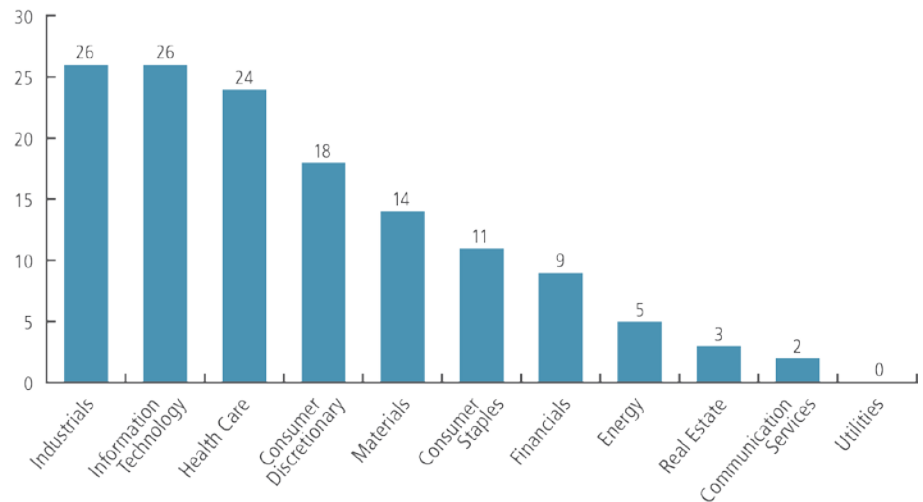


Domestic Dividend Protection Amidst Coronavirus Contagion

Investors grapple with pricing in the global impact of the coronavirus contagion which has continued to spread.

2020 markets have proven to be a wild ride year to date. The year began seemingly as an extension of 2019, with equity markets racing to new highs daily. However, signs of weakness began to emerge as fixed income yields dropped to record lows and metal miner and energy prices continued to soften. A dueling risk on / risk off sentiment was evident in the market as both US Utilities and Information Technology competed as the top performing sectors, up over 8% at their early February year-to-date highs. Fast forward to mid-February and risk-off has suddenly won out as investors grapple with pricing in the global impact of the coronavirus contagion which has continued to spread.

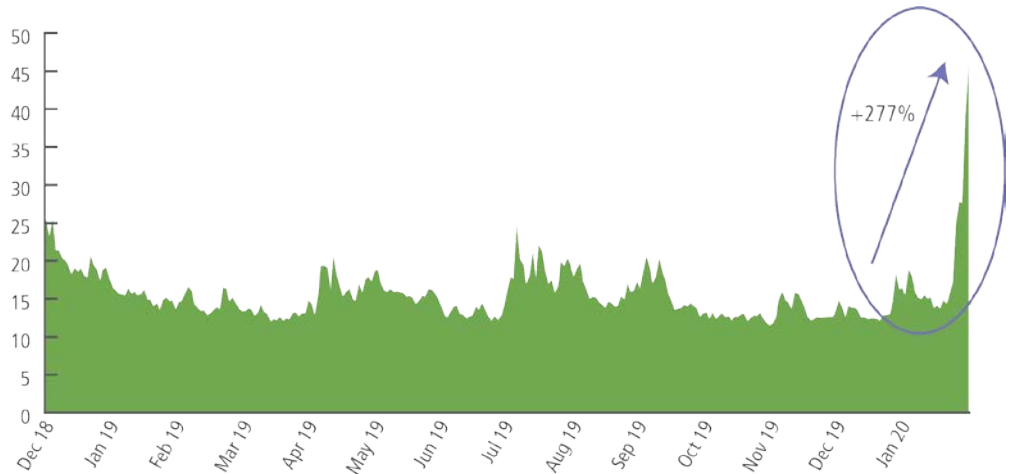
NUMBER OF S&P 500 COMPANIES CITING "CORONAVIRUS" ON Q4 EARNINGS CALLS (138)



Source: Factset, as of February 14, 2020.

As a result, the VIX has surged approximately 277% since January lows, shooting up as high as 45.67. It has risen almost three-fold in the past week as traders look to hedge against further tumult.

CBOE VOLATILITY (VIX) INDEX

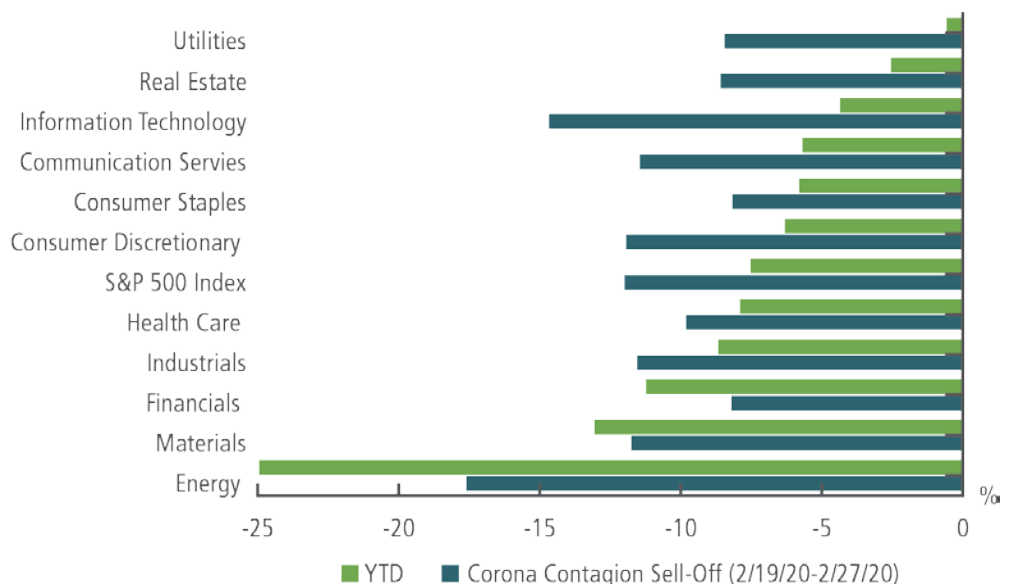


Source: Bloomberg, December 31, 2018 – February 27, 2020.

The S&P 500 suffered its worst week sell-off since the 2008 crisis and the 10-year US Treasury yield has touched a record low of 1.127%.

As of the time of this writing, the S&P 500 suffered its worst week sell-off since the 2008 crisis and the 10-year US Treasury yield shed more than a quarter of a percentage point this week, dropping to 1.127% for the first time. Amidst the sell-off, six of the eleven S&P 500 sectors are in correction territory, having fallen over 10%, with the Information Technology sector down over 14% (through yesterday). Energy which had begun to come under pressure late last year due to oversupply concerns, remains the worst performing sector year to date, due to airline restrictions, declining global trade and an anticipated hit to overall GDP associated with the coronavirus contagion. Defensive, dividend-paying sectors such as Utilities, Real Estate and Consumer Staples have been more resilient than the S&P 500 Index so far during the sell-off. Investors typically look to these sectors for lower beta insulation as well as income.

US SECTOR PERFORMANCE YTD VS CORONAVIRUS CONTAGION SELL-OFF



Source: Bloomberg, based on GIC sector classifications. Data as of February 27, 2020.

Market timing is difficult. It is important for investors to maintain prudent equity exposure.

Market mayhem is difficult for anyone to time. As such, it is important for investors to maintain prudent equity exposure; the US market cap-weighted indices have become inherently and increasingly overweight Information Technology and technology-oriented stocks within Consumer Discretionary. Low volatility, dividend strategies may have complementary exposures to sectors such as Utilities, Consumer Staples, and Real Estate. Investing in such a strategy allows investors to continuously stay invested in the market with a more palatable volatility profile as a result of increased exposure to those non-cyclical sectors. Additionally, this type of strategy can provide a much-needed source of income, as fixed income yields continue to fall to record lows.

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