

Strong earnings, monetary policies drive stocks higher

Global equity markets rallied to all-time highs for the seventh consecutive month as investors focused on strong corporate earnings and the still-accommodative fiscal and monetary policies of central banks, rather than Delta-variant headwinds. Coronavirus case counts and hospitalizations in various U.S. states have risen to new highs since the start of the pandemic. Nonetheless, markets remain optimistic for a return to normal. The U.S. Food and Drug Administration fully approved the Pfizer-BioNTech vaccine, which could lead to further increases in vaccinations as certain employers mandate vaccines and provide the needed push for those who have been hesitant.

The NEI perspective

Stock market gains continue. Global equities advanced for the seventh consecutive month, thanks to strong corporate earnings and accommodative fiscal and monetary policies. Volatility in equity markets has been unusually low despite mixed economic data.

Extreme summer weather underscores urgency on climate. This summer has seen several extreme weather events, such as wildfires and floods. These events had a high human cost, but also brought public attention to climate change and other ESG issues. We expect this to continue leading up to the United Nations Climate Change Conference (COP26) in November.

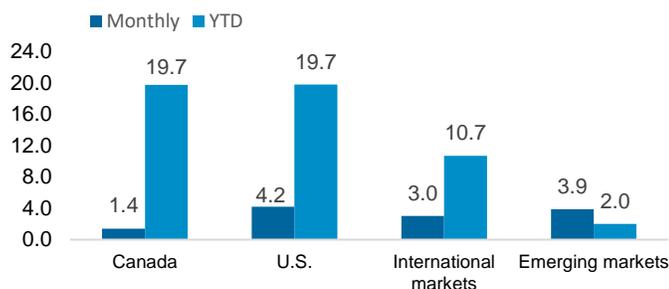
All eyes on the Fed's next tapering announcement. Stock valuations appear expensive compared to historical price-to-earnings multiples. Compared to bonds, equities remain attractive, but these relative valuations could depend on whether the U.S. 10-year bond yield stays low. Consequently, investors continue to focus on the U.S. Federal Reserve's next move.

From NEI's Monthly Market Monitor for September. [Read the full report](#) for more insights.



Equity

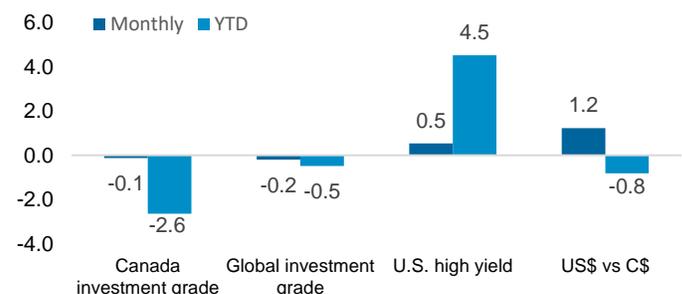
% return in C\$



Canada: MSCI Canada; **U.S.:** MSCI USA; **International markets:** MSCI EAFE; **Emerging markets:** MSCI Emerging Markets. Source: Morningstar Direct.

Fixed income and currency

% return in C\$



Canada investment grade: Bloomberg Barclays Canada Aggregate; **Global investment grade:** Bloomberg Barclays Global Aggregate; **U.S. high yield:** Bloomberg Barclays U.S. High Yield. Source: Morningstar Direct.

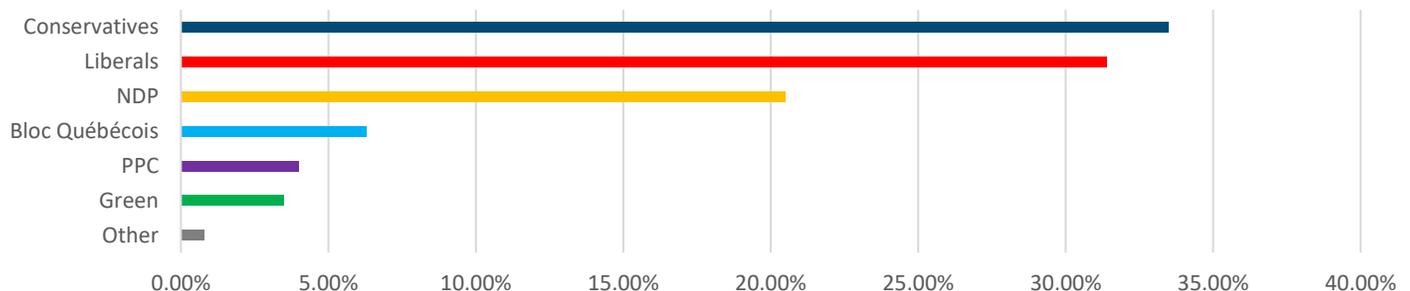
Shifting leads in Canadian election

Canadians will be heading to the polls September 20 following the quickest possible federal election campaign window. While earlier polls revealed an opportunity for the governing Liberals to improve their parliamentary standings, this perceived advantage has since faded with the Conservatives, led by Erin O’Toole, moving narrowly ahead in recent polls. Still, past election results have been as unpredictable as volatile poll readings.

The Conservative platform includes promises to balance the federal budget by 2031, to restore millions of jobs lost due to the pandemic while extending wage subsidies and expanding EI benefits, and to increase corporate taxes on foreign tech companies while cutting income tax rates on new patented technologies developed in Canada. Meanwhile, the Liberal platform includes promises to raise corporate income taxes on large banks and insurers, to create a proof of vaccination fund to support participating provinces and territories, and to extend the Canada Recovery Hiring Program into next year while introducing specific plans to support the tourism industry and fossil fuel workers.

Climate change also continues to be a source of significant policy differences, but the gap has comparatively narrowed from the 2019 election campaign. The Conservatives’ new climate plan, first introduced in April, looks to take on a structured approach to tackle climate change and help Canada meet its emission reduction commitments. However, opponents of this plan argue that there are significant inconsistencies in its approach. Although Canada’s two largest parties have received the bulk of media attention, current polling suggests neither is likely to win a majority, highlighting the importance of smaller parties such as the NDP and Bloc Québécois in supporting any governing party.

Canadian polling shows slight advantage for the Conservatives



Source: Canadian Broadcasting Corporation, August 31, 2021.

Aviso Wealth Inc. (“Aviso Wealth”) is the parent company of Credential Qtrade Securities Inc (“CQSI”), Credential Asset Management (“CAM”), Qtrade Asset Management (“QAM”) and Northwest & Ethical Investments L.P. (“NEI”). NEI Investments is a registered trademark of NEI. Any use by CQSI, CAM, QAM or NEI of an Aviso Wealth trade name or trademark is made with the consent and/or license of Aviso Wealth. Aviso Wealth is a wholly-owned subsidiary of Aviso Wealth Limited Partnership, which in turn is owned 50% by Desjardins Financial Holdings Inc. and 50% by a limited partnership owned by the five Provincial Credit Union Centrals and the CUMIS Group Limited.

This material is for informational and educational purposes and it is not intended to provide specific advice including, without limitation, investment, financial, tax or similar matters. This document is published by CQSI, CAM and QAM and unless indicated otherwise, all views expressed in this document are those of CQSI, CAM and QAM. The views expressed herein are subject to change without notice as markets change over time. Views expressed regarding a particular industry or market sector should not be considered an indication of trading intent of any funds managed by NEI Investments. Forward-looking statements are not guaranteed of future performance and risks and uncertainties often cause actual results to differ materially from forward-looking information or expectations. Do not place undue reliance on forward-looking information.

The MSCI information may only be used for your internal use, may not be reproduced or re-disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance, analysis, forecast or prediction. The MSCI information is provided on an “as is” basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to computing, computing or creating any MCI information (collectively, the “MSCI Parties”) expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages.