

HAC Update for January 14, 2019

	Gain % from Jan. to Jan. 11
HAC	2.8
S&P 500	2.5
S&P/TSX 60™ Index	3.3

Please visit <https://www.horizonsetfs.com/etf/HAC?tab=performance> for the complete historical performance of HAC.

Portfolio Performance / Transactions/End of Week Holdings*

Ticker	Week % Gain**	% Buy/Sell***	% End of Week Holdings****
HXT	3.2		44
IWD	2.4		11
HUG	0.3	-5	0
HUZ	-0.6	-5	0
HXQ	2.8	-10	0
HXS	2.6		10
IWM	4.7		10
HXE	2.8		5
IJH	0.0	10	10
HXF	0.0	10	10
Cash			0

* 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 gained 2.5%, as investors became more optimistic that US-China trade tensions were weakening as talks between the two countries progressed. Investors eagerly awaited a joint statement between the two countries. Although a statement was released on Thursday, it was fairly generic, stating that talks were progressing. Nevertheless, investors saw any statement as a positive indication of

progress. Federal Reserve governors were once again on the road making public statements. On balance, the Federal Reserve has back pedaled from its hawkish position late last year. Earnings season kicks off the week of January 14th, with some of the major US banks releasing their earnings. Positive earnings announcements from the group would be supportive of the stock market moving higher.

Last week, the Canadian stock market gained 3.3%. Generally, since October 2018, the Canadian stock market has been outperforming the US stock market. Last week, HAC gained 2.5%, managing to outperform both the S&P 500.

US Stock market – (HXS) –

Last week, the US stock market performed well as investors pushed up the markets ahead of the earnings season. As the stock market has moved higher, there has been a lack of sector leadership, as different sectors of the stock market have oscillated. On a seasonal basis, the cyclical sectors can underperform the broad stock market until mid to late January. A sustained strong move by the cyclical sectors at this time would probably indicate a healthier stock market poised to move higher.

Canadian Stock Market – (HXT) –

Last week, the Canadian stock market moved higher. Overall, Canadian energy sector and bank sector helped to boost the Canadian stock market, while the gold miner sector was a drag on the market.

US Large Cap Value (IWD) –

On a seasonal basis, value stocks tend to outperform growth stocks in the new year. Last week, the value sector outperformed the S&P 500.

Gold Bullion (HUG) – Exited position

Last week, gold bullion started to show signs of weakness relative to the stock market. Given that the period of seasonal strength finishes relatively soon, HAC exited its position last week.

Silver Bullion (HUZ) – Exited position

Last week, silver bullion was nominally negative. Although the seasonal period for silver bullion can last up until late February, a weakening precious metals sector can negatively impact silver bullion. The rally in silver bullion started early, before the start of its seasonal period and looks to be finishing early.



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Nasdaq 100 – (HXQ) – Exited position

The Nasdaq 100 has a seasonal tendency of outperforming the broad stock market from December 15th to January 23rd. Last week, the Nasdaq 100 started to show signs of weakness and HAC exited the sector.

Energy – (HXE) –

The energy sector starts its seasonal period in February. Sometimes the sector can start to outperform in January. Last week, the energy sector continued to perform well. The rise in oil prices also helped to boost the energy sector.

Small Caps – (IWM) –

The small cap sector tends to perform well starting in mid-December. Last week, the sector benefitted from investors switching to a risk-on mode and the sector outperformed the S&P 500.

Canadian Financials – (HXF) – added position

The Canadian financial sector has a period of seasonal strength from January 23rd until April 13th. Last week, the Canadian financial sector started to show signs of performing well relative to the Canadian stock market. Last week, HAC added a position in the Canadian financial sector.

Mid Caps – (IJH) – added position

Mid-caps have a strong seasonal period from January 9th to March 7th. Recently, the mid-cap sector has started to show signs of strength. Last week, HAC added a position in the mid cap sector.



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