



## MANAGER COMMENTARY

The Goldilocks economy of late 2017 caught a serious cold in the fourth quarter of 2018 and is no longer “just right”. Uncertainty levels have risen for market drivers such as trade and interest rate direction and magnitudes of change. Inflation in the US has intermittently broached the Central Bank’s 2% target rate only to fall back recently. Growth targets projected for 2019 by the IMF have also fallen back to 3.5% from 3.7%. Consensus Interest rate forecasts have dramatically changed during the past quarter from expecting 2 - 4 Federal Reserve hikes in 2019 now down to 1 - 2 hikes. CIBC Wood Gundy Economics is projecting only one hike from the current 2.375% up in June to 2.625% and is forecasting U.S. year over year CPI to fall from 2.2% expected in 2018 down to 1.8% in 2019.

Volatility has increased in 2018 from 2017 and likely will continue to remain at similar levels in 2019.

As of Friday Jan 18 Refinitiv reported that slightly more companies than usual have been beating analysts’ earnings estimates but that followed steep downgrades to Q4 and 2019 earnings forecasts (somewhat a consequence of trade issues and employment cost increases lowering margins). On Jan. 4th Federal Reserve Chairman Jerome Powell had noted that the central bank was “prepared to adjust policy quickly and flexibly” if necessary. Subsequently bond prices have risen (yields have fallen) in recent weeks. Major world stock markets had all risen at least 3% year to date as of Friday Jan 18th with the S&P500(USD) index and the S&P/TSX Composite up approximately 6.5% and 6.9% respectively in price. This followed a year of correction ending 2018 down in price by - 6.2 and -11.4% respectively.

For the year 2018 (all measured in \$Cdn unless specified otherwise) the Total Returns including reinvested dividends for the major indexes were: S&P/TSX Composite -8.88%; S&P 500 (CAD) +4.23% (S&P 500 Index (USD) -4.38%); MSCI WORLD INDEX (CAD) +0.06% (MSCI WORLD INDEX (USD) -8.20%). The FTSE TMX Canada Universe Bond Index rose 1.41%.

For the Q4 2018 Canada’s S&P/TSX Composite fell -10.11%; S&P 500 (CAD) -8.62% (S&P 500 Index (USD) -13.52%); MSCI WORLD INDEX (CAD) -8.40% (MSCI WORLD INDEX (USD) -13.31%). The Canadian dollar fell against the U.S. counterpart by -8.26% year over year and by -5.36% during the fourth quarter.

The top 3 performers in the portfolio were: Franco-Nevada Corp (+18.478%), Kirkland Lake Gold (+7.569%) and USD Cash (+5.65%).

The bottom 3 performers were: Maxar Technologies (-50.139%), Birchcliff Energy Ltd (-41.538%) and Taseko (-36.275%).

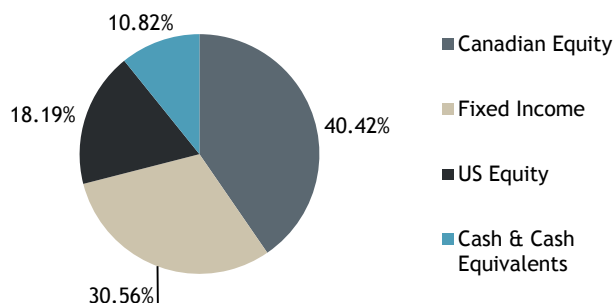
During Q4, 7 new positions were added: Alphabet Inc. (-0.977%), Kirkland Lake Gold (+7.569%), Badger Daylighting Ltd (+2.943%), Fiera Capital Corp (-0.45%), Bank of Nova Scotia (-6.525%), Amazon.com Inc. (-9.237%) and Enbridge Inc. (-0.012%).

The following 8 positions were liquidated: Emera Inc. (-0.33%), Power Financial Corp (-11.94%), Extencicare Inc. (-11.57%), Maxar Technologies (-50.14%), International Business Machines (-16.86%), Incyte Corporation (+0.95%), Altagas Ltd (-26.21%) and Whitecap Resources (-9.69%).

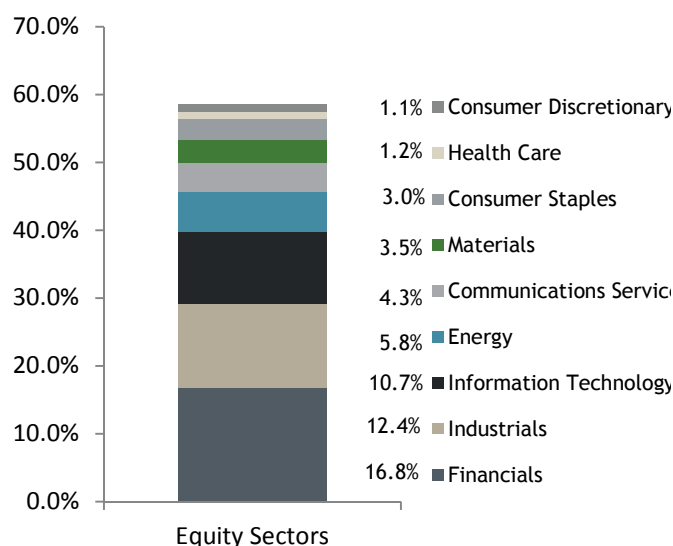
## PERFORMANCE RETURNS

%	3 Mo	6 Mo	YTD	1Yr	3Yr	5Yr	SI
Composite	-8.57	-7.30	-7.17	-7.17	5.43	5.50	7.56
Benchmark	-5.17	-5.07	-2.96	-2.96	4.61	5.11	6.42
Diff +/-	-3.39	-2.22	-4.21	-4.21	0.83	0.39	1.14

## ASSET MIX



## ASSET MIX



## TOP TEN HOLDINGS

	%
HORIZONS ACTIVE FLOATING	8.71%
CASH - CAD	7.26%
MICROSOFT CORP.	6.35%
ISHARES CDN REAL RTN BND	5.02%
BMO MTN F/C 3.12% 19SP19	4.32%
TORONTO-DOMINION BANK	3.95%
ROYAL BANK OF CANADA	3.93%
ONTARIO MTN 4.85% 2JN20	3.92%
TDBK FIX/C 2.982% 30SP20	3.77%
NFI GROUP INC.	3.01%
<b>TOTAL TOP TEN</b>	<b>50.24%</b>

\*Performance results in this document are based on a composite of CIBC Wood Gundy Advisor Managed Account (“AMA”) retail accounts with more than \$75,000 invested in the “ETF Growth strategy”. The composite includes open fee-paying discretionary managed accounts where the Strategy has been held for at least two months, through a purchase or a switch from another investment or a different AMA strategy. Also included in the composite are closed accounts that held the Strategy, up to the last full month the Strategy was held. The composite was created in December 2011 and includes AMA performance data from February 2012, two months after the Strategy’s inception in the AMA program.

Composite performance returns are geometrically linked and calculated by weighting each account’s monthly performance, including changes in securities’ values, and accrued income (i.e. dividends and interest), against its market value at the beginning of each month, as represented by the market value at the opening of the first business day of each month. This Strategy can be purchased either in U.S. or Canadian dollars. Performance returns in this document are expressed in Canadian dollars and are calculated by converting U.S. dollar accounts into Canadian dollars using the month-end Bank of Canada noon rate. Performance returns are gross of AMA investment management fees, and other expenses, if any. Each individual account’s performance returns will be reduced by these fees and expenses.

Individual Advisor Managed Account performance results may materially differ from those in this document due to the above and other factors such as an account’s size, the length of time an AMA Strategy has been held, cash flows in and out of the individual account, trade execution timing, market conditions and movements, trading prices, foreign exchange rates, specific client constraints, and constraints against purchasing securities of related and connected issuers to CIBC Wood Gundy.

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\*Top holdings in model. Individual account holdings may differ.

TD Bank	2a,2b,2c,2d,2e,2g,3a,3c,7
Royal Bank of Canada	2a,2c,2e,2g,3a,3c,7

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2b CIBC World Markets Corp. has managed or co-managed a public offering of securities for this company in the past 12 months.

2c CIBC World Markets Inc. has managed or co-managed a public offering of securities for this company in the past 12 months.

2d CIBC World Markets Corp. has received compensation for investment banking services from this company in the past 12 months.

2e CIBC World Markets Inc. has received compensation for investment banking services from this company in the past 12 months.

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