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## THE CM GROUP INVESTMENT FOCUS

A lot can happen in a month!

In the Quarterly Market Update, you will see the dramatic volatility from the January to March period, with every stock market down by a significant amount, and the only positive performance coming from bonds and cash. Within bonds, only government bonds rose. Yet even this does not tell the whole story, since stocks were rising early in the year to February 19, and they hit their lows on March 23.

So let's look at the performance of the US stock market (S&P500) index during a few (approximate) monthly periods:

From the market peak on February 19 to March 23 - index DOWN 34%

March 23-April 24 - UP 27%

April 24-May 27 - UP 7%

At the time of this writing, the US market is down just 6% year to date, and remarkably up 7.4% from this time a year ago!

We can debate at length as to whether the market recovery is justified based on economic impacts of the coronavirus lockdowns, progress on treatments and vaccines, potential for economic recovery in the fall, etc. but in the end, our opinions do not matter when it comes to performance of stock and bond markets - they have minds of their own! What we can control are our emotions and our actions. One of the best strategies that can be used throughout this period, and throughout the next few months and years, could be to have a properly allocated investment portfolio that is structured to meet your long term financial goals, and to maintain that strategy through review and rebalancing as necessary.

Stay safe and healthy through this period - it will end eventually.

The CM Group

Quarterly Market Update

Page 2

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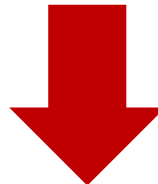
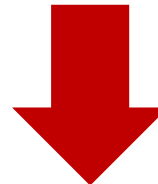
# Quarterly Investment Update

First Quarter 2020





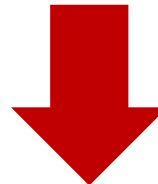
# Market Update: A Quarter in Review

March 31, 2020

## Canadian Stocks

Large Cap	Small Cap	Growth	Value
-18.48%	-38.12%	-12.93%	-27.65%
			






## International Stocks

Large Cap	Small Cap	Growth	Value	Emerging
-15.29%	-20.44%	-9.46%	-21.19%	-16.14%
				

## US Stocks

Large Cap	Small Cap	Growth	Value
-12.56%	-23.93%	-6.62%	-20.39%
			

## Real Estate and Fixed Income

Global REITs	1-Month T-Bills	Short-Term Bonds	Intermediate Bonds	Global Bonds (hedged)
-22.09%	0.46%	1.85%	1.56%	2.30%
				

In Canadian dollars. Market segment (index representation) as follows: Canadian stocks: Large Cap (S&P/TSX 60 Index), Small Cap (S&P/TSX Small Cap Index), Growth (MSCI Canada Growth Index [gross div.]), Value (MSCI Canada Value Index [gross div.]); US stocks: Large Cap (Russell 1000 Index), Small Cap (Russell 2000 Index), Growth (Russell 3000 Growth Index), Value (Russell 3000 Value Index); International stocks: Large Cap (MSCI EAFE Index), Small Cap (MSCI EAFE Small Cap Index), Growth (MSCI EAFE Growth Index), Value (MSCI EAFE Value Index), Emerging Markets (MSCI Emerging Markets Index); Real Estate: Global REITs (S&P Global REIT Index); Fixed Income: 1-Month T-Bills (FTSE Canada 30 Day T-Bill), Short Term Bonds (FTSE Canada Short-Term Bond Index), Intermediate Bonds (FTSE Canada Universe Bond Index), Global Bonds (hedged) (FTSE World Government Bond Index 1-5 Years [hedged to CAD]). MSCI and Russell index returns are net of withholding tax on dividends except where noted. S&P/TSX data provided by S&P/TSX. MSCI data copyright MSCI 2020, all rights reserved. S&P data copyright 2020 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. FTSE fixed income indices © 2020 FTSE Fixed Income LLC. All rights reserved. Indexes are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Past performance does not guarantee future returns.

# Survey of Long-Term Performance

March 31, 2020

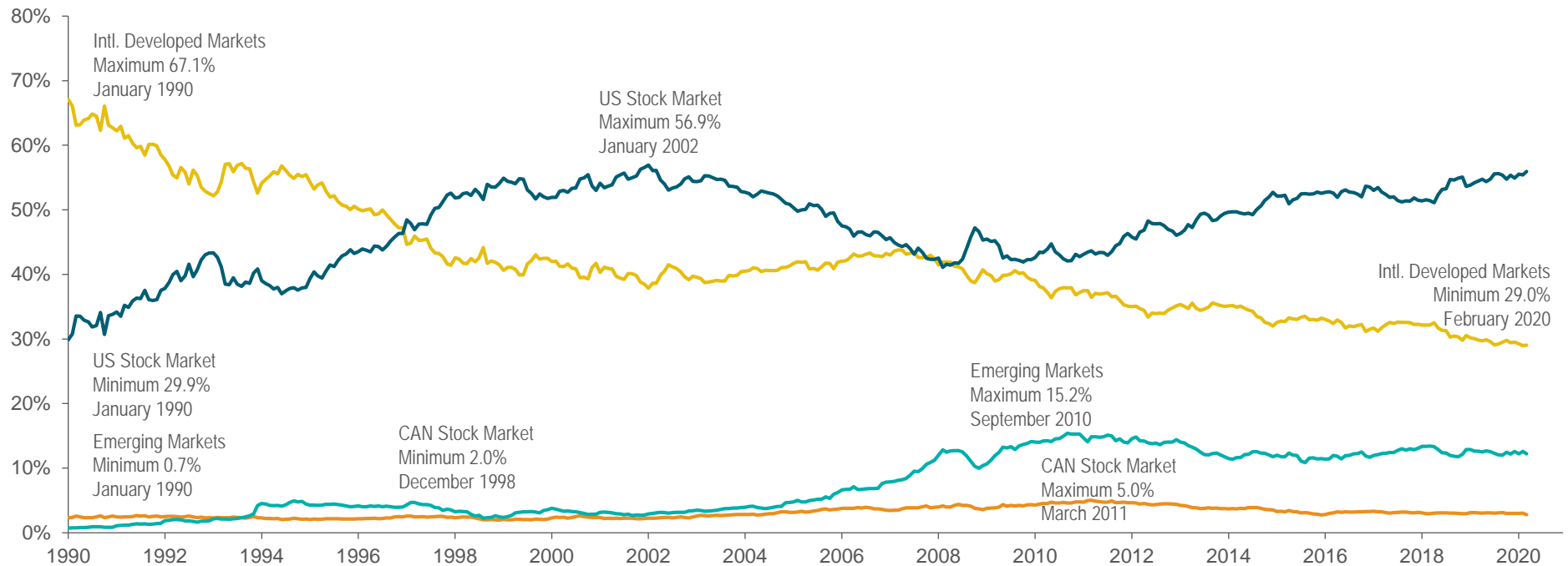
Asset Class	Index	Annualized (%)					Since Inception	Inception date
		1 Year	3 Years	5 Years	10 Years	20 Years		
<b>Canadian Stocks</b>								
Large Cap	S&P/TSX 60	-11.68	-0.52	1.97	4.58	4.47	7.84	Feb-87
Small Cap	S&P/TSX Small Cap	-35.25	-15.94	-6.22	-2.21	1.43	1.73	Feb-00
Growth	MSCI Canada Growth	-6.43	0.84	0.37	3.83	-0.38	7.57	Jan-75
Value	MSCI Canada Value	-21.63	-4.65	0.99	3.77	6.92	10.49	Jan-75
<b>US Stocks</b>								
Large Cap	Russell 1000	-2.57	6.33	8.10	13.52	4.39	11.60	Jan-79
Small Cap	Russell 2000	-19.37	-2.94	1.69	10.14	4.81	10.67	Jan-79
Growth	Russell 3000 Growth	5.70	12.54	11.88	16.08	3.68	11.33	Jan-79
Value	Russell 3000 Value	-13.34	-1.27	3.25	10.38	4.99	11.41	Jan-79
<b>International Stocks</b>								
Large Cap	MSCI EAFE (net div.)	-8.78	0.33	1.73	6.25	1.89	8.67	Jan-70
Small Cap	MSCI EAFE Small Cap (net div.)	-12.79	-0.75	3.35	8.42	5.49	6.04	Jan-99
Growth	MSCI EAFE Growth (net div.)	0.32	5.24	4.90	8.31	1.58	8.86	Jan-75
Value	MSCI EAFE Value (net div.)	-17.71	-4.60	-1.56	4.08	2.05	10.67	Jan-75
Emerging Markets	MSCI Emerging Markets (net div.)	-12.30	0.54	1.99	4.15	5.03	7.11	Jan-99
<b>Real Estate</b>								
Global REITs	S&P Global REIT (net div.)	-18.37	-2.42	0.18	8.74	7.43	7.51	Jul-89
<b>Fixed Income</b>								
Canadian T-Bills	FTSE Canada 30-Day T-Bill	1.75	1.32	0.98	0.92	1.93	5.82	Jun-73
Canadian Short-Term Bonds	FTSE Canada Short-Term Bond	3.20	2.08	1.73	2.51	4.05	7.29	Jan-80
Canadian Bonds	FTSE Canada Universe Bond	4.46	3.68	2.66	4.34	5.40	8.49	Jan-80
Global Bonds (hedged)	FTSE World Government Bond Index 1-5 Years (hedged to CAD)	4.50	2.44	1.89	2.21	3.44	5.93	Jan-85

In Canadian dollars. MSCI Canada Growth Index and MSCI Canada Value Index returns are gross dividends. Russell 1000 Index returns are net of withholding tax on dividends as of March 2008. Russell 2000 Index returns are net of withholding tax on dividends as of July 2002. Russell 3000 Growth Index and Russell 3000 Value Index returns are net of withholding tax on dividends as of July 2010. S&P Global REIT Index returns are gross dividends prior to January 2001. S&P/TSX data provided by S&P/TSX. MSCI data copyright MSCI 2020, all rights reserved. S&P data copyright 2020 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. FTSE fixed income indices © 2020 FTSE Fixed Income LLC. All rights reserved. Indexes are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results.

# Value of Stock Markets around the World

January 1990–March 2020

	Number of Countries	Number of Stocks	Total Value	Weights		
				March 31, 2020	Change from Previous Year	01/90-03/20 Average
Canada	1	297	1.35 Trillion	2.8%	↓ -8.6%	3.1%
United States	1	2,383	27.08 Trillion	55.9%	↑ 2.2%	47.5%
Developed Markets	21	3,242	14.08 Trillion	29.1%	↓ -2.1%	42.0%
Emerging Markets	26	3,051	5.91 Trillion	12.2%	↓ -2.3%	7.4%
<b>Total</b>	<b>49</b>	<b>8,973</b>	<b>48.42 Trillion</b>	<b>100.0%</b>		



**Global market capitalization weights are not static; they change across time.**

Data is in US dollars and values are beginning of month. The proxies for the Canadian and US equity markets are based on the respective country markets from the MSCI All Country World IMI Index. The international developed market proxy is the MSCI All Country World IMI ex USA ex Canada Index. The proxy for emerging markets is the MSCI All Country World IMI Index (Emerging Markets). MSCI data copyright MSCI 2020, all rights reserved.

# The Randomness of Quarterly Returns

March 31, 2020

This table shows from top to bottom the highest returning asset classes each quarter over the last 17 quarters. Each asset class is color coded based on the legend below.

	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
	4.54	5.07	10.33	6.17	10.83	3.48	3.90	7.63	4.36	8.21	5.12	1.77	13.29	2.58	7.12	9.54	2.30	?
	1.39	4.90	7.71	4.54	6.65	3.34	3.68	6.39	2.10	6.77	0.31	1.33	11.57	2.51	2.48	6.70	1.56	?
	1.13	2.89	5.49	1.31	5.01	1.11	1.50	4.45	1.32	5.86	0.01	0.41	11.39	1.68	2.35	5.94	0.46	?
	0.12	2.62	5.45	0.12	2.41	0.23	0.56	4.42	0.26	0.77	-0.41	-0.45	7.57	1.41	1.19	3.17	-13.30	?
	-0.43	1.07	1.19	-0.56	1.24	0.17	0.28	3.16	0.10	0.51	-0.57	-2.22	7.51	1.26	0.79	0.43	-15.29	?
	-1.57	0.71	0.97	-2.21	0.88	0.13	0.16	2.02	0.04	0.31	-0.96	-7.58	3.91	0.42	0.42	0.09	-16.14	?
	-6.13	0.11	0.12	-3.18	0.21	-0.99	-1.84	0.21	-3.06	0.04	-1.77	-9.58	0.94	-0.93	0.23	-0.85	-20.90	?
	-9.68	-1.06	0.06	-3.44	0.13	-1.64	-2.61	-0.04	-4.52	-6.09	-2.81	-10.11	0.39	-1.59	-2.98	-1.27	-22.09	?

Canadian Stocks
US Stocks
International Developed Markets
Emerging Markets
Global REITs
Canadian 1-Month T-Bills
Canadian Bonds
Global Bonds

The lack of a pattern indicates that picking which asset classes will be the best or worst performers is virtually impossible.

Portfolios combining these various investments will avoid extreme returns.

Data is in Canadian dollars. Indexes represented as follows: Canadian stocks (S&P/TSX Composite Index), US stocks (Russell 3000 Index), International Developed Markets (MSCI EAFE Index), Emerging Markets (MSCI Emerging Markets Index), Global REIT (S&P Global REIT Index), Canadian 1-Month T-Bills (FTSE Canada 30 Day T-Bill), Canadian Bonds (FTSE Canada Universe Bond Index), Global Bonds (FTSE World Government Bond Index Canada 1-5 Years (hedged to CAD)). MSCI and Russell index returns are net of withholding tax on dividends. S&P/TSX data provided by S&P/TSX. MSCI data copyright MSCI 2020, all rights reserved. S&P data copyright 2020 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. FTSE fixed income indices © 2020 FTSE Fixed Income LLC. Indexes are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results.

# Currency

March 31, 2020

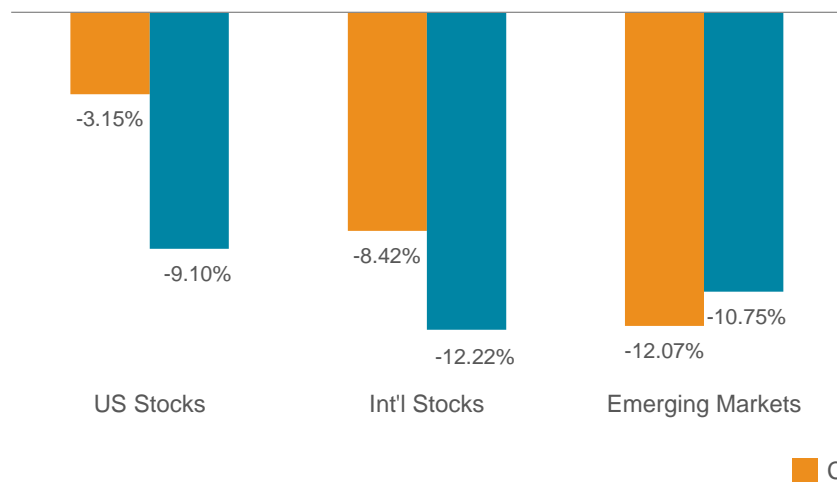
## Change in Foreign Exchange Rates (%)

FX/\$CAD

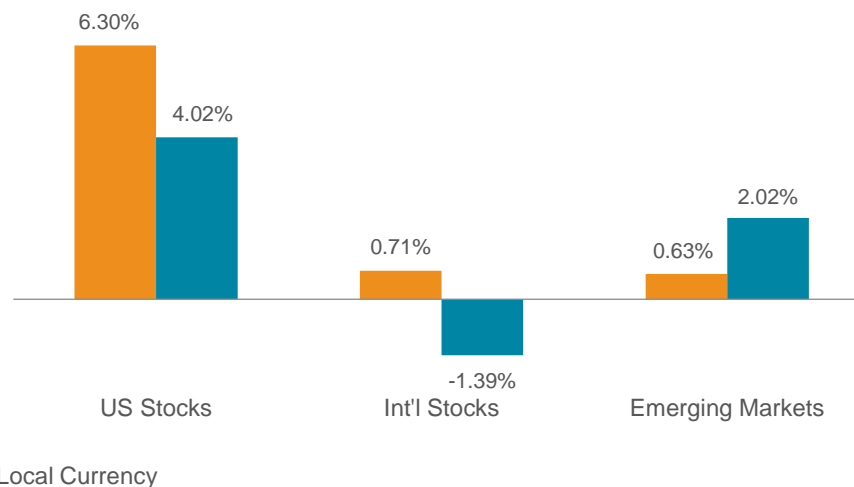
Currency	Q1 2020	One Year	Three Years
\$ US Dollars	9.76%	6.54%	2.19%
€ Euro	7.92%	4.75%	3.33%
£ Pounds	2.93%	1.61%	1.90%
¥ Yen	10.92%	9.82%	3.38%

## Impact of Currency Fluctuations

### Annual Returns in CAD and Local Currency



### Three-Year Annualized Returns in CAD and Local Currency



Data is in Canadian dollars. The market for the United States, International Developed Markets, and Emerging Markets is defined as: Russell 3000 Index (net of tax), MSCI EAFE Index (net div.), and MSCI Emerging Markets Index (net div.), respectively. MSCI data copyright MSCI 2020, all rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. Index performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results.

# MSCI Country Returns

In Canadian Dollars and Local Currency

## First Quarter 2020 Returns

Currency	Return in CAD	Return in Local Currency	Impact of Currency
1. Denmark	-0.46%	-7.36%	6.89%
2. China	-1.45%	-8.57%	7.12%
—			
—			
<b>10. United States</b>	<b>-13.22%</b>	<b>-20.94%</b>	<b>7.72%</b>
—			
<b>24. Canada</b>	<b>-21.79%</b>	<b>-21.79%</b>	<b>—</b>
—			
—			
—			
48. Colombia	-44.79%	-37.76%	-7.02%
49. Brazil	-46.01%	-36.58%	-9.43%

## One Year Returns in CAD and Local Currency

Currency	Return in CAD	Return in Local Currency	Impact of Currency
1. Switzerland	10.64%	0.89%	9.75%
2. Denmark	8.74%	4.40%	4.34%
—			
<b>7. United States</b>	<b>-3.25%</b>	<b>-9.19%</b>	<b>5.94%</b>
—			
<b>20. Canada</b>	<b>-15.23%</b>	<b>-15.23%</b>	<b>—</b>
—			
—			
—			
48. Chile	-44.13%	-34.32%	-9.81%
49. Argentina	-51.42%	-33.72%	-17.70%



# MSCI Country Returns

Country Rankings—Ten-Year Annualized Returns as of March 31, 2020



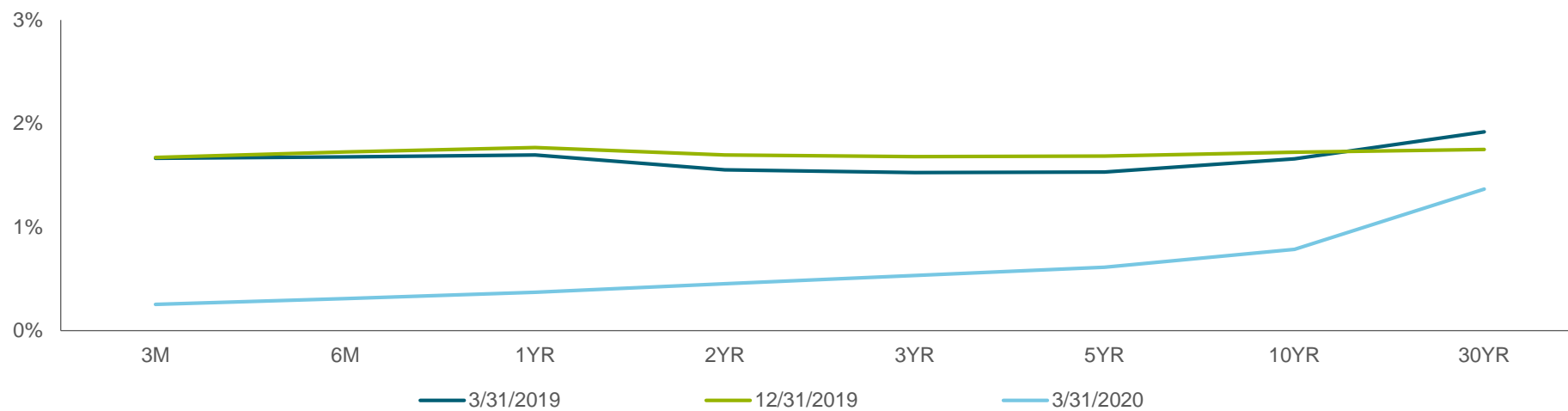
Data in Canadian dollars gross of fees. MSCI data copyright MSCI 2020, all rights reserved. Indexes are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results.

# Currency

March 31, 2020

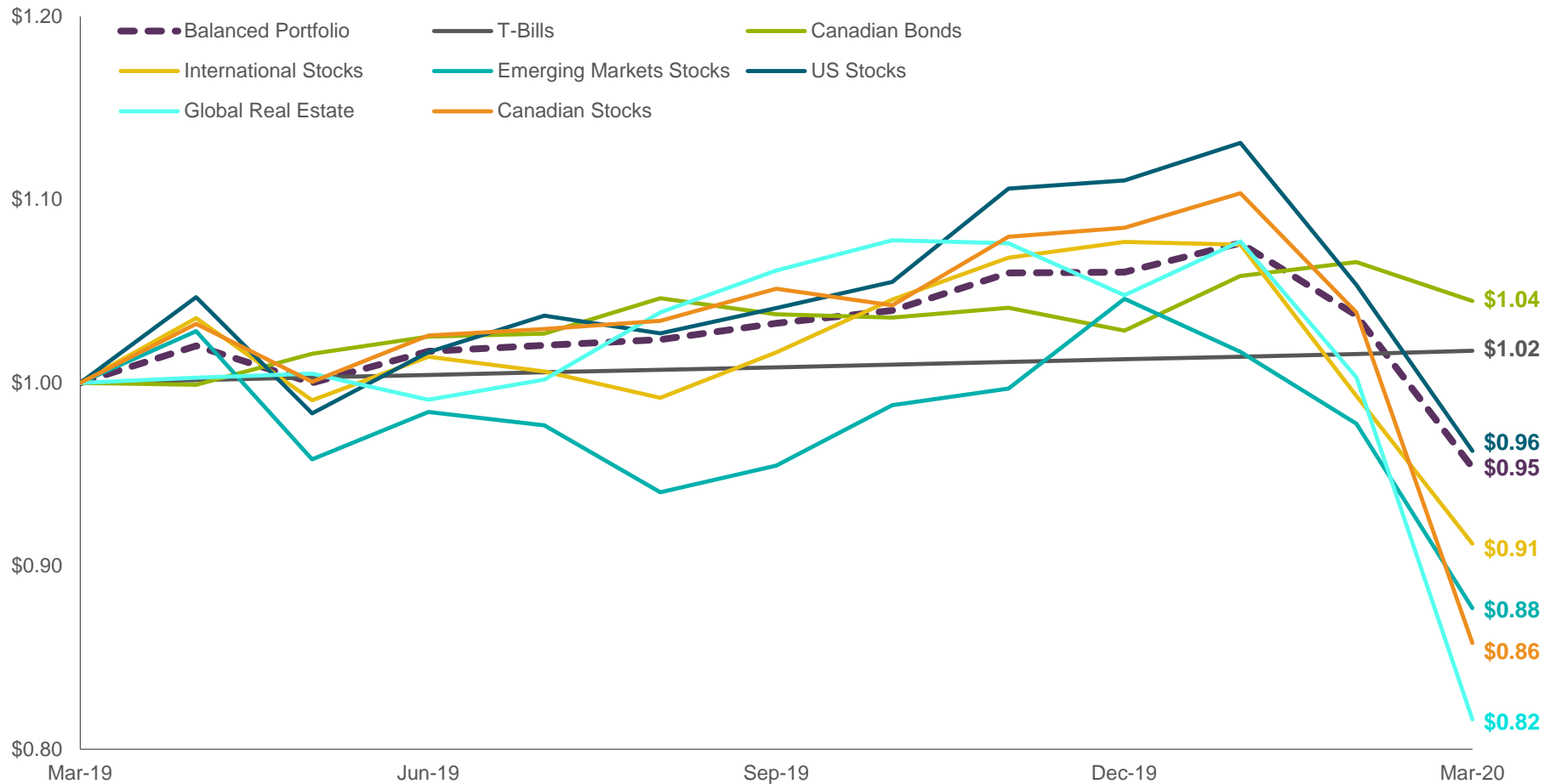
Index	Return (%)		
	Q1 2020	One Year	Three Years Annualized
FTSE Canadian 30 Day T-Bill	0.46%	1.75%	1.32%
FTSE Canada Short-Term Bond Index	1.85%	3.20%	2.08%
FTSE Canada Mid-Term Bond Index	3.31%	5.28%	3.47%
FTSE Canada Long-Term Bond Index	0.16%	5.56%	5.96%
FTSE Canada Universe Bond Index	1.56%	4.46%	3.68%
FTSE World Government Bond Index 1-5 Years (hedged to CAD)	2.30%	4.50%	2.44%

## CAN Treasury Yield Curve



# Growth of Wealth

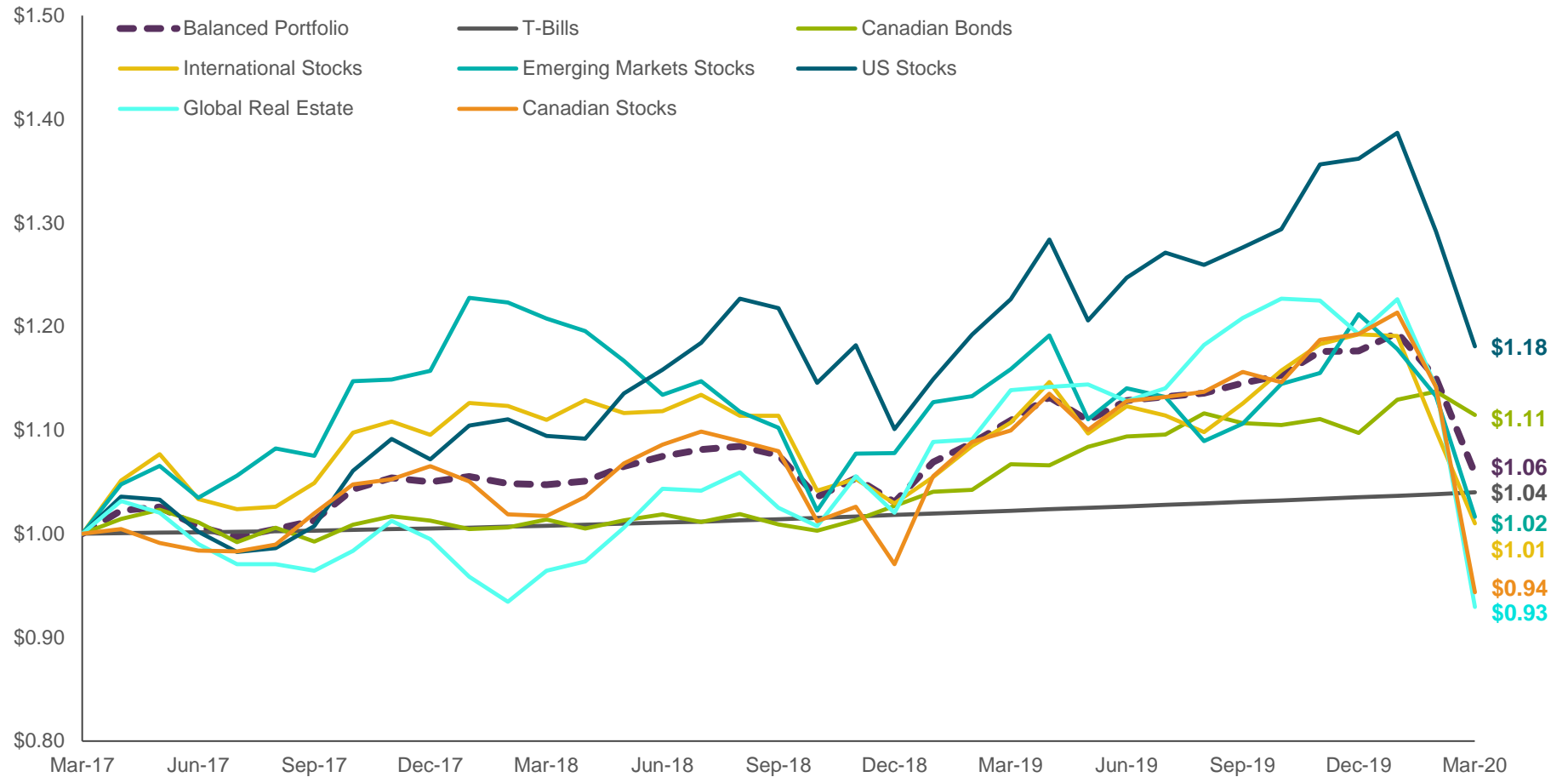
One Year as of March 31, 2020



In Canadian dollars. T-Bills is FTSE Canada 30 Day T-Bill, Canadian Bonds is FTSE Canada Universe Bond Index, Canadian Stocks is S&P/TSX Composite Index, International Stocks is MSCI EAFE Index (net div.), Emerging Markets Stocks is MSCI Emerging Markets Index (net div.), US Stocks is Russell 3000 Index (net of withholding tax on dividends as of March 2008), and Global Real Estate is S&P Global REIT Index (gross div.) from July 1989 to Dec 2000, and S&P Global REIT Index (net div.) from Jan 2001 to present. Balanced Portfolio is 10% T-Bills, 30% Canadian Bonds, 20% Canadian Stocks, 15% US Stocks, 15% International Stocks, 5% Emerging Markets Stocks and 5% Global Real Estate. FTSE fixed income indices © 2020 FTSE Fixed Income LLC. All rights reserved. MSCI data copyright MSCI 2020, all rights reserved. The S&P data are provided by Standard & Poor's Index Services Group. S&P/TSX data provided by S&P/TSX. Indexes are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results.

# Growth of Wealth

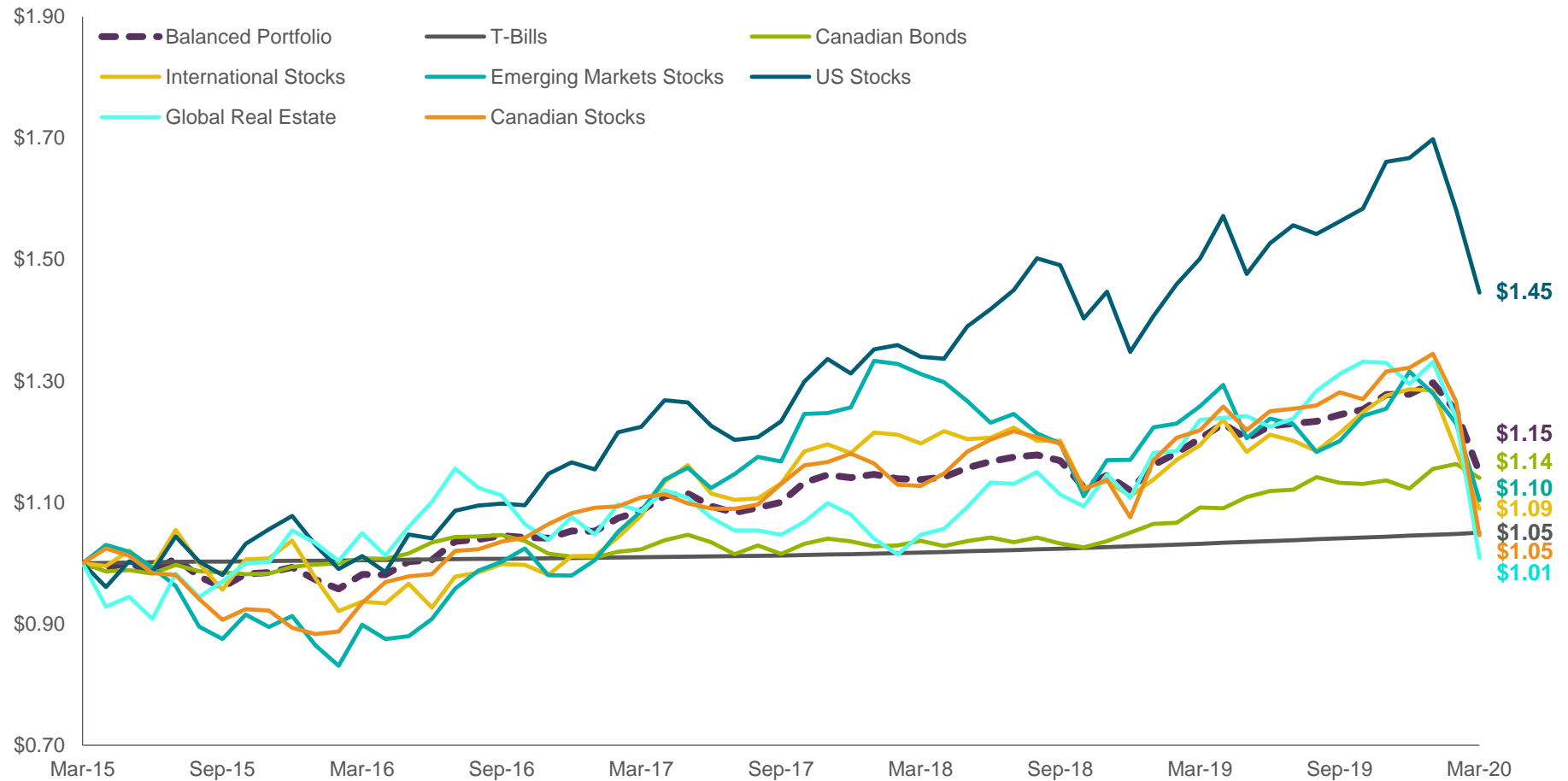
Three Years as of March 31, 2020



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# Growth of Wealth

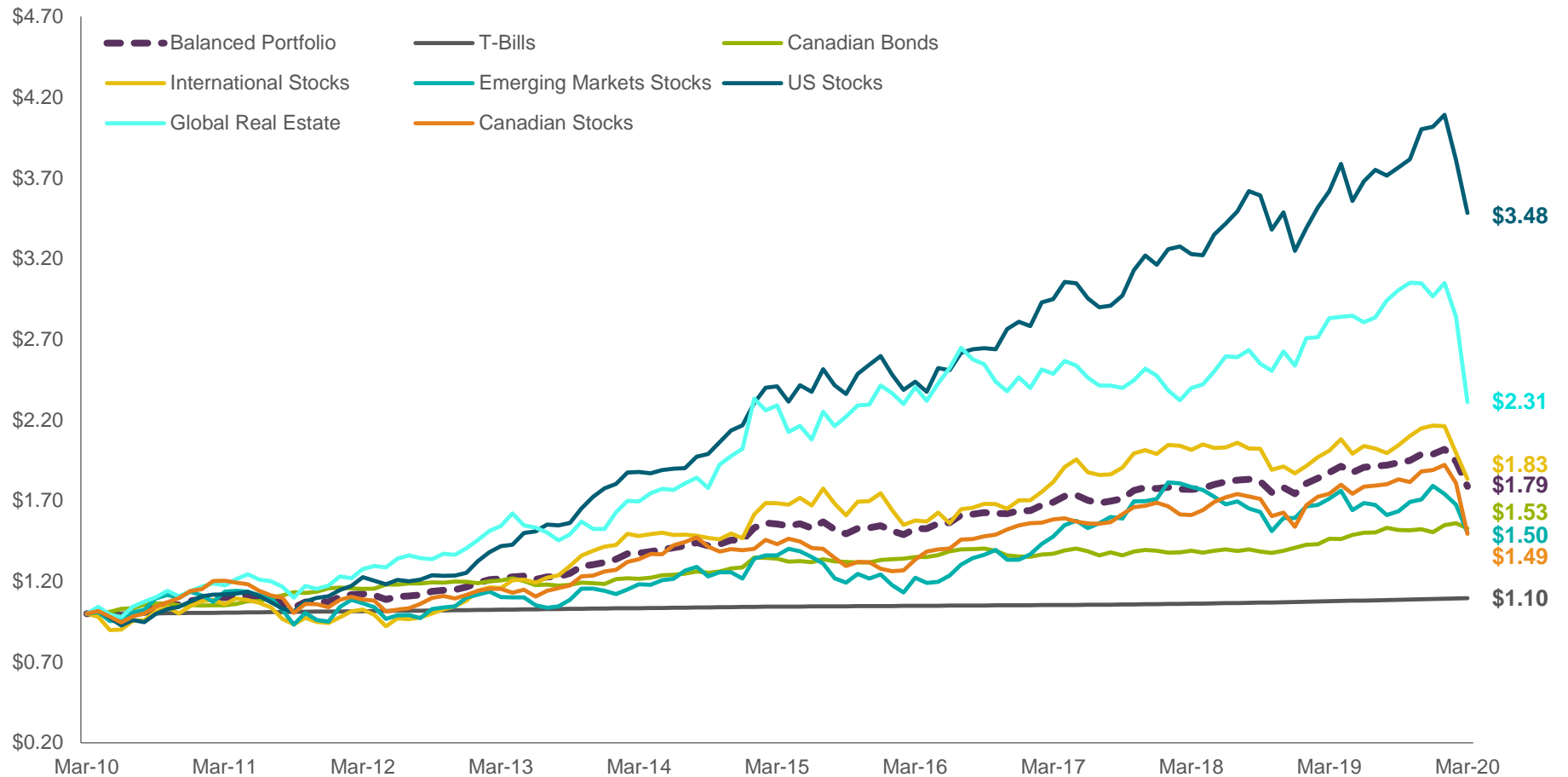
Five Years as of March 31, 2020



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# Growth of Wealth

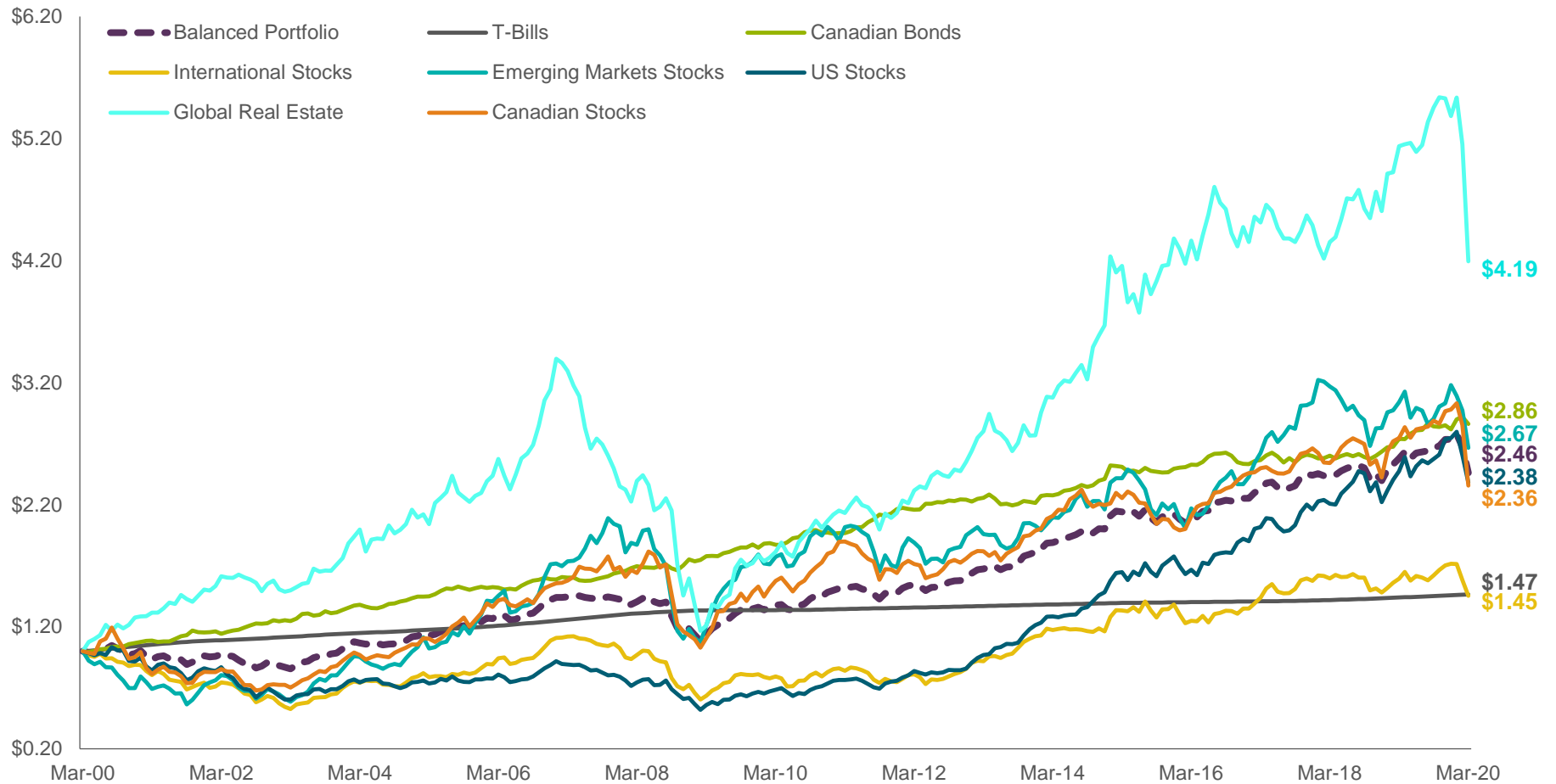
Ten Years as of March 31, 2020



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# Growth of Wealth

Twenty Years as of March 31, 2020



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# The Coronavirus and Market Declines

First Quarter 2020

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The world is watching with concern the spread of the new coronavirus. The uncertainty is being felt around the globe, and it is unsettling on a human level as well as from the perspective of how markets respond.

At Dimensional, it is a fundamental principle that markets are designed to handle uncertainty, processing information in real-time as it becomes available. We see this happening when markets decline sharply, as they have recently, as well as when they rise. Such declines can be distressing to any investor, but they are also a demonstration that the market is functioning as we would expect.

Market declines can occur when investors are forced to reassess expectations for the future. The expansion of the outbreak is causing worry among governments, companies, and individuals about the impact on the global economy. Apple announced earlier this month that it expected revenue to take a hit from problems making and selling products in China.<sup>1</sup> Australia's prime minister has said the virus will likely become a global pandemic,<sup>2</sup> and other officials there warned of a serious blow to the country's economy.<sup>3</sup> Airlines are preparing for the toll it will take on travel<sup>4</sup>. And these are just a few examples of how the impact of the coronavirus is being assessed.

The market is clearly responding to new information as it becomes known, but the market is pricing in unknowns, too. As risk increases during a time of heightened uncertainty, so do the returns investors demand for bearing that risk, which pushes prices lower. Our investing approach is based on the principle that prices are set to deliver positive future expected returns for holding risky assets.

We can't tell you when things will turn or by how much, but our expectation is that bearing today's risk will be compensated with positive expected returns. That's been a lesson of past health crises, such as the Ebola and swine-flu outbreaks earlier this century, and of market disruptions, such as the global financial crisis of 2008–2009. Additionally, history has shown no reliable way to identify a market peak or bottom. These beliefs argue against making market moves based on fear or speculation, even as difficult and traumatic events transpire.

Dimensional also stands behind the important role financial professionals play in helping investors develop a long-term plan they can stick with in a variety of conditions. Financial professionals are trained to consider a wide range of possible outcomes, both good and bad, when helping an investor establish an asset allocation and plan. Those preparations include the possibility, even the inevitability, of a downturn. Amid the anxiety that accompanies developments surrounding the coronavirus, decades of financial science and long-term investing principles remain a strong guide.

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