Portfolio Management Commentary

Quarter Ending December 31, 2019

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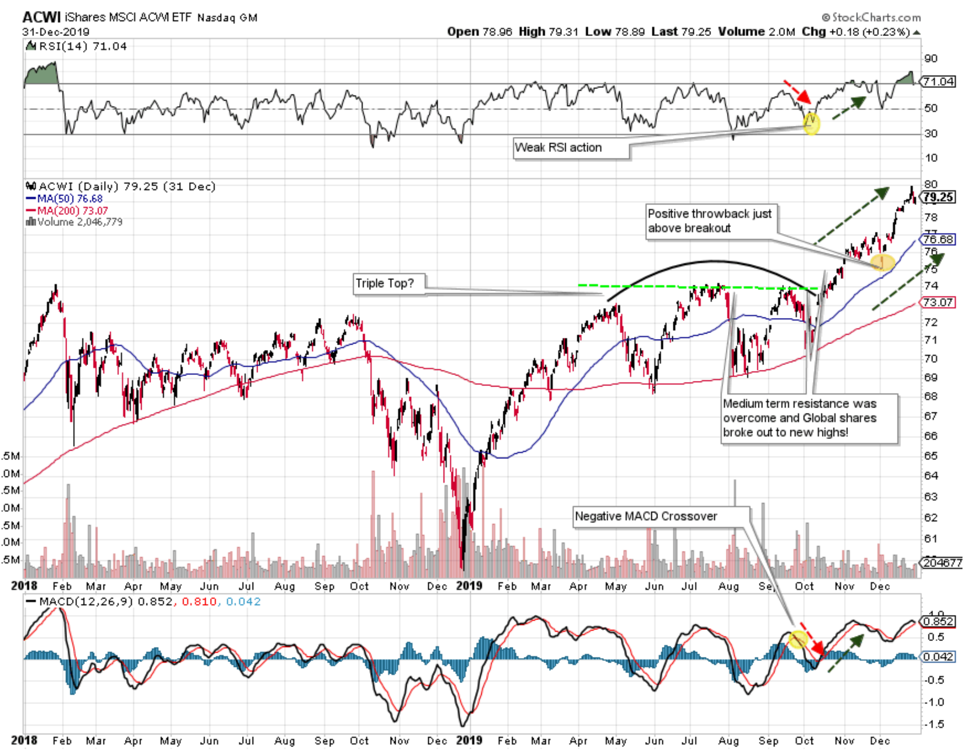
Inside This Issue

The final three months of 2019 did not disappoint for equity investors. As mentioned in our previous quarter's commentary, there tends to be a statistical propensity for North American markets, at least, to put in decent returns with a high degree of probability. This occurred once again in 2019. I can't really blame the naysayers this time, given the formal impeachment process against President Trump and the growing divide in US politics. But as the old Chartist mantra states: "the trend is your friend, so don't fight it"! We certainly did not and continued to stay invested and interested in maintaining our allocation to global equities. The picture has brightened in the past three months as global Manufacturing PMIs have stabilized, US-China trade relations have improved, and world stock markets have overcome previous resistance levels. I am fond of using pictures to express a point, so let's revisit the price chart of the ACWI (iShares MSCI All Country World Index). This ETF (exchange traded fund) tracks most of the developed and developing stocks in the world. In other words, it approximates the "world stock market". Here are some of my thoughts since the last issue:



- ACWI did not form a triple top. Instead, it consolidated and broke above resistance around $74.

- Momentum indicators: RSI (14) and MACD reversed their negative trends and broke higher anticipating higher prices ahead.

- The angle of the 50-and-200 day moving averages steepened upwards reaffirming the primary trend was intact.

These developments are constructive for further gains in the near future. My caution here would be that stocks are overbought based on the RSI (14) and should see a corrective pullback or another period of consolidation. Given recent market action that could mean a retreat of 3.5% or price stabilization around $77.

Your Portfolio

Trades for this quarter were confined to our US growth model. All other portfolios experienced activity through the accumulation of dividend and income distributions. Please see the table below for the adjustments made to the US model.

Portfolio	Sells	Buys
US Growth Model	• Sold Halliburton (HAL) and Pioneer Natural Resources (PXD).	• Bought Energy Select Sector SDPR (XLE) with a 5% weight.

Trade Rationale

- Both energy positions were sold to create a tax-loss sale. HAL and PXD were net losers for 2019 and a sale would generate a tax-loss which could be used to offset either current or future portfolio gains. XLE was chosen as a proxy position to represent the US energy index. The buy, therefore, ensured a weighting in energy while simultaneously harvested the loss. At this time the original shares are not going to be repurchased.

Market Movers

Leaders	Laggards
United Health (UNH) +35.86%	Nutrien (NTR) -5.33%
Canadian Natural Resources (CNQ) +24.36%	BCE (BCE) -5.05%
Facebook (FB) +16.75%	The Home Depot (HD) -4.89%

Final Thoughts

Once again, a backdrop of disparaging geopolitical news could not derail the upward trajectory of global equity markets. Given the current overstretched market, we will look for modest pullbacks to put money to work. We wish you a healthy, happy, and prosperous 2020!

Many Happy Returns,
Patrick