eResearch

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BNN BLOOMBERG MARKET CALL

***e*Research Corporation** is pleased to provide two excerpts from Wednesday's BNN Bloomberg Market Call Newsletter.

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

Bruce Campbell, President and Portfolio Manager at StoneCastle Investment Management
FOCUS: Canadian Equities

We follow top-down economic and market indicators to help us to determine if our portfolios are on offence or defence at any given time.

Currently, the top-down economic indicators have been strong and resilient on multiple data points. We have started to see some of the leading indicators (like the Chemical Activity Barometer) starting to show weakness. We also apply technical analysis to economic data and this is where things get a little more interesting. Some economic data is getting extended and, technically, getting to levels where the trends may become extended. We will need to watch the shorter-term economic indicators (such as the Citi Economic Surprise Index) for a trend change.

There is a lot of investor concern around the possibility of an upcoming recession. In fact, there is more pessimism prior to economic weakness than at any other time we can recall. This makes sense as this has been one of the most hated bull markets in history. We will continue to monitor the indicators to assess any economic weakness, which tend to occur prior to a recession.

The top-down market technical indicators that we follow experienced significant weakness during October and November. Many short- and intermediate-term indicators have gone through significant deterioration. We are now watching these to determine if a market bounce is a dead cat bounce before more downward selling, or the end of the correction. At the present time, our portfolios are

positioned in neutral with cash buffers built up while we wait for confirmation from the indicators we follow.
We review the indicators each month in our monthly indicator webinar. To receive an invitation to the webinar, please send an email to info@stonecastlefunds.ca and we will add your email to our invite list.

VIDEO: Bruce Campbell's 45-Minute Video Interview **<CTRL-CLICK>** **HERE**

TWITTER: @sc_funds
WEBSITE: http://www.stonecastlefunds.ca/

MARKET OUTLOOK

Tim Nash, Founder of Good Investing
Focus: Green Stocks and ETFs

2018 will go down as the year sustainable investing awoke in Canada. After decades of being lulled into the illusion that investing ethically leads to a lower performance, smart investors are finally waking up to the connection between sustainability and profitability. Growth in assets under management has skyrocketed to more than $2 trillion.

According to the 2018 Canadian Responsible Investment Trends Report, more than half of all assets in Canada are now aligned with one or more responsible investment strategies.

Not surprisingly, the most popular strategy is the one with the strongest correlation to out-performance; it is called the environmental, social, and governance (ESG) integration. The "smart money", like the Canadian Pension Plan (CPP), the Ontario Teacher's Pension Plan (OTPP), and Alberta Investment Management Corporation (AIMCO), have all integrated sustainability analysis into their investment process.

I am encouraged that all the major pension funds in Canada are moving in this direction, but my fear is that retail investors are missing the boat. Brokers and advisors are badly misinformed and are not responsive to investors who want sustainable investment options. Many firms now offer socially responsible options, but growth in assets have been much slower than I would expect given that performance has been just as good as the traditional funds.

<continued>

VIDEO: Tim Nash's 45-Minute Video Interview **<CTRL-CLICK>** **HERE**

TWITTER: **@timenash**
WEBSITE: **https://www.goodinvesting.com/**
BLOG: **https://www.sustainableeconomist.com/**

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