

BNN BLOOMBERG MARKET CALL

eResearch 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

Ryan Bushell, President of Newhaven Asset Management

Focus: Large-Cap Canadian Dividend Stocks

2019 has started with a bang! It appears the selling in December into a void of buyers looking to stumble to yea-end left the market far too cheap relative to the underlying fundamentals which are decent at present.

The TSX is up nearly 13% year-to-date and is out-performing the S&P 500 by 4% on a constant currency basis. Global growth fears from Q4 have seemingly been cured by the prospect of a trade truce between the United States and China. I am of the view that things are not as bad as markets discounted in Q4, but they are not good enough to push markets too much higher from here either.

The Canadian market still has pockets of value with energy, financials, and select industrials, and it seems, finally, to be benefiting from a flow of funds back into the country after years of apathy towards Canadian equities. I believe both oil prices and Canadian housing will hold up for the duration of 2019 and remain optimistic about the prospect for 2019 to look similar to 2016 when the TSX gained over 20%, but there is still a long way to go. Regardless, for my clients, I continue to own a conservative portfolio of dividend-paying names with an overall yield of 4.5% at present.

Given the dividend yield represents two-thirds of my long-term total return assumption of 7% for equities, I feel confident owning this defensive portfolio for clients to sustain their lifestyles and meet their goals. Recently, I have been raising a little bit of cash and allowing dividends to accumulate given the pace of the recent run and my clients were well positioned at the bottom in December.

VIDEO: Ryan Bushell's 45-Minute Video Interview <CTRL-CLICK> [HERE](#)

WEBSITE: www.newhavenam.com

MARKET OUTLOOK

James Telfser, Partner and Portfolio Manager at Aventine Asset Management

Focus: Canadian Equities

We believe the current investing environment is more balanced from a risk and return standpoint versus a couple of months ago. While financial conditions, breadth, and credit metrics have all improved, many recent geopolitical risks have receded and we are more cautious about valuations at current market levels.

We continue to hold a modest amount of cash in our accounts to take advantage of any dislocations to the seemingly “perfect” narrative we keep hearing. We will get more constructive on equities if we can get more comfort that global growth and earnings have bottomed, as currently it looks like Q1/19 estimates are expected to be negative year-over-year while Q2/19 is deteriorating as well.

Our private client accounts took advantage of the sell-off over the last four months by adding to equity positions from our core Canadian and U.S. capital allocator model. We have also been taking advantage of the weakness in the Canadian preferred shares market as we believe a number of issues are now deeply oversold from the back up in interest rate expectations.

We continue to stress patience as we add a number of great businesses to our watch-list and are waiting for volatility to pick up again to get more aggressive as valuations reach our entry levels.

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

WEBSITE: <http://aventine.ca/>

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