

BNN BLOOMBERG MARKET CALL

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eResearch Corporation is pleased to provide two excerpts from Tuesday'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

Keith Richards, President and Chief Portfolio Manager, ValueTrend Wealth Management

Focus: Technical Analysis

In my view, the market is overbought on a broad basis. However, this does not imply that all stocks are overdone. There is value to be found in some oversold sectors. At ValueTrend, we are attempting to buy into the oversold sectors and sell the less attractive securities. We are buying "out of favour" securities — particularly those looking like they are breaking out of their former down-trend. We are also keeping a tight watch on our existing stocks. Downside tolerances are being tightened, meaning that we are more willing to sell a stock if it shows signs of breaking down in a technical trend.

While we don't want to be out of the market entirely, we continue to hold cash. We are about 24% cash at the time of writing this — although that cash allotment is dynamic. We are constantly looking for opportunities to buy under-loved sectors and stocks. Here is an excerpt from my website that summarizes ValueTrend's current strategy:

"In the end, I don't know for sure what will happen on the markets at any given time. But I do know that I hate losing clients' money...along with my own. I hold my families wealth in the ValueTrend platforms. So I eat my own cooking. In fact, I hate losing money more than I like trying to squeeze every last bit of return from the market. Buying into an overbought market is similar to Admiral David Farragut's famous order to "Damn the torpedoes, full speed ahead!"

Still, one does have to hold some money in the market. Today's Top Picks are a few areas where we see value. These are overlooked markets with charts that are breaking out after a down-trend. In our way of looking at it, right now it is better to bet on an under-valued sector with an emerging chart versus buying into a momentum play that is looking long in the tooth.

VIDEO: Keith Richards' 45-Minute Video Interview <CTRL-CLICK> [HERE](#)

WEBSITE: www.valuetrend.ca

MARKET OUTLOOK

Bruce Campbell, Chairman, Campbell, Lee & Ross

Focus: Canadian Large Caps

We would describe ourselves as cautiously optimistic on the market. The TSX is in a challenging position being approximately 60% energy and financials. This means the market desperately needs new pipelines and a relatively healthy Canadian consumer, neither of which seem particularly promising in the short-term. In the longer-term, however, we see Canadian banks and energy companies trading at trough multiples. Canadian banks are now at approximately 9.9x earnings, which is well below the 10-year average (11.0x) and the lowest we have seen since the global financial crisis.

While we expect earnings volatility to increase in the banks and financials as they adjust their provisions higher, we are sticking to high-quality Canadian lenders while avoiding higher-risk, smaller, secondary-market-focused companies. We have rotated into more globally-diverse equities over the past few years, and have positioned ourselves defensively. Domestically, it seems the Bank of Canada is at a crossroads, with some market commentators now calling for the next move to be a cut. While we are not that bearish, we don't see any further rate increases for the calendar year.

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

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