

Over the past month Amanda and I have attended an Invesco Economic Forecast and a Mackenzie Investment Market Outlook presentation pertaining to 2020. The detailed slide presentation of both is attached.

The Invesco review was presented by Talley Leger, a Senior Investment Strategist for the Invesco Global Thought Leadership Team. Talley made a few points very clear. First, that 64 central banks/governments around the world are easing monetary policy by decreasing interest rates in 2019 versus almost all were tightening monetary policy by increasing interest rates in 2018. It should be noted that the Bank of Canada was neither easing or tightening in either 2018 or 2019. Secondly, that three of the five top leading indicators of a coming recession show that we are still in an expansionary economy therefore a recession is not imminent. And thirdly that the best buying opportunities in investing over the next 20 years will be in emerging markets as opposed to developed countries and he suggested that Canada was in the category of an emerging market and therefore was very positive on Canada.

The Mackenzie Investment Market Outlook was presented by five portfolio managers.

Dustin Reid, Vice President, Investment Management and Chief Fixed Income Strategist for the Mackenzie Fixed Income Team is focussing on five major global macro themes for 2020. First is the US Federal Reserve which is anticipated to stay on hold or even decrease interest rates in 2020. Second is the US dollar which is expected to weaken somewhat. Third is China which may see a slowing of its economy to less than 6% growth which has not been seen in over 20 years. Fourth is oil which is felt will not change as Saudi Arabia will likely balance the market in either direction. The final theme being watched is the Bank of Canada/Canadian economic conditions of which it is felt that interest rates will decrease unless the federal government increases fiscal stimulus spending. Dustin does not believe we are at the end of the business cycle but is concerned about the rebound of inflation and will look for clues by watching global economic growth, the US election, capital expenditures, central bank policies and trade/geopolitical issues.

Another speaker of note was David Arpin, Senior Vice President, Portfolio Manager, Co-Lead of the Mackenzie Bluewater Team which manages our highly recommended Mackenzie Canadian Growth/Balanced Funds. As an equity investor he feels the environment for investing in North America looks reasonable especially compared to a year ago when recession fears were rampant. He reflected on how the percentage of time spent in recession has steadily decreased over the past 150 years in the US. From 1870-1900 the primarily farming/rural economy was in recession 50% of the time. As we moved through the period of the industrial revolution the time spent in recession

decreased to 37% from 1900-1930. From 1930-1960 it was 26%, from 1960-1990 it was 18% and from 1990-2019 the time spent in recession in the US was only 9% largely due to the dramatic increase in the service economy and the intellectual property economy (notably health care and technology) as well as increased overall government spending.

The Invesco Economic Forecast meeting took place on January 10th and the Mackenzie Investment Market Outlook meeting was on January 15th and the Corona Virus was not mentioned in either presentation. It is too early to tell if it will have a global economic impact.

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I wish to thank you for your continued confidence and for the opportunity to serve you in all aspects of Financial Planning. As always, I will continue to keep in touch with you but if you have any questions or concerns that you would like to discuss or review, please do not hesitate to email or call Amanda or I at 519-894-2661 or toll free 1-800-716-5538. Have a great day.

Respectfully Yours, Gary

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