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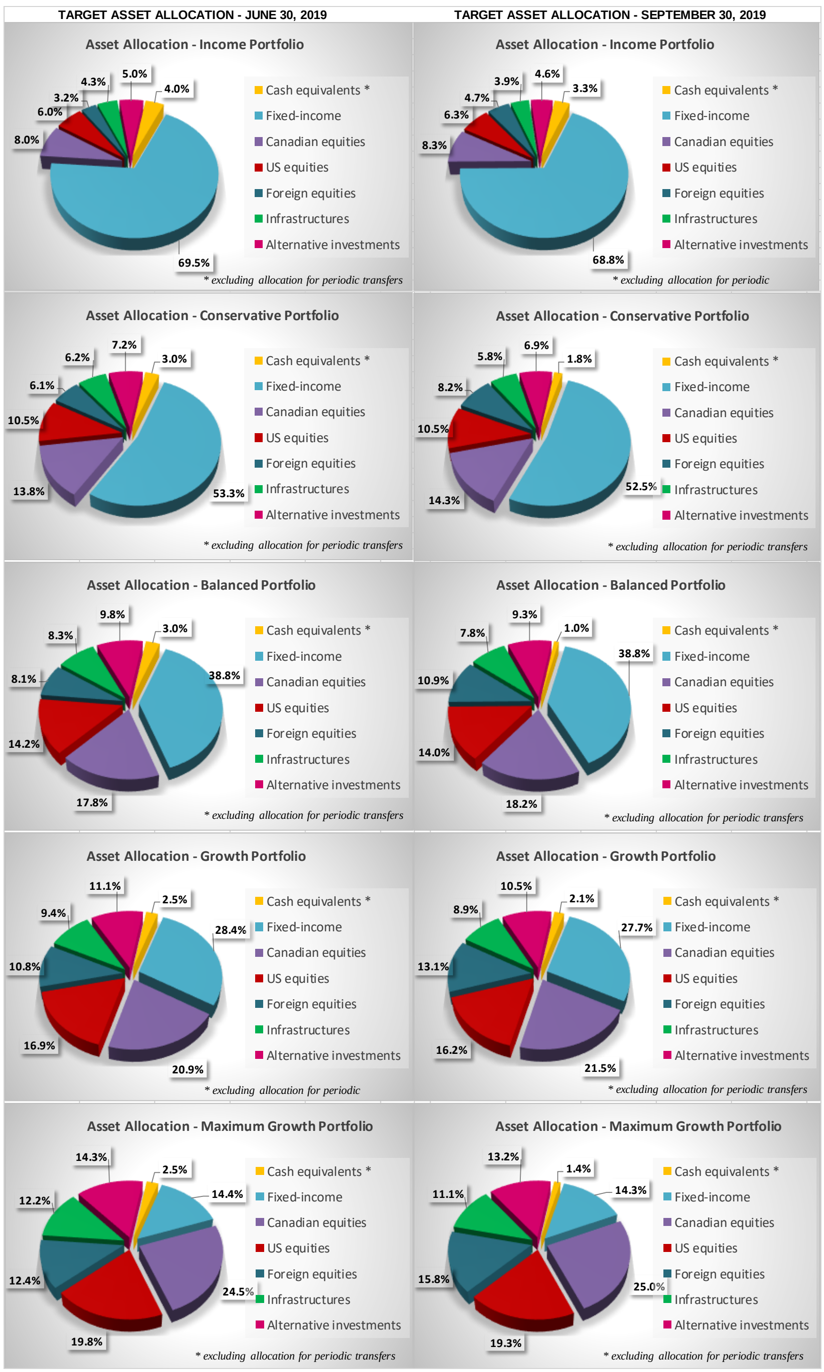
3rd QUARTER 2019 SUMMARY

Asset Allocation Strategy:

We made the following adjustments to the target asset allocation of your portfolio during the quarter:



Although the weight of Infrastructures and Alternative investments has slightly decreased, we have improved the quality and definition of the investments within these two categories as explained in the following section.

Portfolio Model Revisions:

Inside the Alternative Investments section of the portfolio we have added the « UBS (Canada) Global Merger Arbitrage Fund »[1]. UBS identifies mergers & acquisitions that have been publicly announced, in which two companies have agreed to combine their operations, usually through the purchase of the shares of the first company (the target) by the second (the buyer) at an agreed price. If the situation meets its selection criteria, UBS will buy shares of the target company on the market at a price lower than the agreed price between the target and the buyer and will hold them until the closing of the transaction. To increase the return, UBS may use leverage by borrowing for a short-term period at low rates to increase its investment in the target company.

The objective is to provide investors a consistently high risk-adjusted return that is largely independent from stock markets fluctuations; most announced mergers & acquisitions transactions ultimately close, even during negative stock markets periods, thus improving portfolio diversification.

We have included in the Infrastructures section of the portfolio the "NBI Real Assets Private Pool". This Pool invests most of its funds in private real assets that generate regular streams of income, such as toll bridges and highways, agricultural and forestry lands, residential and commercial rental buildings, etc.

Similarly to the UBS vehicle described above, the objective of this investment is to improve portfolio diversification, since the return of real assets has a low correlation with stocks and bonds. It also provides a protection against inflation. This type of investment is usually only accessible to institutional investors.

We have also designed in the portfolio a sub-group of stocks of global companies dedicated to the environment and sustainable growth, that were previously classified as Infrastructures. These companies operate in the following sectors:

- Water/waste solutions
- Waste management and recovery
- Energy efficiency
- Pollution control
- Sustainable food.

[1] As this vehicle has a minimum investment amount, we have used a substitute vehicle for some clients.

Furthermore, we sold our equity position in the Oil & Gas sector and a U.S. equity index position as well as our position in a non-traditional bond fund (classified within Alternative Investments) to finance the additions mentioned above.

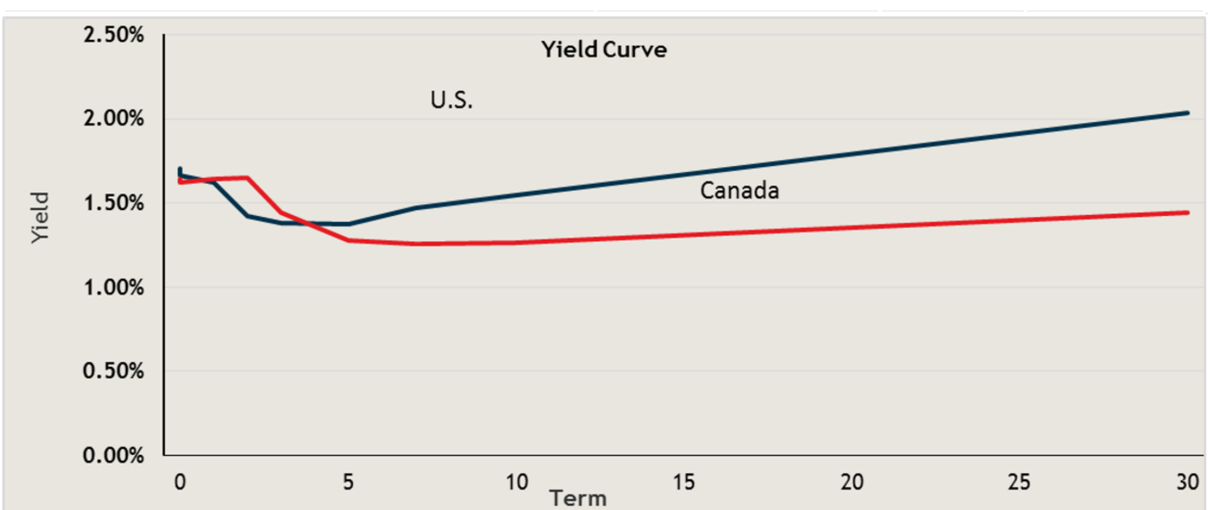
3rd Quarter Highlights:

Lately, the most popular Google searches have been "Recession" and "Yield Curve".

Undoubtedly, there are worries in the public whether a recession will happen sooner than later. One of the factors that have fueled these worries is what we call the "*Yield Curve Inversion*". A yield curve is a chart that compares the interest rate on securities with different maturities from the same borrower, usually the Government of Canada or the United States. The overnight rate is set by a decision of a central bank (the Bank of Canada or the Federal Reserve in the U.S.); the rates for all other maturities are determined by offer and demand between borrowers and lenders. The rate of the central bank has an influence on those rates, but this influence decreases as the length to maturity increases.

In normal circumstances, the rate a borrower must pay increases with the maturity of the loan (e.g. if one lends his/her money to the Government of Canada for 10 years, he/she should ask for a higher annual interest rate that if the money is lent for 30 days). It happens however that the curve is inverted: the rate on short term loans is higher than the rate on longer term loans.

This how the Government of Canada and of the U.S. yield curves looked like on October 11 (terms on the horizontal axis are expressed in years):



Source: Refinitiv

An inverted yield curve suggests that borrower and lenders expect that either short term rates will go lower, or that medium to long term rates will go higher. Since central banks usually lower their overnight rate when the economy faces a recession, the inversion of the yield curve is often perceived as a leading indicator of an upcoming recession. But it is not always the case; it has happened in the past that an inversion of the yield curve was not followed by a recession. In our opinion, there are enough other positive indicators to think that a recession is not yet coming.

But one day, there will be one… We regularly make adjustments to mitigate the negative impacts on your portfolio, but it is wise to remember that recessions form an integral part of the economic cycle and that we should not overstate their impact, as shown in this table:

	Balanced portfolio (60/40)* total return			
Recessions (NBER)	12-months Before	During Recession	12-months After	Full period**
Nov 1973 - Feb 1975	7%	-7%	12%	11%
Jan 1980 - Juin 1980	11%	9%	7%	31%
Juil 1981 - Oct 1982	9%	15%	26%	57%
Juil 1990 - Fév 1991	4%	6%	9%	21%
Mar 2001 - Oct 2001	-1%	-5%	-8%	-14%
Déc 2007 - Mai 2009	1%	-16%	9%	-8%
Average	**5%**	**0%**	**9%**	**16%**

Source : NBF CIO Office

You can count on us to Keep Calm and Carry On, with discipline and diversification!