

HAC Update for April 23, 2018

	Gain % from Apr 16 to Apr 20
HAC	0.6
S&P 500	0.5
S&P/TSX 60™ Index	1.3

Portfolio Performance / Transactions/End of Week Holdings*

Ticker	Week % Gain**	% Buy/Sell***	% End of Week Holdings****
HXT	1.3	-10	51.4
XLE	2.7		2.5
HUN	0.2		2
HXE	1.4		10
FHE	4.5		2.5
HXX	2.2		10
XLP	-4.0		10
HFR	0.0	7.5	7.5
HUF	0.2	2.5	2.5
CASH			1.6

* 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 0.5%. The rising yield on the US 10-year Treasury Note spooked investors as they became concerned that higher interest rates would dampen economic growth. In the end, investors remained positive as earnings generally came in stronger than expected. As of April 20th, 2018, S&P 500 earnings are expected to increase by 18% from a year earlier (Thomson Reuters).

Last week, the Canadian stock market produced a gain of 1.3%. Energy stocks were one of the main drivers for the positive

action of the Canadian stock market. Last week, HAC produced a gain of 0.6%. Its position of long the Canadian dollar gained in value as the Canadian dollar lost 1.2% relative to the US dollar.

Canadian stock market (HXT) – Reduced position last week

Last week, the Canadian stock market was positive, producing a gain of 1.3%. Energy stocks and commodity stocks in general performed well. Canadian bank stocks were generally volatile during the week, up one day and down the next. In the end, Canadian bank stocks were positive on Friday and positive for the week.

Energy (XLE/FHE/HXE)

Last week, the energy sector performed well. In the previous week, Saudi Arabia helped to bolster the energy sector with its announcement that it would like to see \$80 oil prices. Last week, some analysts were putting forward the position that Saudi Arabia was looking for \$100 oil prices, once again helping to bolster the energy sector. In addition, the Energy Administration (EIA) Oil Inventory report, came in with a draw on inventories of 1.07 million barrels, which was larger than expected, helping to boost the price of oil and energy stocks. The seasonal period for the energy sector finishes on May 9th, but with stronger momentum, the sector could continue to perform well past the end of its seasonal period.

Natural Gas (HUN)

Last week, natural gas was nominally positive. According to the EIA the current inventory in the US is below the five-year average. So far, the unseasonably colder weather has not boosted the price of natural gas. The strong seasonal period for natural gas finishes mid-June. Since early March, the price of natural gas (Henry Hub Spot Price) has remained in a consolidation pattern between \$2.65 and \$2.80 per Million BTUs. A break below or above the consolidation channel could indicate a new trend for the price of natural gas.

Europe – (HXX)

The European stock market has a similar seasonal period to the North American stock markets. Last week, the European stock market outperformed the US stock market.



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Consumer Staples – (XLP)

Last week, the consumer staples sector underperformed the S&P 500 as investors were attracted to risk-on assets. In addition, rising US bond yields hurt the consumer staples sector, as the relative value the high dividend paying consumer staples sector became less attractive compared to US bonds. Poor performance by several large cap names in the consumer staples sector were also contributing factors to the negative performance.

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



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