

# CLIENT NEWSLETTER

JUNE 30 2019

## Message from the Managing Director, Private Client

Recently in a discussion with a client I mentioned how President Trump's constant tweets and comments adds another level of volatility to financial markets. The client responded that markets have always been affected by such varied factors as climate, trade issues, and threats of war for example. I agreed but the point is that Trump has simply added another level of complexity to investment management. The take away is that today, more than ever, the importance of sound and informed investment advice is critical to preserving and growing one's portfolio. At Highstreet, our disciplined and repeatable process developed over many years helps our clients navigate increasingly difficult and challenging markets.

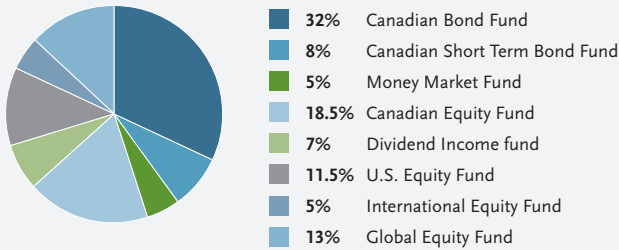
Equity markets started the year on a strong note with the best first quarter gain since 2009. April kicked off the second quarter with continued strength, however the market took a step back with trade negotiations collapsing between the US and China and the US threatening tariffs on Mexican goods. The market snapped its winning streak and sold off in May. As trade tensions loomed, and economic data softened, central banks around the world felt the pressure as the investors turned to the increasing belief that the US Federal Reserve (Fed), the Bank of Canada (BoC), and the European Central Bank (ECB) would all decrease interest rates. This in contrast to the view at the end of 2018 for more interest hikes. Most global central banks followed the view of investors and took a more dovish tone causing the markets to rebound in June. The quarter ended with global stock markets positive for the quarter but it was not a steady straight-line.

Against this backdrop, the Highstreet Conservative Balanced Fund and Highstreet Balanced Fund maintained their equity/ fixed income exposure at 37%/63% and 55%/45% respectively, but made a change within the fixed income allocation of the Funds. Within fixed income, direct exposure to money market securities through the Highstreet Money Market Fund was decreased by 3%, while exposure to short-term bonds through the Highstreet Canadian Short-term Bond Fund was increased by 3%. With the tone moving from rate hikes to rate cuts global bond yields have moved lower, and there is room to move lower in short-term interest rates as typically happens once the central banks start to cut. We believe the opportunity in short-term rates is greater in Canada as the economic data, thus far, has held up better than the United States and the Bank of Canada has yet to signal its intention to cut interest rates. We would expect the tone to change in the future as Canada's export driven economy is likely to be impacted by slowing global growth. As well, Canada typically moves in synch with the US which has moved decidedly to lowering rates. If interest rates decline further, short-term bonds should have greater relative performance than money market securities. See below for a more detailed look at the fixed income allocation change.

Enjoy the remainder of the summer!

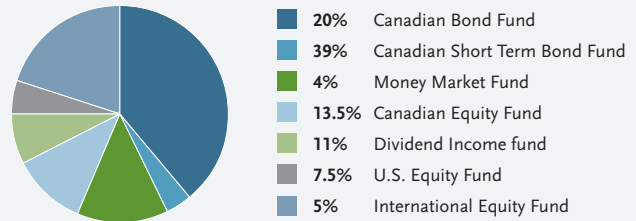
**Mike Hodgson**

## Highstreet Balanced Fund



Balanced Fund	Target	June 2019 Changes
<b>FIXED INCOME</b>	<b>45%</b>	
Canadian Bond Fund	32%	
Canadian Short Term Bond Fund	8%	+3%
Money Market Fund	5%	-3%
<b>EQUITY</b>	<b>55%</b>	
Canadian Equity Fund	18.5%	
Dividend Income Fund	7%	
US Equity Fund	11.5%	
International Equity Fund	5%	
Global Equity Fund	13%	

## Highstreet Conservative Balanced Fund



Conservative Balanced Fund	Target	June 2019 Changes
<b>FIXED INCOME</b>	<b>63%</b>	
Canadian Bond Fund	20%	
Canadian Short Term Bond Fund	39%	+3%
Money Market Fund	4%	-3%
<b>EQUITY</b>	<b>37%</b>	
Canadian Equity Fund	13.5%	
Dividend Income Fund	11%	
US Equity Fund	7.5%	
International Equity Fund	5%	



## Events and Sponsorships

### SWEATING FOR KIDS-YMCA

Funds raised helps to ensure kids, youth and families in our communities have access to YMCA programs and services.

#### Forefront:

Mike Hodgson, Highstreet Managing Director, Private Client, YMCA Board Member

#### YMCA of Southwestern Ontario:

Heidi Peever, Vice-President Development, Paul Way-YMCA Chair, Rubelyn Smith-YMCA Board Member

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!

### Private Client Conference – London Hunt Club

Tuesday November 19th

OR

Wednesday November 27th