

AUGUST 31, 2018

Canadian Monthly Highlights

- Following a soft start to the year, the Canadian economy rebounded in Q2 by posting a 2.9% annualized increase in output.
- Canadian Inflation once again surprised to the high-side with the consumer price index up 3.0% in July versus the same month last year, the biggest increase in such increase in nearly seven years. Notably, though, despite the firmness in the broad gauge of price pressures, the Bank of Canada's measures of core inflation remainder near the 2% mid-point of the inflation target range.
- The Canadian economy added a much-higher-than-expected 54,100 net new jobs in July, but the details of the report left something to be desired as all gains were in part-time employment, the breadth of increase across sectors was soft and wage growth moderated sharply.
- Against signs that the economy remains decent footing and price pressures are showing signs of firming, expectations are rising that the Bank of Canada will continue to unwind its monetary policy stimulus with another rate hike in the coming months.

Index Total Returns (%)

| | 1 Mth | YTD | 1 Yr. | 5Yrs. |
|-------------------------------------|-------|------|-------|-------|
| S&P/TSX Capped Composite | -0.8 | 2.3 | 10.1 | 8.3 |
| S&P/TSX 60 | -1.2 | 2.6 | 11.5 | 9.1 |
| S&P/TSX SmallCap | -0.5 | -3.1 | 3.5 | 4.9 |
| S&P/TSX High Dividend Index | -0.4 | -0.8 | 6.0 | 5.8 |
| BMO Small Cap (Weighted) | 0.8 | -2.5 | 5.3 | 5.4 |
| Ethical Canadian Index | -1.5 | 4.6 | 14.6 | 10.1 |
| FTSE Canada Universe Bond | 0.8 | 0.6 | 1.3 | 3.6 |
| FTSE Canada 91 Day TBill | 0.1 | 0.8 | 1.1 | 0.8 |
| FTSE Canada High Yield Overall Bond | 0.5 | 3.7 | 6.8 | 6.1 |

Sources: TD Securities BMO NB, Bloomberg, and PC Bond

Bond Sector Returns (%) - FTSE Indices*

| | 1 Month | Short Term | Mid Term | Long Term |
|-------------|---------|------------|----------|-----------|
| Federals | | 0.29 | 0.78 | 1.59 |
| Provincials | | 0.32 | 0.67 | 1.09 |
| Corporates | | 0.42 | 0.93 | 1.53 |

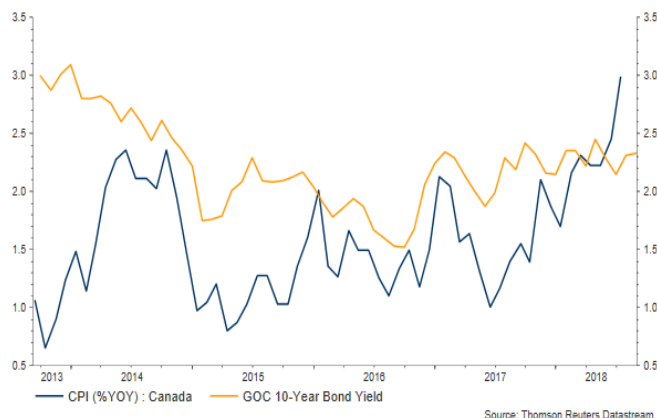
Source: PC Bond * Previously DEX.

S&P/TSX Composite Sector Total Returns (%)

| | 1 Mth | YTD | 1 Yr. | 5 Yrs. |
|----------------------------|-------|------|-------|--------|
| Energy | -3.6 | 2.1 | 10.7 | 0.3 |
| Materials | -8.2 | -8.9 | -8.0 | -0.2 |
| Industrials | 0.7 | 12.4 | 21.7 | 17.0 |
| Consumer Discretionary | -3.5 | -0.3 | 10.1 | 14.0 |
| Consumer Staples | -1.7 | -3.4 | 2.4 | 14.5 |
| Health Care | 28.4 | 15.8 | 78.9 | -16.3 |
| Financials | 1.2 | 2.3 | 12.5 | 12.7 |
| Information Technology | 5.1 | 25.9 | 33.9 | 20.8 |
| Telecommunication Services | -0.9 | -2.2 | 1.7 | 11.5 |
| Utilities | -0.7 | -6.1 | -5.5 | 7.6 |
| Real Estate | 2.4 | 9.9 | 15.7 | 14.1 |

Sources: TD Securities & Bloomberg

GOC 10-Year Bond Yield vs Inflation



| | P/E Ratio (Trailing 12 mth) | Dividend Yield % |
|---------------------|-----------------------------|------------------|
| S&P / TSX Composite | 16.4 | 3.0 |

Source: CPMS

Stocks of Influence for the Month

| Top Performers | Impact*(%) | Return**(%) |
|-----------------------|------------|-------------|
| Canopy Growth Corp. | 0.21 | 73.78 |
| Royal Bank of Canada | 0.13 | 2.08 |
| Toronto-Dominion Bank | 0.12 | 1.92 |

| Bottom Performers | Impact*(%) | Return**(%) |
|-----------------------------|------------|-------------|
| Cdn. Natural Resources Ltd. | -0.16 | -6.78 |
| Enbridge Inc. | -0.13 | -3.66 |
| Magna Intl. Inc. A | -0.13 | -10.83 |

Source: TD Securities *Impact of stock on the S&P/TSX Composite **Price Return

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