ECONOMIC and FINANCIAL REVIEW

Office of the Vice-President
Strategy, Risks and Performance

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AUTORITÉ DES MARCHÉS FINANCIERS

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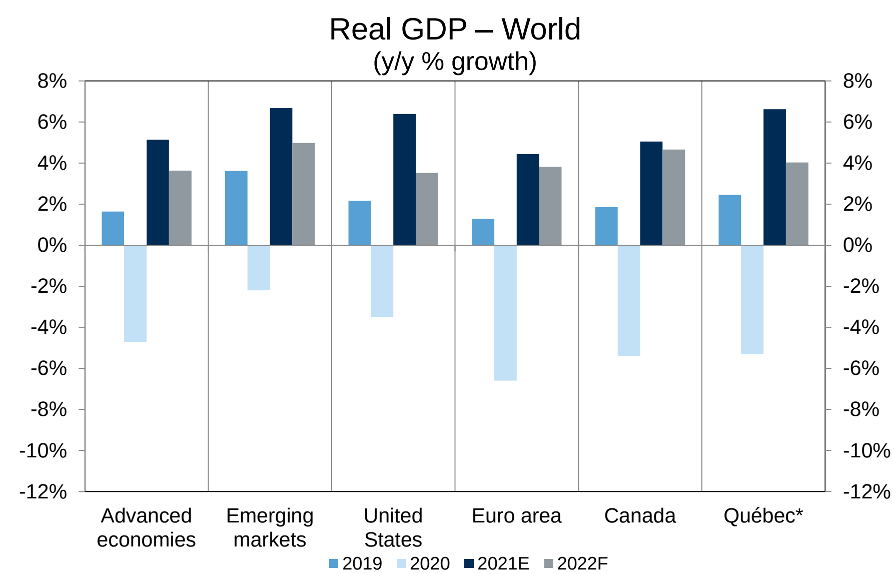
HIGHLIGHTS

- With the easing of health restrictions, the global economic recovery is accelerating, buoyed by the recovery measures kept in place by governments and central banks but also by a resumption in spending, investment and hiring.
- Bolstered by accelerating consumer spending, the U.S. economy posted growth of 6.4% in the first quarter and was on course for even stronger expansion in the second quarter.
- The Canadian economic recovery continued in the first quarter at an annualized rate of 5.6%, despite lockdown measures being reimposed in several areas of the country to deal with the third wave of the pandemic.
- Québec's economy recorded growth of 5.9% in the first quarter, making up lost ground to return to pre-pandemic levels. Although Québec is picking up economically at a slightly faster pace than Canada as a whole, the recovery has been uneven across the sectors.
- The major stock markets continued to climb in the spring, reaching new highs. Investors are heartened by the strong global economic recovery and the good vaccination progress in many countries.
- After posting significant gains in the first quarter, long-term bond yields slipped slightly in the second quarter. Central banks' comforting tone reassured investors in the face of inflationary pressures.
- The Canadian discount brokerage sector, which had experienced relatively slow structural growth for 20 years, has been going through a period of very rapid development since the start of the pandemic.



** For 2022, average of forecasts by major Canadian financial institutions*

2 *Sources: International Monetary Fund, Institut de la statistique du Québec and AMF*

ECONOMIC CONTEXT

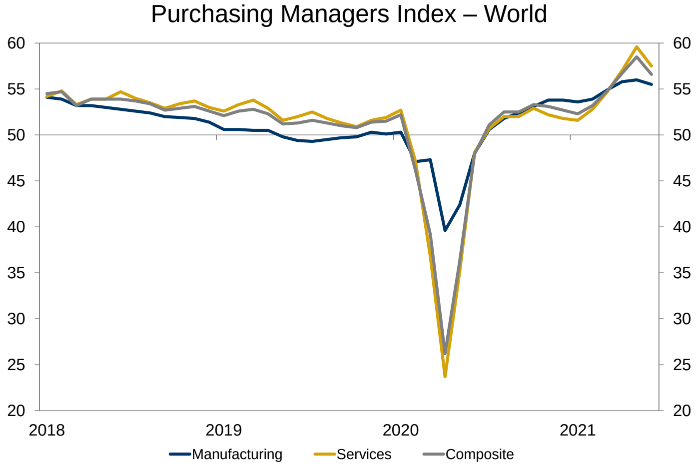
WORLD

With the easing of health restrictions, the global economic recovery is well underway and, in many cases, even accelerating owing to the support policies introduced and maintained by governments and central banks. The recovery is also being driven by consumers, who are spending surplus savings accumulated during the pandemic, and by businesses, which are starting to invest and hire again.

Most major international financial institutions have upgraded their economic forecasts in light of vaccination progress and decreasing infection rates. The Canadian, U.S. and Chinese economies have already returned to pre-pandemic levels. A return to normality in Europe is expected to take longer. The OECD is projecting that the global economy as a whole will return to pre-pandemic levels in 2022.

The Purchasing Managers Index reached a high during the quarter, pointing to the fastest economic growth in 15 years. The latest run of growth is in its twelfth consecutive month. The accleration in growth was led by the services sector and coincided with the easing of health restrictions. Manufacturing also continued to make strong gains, albeit with a slight loss in momentum.

Purchasing Managers Index – World



Sources: Datastream and AMF

While global economic activity made a strong comeback after the lows of the pandemic, it was not all smooth sailing. Shortages of goods, raw materials and labour caused supply chain disruptions. Commodity prices skyrocketed, with the London Metal Exchange index reaching levels not seen in 10 years. Oil prices also continued their uptrend during the quarter.

These rapid changes are partly responsible for the inflationary pressures that are starting to be felt. Inflation has exceeded central bank target ranges, particularly in Canada, the United States and the euro area, which could lead some countries to tighten their ultra-accommodative monetary policies slightly faster than expected.

While the U.S. economy was firing on all cylinders, the euro area fell back into a recession at the beginning of the year, recording a second consecutive quarter of negative growth. Under the weight of health restrictions related to the third wave of the pandemic, production slid 0.6% in the first quarter, after contracting 0.7% in the last three months of 2020. Germany was the hardest-hit country.

This recession will be short-lived, however, as growth returned to positive territory in the second quarter. Purchasing managers indexes in the euro area reached new highs, signalling a strong economic recovery over the summer owing to the loosening of health restrictions and vaccination progress.

The European Central Bank consequently upgraded its economic outlook but does not intend to relax its massive monetary stimulus, particularly the accelerated pace of its €1,850 billion emergency bond purchasing program.

With its first bond issue, the European Union also started borrowing on the financial markets to finance its €750 billion recovery program. It was the first time that member states agreed to jointly back debt, a historic step reflecting their solidarity in the face of the pandemic. The money borrowed is to be used to facilitate the modernization of the European economy, including such areas as the environment and the digital transformation.

A cyber attack on a U.S. pipeline and worldwide Internet outages highlighted the need to strengthen and secure the networks on which the global economy increasingly relies. Moreover, the United States and the European Union agreed to improve cooperation on technological innovation to address threats from Russia and China.

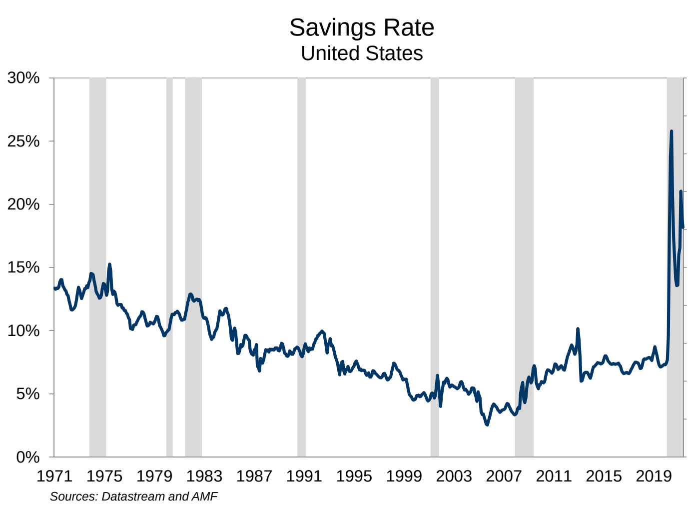
Ultimately, the recovery continued to be uneven between wealthy countries and poor countries and remained dependent on vaccination progress and the spread of variants. Infection rates continue to climb in some 60 countries, mainly in South America, Asia and Africa. The Delta variant is of particular concern and could jeopardize the gains achieved to date, even in countries that have made the most progress in vaccinating their populations, as seen in the United Kingdom and the rest of Europe.

UNITED STATES

The U.S. economy showed surprising strength, and it is becoming increasingly clear that growth is on track to accelerate even more in the months ahead.

Spurred primarily by higher consumer spending, GDP increased 6.4% in the first quarter, with even stronger growth a certainty in the second quarter of the year.

The last stimulus package, by providing enhanced family relief and unemployment benefits, had an immediate effect on the economy. Moreover, the success of the vaccine rollout allowed the entire country to benefit from eased lockdown and social distancing measures and business reopenings. The lifting of restrictions, a record savings rate and strong pent-up demand will continue to drive consumer spending in the months ahead.



The widespread improvement in economic conditions and the public health situation also incentivized businesses to step up investment spending. The current pace of capital expenditures in the private sector is already well above the high recorded before the start of the pandemic.

This situation was also conducive to faster job creation. Last June, 850,000 jobs were added, the highest monthly increase since the start of the recovery. The U.S. labour market has recovered some 70% of the jobs that were lost during the crisis.

Although the number of unemployed remained high at 9.4 million, employers struggled to fill vacant positions. Despite hiring intentions hitting an all-time record, job vacancies rose to more than 9.2 million. Difficulty in filling these positions could become the principal drag on U.S. economic growth.

Inflation surged dramatically over the past few months. Core inflation, at 3.8%, reached its highest level in almost 30 years. This increase was partly attributable to transitory effects related to the reopening of the economy and shortages in many sectors caused by global supply chain distruptions. Nonetheless, some price indicators suggest that potentially longer-lasting inflationary pressures lay ahead.

The Federal Reserve adopted a reassuring tone in response to the recent months' resurgence in inflation, attributing it largely to those one-time effects. Nevertheless, at the last meeting of the Federal Open Market Committee in June, the governors indicated that a first increase in the key policy rate hike will be announced in 2023.

The U.S. economy has now surpassed pre-pandemic levels. Growth in demand is rapidly absorbing excess capacity. The United States could quickly go from a situation of excess supply to one of excess demand. Given this, inflation risk appears to be quite real and could eventually lead the Federal Reserve to normalize its monetary policy earlier than planned.

CANADA

The Canadian economic recovery continued in the first quarter of 2021, despite lockdown measures being reimposed in several areas of the country to deal with the third wave of the pandemic. The economy appears to have adapted to the restrictive measures, largely mitigating the economic impact. In fact, GDP rose an annualized 5.6% in the first quarter of 2021.

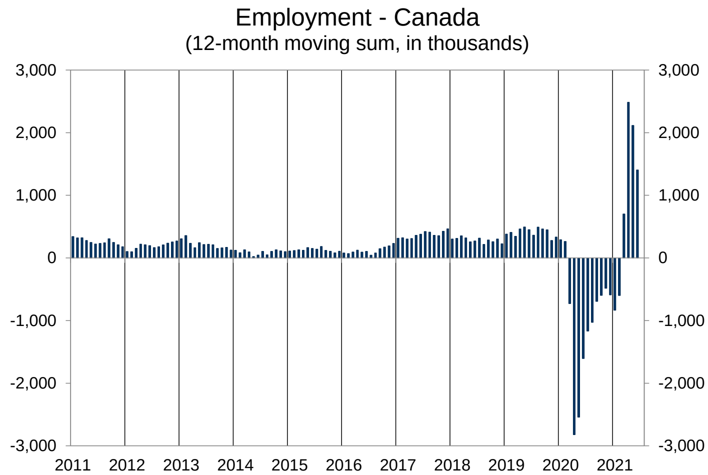
Household consumption spending was stronger than in the previous quarter. The savings rate remained very high, and consumption should increase even further as spending on restaurants, tourism and other similar services becomes possible.

The reallocation of household spending could also gradually dampen the momentum of residential investment. Residential construction is now up more than 26% from last year.

Foreign trade contributed to economic growth for the first time in almost a year. The strong growth in the U.S. economy forecast for this year should continue to sustain the strength of Canadian exports and the rise in the prices of several commodities. The Bank of Canada commodity price index is at its highest level since 2014.

Business investment declined after two consecutive quarters of growth. Although SME sentiment in Canada has improved and surveys indicate that many businesses are resuming projects that they had put on the back burner due to the pandemic, uncertainty remains about how the public health situation will unfold in the months ahead. The recovery in investment will likely be uneven across the sectors. In fact, investment spending in the oil and gas industry is still down sharply from pre-pandemic levels.

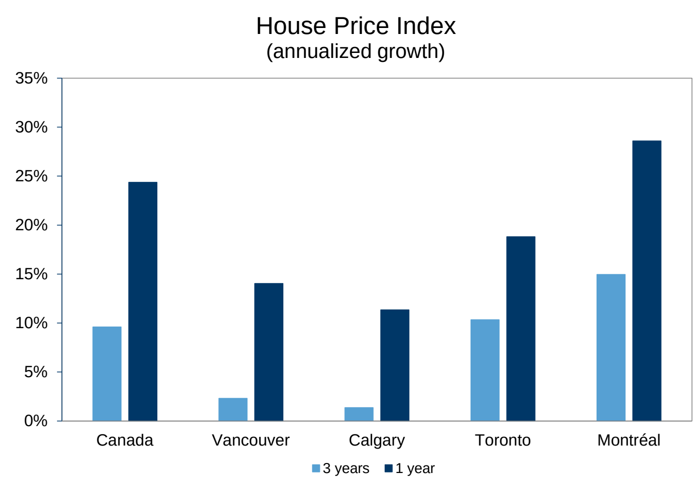
While the labour market had made a strong comeback in March, employment declined again in April and May owing to the reimposition of restrictions in several areas of the country, including Ontario. Despite rebounding in June, the Canadian labour market is still 340,000 jobs below pre-pandemic levels.



Sources: Statistics Canada and AMF

The Canadian real estate market saw record activity in early 2021. However, the latest figures indicate that market activity could be stabilizing. After reaching a record high in March 2021, home sales were down in April and May. Sales fell across all provinces in May.

The ratio of sales to new listings decreased slightly in May but remains very strong, historically speaking. The monthly change in the MLS house price index also decelerated significantly. Despite this, the index was up 24% in May from the same period last year.



Sources: Canadian Real Estate Association and AMF

The coming into effect of the amendments to Guideline B-20[1] and decreased affordability due to higher prices

[1] On June 1, the Office of the Superintendent of Financial Institutions raised the minimum qualifying rate for uninsured mortgages from 4.79% to 5.25%. The AMF is applying the same rate. The federal government has decided to apply this rate to insured mortgages.

should dampen real estate market activity in the second half of the year.

While the impact of the third wave of COVID-19 on economic growth was likely more significant in the second quarter owing, among other factors, to the general lockdown in Ontario in April, the Canadian economy should return to more robust growth in the third quarter.

In fact, most provinces began lifting lockdown measures in late spring, and the reopening of the economy has continued in tandem with the accelerating vaccine rollout. GDP growth for 2021 as a whole could exceed 6%.

Athough residential investment has driven economic growth for the better part of a year, the recovery is expected to become more generalized. Household consumption, private investment and net exports should strengthen as uncertainty about how the pandemic will unfold dissipates. However, the recovery will depend on potential new waves of infection.

Although inflation has recently reached the upper limit of the Bank of Canada's target range, this increase appears to be due to temporary factors, particularly the base effect attributable to the fall in energy prices at the same time last year. This effect should diminish over the summer, but upward pressures stemming from, for example, supply constraints in certain industries or higher labour costs could persist and will need to be monitored.

Moreover, the Bank of Canada remains committed to holding interest rates at the current level until economic slack is absorbed and inflation achieves its target for a sustained period. According to the most recent forecasts, this is expected to happen in the second half of 2022. The Bank will continue its quantitative easing program until the recovery is well underway.

QUÉBEC

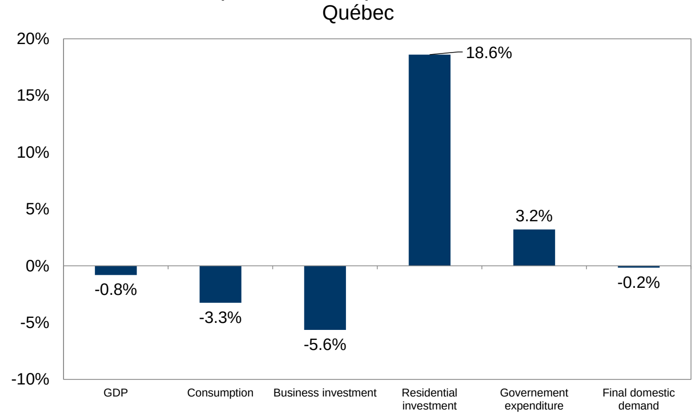
In the first quarter of 2021, Québec posted economic growth of 5.9% on an annualized basis, a slightly faster pace than Canada as a whole.

Although household spending on goods exceeded pre-pandemic levels in the second half of 2020, spending on services is still down almost 14%.

As a result, many service businesses, particularly in the arts, entertainment and recreation sector and the accommodation and restaurant sector, continue to be hard-hit by the pandemic. In contrast, the construction sector and some manufacturing subsectors returned to pre-pandemic levels in the summer of 2020.

Business investment fluctuated sharply in the past year but was up in the first quarter. Foreign trade also contributed to growth, with exports rising more quickly than imports.

Variation in Domestic Demand Component
Compared to Pre-pandemic Levels
Québec



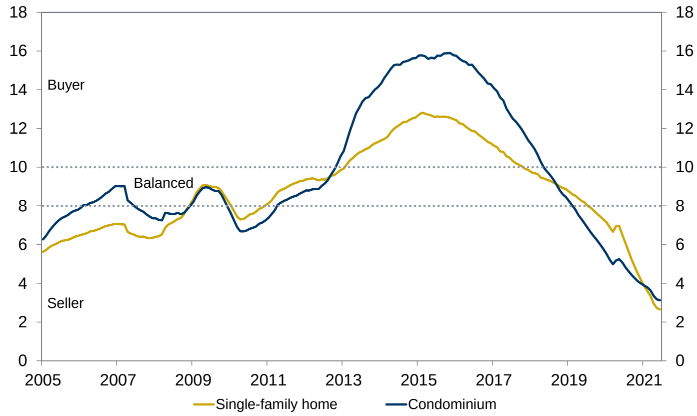
Sources: Institut de la statistique du Québec and AMF

After an exceptional year in 2020, residential construction continued its upward trend in the first quarter. However, recent figures show that, after reaching an all-time high in January 2021, housing starts slowed for four consecutive months. They nonetheless remain historically very high.

Home sales also reached a high in March but have edged down since then. As of June 2021, home sales were nevertheless up almost 30% from the same period last year.

The ratio of unsold residential inventory to sales reached a record low in June, for both single-family homes and condominiums. Pressure on prices remained high and the year-over-year change in the annual weighted average price was almost 26% in June.

Unsold Residential Inventory to Sales – Québec
(in number of months)



Sources: APCIQ and AMF

The labour market recouped just over 91,000 jobs in the first two quarters of 2021, despite the reimposition of more severe lockdown measures in the early months of the year. In June, however, Québec's labour market was still almost 62,000 jobs shy of pre-pandemic levels.

The unemployment rate was relatively low at 6.3%, the lowest of all the Canadian provinces. Québec's job vacancy rate, however, is among the highest in the country, reflecting labour shortages in several of the province's sectors and regions. There are close to 147,000 job vacancies in Québec.

According to current estimates, Québec could see more than 6% growth in 2021.

The contribution of the real estate market to economic growth in Québec, as in Canada as a whole, is expected to wane in the coming quarters, but other demand components should pick up the slack. Accumulated household savings and the reopening of a number of high-contact services during the summer will spur consumer spending on those services, which has been relatively restrained to date.

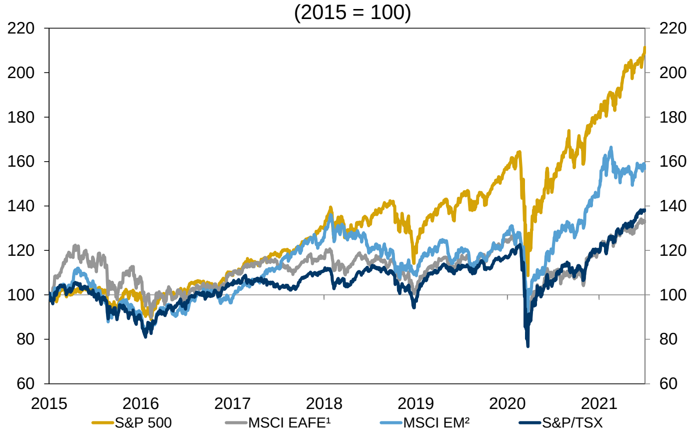
Québec's economy has proven to be resilient despite the major shock caused by the pandemic, as evidenced by the rapid recovery in GDP and the labour market.

FINANCIAL MARKETS

STOCK MARKETS

The major stock markets continued to climb in the spring, reaching new heights. The MSCI All Country World Index returned 6.6% in the second quarter and 12.5% from the start of the year. Investors are heartened by the strong global economic recovery and the solid progress of vaccine rollouts in many countries.

Major Stock Market Indexes
(2015 = 100)



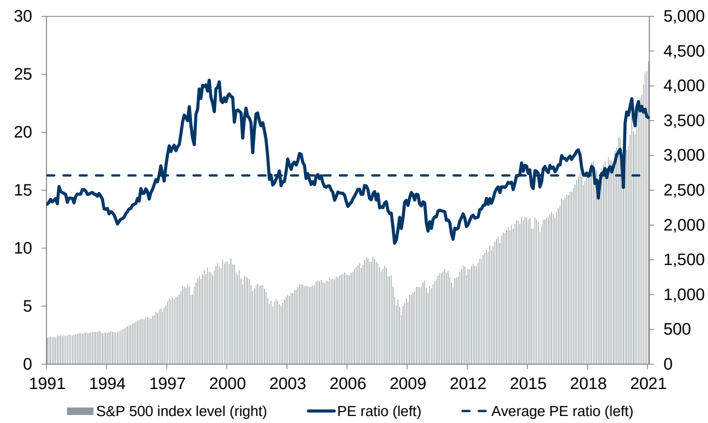
¹ Europe, Australasia and Far East ² Emerging markets
Sources: Datastream and AMF

Nonetheless, stock markets hit a few pockets of turbulence due to inflationary pressures and the prospect of faster-than-expected monetary tightening. Technology stocks were particularly affected, causing the NASDAQ to fall a little over 7% early in May. The markets quickly resumed their upward trajectory, however, with investors reassured by the relatively accommodative tone struck by the Fed, which stressed that the inflationary pressures were temporary.

In the United States, the S&P 500 posted a very respectable 8.2% return in the second quarter, up 14.4% from the start of the year. After a subdued start to the year, Information Technology delivered an excellent performance in the second quarter, jumping 11.3%. For the year to date, the standouts have been the more cyclical sectors, such as Energy and Financials.

In the United States, corporate earnings rebounded sharply. According to Refinitiv, after recording declines at the height of the pandemic, S&P 500-listed companies are expected to post earnings increases of more than 35% in 2021. The increase in earnings caused a slight drop in valuation indicators, which are at historically high levels.

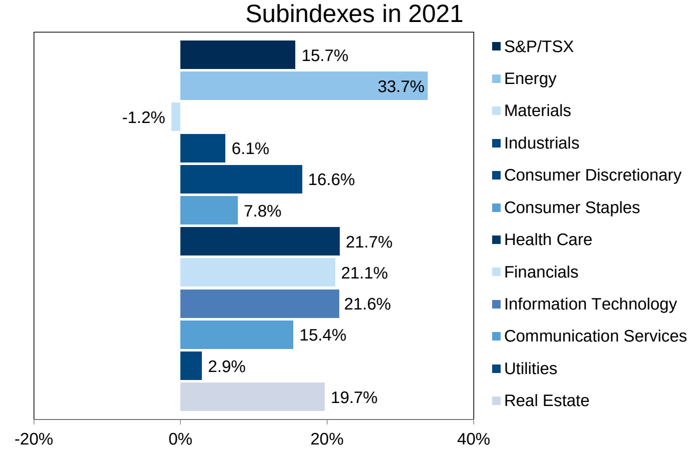
Forward Price Earning Ratio (12 months)
S&P 500



Sources: Datastream and AMF

In Canada, the S&P/TSX slightly underperformed the S&P 500 in the second quarter, with an increase of 7.8% in the quarter and 15.7% from the start of the year. However, it has been among the leaders over the year to date owing to its greater exposure to cyclical sectors. Boosted by the steep rise in oil prices, the energy sector generated a return of almost 34% from the start of the year. Financials posted a return of 21% compared with the start of the year, reflecting stronger economic conditions and a certain degree of rate normalization.

Performance of the Main S&P/TSX
Subindexes in 2021



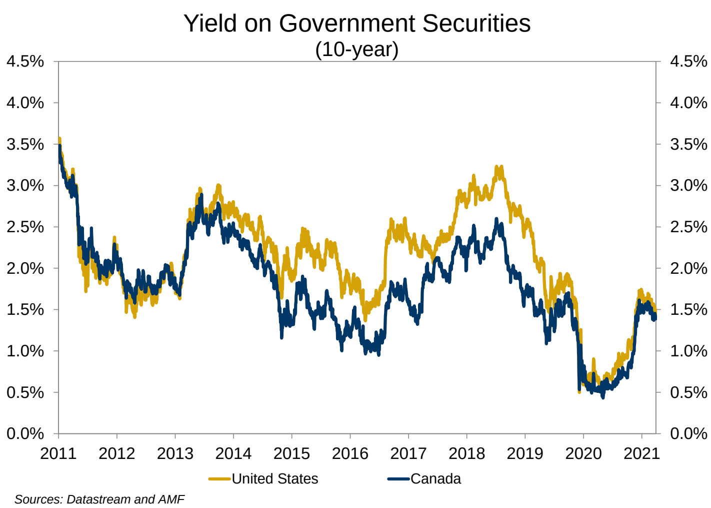
Sources: Bloomberg and AMF

The Morningstar National Bank Québec Index, which is made up of the major Québec-based companies trading on the TSX, posted an excellent return of 16.8% compared with when the year began. This index posted higher year-to-date returns than the S&P/TSX as a whole, bolstered by the solid performance of companies in Industrials, Financials and Health Care. Elsewhere in the world, European stock markets also fared well compared with the start of the year, while emerging markets posted more modest increases.

The cryptocurrency market experienced substantial losses during the past quarter. The price of Bitcoin in U.S. dollars plummeted almost 50% in May. The drop appears to have resulted from comments made by Chinese authorities seeking to curb the use of cryptocurrencies and from questions raised about their environmental impact. Finally, certain stocks underwent increased speculative movements linked to investors active on social media.

BOND MARKETS

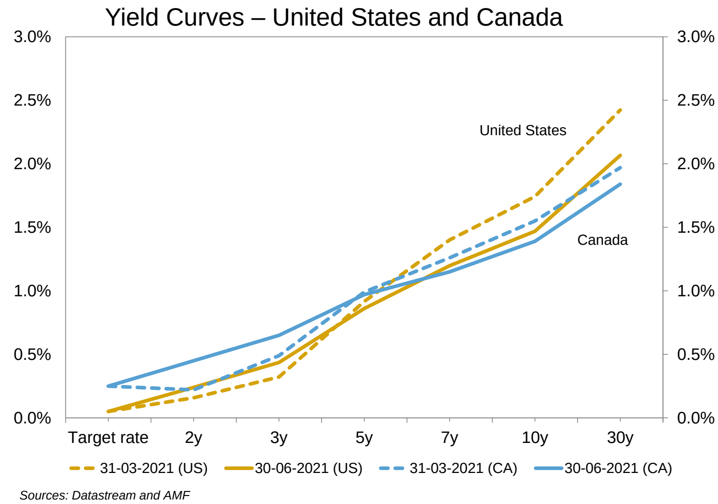
After posting significant gains in the first quarter, long-term bond yields slipped slightly in recent months. Ultimately, inflationary pressures and the prospect of faster-than-expected monetary tightening had a limited effect on bond yields.



In the United States, 10-year government bond yields ended the quarter in decline. Although the U.S economy is firing on all cylinders and inflation is on the increase, several factors have tempered the Federal Reserve's appetite for monetary tightening. The labour market is still experiencing a jobs deficit compared with its pre-pandemic high and, based on its new mandate, the Fed is ready to tolerate slightly higher inflation for a period of time.

In June, the Fed nonetheless took the first step toward a very gradual normalization of its policy, indicating that rate hikes will be announced in 2023 and that it will be scaling back its asset purchases. In response, yields on bonds with maturities of 5 years or less increased slightly.

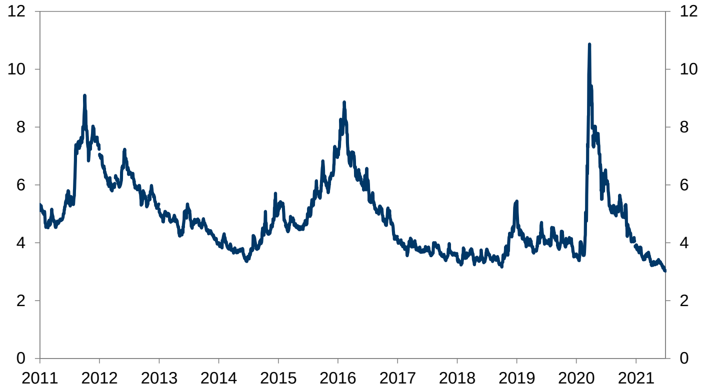
In Canada, yields on Government of Canada 10-year bonds ended the quarter down slightly, at 1.39%. Canadian long-term yields are somewhat lower than U.S. yields, but the gap has narrowed since the start of the year. The yields on bonds with maturities of 5 years or less are slightly higher in Canada.



The Bank of Canada intends to hold its policy rate at the effective lower bound until the country's economic slack is absorbed, and it has already scaled back its asset purchases somewhat.

In the major advanced economies, bond yields are still very low and even negative in several European countries, which, because the world's financial markets are intertwined, is limiting the increase in U.S. and Canadian yields.

Spread Between High Yield Bonds and US 10-year Bonds
(basis points)



Sources: St Louis Federal Reserve and AMF

Persistently low government bond yields are creating strong investor demand for corporate bonds, including lower-quality ones. This investor search for yield is causing yield spreads to narrow.

Consequently, spreads on U.S. high-yield bonds are below the levels observed at the beginning of 2020 and getting closer to those seen prior to the 2008 crisis. Yield spreads are narrowing despite that fact that default rates have been on the rise since the start of the pandemic.

Market Performance

Stock Markets		Level	% change							Last 12 months	
		2021-06-30	1 month	3 months	6 months	9 months	1 year	3 years[2]	5 years[2]	Min.	Max.
MSCI All Country World Index		831	2.0	6.6	12.5	26.5	34.7	12.4	12.5	617	833
MSCI EAFE[1]		1,305	1.3	4.0	11.2	23.5	24.3	4.9	7.2	1,015	1,324
MSCI Emerging Markets		76,677	0.5	3.2	7.0	23.7	33.4	9.4	11.0	57,480	80,514
S&P 500		4,298	2.2	8.2	14.4	27.8	38.6	16.5	15.4	3,100	4,298
S&P/TSX		20,166	2.2	7.8	15.7	25.1	30.0	7.4	7.5	15,515	20,231
Morningstar National Bank Québec Index		385	1.6	6.7	16.8	34.9	45.1	9.6	10.9	263	386

Bond Markets		Level								Last 12 months	
		2021-06-30	-1 month	-3 months	-6 months	-9 months	-1 year	-3 years	-5 years	Min.	Max.
Québec	10-year	2.0	2.1	2.2	1.3	1.3	1.3	2.8	2.0	1.2	2.2
Ontario	10-year	2.0	2.1	2.2	1.3	1.3	1.3	2.8	1.9	1.2	2.2
Canada	10-year	1.4	1.5	1.6	0.7	0.6	0.5	2.2	1.1	0.4	1.6
United States	10-year	1.5	1.6	1.7	0.9	0.7	0.7	2.9	1.5	0.5	1.7
United Kingdom	10-year	0.7	0.8	0.8	0.2	0.2	0.2	1.3	0.9	0.1	0.9
Germany	10-year	-0.2	-0.2	-0.3	-0.6	-0.5	-0.5	0.3	-0.1	-0.6	-0.1
	AA Corp. (10-year)	2.3	2.4	2.5	1.5	1.7	1.7	3.1	2.5	1.4	2.5
Canada	BBB Corp. (10-year)	2.9	3.0	3.0	2.3	2.4	2.6	3.8	3.4	2.3	3.1
	BBB - 10-year Gov. spread	1.6	1.5	1.5	1.6	1.9	2.1	1.6	2.4	1.4	2.1
	AA Corp. (10-year)	2.0	2.1	2.3	1.4	1.5	1.6	3.7	2.4	1.2	2.3
United States	BBB Corp. (10-year)	2.5	2.7	2.8	2.0	2.2	2.4	4.5	3.3	1.9	2.9
	BBB - 10-year Gov. spread	1.0	1.1	1.1	1.1	1.5	1.7	1.6	1.8	1.0	1.7

[1]Europe, Australasia and Far East [2]Annualized returns

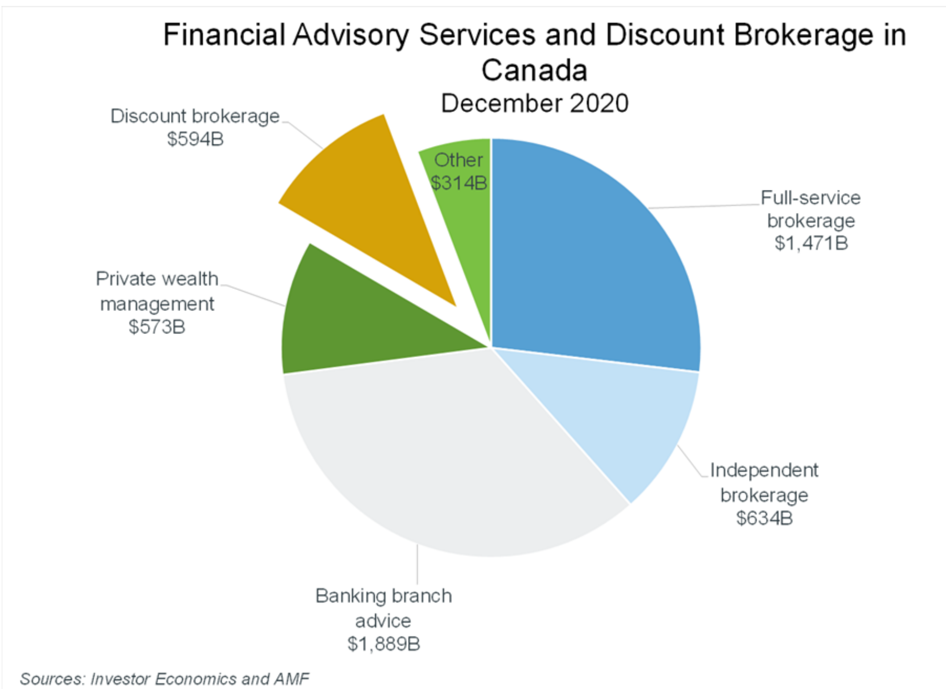
Sources: Datastream, Bloomberg and AMF

SPECIAL FEATURE

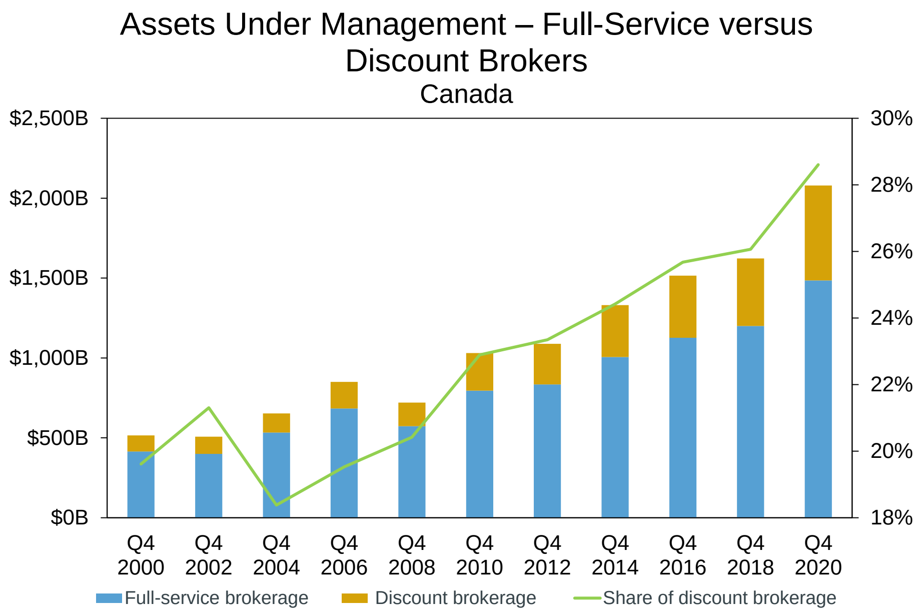
DISCOUNT BROKERAGE: STRUCTURAL MOMENTUM AND IMPACT OF THE PANDEMIC

Discount brokerage, also called "on-line brokerage," emerged in the United States almost 30 years ago. The launch of the first telephone-based phone keypad trading application in 1989 was followed by the creation of the first on-line brokerage platform in 1992. As a result of this securities brokerage revolution, retail investors could make investment decisions entirely on their own and execute trades in almost every type of security, including on stock markets, via their computers. This new brokerage model grew in popularity because of the lower commissions charged compared with full-service brokerage offering advice about similar financial products. Today, all major institutions, both in the United States and Canada, have a discount brokerage division.

At the end of 2020, assets under management (AUM) in Canada's discount brokerage sector were estimated at $594 billion, accounting for nearly 10.8% of an industry valued at close to $5,500 billion where the other categories of services are advice-based.

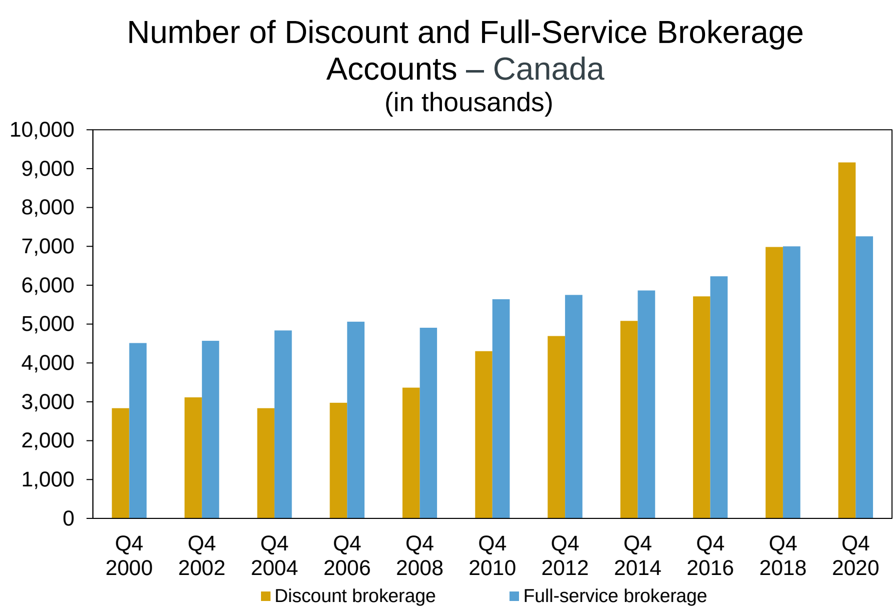


While discount brokerage has been around for three decades, the appeal of self-directed investing has grown slowly in Canada, although a structural trend can be seen over a longer period of time. A comparison of the share of AUM for discount brokerage and that for full-service brokerage, which offers similar access in terms of securities but with advice, reveals that, in almost 20 years, discount brokerage's share of AUM has increased 9 percentage points, from 19.6% in the fourth quarter of 2000 to 28.6% in the same quarter of 2020. At the end of 2020, full-service brokerage had estimated AUM of $1,471 billion, compared with $594 billion for discount brokerage.



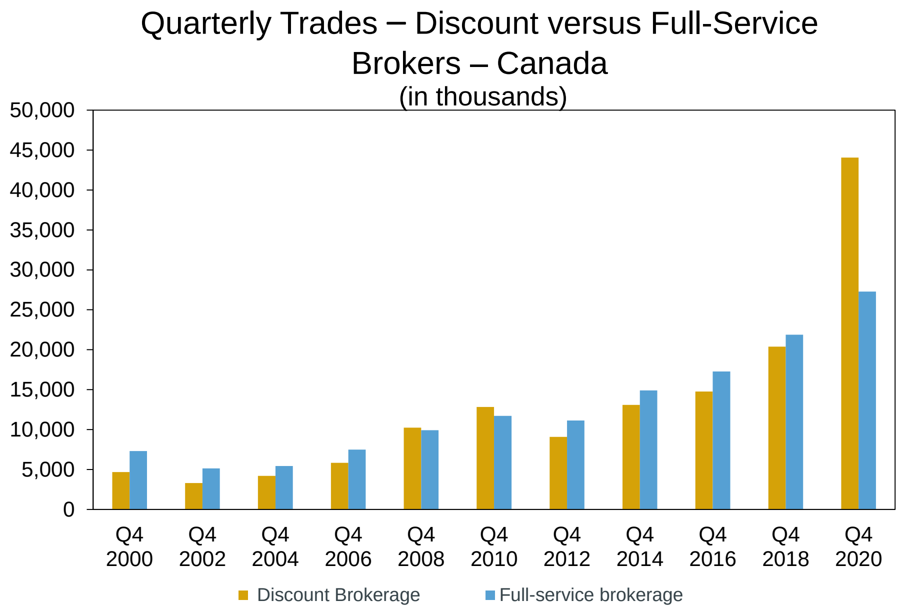
Sources: Investor Economics and AMF

This structural trend is reflected in the increase in the number of discount brokerage accounts versus full-service brokerage accounts over the past 20 years. The number of discount brokerage accounts equalled the number of full-service brokerage accounts for the first time in 2018, at almost 7 million. At the end of 2020, the number of discount brokerage accounts surpassed the number of full-service brokerage accounts by nearly 1.9 million accounts, reaching 9.1 million. It is important to note, however, that a person can have several discount brokerage accounts with the same broker depending on the registered tax plan (e.g., TFSA, RRSP, LIRA, RRIF) and that this type of account can be opened by both natural persons and legal persons (e.g., corporations, trusts).



Sources: Investor Economics and AMF

Lastly, the number of trades in the last quarter of 2020 illustrates the growth in discount brokerage compared with full-service brokerage. While the volume of discount brokerage trades was close to two-thirds that of full-service brokerage trades in the early 2000s, the proportion slowly increased, overtaking the volume of full-service brokerage trades as of 2008. Then, in the 2010s, full-service brokerage once again surpassed discount brokerage in terms of volume of trades until 2020, when the situation reversed dramatically.



Sources: Investor Economics and AMF

This structural trend has been amplified by the effect of the COVID-19 pandemic, which has fueled strong growth in the discount brokerage sector. There may be a number of reasons for the pandemic's impact on the discount brokerage sector, including the opportunity to profit from the stock market recovery and financial market volatility, people at home under lockdown using their time to trade more actively, the unprecedented increase in the household savings rate, and younger investors' appetite for on-line services. Since the stock market low in the first quarter of 2020, the sector has grown on various levels. First, quarterly growth in the number of discount brokerage accounts has climbed from a rate of 1 to 2% in the quarters preceding the pandemic to a rate of 4 to 16% since the bottom of the stock market correction in the first quarter of 2020. In addition, quarterly growth in trading activity in discount brokerage accounts, except for a slight dip in the third quarter, has been consistently strong since the first quarter of 2020. The figures from the first quarter of 2021 illustrate the speed of growth, with the 81 million trades executed, surpassing, in just one quarter, the 69.7 million trades that were executed in all of 2019.

Quarterly Trends in Number of Discount Brokerage Accounts and Trading Activity

Quarter	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Accounts (Thousands)	6,814	6,983	7,134	7,230	7,319	7,403	7,749	8,425	8,806	9,159	10,642
Quarterly growth	2.44%	2.48%	2.16%	1.35%	1.23%	1.15%	4.67%	8.72%	4.52%	4.01%	16.19%
Transactions (Thousands)	18,075	20,383	19,978	17,330	16,508	15,975	30,358	40,341	36,718	44,066	81,080
Quarterly growth	5.62%	12.77%	-1.99%	-13.25%	-4.74%	-3.23%	90.03%	32.88%	-8.98%	20.01%	84.00%
Quarterly return S&P/TSX	-1.26%	-11.52%	13.22%	1.74%	1.69%	2.64%	-21.76%	15.03%	4.75%	8.84%	6.58%

Sources: Investor Economics, Refinitiv Eikon and AMF

The democratization of stock market investing underlying the development of discount brokerage has enabled investors to make their investment decisions on their own and at a low cost. The Canadian discount brokerage sector, which had seen relatively slow structural growth for the past 20 years, is currently going through a period of very rapid development amid the pandemic. It will be possible to assess whether the recently observed growth marks the start of a profound transition to self-directed investment in Canada when more stable conditions return to the markets and day-to-day life.

Because of their appetite for self-directed investing, younger or less experienced investors could be at risk of making poor investment choices, depending on their level of financial literacy. The AMF reminds them that the markets are volatile and unpredictable and that investing on your own is a tricky business involving a high degree of risk and requiring a certain level of financial knowledge. It also encourages the public to consult the section of its website devoted to self-directed investing:

Investing on your own in the stock market: It's not for novices!