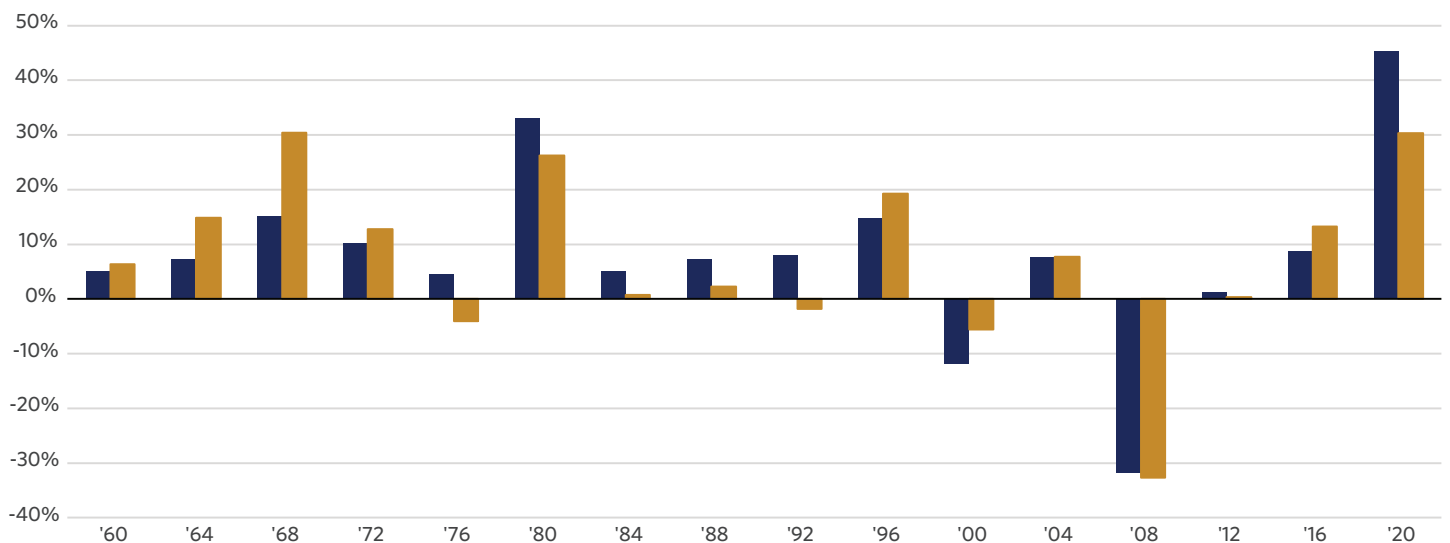


Quarterly market outlook: **Second quarter 2024****S&P 500 & S&P/TSX Composite price return in the final nine months of U.S. election years (1960 - 2020)**

Morningstar Direct, Edward Jones. Price return of the S&P 500 and S&P/TSX Composite Indexes. Past performance does not guarantee future results.

**U.S. presidential elections & the markets: How do markets fare?**

The 2024 U.S. presidential election will likely grab investors attention as uncertainty stemming from its outcome could spur bouts of volatility in markets. However, history shows the stock market tends to perform well in election years, irrespective of political outcomes.

**Stocks have fared well in U.S. election years** - In the past 16 U.S. elections, the S&P 500 has returned an average of 8.1% in the final nine months of an election year, with returns positive 88% of the time. The TSX has returned an average of 7.5% in the final nine months of election years with returns positive 75% of the time. We would acknowledge that this year's election has the potential to be contentious, which could spur bouts of short-term market volatility. However, one unique aspect of this year's election is that both of the likely candidates have already served a term in office. To that end, U.S. and Canadian markets have performed well under both Donald Trump and current president Joe Biden, with the S&P 500 returning roughly 16% per year from 2017 - 2020 and 12.7% per year from 2021 through the end of March 2024. The TSX returned roughly 6.6% per year from 2017 - 2020 and about 11% per year from 2021 through the end of March 2024. Market familiarity with both candidates should provide investors added confidence that stocks could continue to perform well under either party.

**Economic growth and fundamentals are more important drivers of market returns** - Over the long-term, we believe economic growth and fundamental variables such as corporate earnings and interest rates have a more powerful influence on markets than politics. To that end, we expect the U.S. economic backdrop to remain supportive to equity markets in 2024. Our view is for U.S. economic growth to slow from above trend levels, but remain positive, the Fed to begin cutting rates in the second half of the year and for corporate profit growth to accelerate in 2024. In our view, this backdrop creates a positive environment for equity markets, particularly in the U.S., regardless of who wins the election. This supports our overweight recommendation to U.S. large-cap and U.S. small- and mid-cap stocks.

**► Action for investors**

As we approach U.S. election day, we recommend using any pockets of market volatility spurred by political uncertainty as an opportunity to add to quality investments in line with your long-term goals.