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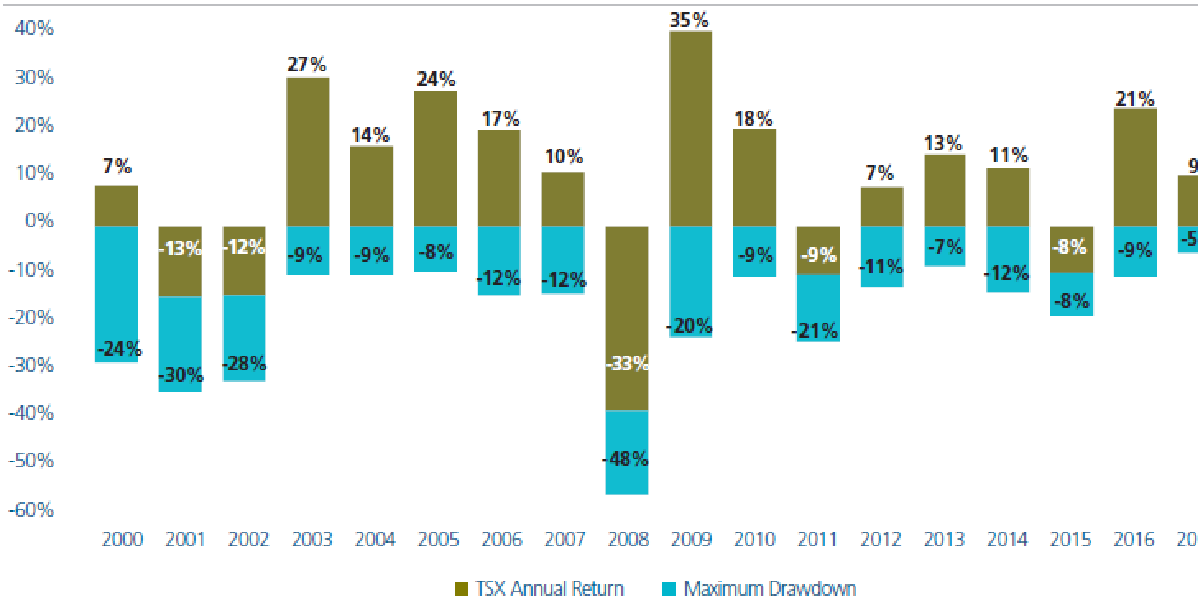
# EVEN CALM WATER CAN HAVE RIPPLES

## S&P/TSX Composite Index: Calendar Year Returns and Maximum Drawdowns




*The above chart illustrates the calendar year return of the S&P/TSX Composite Index in the past 18 years and the maximum drawdown of each year.*
*(The maximum drawdown is defined as the largest peak-to-trough decline in the value of a portfolio or index before a new peak is achieved.)*
*Source: Bloomberg 2000-2017*

Indicated rates of return are historical annual compounded total returns including reinvestment of all distributions for the period ended, December 31, 2017, and do not take into account management expenses, account sales, redemption, distribution or optional charges or income taxes payable by any security holder that would have reduced returns.

***Successful Investing takes patience and discipline***

- ***The S&P/TSX Composite Index shows a positive return in 13 of the last 18 years. (2000-2017) Of those 13 years, 6 of them had a drawdown of more than 10% at some point in the year.***
- ***If you exited the market during a temporary period of negative return during the year, you would have missed out on the eventual bounce back.***

Special market update – May 19, 2020

This special webinar was hosted by NEI Investments and was the latest in their series of regular market updates. For our wealth management services, our credit union partners with Aviso

Wealth. NEI Investments is a part of Aviso Wealth, and is Canada's leader in Responsible Investment funds and portfolios.

In these sessions, experts from NEI Investments provide context for the most recent market developments and share information regarding what to expect in the coming days and weeks.

You can listen to the recording here and review the highlights below.

Key points from the webinar:

- As markets remain volatile in both directions in response to global news events, it is important to "take a step back and look at the bigger picture".
- Investors should consider balancing out long-term opportunities with short-term risks.
- Bank of Canada officials have indicated they are not considering negative interest rates for the time being, but have not taken the idea completely off the table.
- Growth stocks are outperforming value stocks by a wide margin.
- Big tech stocks are outperforming the market year to date, with tech earnings relative to the market the highest they've been in 16 years.
- Concentration of power among tech companies is "great for the stock market," but "bad for economic growth" generally; gains typically do not flow to company employees or the economy at large.
- It is "not healthy" to have this level of concentration in the digital ecosystem. It will be difficult for investors and policy advocates (like NEI Investments) to bring an environmental, social, and governance (ESG) perspective to large technology companies without significant regulatory and policy intervention.
- Slow-moving companies must learn to adapt to the "rapidly accelerating digital economy".
- As investors get more confident of economic recovery (not just market recovery), we could see rotation into more cyclical industries such as airlines, retail, financial services etc.

If you have any questions, please don't hesitate to contact me.

Sincerely,

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