



LA FINANCIÈRE
CONSTANCE INC

How Rate Cycle Will Impact Asset Allocation

DISCLAIMER

- **IMPORTANT DISCLAIMER**

This presentation is prepared by La Financière Constance Inc. (LFC) on June 11th, 2019 and is intended for the Canadian Annual Derivatives Conference and its attendees. It is provided as a general source of information and should not be relied upon as investment advice, a forecast or research, and is not a recommendation, offer or solicitation to buy or sell securities in any jurisdiction or to adopt any investment strategy. The information contained in this report has been obtained from sources believed reliable; however, the accuracy and/or completeness of the information is not guaranteed by LFC, nor does LFC assume any responsibility or liability whatsoever. All opinions expressed are subject to change without notification. LFC strategies and investment vehicles may currently hold long and/ or short positions in the securities and derivatives mentioned in this report. Past performance is not indicative of future performance. This report may contain “forward-looking information” that is not purely historical in nature. Forward-looking statements are not guarantees of future performance and involve inherent risks and uncertainties about general economic factors. There is no guarantee that any forward-looking statements will come to pass. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made. This report may not be reproduced, distributed or published without the written consent of LFC.

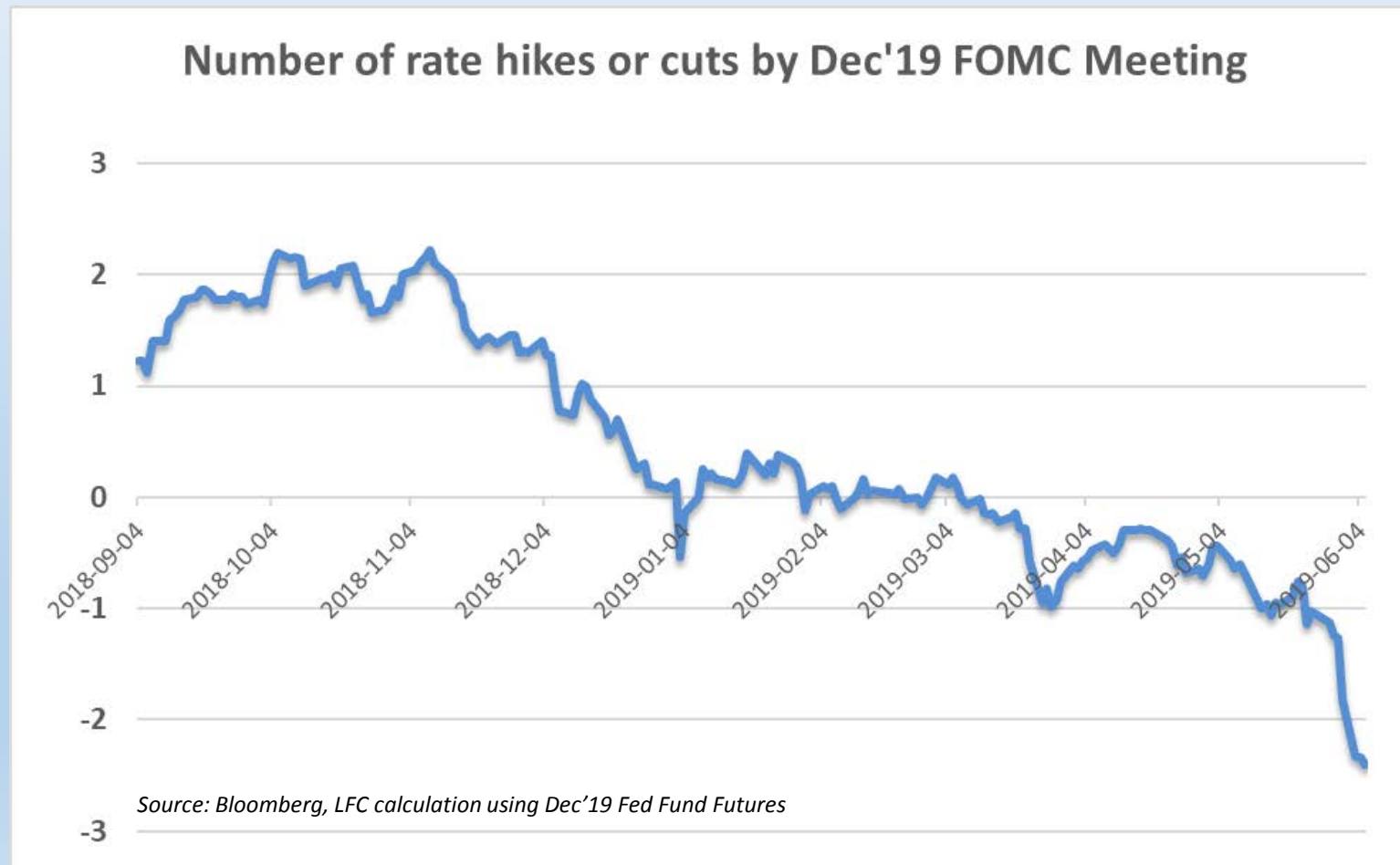
Nothing in this presentation shall be considered a solicitation to buy or an offer to sell a security, or any other product or service, to any person in any jurisdiction where such solicitation, offer, purchase or sale would be unlawful under the laws of that jurisdiction.

No representation is being made by the inclusion of any investment examples and strategies presented herein that the Aleph One Strategy will achieve performance similar to such investment examples and strategies or avoid losses. There can be no assurance that any investment examples and specific strategies described herein will meet their objectives generally, or avoid losses. Past performance is not indicative of future results. An investment in the Strategy involves a significant degree of risk.

The material contained in this document is based upon proprietary information and is provided purely for reference and as such is confidential and intended solely for the information of the person to whom it has been delivered and should not be reproduced or used for any other purpose. The text and statistical data or any portion thereof contained in this document may not be stored in a computer, published, rewritten for broadcast or publication or redistributed in any medium, except with the express written permission of Constance Financial Inc. Neither Constance Financial Inc., officers or employees will be liable for any inaccuracies, errors or omissions in the material or in the transmission or delivery of all or any part thereof or for any damage arising from any of the foregoing.

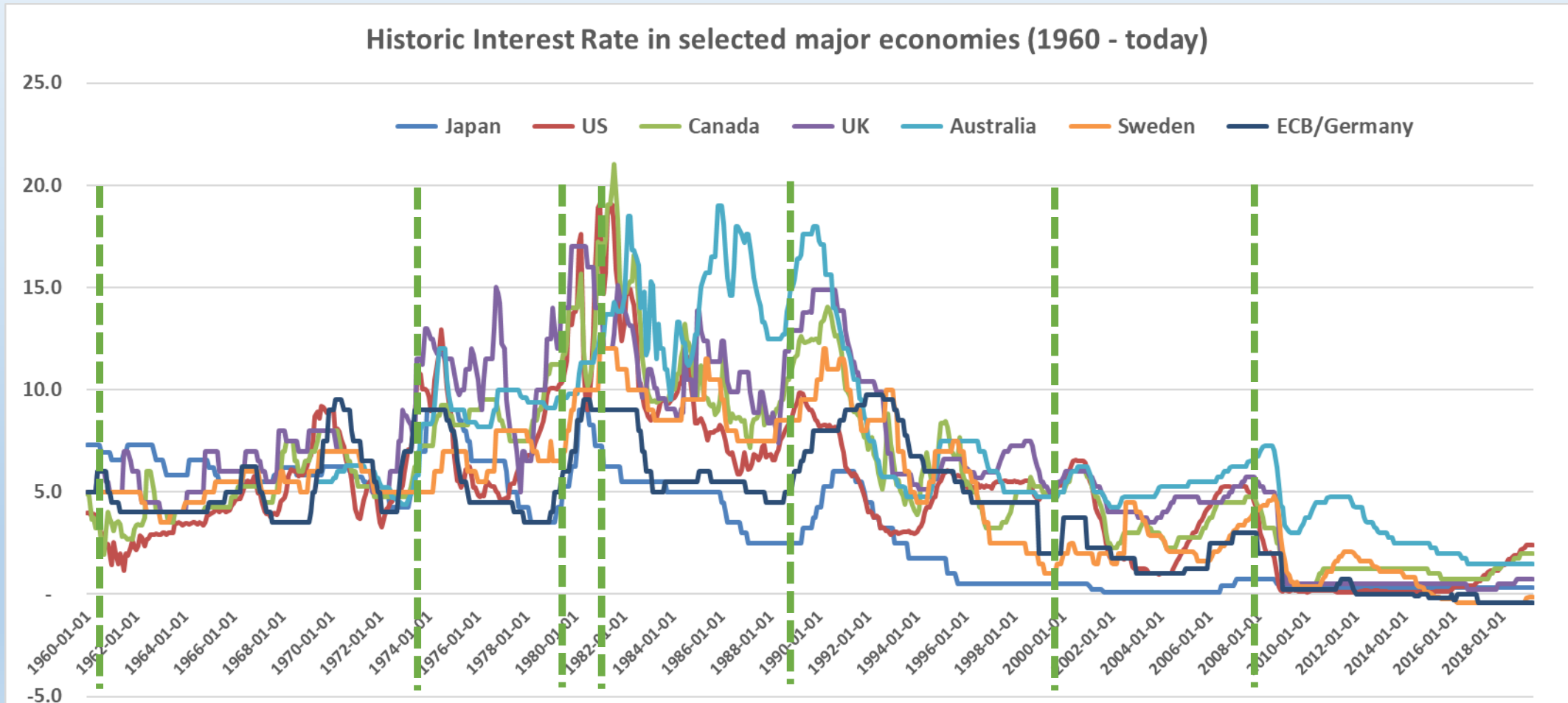
WHAT A DIFFERENCE 6 MONTHS MAKES!

A timely discussion: next FOMC meeting is on June 19th (next week)



THIS TIME IS DIFFERENT!

Never before we entered an easing cycle with: Japan at zero, Sweden & EU negative, Australia all time low, ...
Asymmetry risk and Japanification?



Source: St-Louis Federal Reserve, BoC, BoE, ECB, Bank of Australia



Correlation of select investment indices with the S&P500

	1996-2008	2009-2019
Nikkei 225	46%	65%
Coporate 7-10yr Bond	3%	33%
Emerging Market Corporate	#N/A	48%
Willshire Real-Estate	32%	72%

Source: Bloomberg, LFC calculation using Dec'19 Fed Fund Futures

Based on monthly return data from March 1986 to May 2019, for the following indices

Nikkei Stock Average, Nikkei 225, Index, Daily, Not Seasonally Adjusted

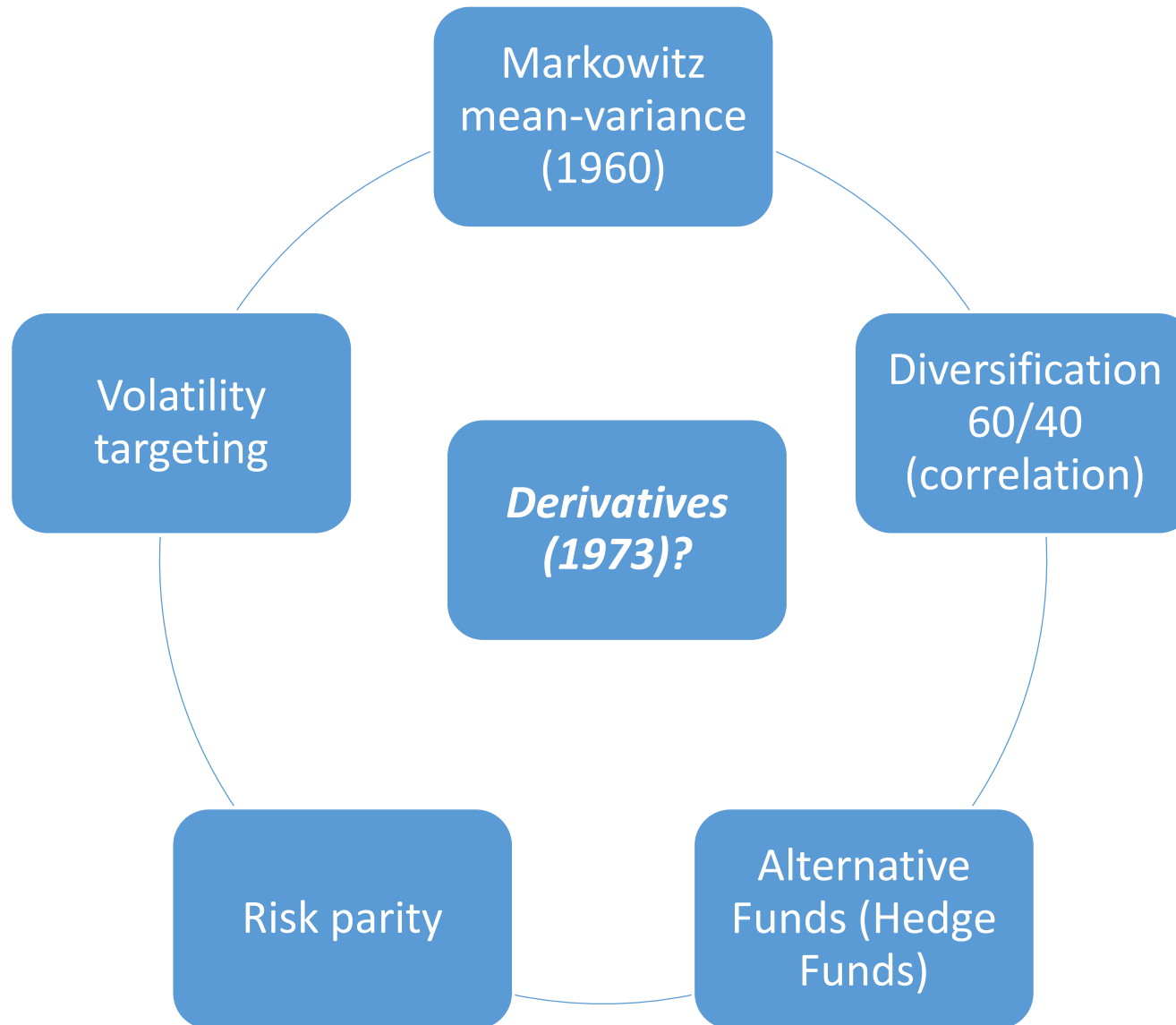
ICE BofAML US Corporate 7-10yr Total Return Index Value

ICE BofAML US Emerging Markets Liquid Corporate Plus Index Total Return Index Value

Wilshire US Real Estate Investment Trust Total Market Index (Wilshire US REIT)

Nikkei Stock Average, Nikkei 225, Index, Daily, Not Seasonally Adjusted







LA FINANCIÈRE

CONSTANCE INC

Contact information:

www.financiere-constance.com

Kambiz Kazemi

kkm@financiere-constance.com

T. +1 647 255-8894

3080 Yonge St, Suite 6060

Toronto, ON, Canada

M4N 3N1