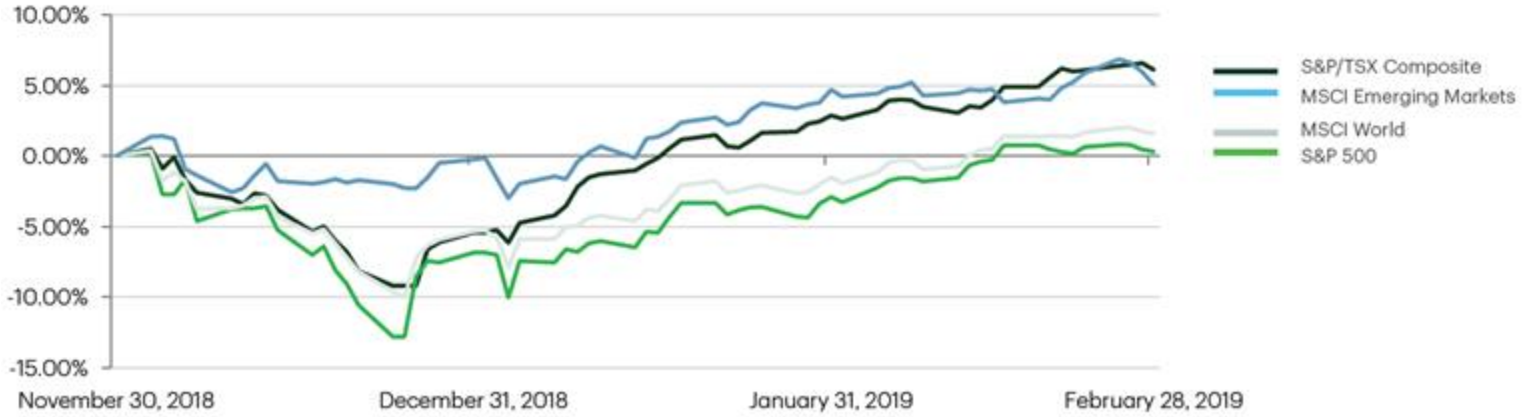
Honest Straightforward Advice

Q1 Commentary & Market Outlook

Global capital markets reversed course after a notably difficult end to 2018, rebounding strongly to post mainly positive results for the first quarter of 2019. Equity markets appeared to be lifted by the prospect of easier monetary policy, while bond markets benefited from economic data showing slowing global growth.



Source: Bloomberg Finance L.P. as of March 13, 2019; total/gross returns in CAD.

The Canadian benchmark S&P/TSX Composite Index posted a robust quarterly gain of 13.3%. Although most sectors added value, Canada's resource-heavy market was particularly buoyed by higher oil prices, while industrials, information technology and health care sectors also performed well. The MSCI World Index climbed 10.3% in Canadian dollar terms, with broad-based gains across North America, Europe and Asia. While in the U.S. the S&P 500 Index finished the quarter with a gain of 11.3%.

The equity rebound came despite economic data indicating growing slack in the global economy, and central banks responded by striking a more dovish tone in the first quarter. After moving to raise interest rates several times in 2018, the U.S. Federal Reserve left rates unchanged and put further increases for 2019 on hold. Yields for 10-year U.S. Treasury Bonds moved lower through the period as bond prices rose. The Bank of Canada also left rates unchanged, TD Wealth

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and 10-year Canadian government bond yields declined as investors discounted the probability of further rate cuts in the near term. The FTSE Canada Universe Bond Index, a broad measure of Canadian government and corporate bonds, returned 3.9% for the quarter.

Since the bull market in North American equities began more than 10 years ago, investors have drawn confidence from the gradual expansion of the global economy, particularly in the U.S. where corporate earnings have been healthy and employment, housing and consumer spending data have been strong. However, late in the economic cycle, corporate earnings are slowing, along with global economic growth. While we remain optimistic on the longer-term outlook for equities, we do believe that periods of volatility may continue as the market contends with central bank policy and growth concerns. The fourth quarter's steep decline and the dramatic reversal in the first quarter of this year is a timely reminder of how quickly markets can turn, and underscores the importance of staying invested for the longer term.

Given the backdrop, we continue to believe investors are best served by a diversified approach to investing – one that provides exposure to a broad range of actively managed investments from equities to bonds, depending on your personal objectives.

If you have any questions or concerns about your accounts or require additional information, please do not hesitate to give our offices a call.

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