Market Overview

Markets face turbulent second quarter

A volatile quarter for global equity markets saw them retreat during the period on slowing economic growth, the potential of increasing interest rates, and concerns over the situation in Greece.

In Canada, the **S&P/TSX** declined for the quarter on faltering GDP growth. It regained some ground by quarter's end on the strengthening employment picture. Declining unemployment and wage growth were key factors in tempering the impact of the energy sector's adjustment to lower oil prices and also contributed to renewed consumer confidence.

Leadership of the U.S. market was very narrow for the period, with technology stocks leading while the industrial complex was significantly slower on concerns about muted economic growth around the world. Mixed economic results saw the markets retreat slightly for the quarter. However, consumer-led growth and a strengthening housing market helped the performance of the **S&P500** towards the end of the quarter. Despite the increasing likelihood of at least one rate increase before the end of the year, U.S. markets remained optimistic in light of rising mortgage approvals, higher wage growth and growing consumer confidence. After a bumpy upward trend over the first half of the quarter, the **Dow Jones Industrial Index** declined in June, influenced by sluggish economic performance and industrial activity in the U.S., particularly in the energy sector and finished the quarter in negative territory.

The **MSCI World** index rose slightly in the first stages of the quarter before declining in response to prolonged and unresolved tension over Greece's possible exit from the euro, a correction in the over-valued Chinese stock market and uncertainty about the extent of interest-rate increases in the U.S.

In Europe, fears of disinflation have given way to an improving growth outlook and stabilization in oil prices, contributing to positive retail sales growth and pushing the **MSCI Europe Index** higher toward the end of the quarter, despite a negative result for the full quarter. With strong economic performance and plans in place to contain the fallout from a Greek debt default, European markets remain volatile.

Concerns about over-valuation of equities and weaker-than-expected manufacturing data in China pushed the **MSCI Asia Pacific Index** lower after significant gains earlier in the quarter. Hong Kong markets reacted only mildly to declines on mainland Chinese markets while a weaker yen continued to push markets higher in Japan. I.Q

Index Total Returns (CDN$) (as of 6/30/15)

Period Returns	S&P/TSX	S&P 500	DJIA	MSCI Europe	MSCI Asia	MSCI World
3-month	(1.63)	(1.10)	(2.24)	(1.02)	(0.74)	(1.06)
6-month	0.91	8.95	6.39	11.73	15.59	10.45
1-year	(1.16)	25.76	22.59	8.11	20.39	18.74
3-year	11.12	25.58	18.83	20.30	18.15	22.32
5-year	8.28	21.17	16.18	13.61	11.58	16.79
10-year	6.86	8.10	5.74	5.23	6.58	6.58

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