

Notes from the Bridge

CANACCORD Genuity
Wealth Management

Benson
Private Wealth

Issue 41

Friday, November 16th, 2018

While many try to figure out the exact moment an index will bottom (or peak), or when the yield curve may invert (or steepen), we believe it is more important to identify the conditions that offer a guide to when those unknowns might be approaching.

Last week, I discussed financial market performance in the context surrounding U.S. mid-term elections since 1962. Despite history telling us that markets have been higher twelve months later each-and-every time, investor pessimism now exceeds levels we saw during the last two equity market bottoms in 2011 and 2016. With nearly two-thirds of all U.S. equities having just gone through a swift bear market decline of greater than 20%, this does not surprise me.

With cash balances and bearish sentiment having spiked upward, corporate earnings continuing to grow, normalizing inflation and interest rates, a healthy consumer, and no imminent sign of an economic recession, all within the context of a market that is not expensive, tells me the conditions for a bottom are present. The caveat being that bottoms are processes and not moments in time.

Given that emotion is a very real and strong contributor into how we make decisions, and that bottoms occur over a short, but unknown period, we have time to evaluate how best to take advantage. As we begin to adjust to a world of rising interest rates after a prolonged period of ultra-low global interest rates, one sector that I believe offers a balance of growth and consistent income, is the infrastructure or real asset space.

While investment managers and strategists hold a wide array of opinion on where inflation and interest rates go, the upward direction is clear. Some avoid this space during periods of rising interest rates, however **The Boston Asset Management Company** who manage the **National Bank Global Real Assets Income Fund** do not. Over the past seven years this management team has produced both positive absolute and relative returns during rising and declining interest rate environments.

While in Toronto six weeks ago, I had the opportunity to sit down with Tim Wilcox who leads the fund's management team. It became clear to me that their ability to deliver a consistent monthly income stream and capital appreciation stems from taking a different approach to what defines real assets or infrastructure. They look beyond the primarily economic-related traditional energy, transport, and utility segments of infrastructure to include the wider social and environmental needs and benefits of healthcare and real estate for populations, as well as the technology and telecommunication that connect the globe.

Erik Benson, CFA, CIM

Investment Advisor &
Portfolio Manager

Lori Kennedy

Investment Advisor Assistant

Jena Karmali

Business Development Associate

Strategic Partners

Paul Marion, CLU, CHS

Managing Director, Wealth
Management – Canada
Canaccord Genuity Wealth &
Estate Planning Services Ltd.

Anne Jackson, BBA, CMA

Wealth & Estate Planning
Specialist

Canaccord Genuity
Wealth Management
P.O. Box 10337
2200 - 609 Granville Street
Vancouver, BC V7Y 1H2

T: 604.643.7345
TF: 1.800.663.1899
F: 604.601.5966
E: erik.benson@canaccord.com

This subtle difference separates them from their peers, as well as the S&P Global Infrastructure Index, having outperformed both. Since their August 2011 inception date, this outperformance is particularly notable during periods of rising interest rates. A key reason why their investors have enjoyed positive returns each year as well.

With the caveat that past performance is never an indication of future performance, their consistency of return despite whatever the prevailing global economic framework tells me that they are among the best at what they do. While I cannot predict where the market will be next week, I do know that interest rates are going higher, and this fund is one way I am taking advantage of the bottoming process within today's equity market.

Have a wonderful weekend with friends and family.

Erik Benson, CFA, CIM
Benson Private Wealth

This Week's Market Numbers

S&P/ TSX Composite	15,155
Dow Jones Indus. Avg.	25,413
S&P 500	2736

Canadian/US Dollar	\$0.7602
US/Canadian Dollar	\$1.3152
Euro / Canadian	\$1.5008

Gold	\$1222.3
Silver	\$14.39
Copper	\$2.68

Brent Crude Oil	\$66.98
WTI Crude Oil	\$56.81
Natural Gas	\$4.35

CANACCORD Genuity
Wealth Management

Benson
Private Wealth

CANACCORD GENUITY WEALTH MANAGEMENT IS A DIVISION OF CANACCORD GENUITY CORP., MEMBER-CANADIAN INVESTOR PROTECTION FUND AND THE INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

This newsletter is solely the work of the author for the private information of clients. Although the author is a registered Investment Advisor at Canaccord Genuity Corp., this is not an official publication of Canaccord Genuity Corp. and the author is not a Canaccord Genuity Corp. analyst. The views (including any recommendation) expressed in this newsletter are those of the author alone, and are not necessarily those of Canaccord Genuity Corp. The information contained in this newsletter is drawn from sources believed to be reliable, but the accuracy and completeness of the information is not guaranteed, nor in providing it do the author or Canaccord Genuity Corp. assume any liability. This information is given as of the date appearing on this newsletter, and neither the author nor Canaccord Genuity Corp. assume any obligation to update the information or advise on further developments relating to information provided herein. This newsletter is intended for distribution in those jurisdictions where both the author and Canaccord Genuity Corp. are registered to do business in securities. Any distribution or dissemination of this newsletter in any other jurisdiction is prohibited. The holdings of the author, Canaccord Genuity Corp., its affiliated companies and holdings of their respective directors, officers and employees and companies with which they are associated may, from time to time, include the securities mentioned in this newsletter.

The preceding information is for general information only and does not constitute tax advice. All investors should consult with a qualified tax accountant.

Tax & Estate advice offered through Canaccord Genuity Wealth & Estate Planning Services.

FOR DISTRIBUTION IN CANADA ONLY