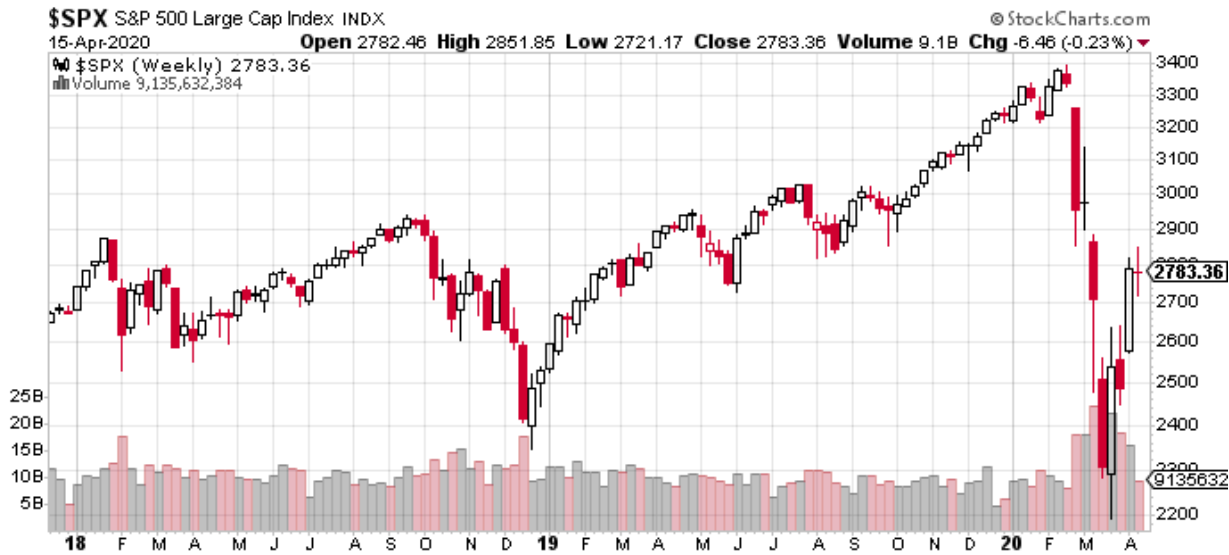


Market Update

April 15, 2020



Broad market indices remain volatile but have recovered from the lows of Mar 23rd.

Since the market peak February 20th, this is how markets have performed...

Nasdaq (U.S. tech heavy index)	-13.9%
S&P 500 (broad U.S. index)	-17.5%
TSX (broad Canadian index)	-22.2%

The Canadian market lags the U.S. market. This is a result of the tremendous weakness in the energy sector. Remember that while Canada has been great for dividend income, it is largely a resource-based economy – that isn't working well right now. With the economy stopping (Covid 19) demand for energy is very low and the world has a supply glut.

The Canadian dollar will likely, I believe, trade much lower. Energy prices are weak, the Federal government is printing massive amounts of money and the CAD dollar is neither a world reserve currency nor part of a larger economic union. It is the perfect storm for our currency. That said, the good news is that clients portfolios are hedged in part to the U.S. dollar – which is the world reserve currency. (You have been making money as a result of your investment in the U.S. dollar)

Dividend cuts. These companies have reduced their dividends in light of the current operating environment...
 A&W (AW.un) – 100% reduction in dividend
 New Flyer (NFI) – 50% reduction in dividend
 Interpipe (IPL) -75% reduction in dividend
 Vermillion (VET) -100 reduction in dividend

We have been busy working through portfolios and reaching out to clients over the last few weeks. While the market has now recovered half of what it initially gave up (in the U.S.) the correction has provided a great opportunity to place cash for clients with an investment horizon out a few years – not a few weeks.

Stay healthy.

I have prepared this commentary to give you my thoughts on various investment alternatives and considerations which may be relevant to your portfolio. ***This commentary reflects my opinions alone, and may not reflect the views of National Bank Financial Group.*** In expressing these opinions, I bring my best judgment and professional experience from the perspective of someone who surveys a broad range of investments. Therefore, this report should be viewed as a reflection of my informed opinions rather than analyses produced by the Research Department of National Bank Financial.

National Bank Financial

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Sources: Stockcharts.com, TechnicalSepeculator.com, Bloomberg, Reuters

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