

# CLIENT NEWSLETTER

SEPTEMBER 30, 2018

## Message from the Managing Director, Private Client

About this time in 1998, a group of local investment professionals were putting the final touches on establishing a new investment management company which ultimately became Highstreet Asset Management Inc. The Highstreet team was on the leading edge of quantitative investment management in Canada in 1998 and continues to be at the forefront today. While I was not involved in the early days of Highstreet, at the time I was following with interest the progress of the nascent firm as one of my good friends from our Ivey Business school days was spearheading it. No doubt the original employees were excited and positive about the potential of this new venture but today, on the eve of the firm's 20th anniversary, I expect they would all be proud of the evolution and ongoing success of the firm.

At the time, Highstreet was founded on key principles which are just as relevant today as they were 20 years ago. First, we offer a skilled, experienced and professional investment team committed to a repeatable and disciplined investment approach. Second, we ensure a high quality client experience around servicing and reporting. Finally, we promise to manage our clients' money according to these principles.

With \$6.5 billion in assets under management today, and a solid track record of investment returns, we are well positioned for the next 20 years. The investment world is a complex and ever evolving universe and the importance of a repeatable and disciplined quantitative investment approach is even more important today than it was in 1998.

While success in business is a foundation of any company, we also pride ourselves at Highstreet on providing a culture that promotes a balance between our work and our personal lives. We also are proud of the contribution our staff make to the community through volunteerism and our corporate giving program. I wish to thank our staff for their commitment and ongoing dedication to delivering a quality experience to our clients.

Turning now to financial markets, equity markets were flat to positive in the third quarter despite ongoing trade war rhetoric. The US and Canadian officials struck an eleventh hour deal on NAFTA (renamed USMCA) ending months of uncertainty around the future of the trilateral agreement. The spotlight now shifts to negotiations between the two largest economies, US and China, which has already had its share of tit-for-tat tariff escalations.

Global equity markets were led higher by the US market (S&P 500) which posted the strongest quarterly performance since the fourth quarter of 2013. The S&P 500 Index, a proxy for the broad US equity market, continued its strong market run, marking the longest (or second longest by some estimates) bull market in its history on the back of solid company earnings and the US tax reform. In response to the economic strength the US Federal Reserve policy makers voted unanimously to raise interest rates at the end of September. This marked the third rate hike of 2018, and policy makers reiterated their overall path for raising interest rates. Interest rates moved higher in the quarter and bond returns were slightly negative.

Although the investment backdrop remains attractive, we believe that the length and strength of the bull market in US equities has created opportunities outside of the US, and the Highstreet Investment team continues 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 has 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.

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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.

Finally, I wish to acknowledge the clients of our firm for your support over the years. Many of you have been with us for more than a decade and any measure of success that we have had,

is attributable to the loyalty and confidence you have displayed in Highstreet. Indeed, referrals from existing clients continue to be the number one source of new business for us. Thank you.

Warm regards,  
**Michael Hodgson**

## Welcome!

### Ian Rake

Highstreet is pleased to welcome Ian Rake to the Investment Team as a Portfolio Specialist. Ian joins Highstreet with a Management Studies degree from the University of Western Ontario and has spent the last few years in the financial services industry. As a Portfolio Specialist, Ian will work closely with the investment team to analyze fund performance and provide commentary to clients.

### Cindy Coffey

Highstreet is pleased to welcome Cindy Coffey to the Private Client Team as Receptionist and Marketing Coordinator. Cindy joins Highstreet with 12 years of administrative support experience.

## Save the Date

Highstreet's annual Private Client Conferences will once again be held at the London Hunt and Country Club. We invite you to attend one of these informative evenings on **November 7th** or **November 21st**.

## Events and Sponsorship

- August 2** 35th Annual Ronald McDonald House Golf Classic
- August 17** Victoria Playhouse Petrolia-Power of Song
- August 21** Men's Health Breakfast – Co-chair, Mike Hammond
- September 18** London Community Foundation Breakfast
- September 27** JDRC Revolution Ride to Defeat Diabetes



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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