

HAC Update for October 16, 2017

	Gain % from Oct 10 to Oct 13
HAC	0.0
S&P 500	0.2
S&P/TSX 60™ Index	0.6

Portfolio Performance / Transactions/End of Week Holdings*

Ticker	Week % Gain**	% Buy/Sell***	% End of Week Holdings****
XLK	0.6	5	5
HXF	0.2	10	10
HXS	0.1	5	5
FHD	0.0	5	5
XLP	1.4	2	5
FHC	-1.8	2	5
COW	0.2		5
HUN	-0.3		3
CASH		-29	57

* Transactions and End of Week Holdings are % of portfolio

** Based on price from a sell/buy during the week where applicable

*** Buy/Sell may not be equal due to use of cash

**** Includes trades on last day of week

Market/Portfolio Comments

Last week, the S&P 500® ended up with a gain of 0.2%. So far in the October earnings season, the reported earnings have generally been above expectations. The U.S. banks have been the main focus in earnings, with their earnings generally beating expectations. Despite their solid financial results, bank stocks have overall lost ground due to the flattening of the yield curve and increasing provisions for higher credit card debt losses in the future. A lot of investors look for the financial sector to be one of the top performing sectors, in order for the stock market to have the necessary conditions for a sustainable rally. Further weakness from the U.S. financial sector would increase concern about the overall health of the stock market.

Last week, the Canadian stock market ended up with a gain of 0.6%. A rally in Canadian bank stocks and gold miners were largely responsible for the weekly gain. An overall decline in energy stocks dampened the rise in the Canadian stock market. Last week, HAC was "flat." HAC's underhedged U.S. dollar position decreased in value as the Canadian dollar gained 0.5% relative to the U.S. dollar.

Natural Gas (HUN) –

Natural gas has a strong seasonal period from September 5th to December 21st. At the beginning of its seasonal period, natural gas was in a consolidation pattern. Natural gas has continued to consolidate since the start of its seasonal period and has not managed to produce a rally in its seasonal period.

Consumer Staples (XLP/FHC) –

Last week, the consumer staples sector was supported by Walmart, one of more prominent companies in sector, which gave a positive prognostication regarding the future of their online business and also announced a planned \$20 billion-dollar buyback of their stock.

Consumer Discretionary (FHD) – added position last week

The consumer discretionary sector typically starts outperforming on October 28th, but is one of the better performing sectors in the month of October. Last week, HAC added a position in the consumer discretionary sector.

Agriculture (COW) –

The agriculture sector sweet spot to its seasonal trade occurs in the month of October, into the beginning of November. The agriculture has recently been showing signs of strength.

U.S Stock market (HXS) – added position last week

The U.S. stock market is transitioning into the start of its seasonal period, which starts on October 28th. Last week, HAC added a position in the U.S. stock market as part of its transition strategy into the favourable six month period for stocks.

Canadian Financials (HXF) – added position last week

The Canadian financial sector typically starts to perform well in early October. Recently, the sector has been showing signs of strength. Last week, HAC added a position in the Canadian financial sector.



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Information technology (XLK) – added position last week

In September, the information technology sector underperformed the S&P 500, recently the sector has started to show signs of strength. The strong seasonal period for the sector starts in early October. Last week, HAC added a position in the information technology sector.

Please visit <http://www.horizonsetfs.com/HAC> for the complete historical performance of HAC.



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