

CLIENT NEWSLETTER

MARCH 31 2019

Message from the Managing Director, Private Client

Well here we are approaching 2 years on, and the same issues are continuing to frame the backdrop for the investment industry. Equity markets across the world ended the quarter strong, rebounding from an underwhelming final quarter of 2018. Markets accelerated through the quarter, in a response to the dovish Fed pivot in the US and positive rhetoric emerging from the ongoing US-China trade negotiations. Brexit was also in focus, as Prime Minister Theresa May continued to fight to exit the EU with a deal.

The more things change, the more things stay the same!

In our Quarterly Newsletter of June 2017, I wrote the following about the state of affairs in Canada on the cusp of our country's 150th birthday:

"...there are plenty of challenges ahead, not the least being the ongoing saga of our troubled relations with the indigenous people of Canada...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 and we have witnessed over the last number of years the most unnerving 'bull market' perhaps of all time!"

As you may remember from Highstreet's December Private Client Newsletter, we highlighted some of the investment themes to look out for in 2019: the pace that central banks are raising rates, economic and earnings growth moderation, and increased volatility. To start the year, investors have already seen many of these themes come to fruition. The US Federal

Reserve (Fed) indicated a much more gradual path of interest rate hikes, citing that they do not plan on raising rates further in 2019. Central banks around the world followed suit, with the Bank of Canada (BoC), European Central Bank (ECB) and the Bank of Japan (BoJ) all keeping rates steady through the quarter. Economic and earnings growth moderation has also been prevalent, as the Q1 earnings season was slightly softer than expected. Economic figures present a more mixed result, as major North American economic indicators remain robust, however Chinese and European economic prints began to soften to start the year but saw a resurgence towards the end of March. Finally, increased volatility has been a main theme to start the year, as the S&P 500, a proxy for the broad US equity market, closed out 2018 with one of the weakest Decembers in history, only to rebound in Q1 posting the largest quarterly gain since 2009.

At Highstreet, researchers and portfolio managers collaborate to develop a disciplined and repeatable investment process that provides the investment team with the proprietary tools to navigate a wide variety of market conditions like we are seeing today. Although the backdrop remains constructive, we continue to monitor the key risks and any further developments in the investment landscape.

Please enjoy the coming Spring weather and for our farming clients, here is hoping for a favourable planting season!

With best wishes

Mike Hodgson

Events and Sponsorships

- May 4th** Victoria Petrolia Playhouse-You've Got a Friend
- May 7th** Breakfast of Champions-St Joseph's Health Foundation, with speaker Mark Lukach
- May 15th** YMCA Women of Excellence Awards Gala
- June 15th** Stratford Festival Show Sponsorship-Billy Elliott



Welcome David Ghasimi!

David joined Highstreet's research team in 2018, leveraging his proficiency in quantitative analytics to contribute to the development or enhancement of investment strategies. He has been a key contributor to AGFIQ initiatives related to FX hedging and asset allocation as well as the development of the AGFIQ quant library. David has been in the financial services industry since 2008, gaining invaluable experience and perspective. Prior to joining Highstreet, David was at a leading brokerage firm where he worked as a global markets analyst and also contributed to equity research reports. He has a Master of Finance from McMaster University and is a CFA®; charterholder.

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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