

The S&P/Toronto Stock Exchange 60 is a capitalization-weighted index. It consists of 60 of the largest and most liquid (heavily traded) stocks listed on the Toronto Stock Exchange (TSX). They are usually domestic and multinational industry leaders.

Source: Bloomberg

Canada – Economic Forecast Summary

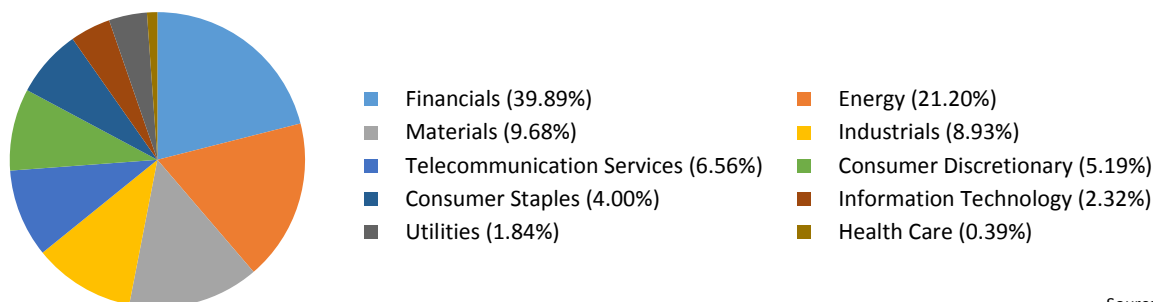
Economic growth is projected to increase in 2017, driven by expansionary fiscal policy, household wealth gains and a resumption in business investment, in particular in the resource sector following the rebound in commodity prices. In 2018, growth is likely to ease but remain robust, as government spending increases taper off. Consumer price inflation is expected to rise to above 2% in late 2018 as excess capacity is gradually eliminated and wage growth picks up.

The federal government’s mildly expansionary fiscal stance will hasten the economy’s return to full employment. Gradual removal of monetary stimulus from late 2017 is projected, in order to stabilise inflation at around the 2% mid-point of the official target range. Higher interest rates will take some of the wind out of booming housing markets and rapidly rising house prices. Nevertheless, macro-prudential measures, which were strengthened during 2016, should be tightened further to address economic and financial risks related to the housing market.

Recent increases in federal investment in physical infrastructure, social housing, education and innovation will improve Canada’s capacity to adjust to globalisation in an inclusive and efficient way. Adjustment pressures would be exacerbated in affected industries if the shift toward more protectionist trade policy in the United States continues. Adjustment capability would be enhanced by widening eligibility for active labour market measures and implementing systematic early needs assessment for all displaced workers. Initiatives to address the social problems of Canada’s Indigenous Peoples are also critical if growth is to be inclusive going forward.

Source: OECD (June 2017)

Sector Breakdown



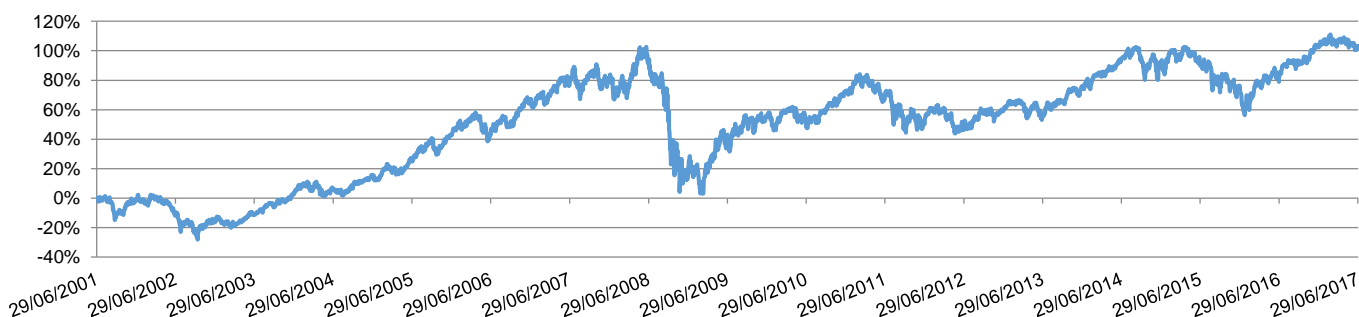
Source: Bloomberg

Top 5 Constituents

Company	Sector	Index Weighting
Royal Bank of Canada	Financials	8.73%
The Toronto-Dominion Bank	Financials	7.51%
The Bank of Nova Scotia	Financials	5.96%
Enbridge Inc.	Energy	5.46%
Canadian National Railway Co.	Industrials	4.81%

Source: Bloomberg

16 Years Past Performance



Past performance is not a reliable indicator of future performance and should not be used to assess the future returns or risks.
Data Source: Bloomberg 09.08.2017, Data period: 29.06.2001 to 29.06.2017

Back-Testing

Back-testing shows how the investment would have performed historically using data from previous potential strike dates. Although past performance is not an indication of future performance, it can give a factual insight into how the investment would have performed historically.

This 16 year back-test uses the historical data for a full 10 years of 6 year products that could reach the full term. The tables below show the results from three popular types of structured product, a 60-60 Income Autocall with no memory coupon, an 80-60 Income Autocall with memory coupon and a classic autocall with memory coupon. These results show how each would have performed historically if S&P TSX 60 was the underlying. The back-test gives results from 2,501 scenarios.

Back-Testing Results

60-60 Income Autocall (Non-Memory Coupon) - 60% semi-annual coupon trigger from 6 months, 100% semi-annual autocall trigger from 12 months, 60% European style final barrier.

This structure will pay the coupon if, on any coupon observation date, the underlying is at or above 60% of its initial value.

This structure will mature early if, on any autocall observation date, the underlying is at or above 100% of its initial value.

If early maturity does not occur, at the final observation date, if the underlying is at or above 60% of its initial level full capital is returned. If any underlying is below 60% of its original level, capital return will be reduced on a 1-for-1 basis.

Non Memory Coupons	
Total Coupons Tested	8,478
Total Coupons Paid	8,433
Total Coupons Missed	45
% Paid	99.47%
% Missed	0.53%

Autocall Test	
Total Tested	2,501
Matured Early	2,318
% Matured Early	92.68%
Reached Full Term	183
Breached Final Barrier	0

80-60 Income Autocall (Memory Coupon) - 80% semi-annual coupon trigger from 6 months with memory feature, 100% semi-annual autocall trigger from 12 months, 60% European style final barrier.

This structure will pay the coupon plus any previously missed coupons if, on any coupon observation date, the underlying is at or above 60% of its initial value.

This structure will mature early if, on any autocall observation date, the underlying is at or above 100% of its initial value.

If early maturity does not occur, at the final observation date, if the underlying is at or above 60% of its initial level full capital is returned. If any underlying is below 60% of its original level, capital return will be reduced on a 1-for-1 basis.

Memory Coupons	
Total Coupons Tested	8,478
Total Coupons Paid	8,478
Total Coupons Missed	0
% Paid	100%
% Missed	0%

Autocall Test	
Total Tested	2,501
Matured Early	2,318
% Matured Early	92.68%
Reached Full Term	183
Breached Final Barrier	0

Classic Autocall (Memory Coupon) - 100% semi-annual autocall trigger from 12 months, 60% European style final barrier.

This structure will mature early and pay a coupon for each semester elapsed if, on any autocall observation date, including the final observation date, the underlying is at or above 100% of its initial value.

If the product has not autocalled, at the final observation date, if the underlying is below 100% but is at or above 60% of its initial level, full capital is returned. If the underlying is below 60% of its original level, capital return will be reduced on a 1-for-1 basis.

Memory Coupons	
Total Coupons Tested	8,478
Total Coupons Paid	6,841
Total Coupons Missed	1,637
% Paid	80.69%
% Missed	19.31%

Autocall Test	
Total Tested	2,501
Autocalled	2,360
% Autocalled	94.36%
Not Autocalled	141
Breached Final Barrier	0