

### Description

The S&P/Toronto Stock Exchange Composite Index is a capitalization-weighted index designed to measure market activity of stocks listed on the TSX. The index was developed with a base level of 1000 as of 1975. This index contains investment trusts effective 12/19/05.

Source: [www.Bloomberg.com](http://www.Bloomberg.com) – 14.12.2018

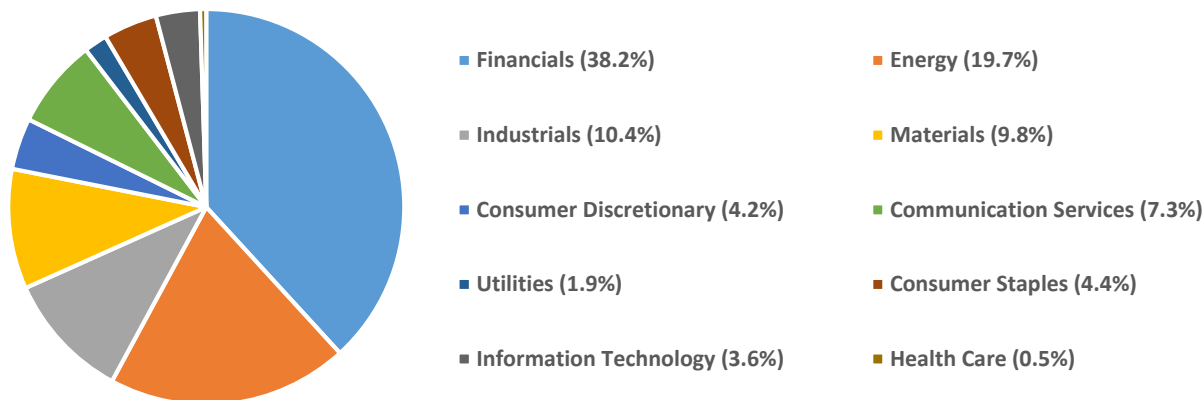
### Outlook

- In 2017, GDP stood at USD 1.653 trillion making Canada the 10<sup>th</sup> largest country in terms of GDP
- Government debt (as a percentage of GDP) stands at around 93%. Whilst it is forecast to reduce slightly, it will remain high
- The country has a trade deficit of 3% of GDP
- Unemployment is predicted to drop below the 6% level in 2018, and continue reducing slowly thereafter

Source: [www.oecd.org](http://www.oecd.org) - November 2018

[www.tradingeconomics.com](http://www.tradingeconomics.com) – December 2018

### Sector Breakdown



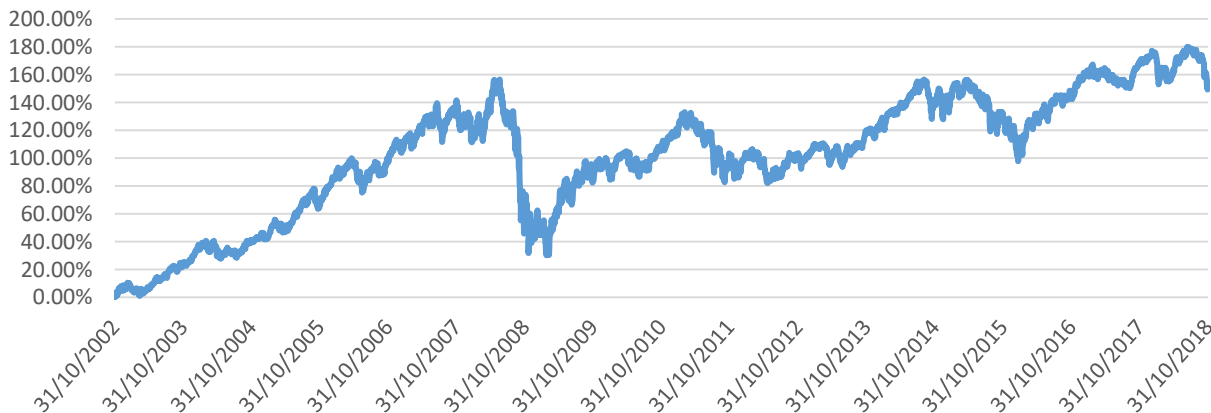
Source: [ca.spindex.com](http://ca.spindex.com) – 31.12.2018

### Top 5 Constituents

Company	Sub-Sector	Index Weighting
Royal Bank of Canada	Financials	8.14%
Toronto-Dominion Bank	Financials	7.77%
Bank of Nova Scotia	Financials	5.16%
Canadian National Railway	Industrials	4.77%
Enbridge	Energy	4.68%

Source: [www.Bloomberg.com](http://www.Bloomberg.com) – 04.12.18

### 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 05.11.2018, Data period: 31.10.2002 to 31.10.2018

## 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 Classic Autocall with memory coupon, an 80-60 Income Autocall with memory coupon and a 60-60 Income Autocall with no memory coupon. These results show how each would have performed historically if TSX was the underlying. The back-test gives results from 2,501 scenarios.

## Back-Testing Results

**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.

Autocall Test	
Total Tested	2,501
Autocalled	2,360
% Autocalled	94.36%
% Not Autocalled	5.64%
% Breached Final Barrier	0.00%

**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	8,076
Total Coupons Paid	8,076
Total Coupons Missed	0
% Paid	100.00%
% Missed	0.00%

Autocall Test	
Total Tested	2,501
Matured Early	2,318
% Matured Early	92.68%
% Reached Full Term	7.32%
% Breached Final Barrier	0.00%

**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	8,076
Total Coupons Paid	8,031
Total Coupons Missed	45
% Paid	99.44%
% Missed	0.56%

Autocall Test	
Total Tested	2,501
Matured Early	2,318
% Matured Early	92.68%
% Reached Full Term	7.32%
% Breached Final Barrier	0.00%

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 05.11.2018, Data period: 31.10.2002 to 31.10.2018

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