

COMMENTS FROM FIXED INCOME MANAGERS

Stock market indices declined for a second consecutive month in October. The S&P/TSX returned -3.1 % in the last month and the S&P 500 was -2.7 %. All developed market stock exchanges dropped, while the emerging markets index rose slightly. Canadian stocks declined in all sectors except Health Care, with the Canopy (cannabis) stock up 31 %. Oil prices declined by about 10 %.

Investors grew increasingly anxious as the pandemic regained momentum in Europe and America, with elections looming in the United States. Renewed confinement measures, especially restrictive in Europe, have raised fears of an economic downturn.

In the United States, the potential Democratic victory in the White House and the Senate has generated a sense of cooperation and political stability not seen in Washington for some time. Against this backdrop, the outlook indicates a generous stimulus package to be passed quickly in early 2021, indicating improved economic conditions for the coming year. This optimism drove up interest rates on medium- and long-term bonds, while short-term rates barely changed. As a result, the Canadian bond index posted a negative performance of -0.8 % in October. The results of the election are not yet known at the time of writing, so the uncertainty remains, although the key to a stable outcome resides in the Senate results. A Trump

victory with a Democratic Senate and a Biden victory with a Republican Senate suggest inertia and deadlock.

For the time being, economic data continue to reflect the post-confinement recovery in America. While the employment situation is still worrisome, worker and business support programs are succeeding in averting the worst. The next few weeks will be crucial for 2021.

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STATISTICS ON OCTOBER 31, 2020

CANADA		UNITED STATES		CURRENCIES	
Unemploy. rate (Sept.)	9 % ↓	Unemploy. rate (Sept.)	7.9 % ↓	\$ USA / \$ CAN	0.75 ↓
C.P.I. (Sept.)	0.5 % ↑	C.P.I. (Sept.)	1.4 % ↑	\$ USA / € Euro	1.16 ↑
3 months treasury bills	0.10 % ↓	3 mths treasury bills	0.09 % ↓	¥ Yen / \$ USA	104.66 ↑
Bonds 5 years	0.40 % ↑	Bonds 5 years	0.38 % ↑		
Bonds 10 years	0.66 % ↑	Bonds 10 years	0.87 % ↑		
S&P/TSX	15,581 ↓	Dow Jones - Industrial	26,502 ↓		
		S&P 500	3,270 ↓		

The arrow indicates the trend since the publication of the last monthly data or end of the month.

INTERGENERATIONAL TRANSFER

At Eterna, we believe that estate planning is a continuous and necessary process for anyone concerned about the succession of their wealth. Managing risks associated with your investments, adopting personalized strategies and optimizing the disbursement of your assets accumulated at the time of your retirement are also essential in order to reach your objectives. It is also important to fully understand the applicable legal and tax consequences in the event of death.

Over the next ten years in Canada, an estimated \$1,050 trillion in assets will be transferred from one generation to the next. This is a staggering amount. There are various ways of planning for both incoming and outgoing generations.

Probably one of the more underestimated and tax-efficient methods is the use of specialized life insurance products.

It is estimated that more than half of the population has not adequately planned the transfer of their estate in the event of death and many more have not informed their heirs of this situation. A North American study showed that more than 65 % of people with investment portfolios have not optimized their strategy to reduce taxes at death.

Did you know that if you use a life insurance policy as part your overall strategy, the accumulation of invested premiums, accrued interest and death benefit are distributed to beneficiaries **without any tax liability**? This is one of the most effective succession leverage tools in a financial, tax and estate strategy.

It allows the estate to pay taxes and fees without squandering any of the deceased's assets **OR** to generate greater wealth from the same money, **with no tax impact**. Our team has the necessary tools and professionals to assist you in this strategy.

At Eterna, we are committed to maintaining harmony within families as we ourselves are an independent family-owned business for four generations. We can help facilitate and improve your intergenerational wealth transfer by assisting you in this process, in collaboration with your future estate.

Eterna is proud to offer all the services necessary to guide you: portfolio management, estate planning, life insurance, estate settlement, trusts, planned donations, etc.

Contact us for more information.

Market Indices in Canadian Dollars as of October 31, 2020

	1 month	YTD	1 year	3 years*	5 years*
FTSE/TMX - 91 Day Tbill	0.01 %	0.84 %	1.13 %	1.33 %	1.00 %
Bonds					
FTSE Canada Universe Bond Index	-0.76 %	7.18 %	6.46 %	5.25 %	4.15 %
FTSE Canada Short Term Overall Bond Index	0.01 %	4.80 %	4.72 %	3.15 %	2.27 %
Eterna Adapted Private Wealth Index ¹	-0.18 %	6.43 %	5.97 %	4.04 %	2.97 %
FTSE Canada Mid Term Overall Bond Index	-0.47 %	8.88 %	7.84 %	5.38 %	4.01 %
FTSE Canada Long Term Overall Bond Index	-1.87 %	8.91 %	7.56 %	7.83 %	6.69 %
North American Stock Indices					
Canada - S&P/TSX Composite	-3.11 %	-6.11 %	-2.30 %	2.24 %	6.07 %
USA - S&P 500	-2.45 %	5.62 %	11.19 %	11.67 %	12.16 %
USA - Dow Jones Industrial Average	-4.32 %	-2.75 %	1.69 %	7.95 %	11.57 %
International Stock Market Indices					
United Kingdom - FTSE-100	-4.32 %	-23.78 %	-19.38 %	-5.40 %	-1.78 %
France - CAC-40	-4.78 %	-18.08 %	-15.10 %	-4.78 %	0.23 %
Germany - DAX	-9.84 %	-7.45 %	-4.89 %	-3.13 %	2.81 %
Japan - Nikkei-225	0.14 %	3.21 %	4.79 %	5.45 %	7.21 %
Hong Kong - Hang Seng	2.93 %	-11.70 %	-8.22 %	-3.88 %	1.66 %
Australia - S&P/ASX 200	-0.03 %	-8.92 %	-8.13 %	-1.68 %	2.55 %
Currency					
\$ CAN versus \$ É.-U.	0.02 %	2.55 %	1.19 %	1.11 %	0.37 %

On October 31 2020

* Annual compounded total return.

¹ The Eterna Adapted Private Wealth Index is made up of 60% of FTSE Canada Short Term Overall Bond Index and of 40% of FTSE Canada Mid Term Overall Bond Index.

Source : Bloomberg