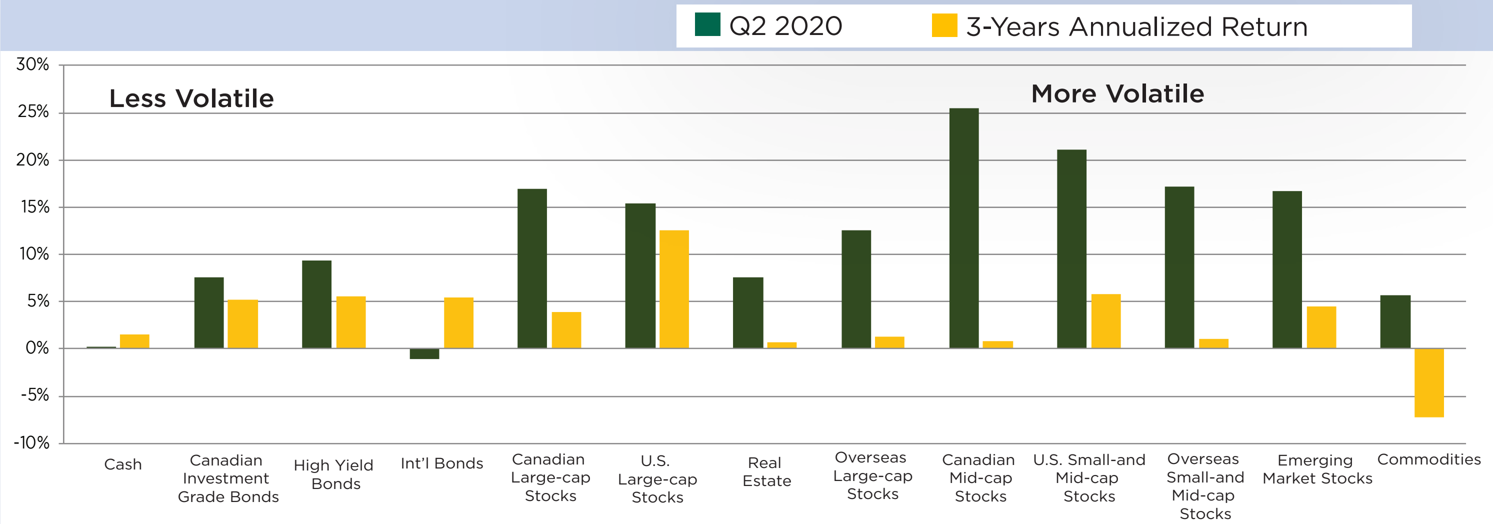
Asset Class Performance



Source: Morningstar Direct,06/30/20 Representative indexes are: Real Estate: S&P Canada REIT Index, High Yield Bonds: Barclays High Yield Canadians Index, Canada Large-cap Stocks: S&P/TSX Composite Index, U.S. Small- and Mid-cap Stocks: Russell 2500 Index, InternationalBonds: Barclays Global Aggregate Bond Index , Canada Bonds: FTSE TMX Canada Universe Bond Index,U.S. Large-cap Stocks: S&P 500 Index, Emerging Market Stocks: MSCI EM Index, Overseas Large-cap Stocks: MSCI EAFE Index, Canadian Mid-cap Stocks: S&P/TSX Completion, Commodities: S&P GSCI, Cash: FTSE TMX Canada Cdn Trsy Bill 91 Day. Past performance is not a guarantee of how the market will perform in the future. Indexes are unmanaged and are not available for direct investment. All returns expressed in local currency and include reinvested dividends. All returns in Canadian Dollars.

QUARTERLY MARKET OUTLOOK: **THIRD QUARTER 2020**

Second Quarter in Review

Investment markets rebounded in Q2, with stocks outpacing bonds amid a sharp rally following the pandemic-driven selloff. Gains were sparked by sizable policy responses from both central banks as well as Federal governments that prompted markets to shift their sights toward the reopening of the economy and the rebound in consumer and business spending. While a sustained expansion will take shape, in our view, equities will likely proceed in a choppier fashion than experienced the past few months.

- **A historically strong quarter –** The TSX had its best quarter in more than a decade while the S&P 500 gained 20% from April through June, the best quarter since 1998 and the fourth-best in the last 70 years, putting stocks 40% above the March lows at the halfway mark of 2020. Looking back at quarters with a gain of more than 15%, the average return in the next quarter was 7%[1]. It's important to note that since 1950, every instance in which the stock market rose more than 30% from a bear market low turned out to be the beginning of a bull market.
- **Policy and progress spark a turnaround –** A historic spike in unemployment and an economic shutdown prompted unprecedented support from the central banks and federal governments. These actions, in combination with incremental progress related to the healthcare crisis shifted the market's sights to the reopening of the economy and a rebound in corporate profits.
- **Higher-volatility, economically-sensitive areas led the way –** Nearly every asset class in our diversified portfolio framework logged positive returns in Q2, with the more cyclical investments leading the way. This showed up in the outperformance of small-cap equities as well as leadership from the technology and consumer discretionary sectors. Bonds posted modest gains as longer-term interest rates remained near historic lows.

▶ *Action for Investors*

Performance in the first half of 2020 highlights the importance of a long-term perspective, diversification and a disciplined strategy. We anticipate greater volatility as we advance this year, so consider opportunities for proactive rebalancing and enhanced diversification within both equity and fixed income allocations.

*Source: FactSet, S&P 500 Total Return Index, Edward Jones calculations since 1970. The S&P 500 Total Return Index is unmanaged and is not available for direct investment. Past performance of the market is not a guarantee of what will happen in the future.

Rebalancing and diversification do not ensure a profit or protect against loss.

Edward **Jones**