Highlights

GLC and Mackenzie are going to be stronger together! GLC will soon operate as part of Mackenzie and one of the largest asset managers in Canada.

S&P 500 turns positive on the year and the price of gold hits an all-time high, while bond yields fell to all-time lows.

COVID-19 case number progress (or lack thereof) remains key factor in economic outlook.

Global stock markets rebound while fixed-income markets also deliver positive returns.

July's near-perfect 'V' market rebound

July's stock markets continued their upward trajectory toward a near-perfect V-shaped rebound from March's nadir. The recovery continued despite there being many more questions than answers about future economic growth for investors to chew on.

The S&P 500 crossed the market recovery threshold and is up 1.25% on a year-to-date basis to reach a new all-time high (that's a 40%+ recovery in a little over four months!). Outside of the U.S., most global stock markets remain down in 2020, although all have meaningfully rebounded since the global pandemic crisis began. Canadian markets performed well, aided by strong results from the Materials sector – home to shares of gold mining companies. Emerging markets were also particularly strong, whereas European markets (and the U.K. in particular) fell to the back of the list of strong performing markets.

Conservative investors also fared well in July as falling bond yields boosted fixed-income returns. Economic uncertainty and an uber-dovish U.S. Federal Reserve put downward pressure on yields and the U.S. dollar, while simultaneously giving a lift to gold prices. Canadian and U.S. 10-year bond yields touched fresh all-time lows of 0.467% and 0.528% respectively. The U.S. Dollar Index was down 4.15& – one of the worst monthly returns in the past 20 years – and the popularity of gold grew for its traditional safe-harbour qualities to allow gold prices to hit an all-time high of $1,975.86/oz USD.

The worry list

At the top of concerns for economic and capital market growth is the pandemic itself – in particular, the lack of improvement in the number of COVID-19 cases in the U.S. and isolated outbreaks in other countries too. The troubling surge in cases is resulting in a number of U.S.

Market Summary

Canadian Fixed Income[1]	Month	YTD
FTSE Canada Universe Bond Index	1.3%	8.9%
FTSE Canada All Corporate Bond Index	1.9%	7.4%

Canadian Equities[2]	Month	YTD
S&P/TSX Composite	4.2%	-5.2%

	Month		YTD	
Global Equities[2]	Local	CAD	Local	CAD
S&P 500	5.5%	4.0%	1.2%	4.7%
MSCI EAFE	-1.9%	0.7%	-13.5%	-7.6%
MSCI Emerging Markets	7.6%	6.8%	0.6%	0.1%

Currencies and Commodities (in USD)	Level	Month	YTD
CDN $	$0.746	1.2%	-3.1%
Oil (West Texas)	$40.27	2.5%	-34.0%
Gold	$1,973.23	10.6%	29.6%
Reuters/Jeffries CRB Index	$143.69	4.1%	-22.7%

Canadian Sector Performance[2]	Month	YTD
Energy	1.0%	-31.8%
Materials	13.1%	29.5%
Industrials	5.6%	0.8%
Cons. Disc.	4.1%	-8.3%
Info Tech	6.1%	71.7%
Health Care	1.1%	-30.5%
Financials	0.1%	-18.1%
Cons. Staples	6.2%	6.8%
Comm. Services	1.3%	-10.0%
Utilities	5.9%	2.0%
Real Estate	2.9%	-19.8%

Local currency unless otherwise stated.
[1]Total return. | [2]Price only return.
Source: Bloomberg.

states and countries having to dial back or reverse their economic re-opening strategies. Whether we see positive progress or further setbacks will be key to market moves in the months ahead.

In the U.S., ongoing government negotiations have been coming to a head over a fresh round of fiscal stimulus and extended unemployment benefits for Americans whose pandemic emergency funding has now run out. At the time of writing, lawmakers have yet to reach any sort of compromise to extend it. These 'down to the wire' debates in Congress risk holding up the release of millions of dollars that could otherwise move back into the economy through the hands of about 30 million people currently worried about making ends meet.

Add to these issues an increase in diplomatic tensions between China and the U.S. (think 5G, Huawei and TikTok disagreements), the cancellation of over $900 million in COVID relief funding for Canadian youth (due to our government's conflict of interest scandal) and the familiar U.S. pre-election political sparring. *Oy-Yoy-Yoy*, can't we all just get along?!

The sunny-ways list

For those looking for the 'not so bad' and bright side of the news, it was relatively easily to find as well – thus fueling the continued stock market recovery.

Corporate earnings provided the biggest boost to investor confidence in July. Expectations for earnings had (understandably) been slashed downward by analysts amidst the pandemic shutdown. While the bar to beat was admittedly low, North American companies exceeded expectations. There were very few earnings 'misses' across both Canadian and U.S. companies and a number of industries saw impressively strong results. The FAAA-ntastic corporate standouts included the mega-cap tech stocks that continue to benefit from the stay-at-home economy: **F**acebook, **A**mazon, **A**pple and **A**lphabet (aka Google).

Second quarter 2020 GDP results were horrible (in the case of the U.S. – the worst ever!) as the economy was basically shut-down for April and May. You'd be forgiven to think we've placed them on the wrong side of the 'good news/bad news' ledger. However, here too the results exceeded expectations meaningfully and gave rise to hope that the direst scenarios may be avoided.

Finally, and directly related to the number one worry for future economic growth, hopes for a vaccine to be made available by the end of the year began to surface. In Canada, most evidence is showing that society is proving themselves adaptive and resilient to the new normal – simply adding 'mask' to the idiosyncratic 'phone, keys, wallet' checklist before leaving the house.

From two strong asset management firms to one of the largest asset managers in Canada

On August 4, 2020, Great-West Lifeco reached an agreement to sell GLC Asset Management Group to Mackenzie Financial Corporation. The transaction is expected to close in the fourth quarter of 2020 (subject to regulatory approvals), at which time GLC will be wholly owned by and operate as part of Mackenzie. Together, the two asset management firms create one of the largest asset managers in Canada with over $172 billion in assets under management set to drive innovation and enhance investment capabilities.

In the meantime, **we are here for you!** Everyone at GLC continues to be committed to serving our investors well with professional portfolio management that's disciplined and focused on delivering strong investment performance, and with trusted and straightforward market and investment insights.

We hope you will share in our excitement about this new chapter in our firm's history and the opportunities it presents for investors and financial advisors alike.

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VP Marketing and Communications, has more than 20 years of investment industry experience and has been writing the monthly Market Matters for over 15 years.