CI Quarterly Client Letter 2019 Q2

September 17, 2019

I hope this letter finds you well and enjoying some long-awaited summer weather. I am writing to provide details on how investment markets have performed in recent months and some perspective on some of the broad trends affecting your portfolio.

Coming off a very strong start to the year in the first quarter, global capital markets continued to chart a generally positive course through the second quarter of 2019. Although ongoing trade disputes unsettled investors for much of the period, equity markets around the globe moved higher, while bond prices also climbed as central banks maintained an easy monetary policy stance.

In Canada, the S&P/TSX Composite Index benefited from strength in the materials and information technology sectors to generate a return of 2.6% for the quarter, bringing the equity benchmark's overall gain to 16.2% for the year-to-date. In the U.S., the S&P 500 Index reached new all-time highs early in the quarter and finished the three-month period 2.2% higher in Canadian dollar terms. Most overseas equity markets also registered modest gains, and the MSCI World Index added about 1.9% for the quarter, also in Canadian dollars.

The equity market rally was supported, in part, by continued low interest rates in North America and abroad. The U.S. Federal Reserve kept its target interest rate unchanged and indicated the possibility of a rate cut in the second half of 2019, prompting the U.S. 10-year government bond yield to decline through the period. As expected, the Bank of Canada also maintained its overnight lending rate of 1.75%, noting that economic growth had been slower than initially anticipated at the beginning of the year. This was positive for bond prices and the FTSE Canada Universe Bond Index, a broad measure of Canadian government and corporate bonds, returned 2.5% for the second quarter.

Many of the conditions that have supported market growth in recent years such as low interest rates, measured economic growth and expanding corporate earnings are expected to continue in the near term. Nevertheless, the current recovery has not been without temporary corrections or bouts of volatility. I continue to believe that a professionally managed, diversified portfolio that is suited to your time horizon and tolerance for risk remains the best strategy for managing risk and helping you achieve your financial goals.

If you have any questions about your portfolio results or your overall financial plan, please do not hesitate to contact my office. In the meantime, I hope you and your family have a safe and happy summer.

Sincerely,

John S. Bruce- Investment Advisor

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