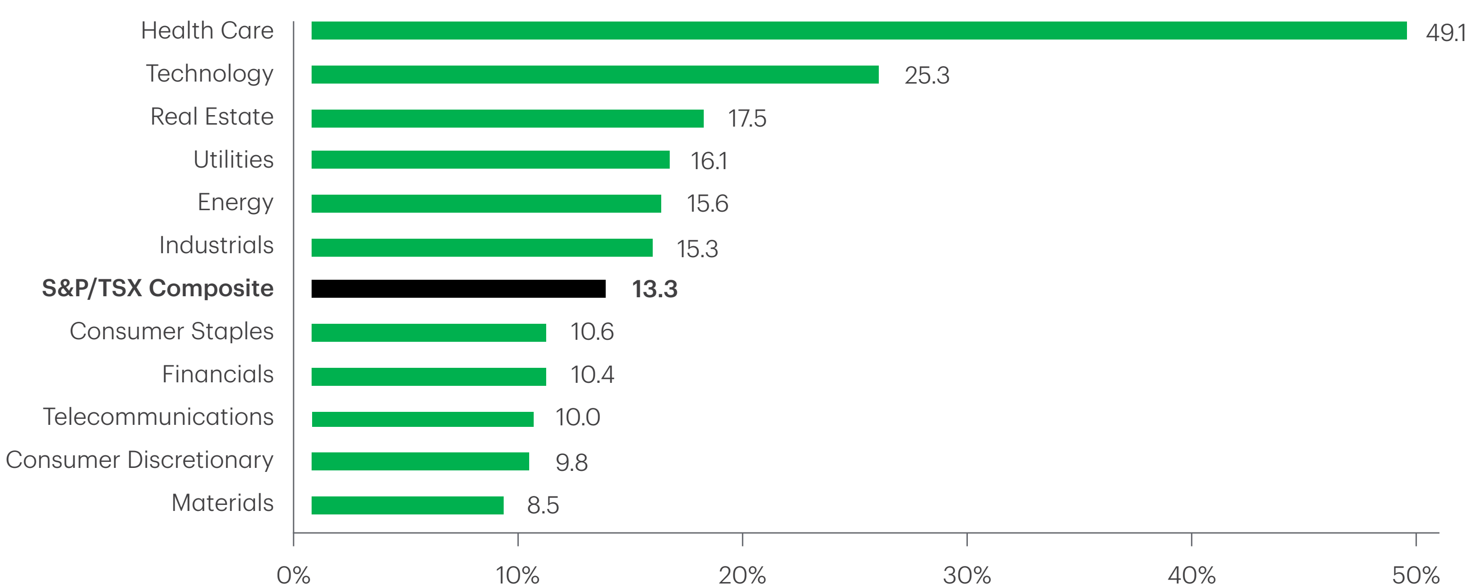
Despite the generally stingy mood, there was one type of business expense that companies couldn't afford to skimp out on: wages. Thanks to a tight labour market, employment compensation rose 4.8% year-over-year. The extra income, when combined with lower consumer spending, boosted the savings rate slightly, to 1.1% from 0.7% in Q3, which is beginning to push the pendulum back from record-high household debt.

TD Economics is forecasting anemic growth

TD Economics is forecasting anemic growth of 1.2% in 2019, due in large part to the Alberta government's decision to "curtail" oil production in order to raise Canadian prices, which collapsed in November. (Prices have since rallied, and the Alberta government has lifted production limits.) Regional economies may experience varying degrees of economic sluggishness, but a widespread Canadian recession is not expected for the year.

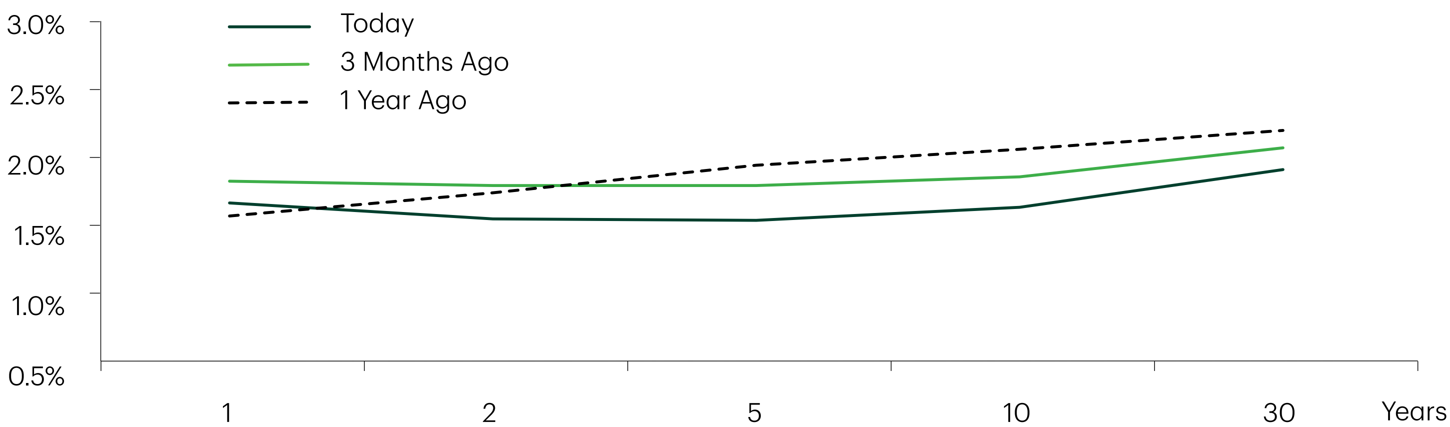
With core inflation stable at just under 2% and the overnight rate set at 1.75%, TD Economics believes the Bank of Canada has achieved a "neutral" rate (which neither stimulates nor restrains the economy) quicker than expected. While there remains a slight bias toward rate hikes in the longer term, no further increases are expected this year.

Figure 5: S&P/TSX Composite Sector Returns (Q1/19)



Source: Bloomberg Finance L.P., as at March 31, 2019. Index Total Returns.

Figure 6: Canada Yield Curve



Source: Bloomberg Finance L.P., as at March 31.

Canadian equities and commodities: Q1/19

After a catastrophic fourth quarter, Canadian equity markets roared back to life in the new year. The S&P/TSX Composite Index skyrocketed 13.3% in the first quarter, and all 11 capped indices (industrial sectors) posted positive returns. Health care was the top-performing sector in Q1, posting a 49.1% return on the back of surging cannabis stocks: Cronos Group Inc., Hexo Corp. and Canopy Growth Corp. advanced by 70.7%, 87.5% and 57.9% respectively.

Energy stocks, meanwhile, rose 15.6% alongside a 32.4% rise in the price of the West Texas Intermediate benchmark. Oil prices rebounded on OPEC supply cuts and optimism over Sino-U.S. trade negotiations, in addition to stepped-up sanctions against Venezuela. Financials, comprising the largest S&P/TSX sector, returned 10.4% in Q1, slightly underperforming the broader index as persistently low interest rates and economic fears generate headwinds for the banks. The price of gold bullion rose 0.8%, supported by Fed dovishness, although the precious metal returned some of its gains late in the quarter as renewed risk appetite pulled investors back into stocks.

During the quarter, mid-cap stocks in Canada outperformed large-cap and small-cap stocks. The S&P/TSX Canadian Mid Cap Index returned 15.8% in Q1, compared to 12.5% for the large-cap S&P/TSX 60 Index and 10.7% for the S&P/TSX Canadian Small Cap Index. Canadian growth stocks, as measured by the Morningstar Canada Target Momentum Index, rose 13.4% and outperformed the comparable value benchmark, the Morningstar Canada Value Index, which returned 9.4%. The S&P/TSX performed largely in line with its American cousin, the S&P 500 index.

Canadian preferred shares

The S&P/TSX Preferred Share index traded sideways for most of the quarter and closed 0.2% lower. Over the same period, the five-year government of Canada bond yield dropped by 37 basis points (bps) to close at 1.52%. Considering the magnitude of the interest-rate decline, the preferred share market, which is dominated by variable-rate issues, has done very well. Despite the illiquid nature of the asset class, the forward-looking information in price movements can be considered accurate.

> The market has been predicting lower interest rates

The market has been predicting lower interest rates, given the fact that preferred shares, unlike equities, failed to recover following the market drop we saw at the end of 2018. To put that into perspective, fixed rate-resets dropped 13% over the past two quarters, with most of that drop (12 percentage points) happening in Q4. The five-year government of Canada bond yield dropped 45 bps during the fourth quarter and, as mentioned above, another 37 bps during Q1.

On a segment level, floaters were the worst performers, closing the quarter 11.3% lower. Floating rate-resets dropped 5.7%, although the three-month Treasury bill rate remained flat. Fixed floaters declined 6.1% and fixed rate-resets closed the month 0.9% lower. Perpetuals, which are similar to bonds in that they tend to perform well in a lower-rate environment, rose 4.6%. The 30-year government of Canada bond yield dropped 29 bps to close the quarter at 1.89%.

The United States

The longest federal shutdown in American history stole headlines early in the year, despite having a relatively minor impact on economic growth. More substantive data, nevertheless, did indicate an economic downshift as we moved into 2019. Growth in consumer spending decelerated to 2.8% in Q4, from 3.5% in Q3, and residential investment contracted 3.6% on weak home sales.

Labour markets, meanwhile, continued to display impressive strength, adding 312,000 and 304,000 new jobs in December and January before taking a pause in February, with 20,000 jobs added. To put these job numbers into perspective, consider also the historic decline in jobless claims. By the end of the quarter, the percentage of American workers who had filed for unemployment benefits had reached its lowest level since 1969.

Overall, economic growth came in at 2.6% (annualized, inflation-adjusted) for Q4 and 2.9% for 2018 as a whole, its best performance since 2015. With core inflation steady at 2.2%, and global growth rapidly decelerating, the Federal Reserve has now moved to the sidelines, vowing “patience” before it pulls the trigger on any further rate hikes; only one is expected right up until the end of 2020.

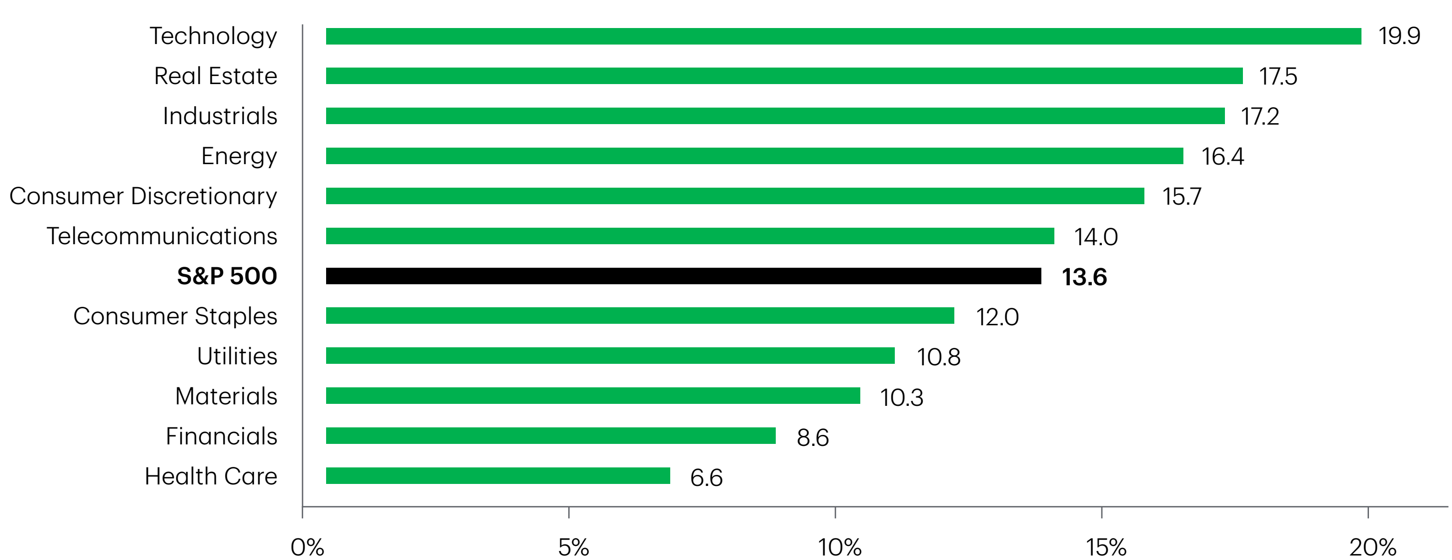
Fed dovishness, in addition to a much hoped-for breakthrough on Chinese negotiations, was behind the strong Q1 rebound in U.S. equities. The NASDAQ rose 16.5% in the quarter, the S&P 500 rose 13.7% and the Dow was up 11.2%. All 11 of the S&P 500’s industrial sectors were up in the quarter, with technology and real estate rising the highest, respectively, at 19.9% and 17.5%. The performance of the health-care sector in the U.S. contrasted starkly with the cannabis-infused Canadian sector. South of the border, health care was the worst performing sector, but still managed gains of 6.6%. Stock markets did, however, stumble briefly in late March after ominous manufacturing surveys sent longer-term bond yields low enough to invert the curve, raising concerns about a possible recession.

Growth stocks, and particularly small-cap growth, were back in fashion last quarter. The Russell 2000 Index, a benchmark for U.S. small-cap equities, rose 14.6% and slightly outperformed mid-cap U.S. stocks, as measured by the S&P 400, which returned 14.5%. The Russell 2000 also outperformed the S&P 500 Index, a measure of U.S. large-cap stocks, which returned 13.7%. U.S. growth stocks, as measured by the Morningstar U.S. Target Momentum Index, returned 17.7%, and outperformed the comparable value benchmark, the Morningstar U.S. Target Value Index, which registered a total return of 10.9% during the quarter.

Monetary Policy

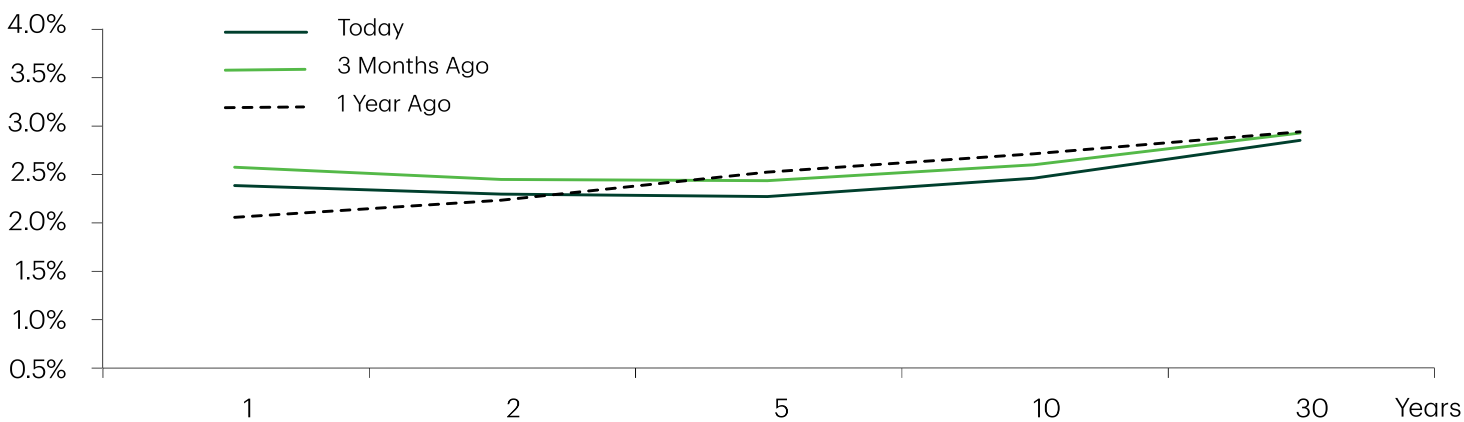
Long-term government bond yields continued to fall through the first quarter, taking their cue from the U.S. Federal Reserve, which responded late last year to rapidly deteriorating global economic conditions by shifting to a more “patient” policy direction. In late March, U.S. long-term yields fell even more sharply on weak manufacturing surveys out of Europe, Japan and the United States. Pessimism led to a surge in bond buying and a corresponding collapse in long-term yields.

Figure 7: S&P 500 Index Sector Returns (Q1/19)



Source: Bloomberg Finance L.P., as at March 31, 2019. Index Total Returns.

Figure 8: U.S Yield Curve



Source: Bloomberg Finance L.P., as at March 31, 2019.

For the first time since 2006, bond markets in North America experienced a sustained inversion of the front end of the yield curve, perceived to be a harbinger of recession within two years. On March 29, the three-month Treasury Bill yielded 2.38%, higher than the two- and five-year bonds, while the 10-year bond yielded 2.41%. The Canadian yield curve also inverted, as the three-month note yielded 1.66%, higher than the two-, five- and 10-year Government of Canada bond, which yielded 1.62%. (Renewed risk appetite, it should be noted, reversed the inversion in early April.)

Central banks in G-7 economies have now moved to the sidelines. The European Central Bank left rates and guidance unchanged in January, after a much anticipated rebound late in the year failed to materialize. The Bank of Japan has similarly stayed the course, suggesting that global weakness may have dampened prospects for its electronics and automotive exporters. And, on March 6, the Bank of Canada (BoC) decided to keep its overnight rate steady at 1.75%.

The BoC's decision came as no surprise, with inflation in Q4 subdued by a plunge in Canadian oil prices, a dearth of business investment and generally weak domestic economic conditions. Neither can the BoC look to global growth for support, as multinationals delay spending decisions until greater clarity is achieved on Sino-U.S. trade relations and Brexit.

Canadian inflation is now expected to remain well below the BoC's 2.0% target for the remainder of 2019. In its press release, the Bank adopted a more dovish tone, backpedalling on prior commitments to hike rates to a "neutral" range—neither stimulant nor restrictive—that had been estimated to lie somewhere between 2.5% and 3.0%. TD Economics believes that the BoC may be coming around to the possibility that it has already achieved a neutral stance. While there remains a slight bias toward rate hikes in the longer term, further hikes in 2019, barring a robust recovery, are all but off the table.

The Federal Reserve, meanwhile, has gone farther. On March 20, the U.S. Federal Open Market Committee (FOMC) voted to maintain a range of 2.25% to 2.50% for the federal funds rate, with a target effective rate set at 2.375%. The rate decision was widely expected, but the FOMC surprised the markets by dramatically cutting its projections for further hikes.

The majority of Fed board members now expect no rate hikes in 2019 (down from two in median December projections) and only one in 2020. Indeed, in accompanying statements, Fed Chair Jerome Powell indicated that the next policy move could be a rate cut, not a hike. The Fed also confirmed that it would taper off and, by September, end its program of quantitative tightening through balance sheet reductions.

These moves represent a dramatic reversal in policy for the Fed, reflecting a gloomier outlook on economic growth, both global and domestic. TD Economics is forecasting no new rate hikes in 2019 and has suggested that, absent compelling data to the contrary, the Fed may have already achieved a neutral policy stance far earlier than it had envisioned.

The Canadian government bond index outperformed the U.S. government bond index in the first quarter. The FTSE Russell Canada All Government Bond Index rose 3.8% in Q1, while the Bloomberg U.S. Treasury Bond Index advanced 2.1%. The FTSE Canada All Corporate Bond Index registered a return of 4.0%, underperforming its U.S. counterpart, the ICE BofAML U.S. Corporate Index, which registered a return of 5.0%. The credit spread between corporate Baa issuers in the U.S. and the Treasury 10-year bond tightened significantly in the quarter, from 186 bps to 159 bps. High-yield corporate bonds, meanwhile, rebounded sharply, with the ICE BofAML U.S. High Yield Index returning 7.40% in Q1 (-4.7% in Q4).

International markets

Major developed markets rose alongside American peers in Q1. In Europe, the U.K.'s blue-chip index, the FTSE 100, ended the quarter with a 9.5% return. Dominated by multinationals selling in U.S. dollars, the index benefited from Sino-U.S. trade optimism, higher oil prices and a depreciated British currency, which slipped on downgraded economic forecasts and general Brexit turmoil.

Prime Minister Theresa May's attempts to win support for her EU divorce deal faced multiple defeats. Parliament rejected the proposal three times and succeeded in temporarily wresting away control of the process. A last-minute agreement with the EU has managed to push an ominous April 12 deadline forward to October, but the outcome remains highly uncertain. Mining and oil companies, in particular, have benefited from the weaker pound, as commodities surged in British currency terms.

European Central Bank President Mario Draghi, meanwhile, was downbeat following the Governing Council's announcement, on January 24, that it would leave monetary policy and forward guidance unchanged. Dogged by sluggish Q3 and Q4 economic reports, Draghi reported that a late-year turnaround had failed to materialize, although the ECB expects that a tight labour market will keep the eurozone out of recession this year.

Eurozone rates will remain at current emergency levels, around zero, until the fall of 2019, or for as long as necessary to reach inflation close to 2%. In December, the ECB formally ended asset purchases under its quantitative easing program, but will continue to provide some stimulus by reinvesting principal payments on maturing securities.

Japan's Nikkei 225 Stock Average returned 6.9% in Q1, as a weaker yen and optimism around global trade talks buoyed the shares of Japan's electronics and automotive exporters. On March 15, the Bank of Japan (BoJ) Policy Board voted 7-2 to maintain its ultra-loose policy. The BoJ will keep its short-term rate target at -0.1% and continue to guide 10-year yields to around zero.

In his policy statement, Governor Haruhiko Kuroda noted that weak overseas demand may have a dampening effect on the export-dependent Japanese economy, but this should be offset to some extent by solid domestic demand. While inflation remains below the BoJ's 2% target, a tightening labour market and solid corporate earnings have obviated the need for further stimulus at this time.

Emerging markets were a mixed bag in the first quarter. The MSCI Emerging Markets Index returned 9.9%, as investors crowded into Chinese equities—for instance, the Shanghai Composite PR Index returned an astonishing 25.4% in Q1, boosted by Beijing's pledge to increase stimulus measures, coupled with trade talk optimism.

By mid-quarter, however, heightened geopolitical tensions had weakened the appetite for EM equities overall, as India and Pakistan skirmished along the Kashmiri border and the Argentinian peso sunk to new lows amid the unfolding economic crisis. Brazilian equities, meanwhile, fared better on the newly elected government's promise of pension reform. The Indian Nifty 50 PR Index returned 7.0% in a choppy quarter. The index enjoyed a lift in March, however, as investors pinned their hopes on victory in upcoming elections for Prime Minister Narendra Modi, whose Hindu nationalist party likely benefited from recent tensions with Pakistan.

Forecast

TD Wealth Asset Allocation Committee

Equities continued their ascent into March following two positive months to kick off 2019. Investor sentiment continues to be buoyed by a combination of perceived constructive U.S.-China trade developments, a more dovish stance from major central banks and implementation of Chinese stimulus measures.

Global markets have delivered double-digit returns year-to-date, and we remain positive on equities for three important reasons. First, while we expect the economy to slow, we do not foresee a recession in North America. Second, we expect central banks to broadly pause their hiking cycle. And, finally, we believe equities are reasonably valued, despite their strong rally from the December 2018 selloff.

In Canada, fourth-quarter GDP was reported at 0.4% on an annualized basis. This represents the slowest growth Canada has seen over the past two years. January inflation was 1.40%, which is a 15-month low. We are seeing lacklustre data translate to reduced corporate profits, as earnings per share for the fourth quarter of 2018 declined around 5% for Canadian companies—much weaker than the double-digit increases reported by U.S. companies.

Not surprisingly, weakness was particularly pronounced in the energy and materials sectors, both of which reported year-over-year declines. A bright spot to note: Technology earnings were up solidly, just as they were in the U.S.; however, technology comprises a relatively small part of the Canadian market.

Two headwinds should remain on the radar for Canadian investors. First, high household debt remains an issue and will likely weigh on consumption growth in 2019. Second, political and regulatory paralysis within the energy sector continues to block pipeline construction, which is creating an overhang on the broader Canadian market. We view valuations in Canada as attractive, with the market trading at a price/earnings discount versus the U.S.; however, we continue to prefer both U.S. and emerging-markets equities due to prevailing Canadian headwinds.

Overall, economic growth in the U.S. appears be on firm footing. The release of fourth-quarter GDP showed that growth had moderated from 3.4% in the third quarter, to a still above-trend 2.6% annualized in the final quarter of 2018. However, digging deeper into recent data, existing home sales fell to a three-year low, durable goods orders were weaker and jobless claims have recently ticked up slightly, albeit off very low levels. Additionally, U.S. manufacturing output fell for a second straight month in February, offering further evidence of a slowdown in economic growth early in the first quarter of 2019. As the impact of last year's fiscal stimulus in the U.S. fades, and higher interest rates start to have an impact, we are likely in a lower-growth world compared to 2018.

On the trade front, in late 2018, U.S. President Donald Trump set a March 1st deadline for completing a deal with China. This deadline has been extended to around the end of April. The two sides continue to wrestle with three issues: (1) narrowing the large U.S. trade deficit with China; (2) intellectual property protection; and (3) forced technology transfers.

We believe it's unlikely that a resolution will be found for all three issues, in part because of China's desire to become self-sufficient in many technology sectors, including for example, semiconductors. However, it is possible that common ground can be found on narrowing the trade deficit and on some areas of technology. We feel the optimism for a deal has been partly priced into markets, as seen with the strong market move this year, but a resolution could act as a further tailwind.

Overall our macro themes haven't changed since our last meeting. Yields and expected returns remain in the low single digits, and we maintain a lower-for-longer view with respect to interest rates. This is also a key driver behind our positive outlook for equities this year. We also maintain that, while growth in the U.S. has slowed, North America will avert a recession. Stimulus in China, moreover, should help drive a growth pick-up in Asia. The outlook for Europe, however, continues to look challenging. From an equity perspective, we remain underweight international equities, including Europe.

Overall, we continue to favour a diversified portfolio that includes: (1) high-quality equities that have the ability to increase their earnings and dividends in a low-growth environment and thereby protect the real value of investors' savings (the U.S. remains our favourite equity market globally); (2) an allocation to cash for stability and safety of capital; (3) an allocation to high-quality corporate bonds, including investment-grade and high-yield, to provide some income, diversification and stability.

The Scorecard

Asset Class	Rating
Cash	3
Fixed Income (local currencies	2
Domestic Government	2
Investment-Grade Corporates	4
Inflation-Linked	3
High Yield	4
Global Developed	1
Global Emerging Markets	3
Equities (local currencies)	4
Canadian	3
U.S.	4
International	2
Emerging Markets	4
Sub Classes	
Gold	3
Canadian Dollar	2
U.S. Dollar Index	2

Ratings

1 – Maximum underweight
2 – Underweight
3 – Neutral
4 – Overweight
5 – Maximum overweight Blue indicates change

Source: TD Wealth Asset Allocation Committee, as at March 31, 2019.

Market performance

		(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Canadian Indices ($CA) Return	**Index**	**1 Month**	**3 Months**	**YTD**	**1 Yr**	**3 Yrs**	**5 Yrs**	**Since 1/1/2012**	**10 Yrs**	**20 Yrs**
S&P/TSX Composite (TR)	55,746	1.01	13.29	13.29	8.11	9.26	5.44	7.30	9.49	7.18
S&P/TSX Composite (PR)	16,102	0.64	12.42	12.42	4.78	6.07	2.35	4.15	6.32	4.56
S&P/TSX 60 (TR)	2,690	0.97	12.54	12.54	9.04	9.95	6.34	8.03	9.31	7.28
S&P/TSX SmallCap (TR)	938	-1.10	10.71	10.71	-1.81	5.91	0.22	2.10	8.13	-
U.S. Indices ($US) Return	**Index**	**1 Month**	**3 Months**	**YTD**	**1 Yr**	**3 Yrs**	**5 Yrs**	**Since 1/1/2012**	**10 Yrs**	**20 Yrs**
S&P 500 (TR)	5,664	1.94	13.65	13.65	9.50	13.51	10.91	14.10	15.92	6.04
S&P 500 (PR)	2,834	1.79	13.07	13.07	7.33	11.23	8.65	11.73	13.51	4.03
Dow Jones Industrial (PR)	25,929	0.05	11.15	11.15	7.57	13.60	9.52	11.06	13.04	4.99
NASDAQ Composite (PR)	7,729	2.61	16.49	16.49	9.43	16.65	12.98	15.97	17.59	5.89
Russell 2000 (TR)	7,703	-2.09	14.58	14.58	2.05	12.92	7.05	12.63	15.36	8.44
U.S. Indices ($CA) Return	**Index**	**1 Month**	**3 Months**	**YTD**	**1 Yr**	**3 Yrs**	**5 Yrs**	**Since 1/1/2012**	**10 Yrs**	**20 Yrs**
S&P 500 (TR)	7,570	3.46	11.32	11.32	13.49	14.65	15.20	18.29	16.60	5.40
S&P 500 (PR)	3,788	3.30	10.75	10.75	11.24	12.34	12.85	15.84	14.18	3.40
Dow Jones Industrial (PR)	34,650	1.53	8.88	8.88	11.50	14.74	13.75	15.15	13.71	4.36
NASDAQ Composite (PR)	10,329	4.13	14.11	14.11	13.42	17.82	17.35	20.23	18.29	5.25
Russell 2000 (TR)	10,293	-0.64	12.24	12.24	5.77	14.05	11.20	16.77	16.04	7.78
MSCI Indices ($US) Total Return	**Index**	**1 Month**	**3 Months**	**YTD**	**1 Yr**	**3 Yrs**	**5 Yrs**	**Since 1/1/2012**	**10 Yrs**	**20 Yrs**
World	8,754	1.38	12.65	12.65	4.61	11.31	7.38	11.05	13.01	5.35
EAFE (Europe, Australasia, Far East)	7,762	0.74	10.13	10.13	-3.22	7.80	2.81	7.42	9.47	4.38
EM (Emerging Markets)	2,378	0.86	9.97	9.97	-7.06	11.09	4.06	4.78	9.31	8.73
MSCI Indices ($CA) Total Return	**Index**	**1 Month**	**3 Months**	**YTD**	**1 Yr**	**3 Yrs**	**5 Yrs**	**Since 1/1/2012**	**10 Yrs**	**20 Yrs**
World	11,699	2.89	10.34	10.34	8.42	12.42	11.53	15.13	13.68	4.71
EAFE (Europe, Australasia, Far East)	10,372	2.23	7.87	7.87	0.31	8.88	6.79	11.37	10.11	3.75
EM (Emerging Markets)	3,178	2.35	7.72	7.72	-3.67	12.20	8.08	8.63	9.95	8.07
Currency	**Level**	**1 Month**	**3 Months**	**YTD**	**1 Yr**	**3 Yrs**	**5 Yrs**	**Since 1/1/2012**	**10 Yrs**	**20 Yrs**
Canadian Dollar ($US/$CA)	74.83	-1.46	2.09	2.09	-3.52	-0.99	-3.72	-	-0.58	0.61
Regional Indices (Native Currency) Price Return	**Index**	**1 Month**	**3 Months**	**YTD**	**1 Yr**	**3 Yrs**	**5 Yrs**	**Since 1/1/2012**	**10 Yrs**	**20 Yrs**
London FTSE 100 (UK)	7,279	2.89	8.19	8.19	3.15	5.64	1.98	4.73	6.37	0.01
Hang Seng (Hong Kong)	29,051	1.46	12.40	12.40	-3.46	11.82	5.57	8.06	7.90	5.00
Nikkei 225 (Japan)	21,206	-0.84	5.95	5.95	-1.16	8.16	7.42	18.17	10.09	1.47
Benchmark Bond Yields		**3 Month**		**5 Yr**		**10 Yr**		**30 Yr**		
Government of Canada Yields		1.67		1.58		1.70		1.99		
U.S. Treasury Yields		2.42		2.32		2.52		2.93		

Canadian Bond Indices ($CA) Total Return	Index	1 Month	3 Months	YTD	1 Yr	3 Yrs	5 Yrs	Since 1/1/2012	10 Yrs
FTSE TMX Canada Universe Bond Index	1,093	2.35	3.91	3.91	6.18	2.65	3.77	3.31	4.41
FTSE TMX Canadian Short Term Bond Index (1-5 Yrs)	723	0.85	1.74	1.74	3.53	1.42	1.87	1.95	2.51
FTSE TMX Canadian Mid Term Bond Index (5-10 Yrs)	1,184	2.13	3.77	3.77	6.61	2.16	3.77	3.59	4.93
FTSE TMX Long Term Bond Index (10+ Yrs)	1,828	4.50	6.94	6.94	9.47	4.59	6.42	4.92	7.07

Sources: TD Securities Inc., Bloomberg Finance L.P. TR: total return, PR: price return., as at March 31, 2019.