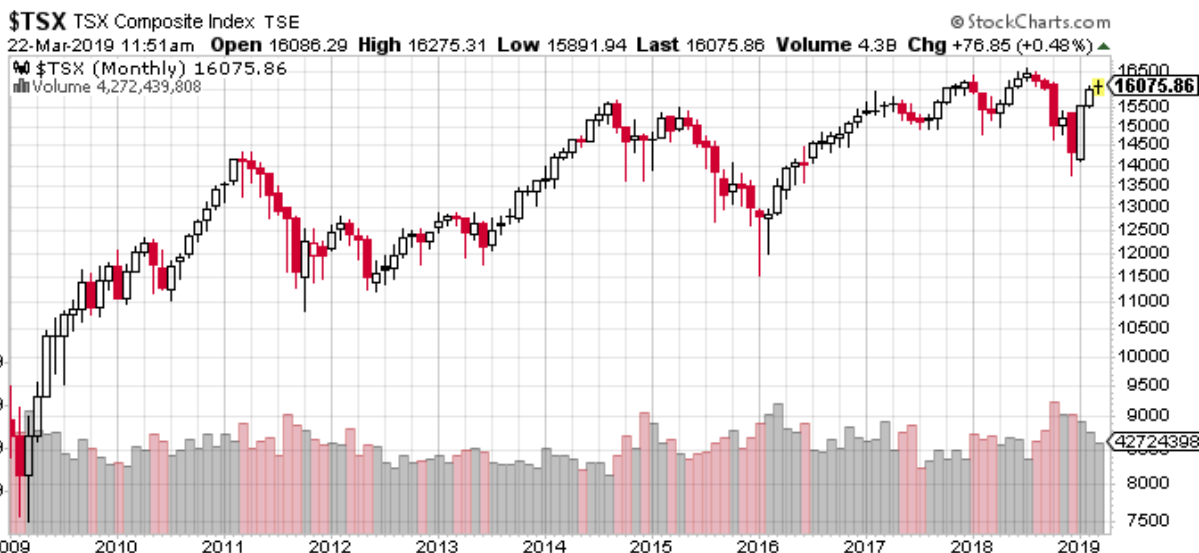


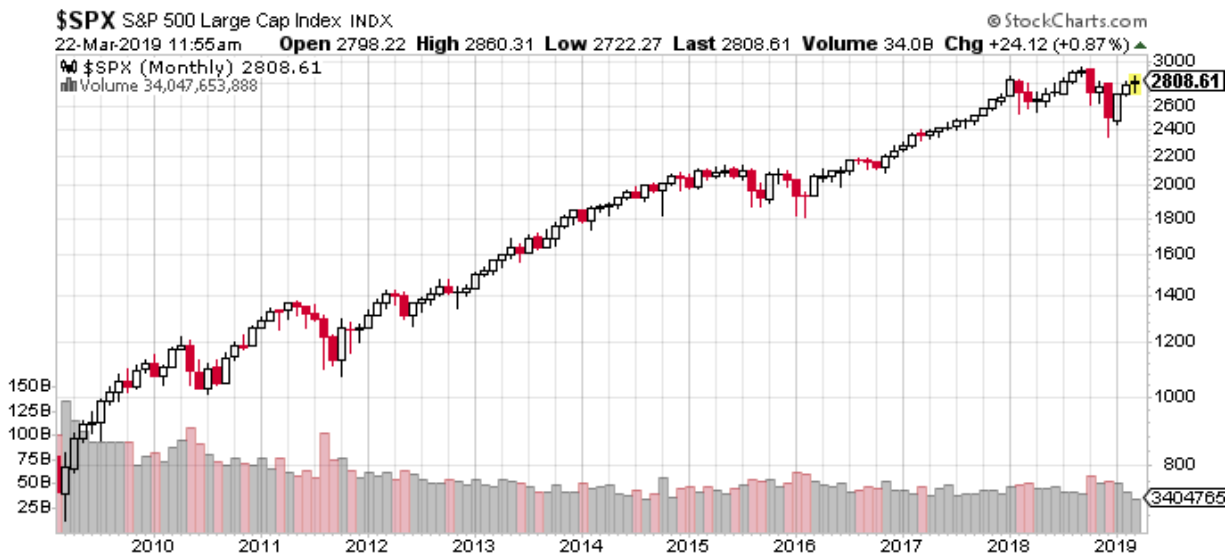
Market Update.

March 22, 2019

Markets have recovered most of the correction that occurred in the last quarter of 2018, with Canada rallying 17%+ and the U.S. rallying 20%+ since lows of late December 2018.



Canada



U.S.A.

More recently, interest rates in the bond market have been dropping quickly, in anticipation that the American Federal Reserve may seek to perhaps lower, not increase interest rates.

How come...

We are starting to see economic retraction outside of the United States in multiple jurisdictions and this is becoming more visible in revenue reporting of multinationals with overseas operations.

This is the longest bull market in history.

When the economy retracts (recession), I would expect to see signs here in Canada before say, the United States given the limited diversity of our economy and we are. Currently we are experiencing low crop prices for soy and wheat and China is curtailing purchase of Canola. We lack political will to enable Canadian energy to be sold at world prices. This reality will put significant pressure on our Gross Domestic Profit (GDP) which I prefer to call, (your standard of living).

I continue to favour the much more diverse growth opportunities in the United States while for income, the great dividend income made available through Canada.

Technically, the period of November – April is historically the strongest part of the calendar year in stock markets. We certainly didn't see that during last November – December, but have so far this year.

With the recent rally upward in markets, we have and continue to seek extra income and the hedging ability offered by selling call options, and and of course trimming profits as we do anyway, in the normal course of managing the investment aspect of your wealth.

There is much chatter in media about the recent inversion of the 3 month – 10 year U.S. yield curve as a historical marker for a coming recession. It is historically, a warning bell for events that have occurred down the road – often years down the road.

Regardless, as investors, this is nothing new, as economies ebb and flow between expansion and recession – always have. When signs of recession occur, we seek income from securities and when the economy is flourishing, we seek to manage the profits.

As a recap, we went into the fall with elevated cash, having sought to place it into the historically, strongest part of the calendar for stock market performance. Now, we are seeking more call writing opportunities for extra income and a hedge to help reduce risk.

With every growth stock we are thinking years here, not months.

I believe artificial intelligence could be as big as the internet and am seeking to strategically provide investors wishing growth in their mix, exposure. I believe as interest rates decline, interest sensitive dividend paying stocks like utilities and pipelines have and will continue to benefit.

Spring is here. Enjoy!

I have prepared this commentary to give you my thoughts on various investment alternatives and considerations which may be relevant to your portfolio. ***This commentary reflects my opinions alone, and may not reflect the views of National Bank Financial Group.*** In expressing these opinions, I bring my best judgment 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.

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Sources: Reuters, Stockcharts

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