



CLIENT

JUNE 30, 2017

NEWSLETTER

Message from the Managing Director, Private Client

As I write this newsletter, Canada's 150th birthday celebrations are now in the rear view mirror and our Prime Minister has suggested we now focus on the next 50 years. The festivities around the country (and by Canadians abroad) certainly made one feel proud of our country. Of course there are plenty of challenges ahead, not the least being the ongoing saga of our troubled relations with the indigenous people of Canada. The issues Canada faces as a country are complicated and often span decades of policy changes and leadership groups. Regardless of political affiliation I think we can all acknowledge our country as one that is trying to be a leader in inclusiveness, equality and right the wrongs of the past.

So I suppose we should be feeling positive and optimistic. Well, unfortunately there continues to be some major question marks swirling around including Brexit, Trump's continuing archaic bluster, ongoing North Korea rocket tests, climate change worries and of course, regular terror attacks on innocent people. Not to mention continued concerns related to an overheated housing market in most major Canadian cities. Optimism notwithstanding, we have witnessed over the last number of years the most unnerving 'bull market' perhaps of all time!

During the year to date, Equity markets continued to move higher as economic growth did soften slightly, but remained supportive of global growth and equity markets. The steady economic growth resulted in the US Fed raising interest rates for the second time this year. The improved growth backdrop has extended beyond the US, as most developed countries are moving towards raising interest rates, including Canada. The most recent Canadian economic data highlighted both strong GDP in the first quarter, of 3.7% and strong job growth, with 54,500 jobs being added in May. The ongoing concern for investors has been the political backdrop as investors seek

clarity in both the US and in Europe. In the US, the Trump administration continues to wrestle with the implementation of their pro-growth agenda. While in Europe, election risk has been forefront as a number of countries have faced a rise in political parties that would like to reduce their ties to Europe. In the recent French election, the pro-European party carried the day, however risks remain as both Italy and Germany face upcoming elections. The Bond market has been impacted by this political risk along with the lower than expected inflation due to the decline in oil price. This has kept bond yields low despite the steady economic growth.

Long time clients of Highstreet know that throughout turbulent times, 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. We remain squarely focused on delivering on outstanding service and meeting or exceeding performance objectives for our clients.

With the dog days of summer ahead of us, I thought I would leave you with a few interesting reading suggestions for the cottage, pool or beach:

The Last Canadian by William C Heine

Playing for Pizza by John Grisham

My Father's Son by Farley Mowat

Matterhorn by Karl Marlantes

Wishing you and your family a safe and relaxing summer,
Michael Hodgson



Changes to the team



We're pleased to announce that Stephen Duench has been promoted to Vice President, Portfolio Manager. Stephen has been an integral member of the Canadian equity portfolio management team since 2007. In his new role, Stephen will be responsible

for the day-to-day management of the Highstreet Dividend Income Fund, while continuing to contribute to Highstreet's quantitative initiatives.



After 15 years of commitment to Highstreet, Fred Steciuk has decided to leave Highstreet. We would like to thank him for the many contributions to our firm and wish him all the best in his future endeavours.

In the Community



On **June 8th**, a team of Highstreet staff participated in the annual United Way Day of Caring. This year, the team was sent to Youth Opportunities Unlimited (YOU) to help paint some of their common areas for the youth. YOU is a non-profit registered charity here in London that provides youth with the resources they need to build life skills, confidence and independence.



On **June 16th**, Highstreet's research team volunteered at the Fort York Food Bank to help prepare meals for 120 families.

Going Online



One message Highstreet continues to hear from clients is the desire to receive less paper. If you are receiving printed statements in the mail and wish to stop receiving them, let your relationship manager know.

Highstreet clients have the ability to receive all of their statements online through the Highstreet website. If this is something you might be interested or would like more information on, your relationship manager would be happy to walk you through it.

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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Save the Date

This year's Highstreet Private Client Conferences will be held on **November 15th and 22nd**.

Highstreet continues its collaboration...

with Western University and the Masters of Financial Economics program. This summer, Highstreet welcomes three interns, Sabrina Xie, Michael (Meng) Liu, and Jack (Jianwen) Zhao. They will be working on a range of research projects spanning, asset allocation, artificial intelligence and machine learning, and derivative strategy, to enhance Highstreet's product offerings and capabilities across strategies.