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June, 2019

31st Year of

The Prophetable Investor

“Dinosaurs are extinct but the mice are still here.”

~ Louis Vachon, NBC Economic Dinner YVR 2019, speaking on adaptability vs. resilience.

Year to Date Performance (06/21)

TSX	Up 15.38%
Dow Jones	Up 14.5%
NASDAQ	Up 21.05%
S&P 500	Up 17.7%
Gold	UP 9.45%
Oil (WTI)	Up 26.89%
Basket	Up 14.48%

T-Bill and GIC Rates as of 06/24/19

1 Year T-Bills	1.62%
1 Year GIC	2.17%
2 Year GIC	2.18%
3 Year GIC	2.2%
4 Year GIC	2.25%
5 Year GIC	2.3%

Market Commentary

After a decline of four percent from peak to trough starting the third week of April to the end of May, it was beginning to feel like the old adage of sell and May and go away was taking hold, but as of the time of writing, the market is back to near yearly peaks. While June client statements should be an improvement over May, the question is, as always, where do we go from here?

The business cycle in the US is the longest on record at 140 months and counting, with the average cycle since 1945 at 68.5 months. In the US, the 10 year government interest rates have fallen below the level of three month treasury bills. This has proven to be a good predictor of a recession. On average, a recession has started 10 months after the yield curve has inverted.

There is some good commentary on the economy from a recent presentation in Vancouver by our Chief Economist, Stéfane Marion. [Click the link here to view a PDF](#) of the slides from June 12th, 2019.

Estate Planning

It's always a good idea to have a Power of Attorney in place. I will be reaching out to clients to have Power of Attorney forms in place so that someone is authorized to make decisions on your account in the event of any incapacity.

As mentioned in my previous newsletters, I have partners at National Bank Financial that specialize in the areas of Insurance, Financial Planning and Estate Planning. As time goes on and I see more estate accounts, I thought I should let you know that as a client you also have access to meet with Saideh Ghamsari. Saideh is our in-house Estate Planner. Let me know if you would like to meet with her. I have attached a short biography below.

Saideh Ghamsari, L.L.B
Senior Advisor (Estate Planning) and Senior Trust Officer
National Bank Trust



Saideh holds a Bachelor of Law from the University of Victoria and a Bachelor of Arts with a major in Political Science from the University of British Columbia. Saideh provides detailed guidance to assist client on the preparation of Wills, Powers of Attorney and Health Care Directives, facilitating estate administration and wealth succession planning. She is a member of the Law Society of British Columbia and Canadian Bar Association Branch of B.C. Prior to joining National Bank, Saideh worked at several law firms where she focused, on wills, estates, trusts, immigration and family.

Vacation Alert: I will be away from the office July 12th through July 26th camping on a Gulf Island.

Basket Commentary

Cominar Real Estate Trust has been sold in the basket and Superior Plus has been bought. The dividend is the same on both companies, but the cash flow on a per share basis for Superior is nearly double that of Cominar Real Estate. The debt profile of Superior plus is slightly better as well. Cominar has a large piece of debt due in the next year, while there is no significant maturity for Superior Plus until 2024. Superior Plus recently announced that they are considering a sale of the Specialty Chemicals division. This news was welcomed by the market.

Overall the basket is doing well this year and at the time of writing the return year to date is better than 14%.

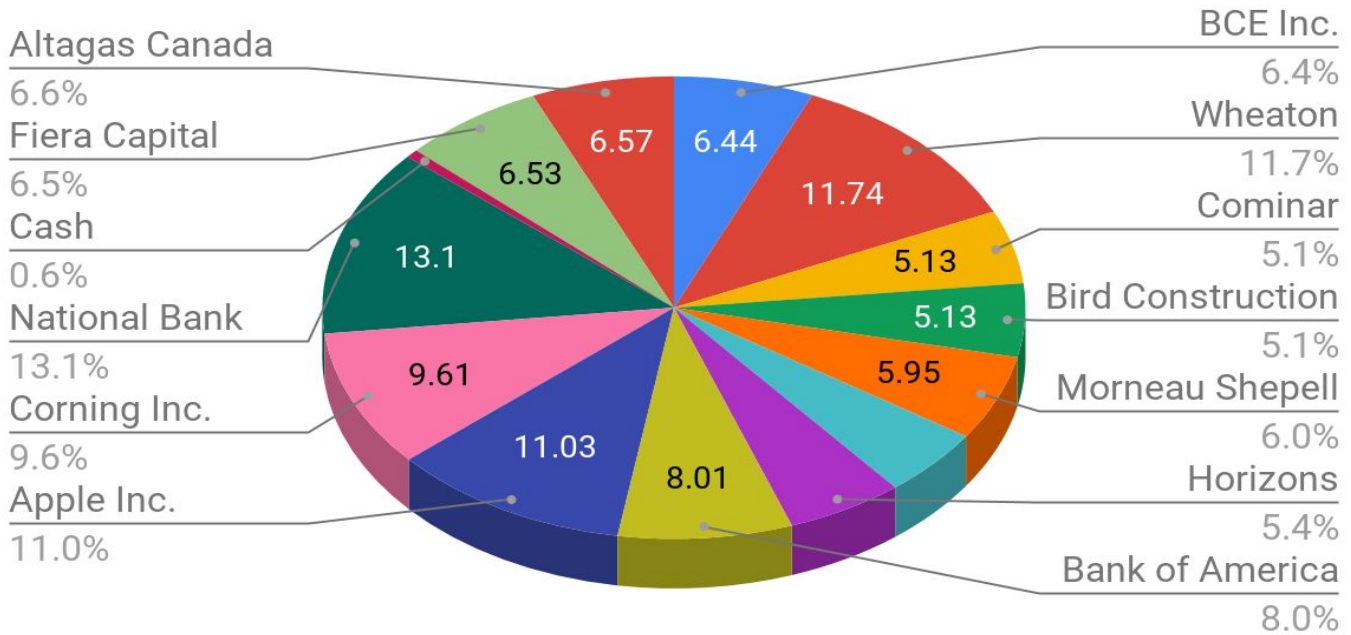
Basket Performance

	3 months	1 year	5 years	10 years	Since Inception 05/23/2007
Basket Performance	11.37%	10.91%	10.36%	13.71%	6.2%
Benchmark	11.7%	8.15%	6.19%	9.6%	4.9%

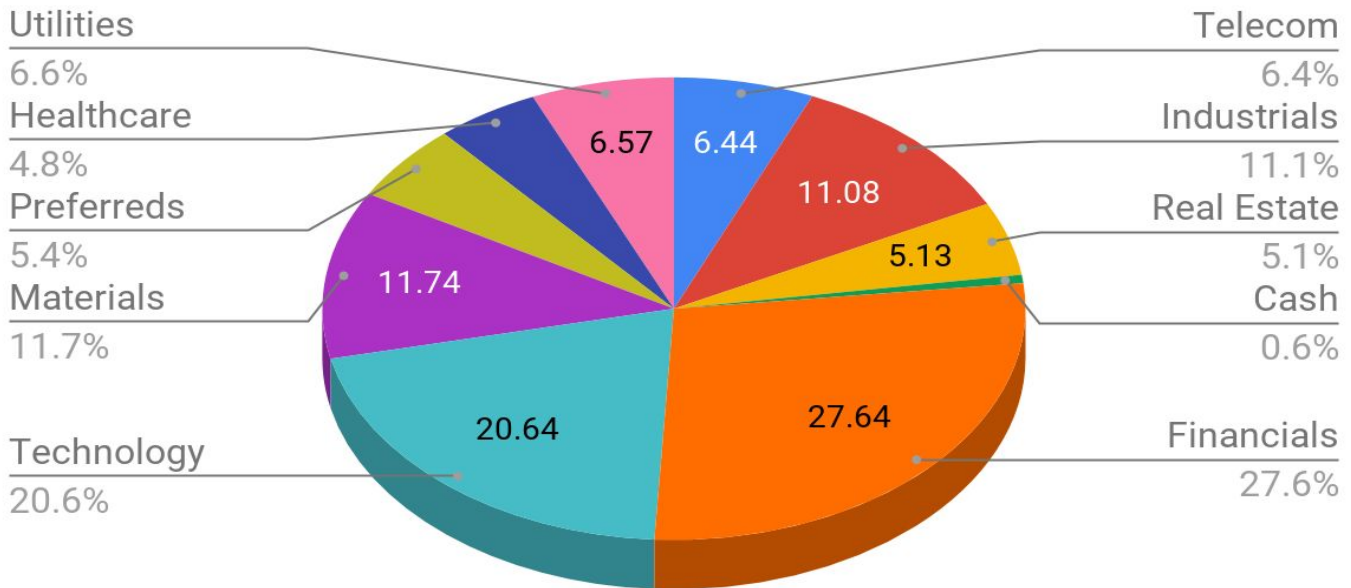
Calendar Year Performance

	2018	2017	2016	2015	2014
Return	(2.97)	16.6%	19.4%	(3.4%)	19.44%
Benchmark	(6.08%)	8.69	17.23	(3.74%)	11.45%

Portfolio as of March 29, 2019



Sector Allocation as of March 29, 2019



Fees: The standard fee is 1.5% annually for the basket.
No basket fee in fee based accounts.
Benchmark 75% TSX 15% Corporate Bond Index 10% S&P 500 index

The Dynamic Premium Yield Plus Fund

This fund has a strategy of option writing used to acquire U.S equities at lower values while generating an attractive yield. Currently the fund provides a better than an 8% annual yield paid monthly. The fund manages to do it by writing puts and/or covered call options. The fund also buys protective puts on the entire market to give some downside protection. The fund has a moderate use of leverage. [Here is a link to a one page PDF summary](#) provided by Dynamic about the Premium Yield Plus Fund.

Disclaimer:

I have prepared this commentary to give you my thoughts on various financial aspects and considerations. This commentary reflects my opinion alone, and may not reflect the views of National Bank Financial Group. In expressing these opinions, I bring my best judgement and professional experience from the perspective of someone who surveys a broad range of investments. Therefore, this report should be viewed as a reflection of my informed opinions rather than analyses produced by the Research Department of National Bank Financial. National Bank Financial is an indirect wholly-owned subsidiary of National Bank of Canada.

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