

Dynamic North American Dividend Private Pool



Fourth quarter commentary (as at December 31, 2018)

PERFORMANCE (%)

	YTD	3 Mths	6 Mths	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception	Inception date
Series A	Regulations restrict the presentation of performance figures until a Pool reaches its one-year anniversary								October 2018
Series F	-2.9	-7.8	-4.6	-2.9	4.1	-	-	3.0	March 2015
Blended Benchmark ¹	-2.5	-9.4	-7.0	-2.5	7.7	9.1	-	-	-

ASSET ALLOCATION (%)

Common Stocks-CDN	49.9
Common Stocks-US	37.1
Cash, Short-Term Investments & Other Net Assets	13.0



SECTOR ALLOCATION (%)

Financials	19.9
Information Technology	12.0
Energy	10.9
Health Care	9.0
Communication Services	6.8
Consumer Staples	6.7
Industrials	6.5
Real Estate	4.7
Utilities	4.5
Materials	4.3
Consumer Discretionary	1.7



GEOGRAPHIC ALLOCATION (%)

Canada	49.9
United States	37.1



TOP 10 EQUITY HOLDINGS (%)

Royal Bank of Canada	
Toronto-Dominion Bank	
Canadian Pacific Railway Limited	
Microsoft Corporation	
Visa Inc., Class "A"	
Mondelez International, Inc., Class "A"	
Bank of Nova Scotia	
Suncor Energy Inc.	
Oracle Corporation	
Canadian Natural Resources Limited	
TOTAL	35.8

ANALYTICS

	3 Yrs
Upside Capture	74.5
Downside Capture	93.8
Best 3 Months	7.6
Worst 3 Months	-7.8
Standard Deviation	7.7

¹ Blended benchmark is 50% S&P/TSX Composite Index and 50% S&P 500 Index (C\$).

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TOM DICKER



ERIC BENNER



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The managers take a quality-value approach to stock selection that places emphasis on bottom-up fundamental research and valuation. They seek to invest in North American companies that are dominant within their industries thanks to enduring competitive advantages, strong balance sheets and best-in-class management teams.

MANAGER COMMENTARY

The fourth quarter of 2018 was largely characterized by a wave of volatility that reverberated across global markets. North American equity markets ended the quarter down sharply, after reaching an all-time high in September, as concerns crept up on multiple fronts concurrently. Investors continued to digest rising interest rate trajectories from central banks, lingering trade tensions and rising expectations of a deteriorating global growth backdrop. In the Canadian equity market, cyclical sectors underperformed as slowdown concerns soured sentiment, which impacted oil prices and raised concern about the indebtedness of Canadian consumers. Amid the volatility, Consumer Staples, Communication Services and Materials managed to post positive returns. In the US, equity markets slid despite solid corporate earnings growth as investor confidence remained battered over issues related to monetary tightening, credit spreads widening, and rocky US-China trade negotiations. Energy stocks led the way lower, while Information Technology and Industrials sectors also detracted from returns. Meanwhile, less economically sensitive sectors like Utilities and Real Estate outperformed their peers during the quarter.

The Pool ended the quarter down 7.8%, narrowly outperforming its blended benchmark. Our holdings in both Canada and the US outpaced their respective benchmarks, with US ones faring slightly better from an absolute return standpoint. Financials and Energy were the top detracting sectors, while Utilities and Consumer Discretionary were the top contributors.

We raised cash levels in the Pool over the period. In Canada, we pared back Industrials exposure while, in the US, we trimmed Information Technology, Health Care and Industrials. While we added slightly to Consumer Staples in the US, our aggregate sector weight decreased as we sold our two foreign holdings in the Pool, which were both Consumer Staples names in Europe.

dynamic.ca/PrivatePools

Performance as at December 31, 2018. Inception date for Dynamic North American Dividend Private Pool is March 6, 2015. Series F units of the Pools are only available to investors who meet certain eligibility criteria and who participate in an eligible fee-based program with their registered dealer. Commissions and trailing commissions are not payable on Series F units of the Pool but management fees and expenses may be associated with these investments. Investors may also pay a Fee-Based Account Fee which is negotiated with their financial advisor and paid to directly to the registered dealer. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in units value and reinvestment of all distributions and do not take into account sales, redemptions, distributions or optional charges or income taxes payable by any security holder that would have reduced returns. Investments in pools are not guaranteed; their values change frequently and past performance may not be repeated. Views expressed regarding a particular company, security, industry or market sector are the views of that individual only, and do not necessarily represent the views of 1832 Asset Management L.P. These views should not be considered as an indication of trading intent of the mutual fund, nor are they a recommendation to buy or sell, nor should they be relied upon as investment advice. Dynamic Funds® is a registered trademark of its owner, used under license, and a division of 1832 Asset Management L.P.

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