

BNN MARKET CALL

eResearch Corporation is pleased to provide two excerpts from Tuesday's BNN Market Call Newsletters.

Set out below are the respective Market Outlook commentaries from two leading investment analysts, plus Links to their respective 45-minute video interviews.

MARKET OUTLOOK

Colin Stewart, CEO and Portfolio Manager at JC Clark Limited
Focus: North American Large Caps

After a long period of relatively calm markets, volatility reappeared in February and March. While it is always difficult to pinpoint a single cause, we attribute the recent market pullback to a combination of factors: fears of a global trade war, rising interest rates, historically high valuations, and continued geopolitical risks.

While the global economic backdrop and corporate fundamentals remain relatively strong, we believe recent market volatility will likely continue. Broadly speaking, we are late in the market cycle and risk levels remain elevated. As such, the current environment warrants a more defensive investing approach. In recent weeks we have raised cash across a number of our fund strategies, sold non-core positions, and added to our portfolio hedges in certain funds. Now more than ever we are focusing on high quality businesses with strong balance sheets, solid free cash flow, and reasonable valuations.

VIDEO: Colin Stewart 45-Minute Video Interview <CTRL-CLICK> [HERE](#)

WEBSITE: jcclark.com

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MARKET OUTLOOK

James Telfser, Partner and Portfolio Manager at Aventine Asset Management
Focus: Canadian Equities

While we are still recovering from some extreme equity market volatility, we are finding comfort in the improvements we are seeing in our risk model. Interestingly, other asset classes such as high-yield bonds did not deteriorate nearly as much as equities and, now that equity volatility has settled down, it is providing a chance for investors to catch a much-needed breath. It is rare to see a quarter where earnings growth and guidance is this strong both north and south of the border, but with multiples contracting. We believe this has set up a reasonable buying opportunity for U.S. and Canadian equities.

Fundamentally, the global growth story remains supportive. Global growth momentum is slowing down, but is still trending at robust levels, which bodes well for corporate earnings. There remain several geopolitical outcomes that could hold back global markets with the most pressing being the U.S.-China trade showdown. The outcome will be very hard to predict with certainty, but past events have shown us that it is likely the market climbs this wall of worry. If a positive solution to this issue emerges, we believe it could be the catalyst for the next leg higher in the markets.

As concentrated value investors, we have had to be more selective than usual with respect to new positions as several exceptional Canadian companies have recently gone on sale. In both Canada and the U.S.A. we have been focused on technology and industrials, both of which we believe will benefit disproportionately as volatility settles down. We continue to recommend holding onto or adding to commodity-linked equities at this stage of the cycle.

VIDEO: James Telfser 45-Minute Video Interview <CTRL-CLICK> [HERE](#)

TWITTER: [@James Telfser](#)

WEBSITE: [aventine.ca](#)

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Bob Weir, CFA, Director of Research

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