



CLIENT

MARCH 31, 2018

NEWSLETTER

Message from the Managing Director, Private Client

The more things change, the more they stay the same.

In our message of December 2017, we commented that investors were rewarded in 2017 by looking past the year's news headlines and focusing on the underlying global economy. It seems that on a daily basis we get bombarded by alarming and precipitous headlines and announcements by world leaders, particularly President Trump...just a sample includes "Canada would lose 85,000 jobs within a year if NAFTA dies"¹, "Trump's unwinnable trade war with China"², "The first quarter of 2018 is on record as the worst in bitcoin's price history"³, "Tariffs On Steel And Aluminum Will Hit Canada Hard"⁴ and a plethora of commentary around the alleged manipulation of the US presidential election by Russia, leading to fears of another cold war.

Markets worldwide started the year on the front foot, as economic data and increasing company earnings contributed to market strength. As you may remember from Highstreet's Annual Private Client Conference last November, we highlighted some of the key risks to the market: the length and strength of the US bull market, the prolonged period of low price volatility, and central banks around the world beginning to shift their stance on monetary policy. February saw a return of market volatility, while stronger than expected inflation, wage growth, and employment data led to a more hawkish monetary policy sentiment. The confluence of these factors resulted in a global equity market correction of over 5% for the first time since August of 2015. Although the investment backdrop continues to be attractive, we continue to monitor the key risks and any further developments in the investment landscape.

At Highstreet, researchers and portfolio managers collaborate to develop a disciplined and repeatable investment process to provide our investors a compelling product offering. Through blending quantitative and fundamental investment styles, Highstreet's investment team is well-equipped to navigate a wide variety of market conditions. As a result, the Highstreet Dividend Income Fund and the Highstreet Canadian Equity Fund have received the Fundata FundGrade A rating through the quarter. These grades are awarded to funds that have had outstanding performance over a specific period of time. This is a testament to the strength of the investment team and process, and we remain squarely focused on delivering on our performance objectives for our clients.

Highstreet's disciplined and repeatable investment process allows us to look through the headlines and focus on the underlying factors that influence individual companies and market sectors, despite the noise. The results of this approach are evident when we look at the overall performance of our Funds during the first quarter; 9 of 11 of our Funds outperformed their relevant benchmarks.

As always, we thank you for your continued support of the firm. In October we will be celebrating our 20th anniversary of providing a London based, quantamental approach to investing; look for more details from us in the coming months.

Warm regards,
Michael Hodgson

¹ National Post, April 5 2018

² Market Watch, April 4 2018

³ National Public Radio March 5 2018

⁴ Bitcoin.com April 4 2018



Mark Stacey



In January Co-Chief Investment Officer Mark Stacey spoke at the *Foundation, Endowment and Not for Profit Summit* in Toronto. He discussed the advantages of blending quantitative and fundamental research.

Bruce Sayers



The Ontario Securities Commission has recently approved Bruce's registration as an Associate Advising Representative.

Congratulations to the following Highstreet Staff on their Milestone Anniversaries!

Robert Yan, VP, Portfolio Manager – 10 years

Ian Chong, Senior Analyst, Research – 5 years

Zheng Liu, Senior Analyst, Research – 5 years

Events and Sponsorship

April 19 – Highstreet is proud to be a Silver sponsor at the Brescia LEAD Awards which celebrates today's generation of women leaders and also serves to challenge and inspire Canada's future generations of women leaders.

May 1 – Sweat for Strong Kids - YMCA – Mike Hodgson is spinning for 1 hour!

Stay tuned for more upcoming events and sponsorships .

As always, we would love to hear from you. If you have any questions, concerns or comments do not hesitate to reach out to your relationship manager.

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