



## January Market Themes

- 1 Global markets “melted up” in January, while rising yields hurt fixed income performance. The US dollar slid against most major currencies (but not bitcoin!)
- 2 Small Caps were a notable underperformer in January. Much like 2017, large cap and growth remain the place to be.
- 3 What is happening with Canada? Canada stocks simply did not participate in the global equity rally, with weakness broad across sectors.

### World Currencies Returns - January

Norwegian Krone	6.32%
Mexican Peso	5.72%
Colombian Peso	5.60%
British Pound	5.02%
South African Rand	4.87%
Swiss Franc	4.65%
Czech Koruna	4.54%
Polish Zloty	4.14%
Malaysian Ringgit	4.10%
Brazilian Real	3.94%
Swedish Krona	3.81%
New Zealand Dollar	3.75%
Hungarian Forint	3.63%
Chinese Renminbi	3.55%
Danish Krone	3.47%
Euro	3.41%
Japanese Yen	3.21%
Australian Dollar	3.15%
Russian Ruble	2.60%
Canadian Dollar	2.09%
Chilean Peso	2.09%
Singapore Dollar	1.80%
Taiwanese Dollar	1.65%
Indonesian Rupiah	1.58%
Israeli Shekel	1.50%
Turkish Lira	1.31%
Peruvian New Sol	0.68%
Indian Rupee	0.27%
Hong Kong Dollar	-0.13%
South Korean Won	-0.23%
US Dollar Index	-3.25%
Argentine Peso	-5.21%
Bitcoin	-30.39%

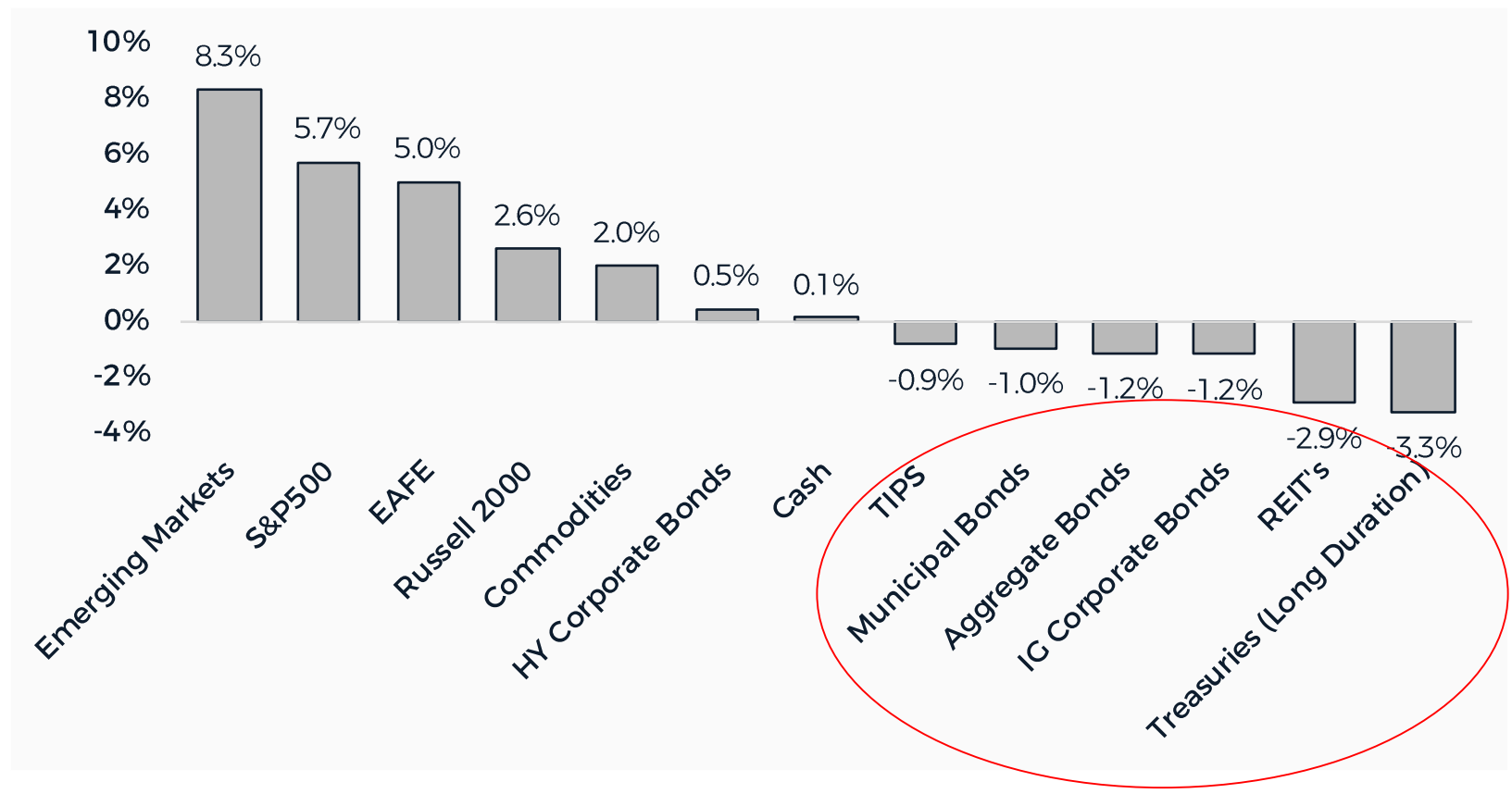
[Sign up here to receive future market updates via email](#)



# Stocks leading the way at the expense of fixed income

## Asset Class Performance

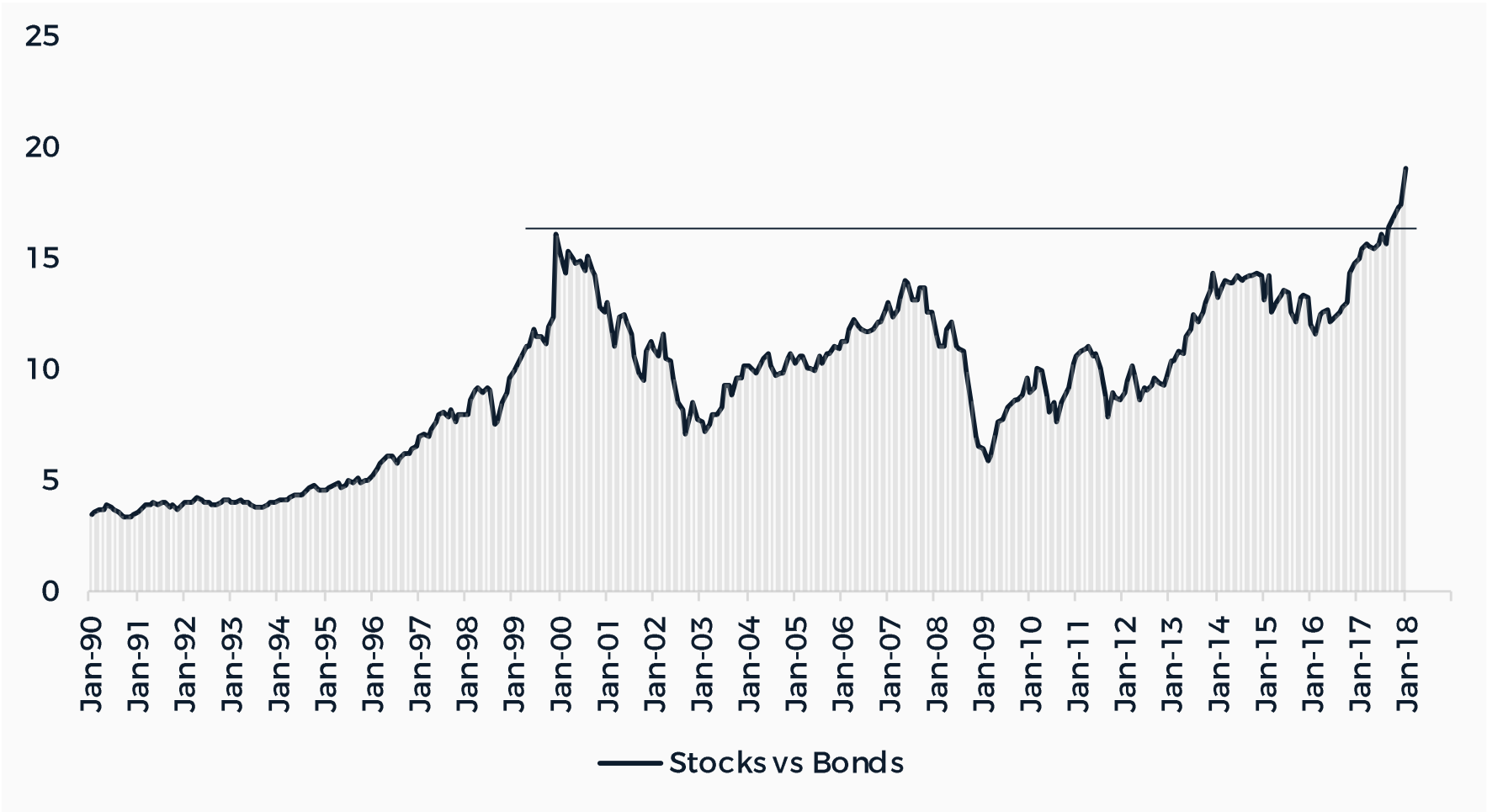
January Total Returns





# A trend that doesn't look to be stopping anytime soon

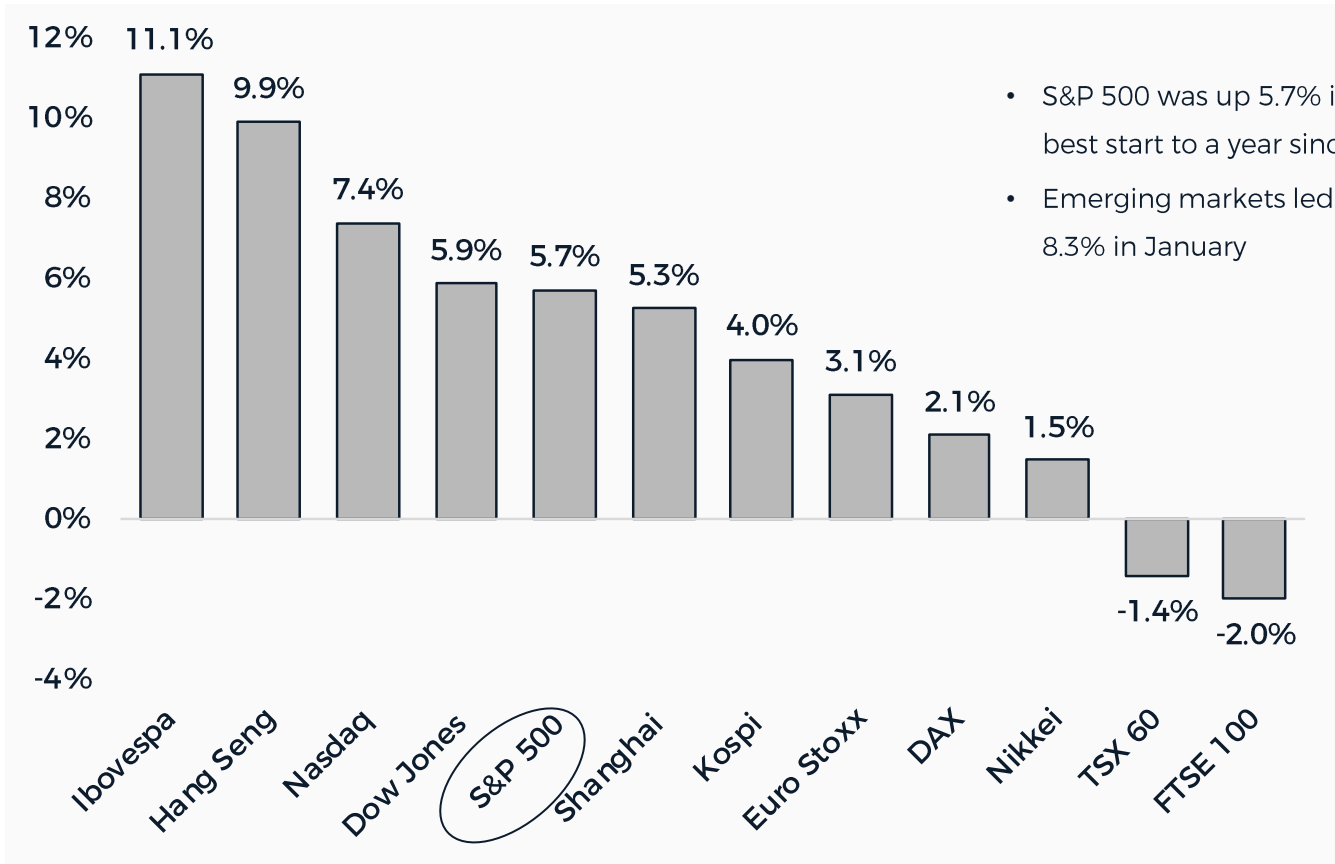
US Stock to Bond Ratio





# Global “melt up” in stocks

## World Index Performance – January

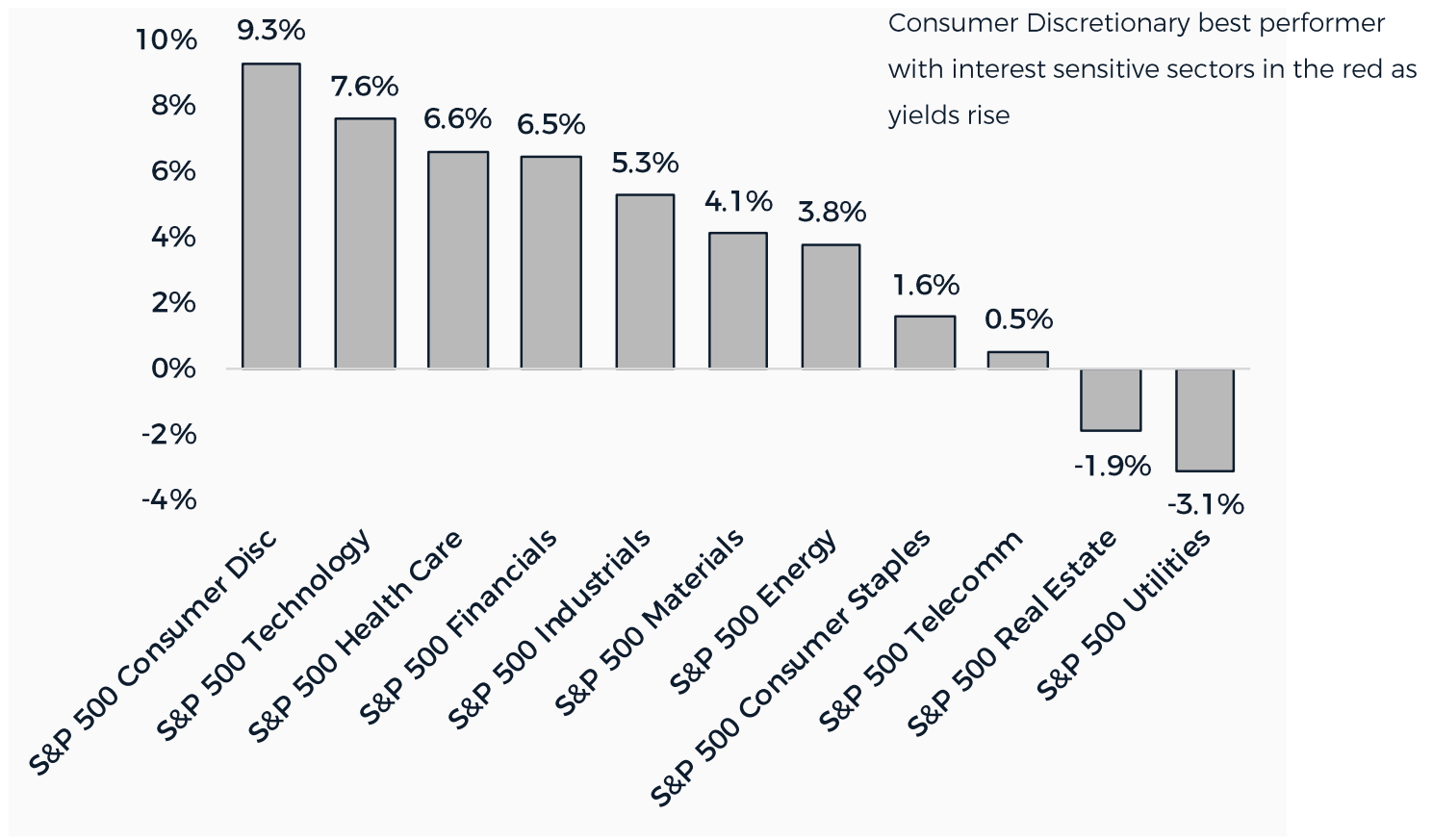


- S&P 500 was up 5.7% in January, 11<sup>th</sup> best start to a year since 1950.
- Emerging markets led the way up 8.3% in January



# Sector Performance

## S&P 500 Sector Returns - January



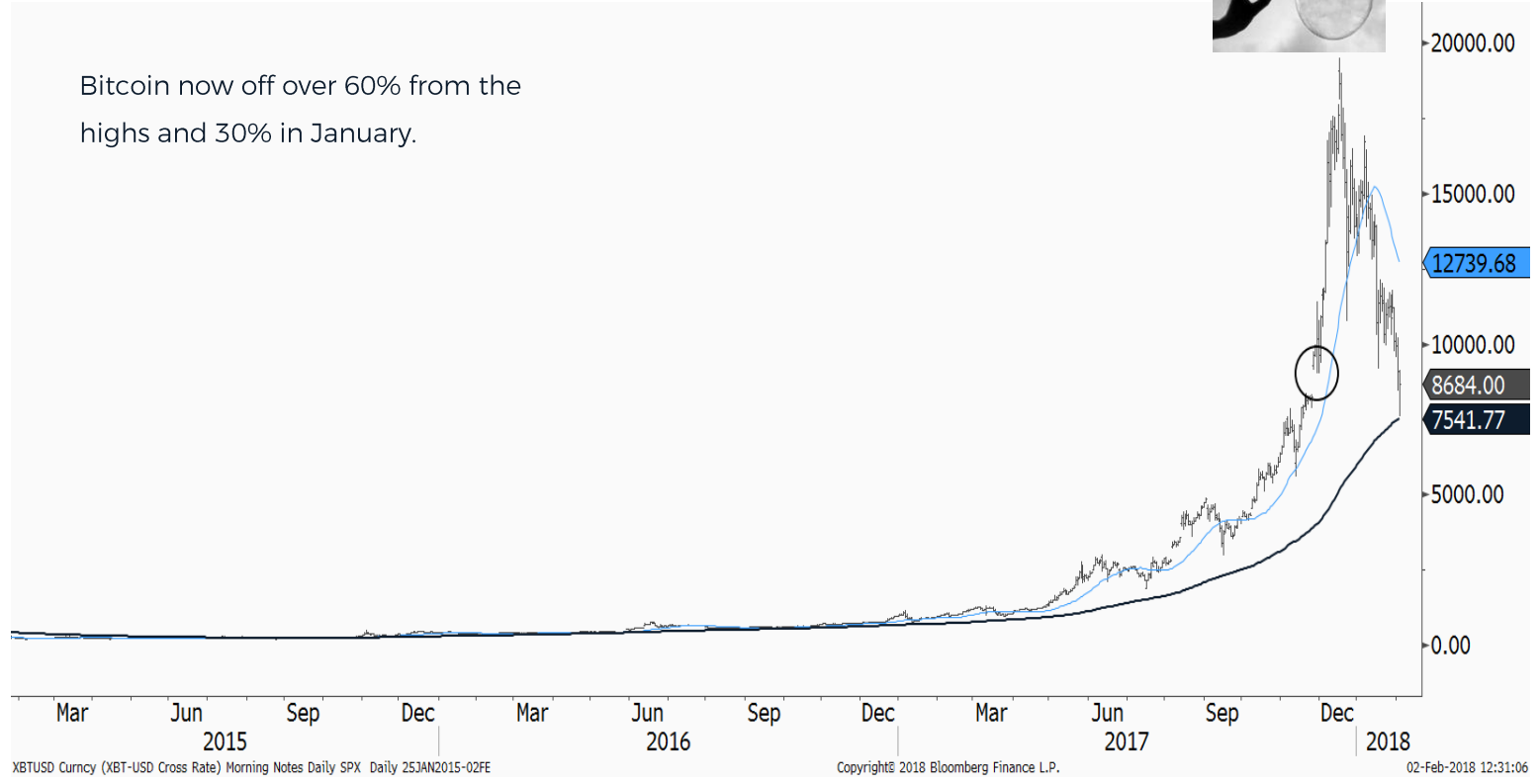


# When bubbles pop!

## Bitcoin



Bitcoin now off over 60% from the highs and 30% in January.



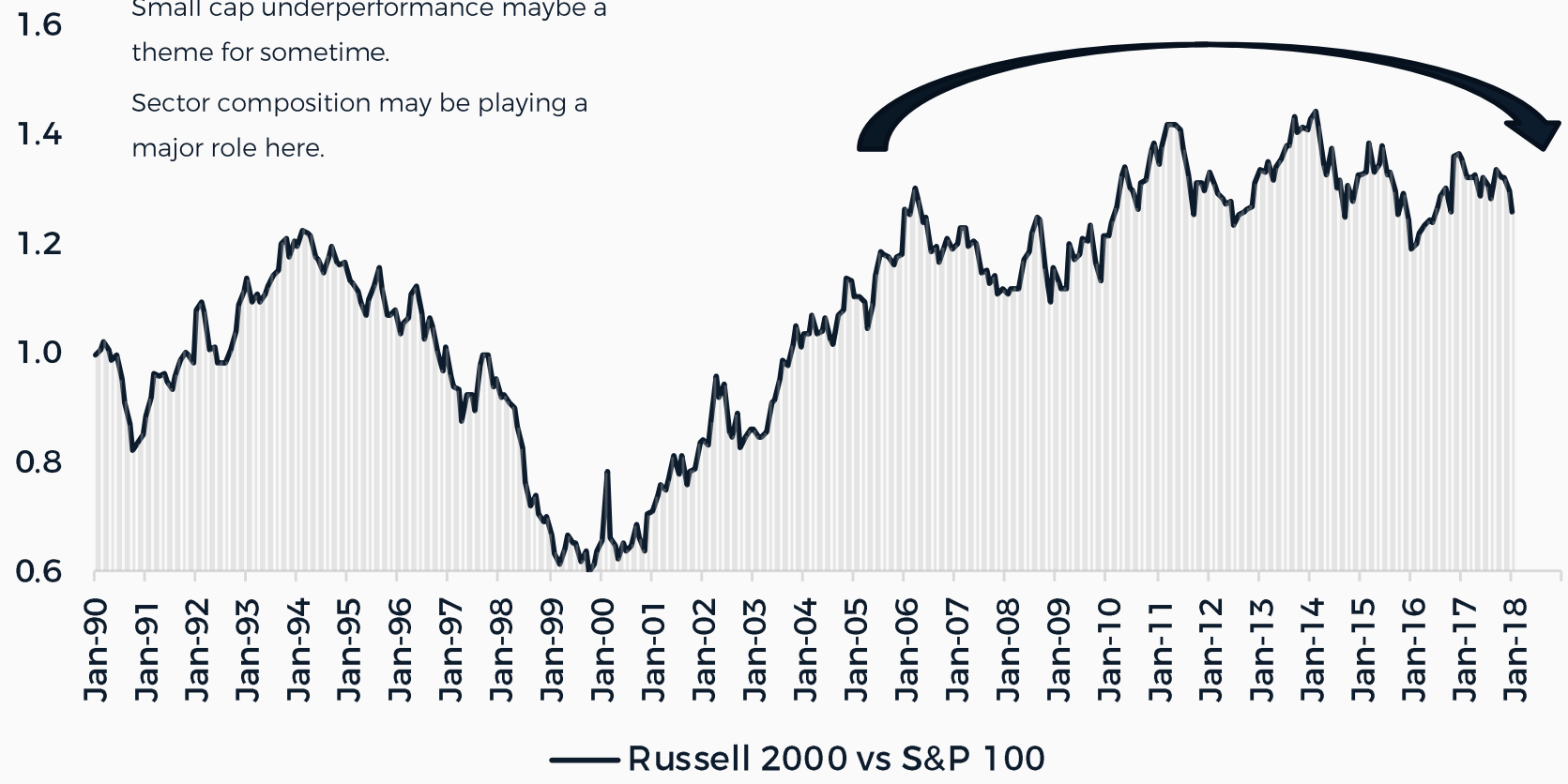


# Keep an eye on this!

## Small Cap Relative to Large Cap

1.6 Small cap underperformance maybe a theme for sometime.

1.4 Sector composition may be playing a major role here.



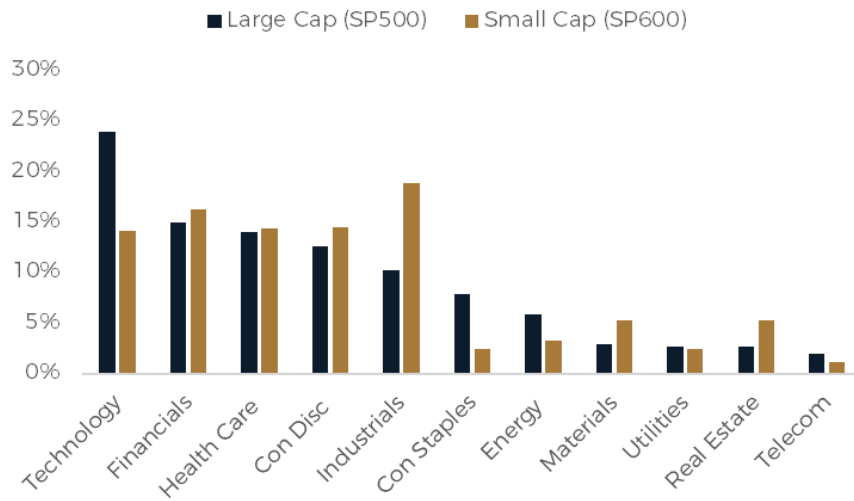


# Defensive factors leading the market

S&P 500 Style YTD Total Returns %						MOST DEFENSIVE
	<u>PURE VALUE</u>	<u>VALUE</u>	<u>CORE</u>	<u>GROWTH</u>	<u>PURE GROWTH</u>	
LARGE	4.6%	4.1%	5.7%	7.2%	8.3%	↑
MID	1.6%	1.3%	2.9%	4.3%	5.4%	
SMALL	0.1%	1.4%	2.5%	3.6%	3.9%	

↙ MOST CYCLICAL

Even with the strong market performance, it has been the more defensive large cap and growth factors showing leadership. Technology?



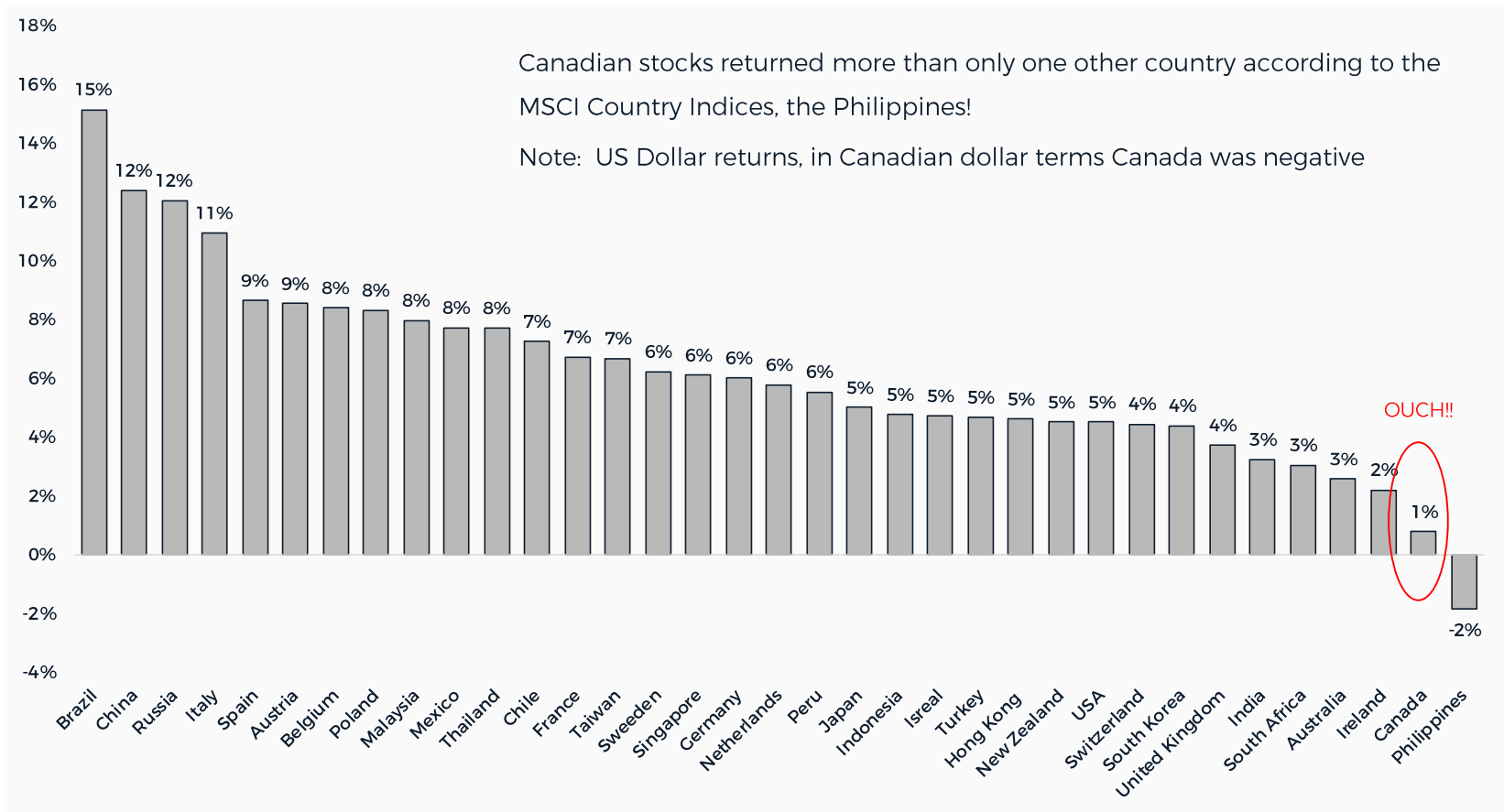
Large Cap has much higher weight to technology (24%) vs Small cap (14%)





# Canadian stock underperformance in perspective

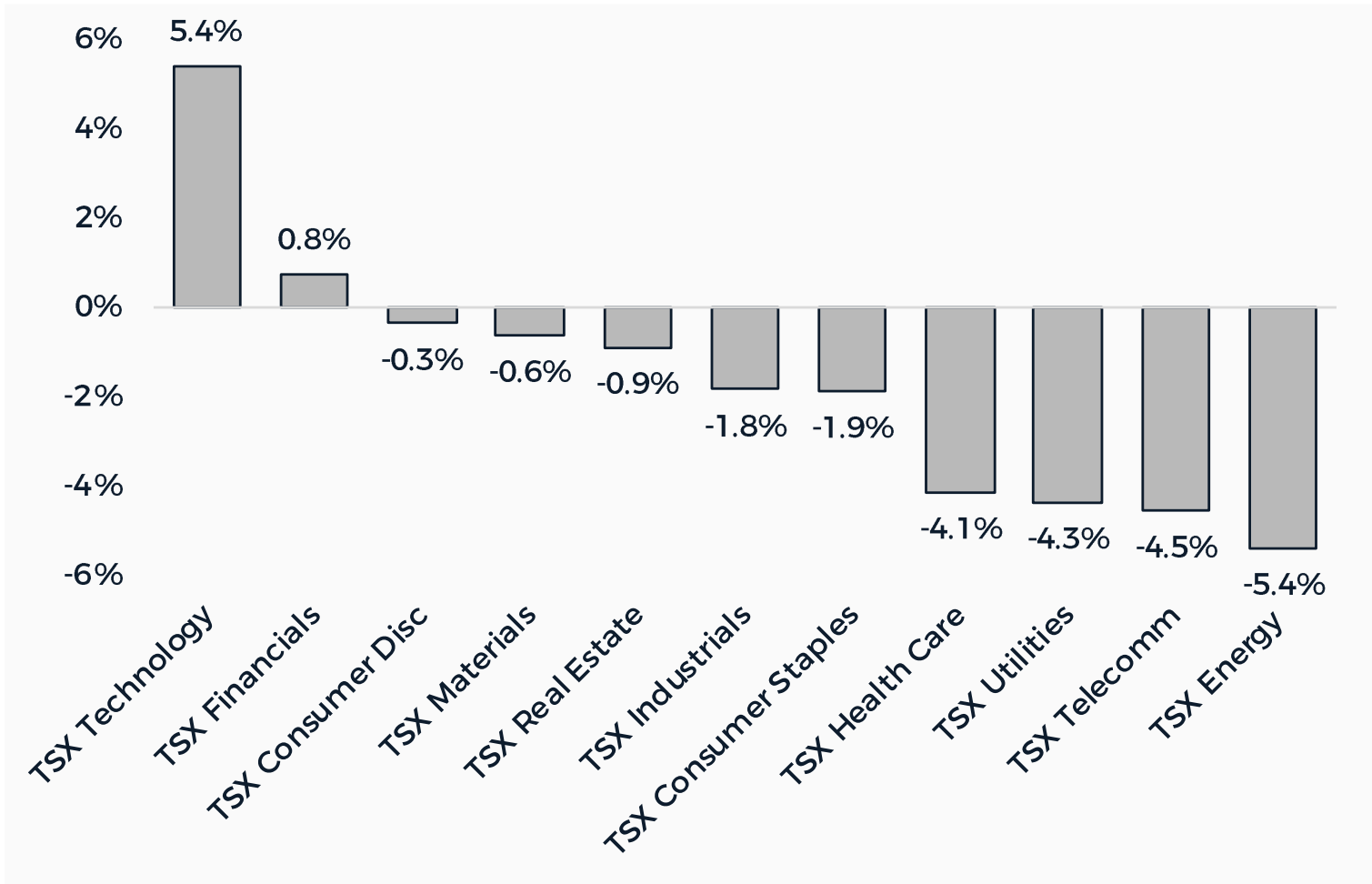
### MSCI Country Returns – January





# And weakness was broad based

S&P TSX Sector Returns - January





# Disclosure

*This document is for information purposes only and is not, and under no circumstances is it to be construed as, an invitation to make an investment in any of the Strathbridge Funds nor does it constitute a public offering to sell the Funds or any other products described herein. It may contain certain forward-looking statements and should not be relied upon when evaluating the merits of a potential investment in any fund or product managed by Strathbridge Asset Management Inc. or its division, Mulvihill Capital Management. The information contained in this material is subject to change without notice and Strathbridge Asset Management Inc. and its affiliates will not be held liable for any inaccuracies or misprints.*