

## **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.

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### **MARKET OUTLOOK**

**Lorne Steinberg, President of Lorne Steinberg Wealth Management**

**Focus: Global Value Stocks and High-Yield Bonds**

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The global economy remains stable at present, but we anticipate some deceleration into next year. At the same time, corporate earnings growth has slowed despite the recent market rally and the valuation gap between the U.S. stock market and other developed markets has widened.

This rally has been driven by the Fed's comments that rate hikes are on hold, but the reality is that valuations are rising while fundamentals are deteriorating, which should give investors pause for reflection.

Some sideline cash is warranted in this volatile environment. We expect patient investors will be rewarded with opportunities.

**VIDEO:** Lorne Steinberg's 45-Minute Video Interview <CTRL-CLICK> [HERE](#)

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## **MARKET OUTLOOK**

**James Telfser, Managing Partner and Portfolio Manager at Aventine Asset Management**

### **Focus: Canadian Equities**

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We believe the current investing environment is more balanced from a risk/return standpoint versus a couple of months ago. While financial conditions, breadth, and credit metrics have all improved and many recent geopolitical risks have receded, we are more cautious about valuations at current market levels. We have raised a modest amount of cash in our accounts to take advantage of any dislocations to the seemingly “perfect” narrative.

Furthermore, we have been taking advantage of the dramatic reduction in volatility by selectively adding downside protection where appropriate. However, given the bottoming of some global economic data as well as stronger-than-expected corporate profits in the first quarter of the year, we remain positively biased from an asset allocation perspective.

Our private client accounts took advantage of the sell-off towards the end of last year by adding to equity positions from our core Canadian and U.S. Compounders Strategy.

We have also been taking advantage of the weakness in the Canadian preferred share market as we believe a number of issues are now deeply oversold from the back-up in interest rate expectations.

Lastly, we added some opportunistic credit exposure and private equity to accounts as we believe returns here will continue to outpace simple asset allocation models. Overall, we continue to stress patience. We have been adding several 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](#)

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