MWG Portfolios: Portfolio Weighting Changes April 2018

Our portfolio actions for the month of April were as follows:

Action:	**Global Equity Growth Fund:**	**Income Growth Fund:**
Bought:	STLC.TO	
Increased:		QCOM, T
Reduced		
Sold:	SNC.TO	CTL

April Market Commentary

Markets settled in April, with optimism surrounding the first quarter earnings season proving valid. Expectations were high heading into the reporting period, and so far, companies have not disappointed. According to National Bank, 78% of companies have posted earnings beats, with reported profits 6.9% higher than estimates on average versus the typical 3.1% gap (the data is as of April 30/18 and includes just over half of S&P 500 companies). Despite the strong earnings reports, equities continue to be affected by worries about rising interest rates and its effects on economic activity.

In the United States, the S&P 500 benchmark rose slightly (up 0.3%) during the month while the NASDAQ was flat. Year-to-date, the S&P is down 1.5% in contrast to the technology-weighted NASDAQ, which has experienced a 3.2% gain. U.S. 10-year treasury yields, a widely watched bond market benchmark, finally reached the 3% level for the first time in four years. The market is anticipating additional rate hikes from the U.S. Federal Reserve on expectations of a pick-up in inflationary conditions due to favourable economic conditions and the effects of the recently enacted tax cuts.

The TSX Composite rose 1.6% during the month, on the back of stronger energy and material sectors. The index remains underwater year to date, but with oil prices approaching US$68/bbl., Canadian oil companies may continue to perform well near term. The global energy complex has improved with better demand, low levels of investment and the positive effect from the OPEC/Russia supply agreement. While the reduction in inventories and current supply/demand situation warrants higher prices, we believe the shale potential in Texas and the potential Saudi Aramco IPO in early 2019 may mean we are approaching a ceiling in prices.

Global Equity Growth Fund:

The Fund's NAV increased by 0.6% in April and is up 2.7% YTD.

During the month, we made a small switch in our Canadian holdings, selling our 1% position in SNC- Lavalin and redeploying the funds into STELCO. While we still believe SNC has good return potential, we prefer the near-term upside offered by STELCO, a steel company headquartered in Hamilton, Ontario. STELCO recently emerged from bankruptcy and is now a cleaner corporation with no debt and renegotiated contracts with its employee base. It owns two steel facilities, its Lake Erie Steelworks facility, which is the newest integrated steel mill in North America, and Hamilton Works, which consists of coking and steel finishing facilities. Steel prices have strengthened recently and should support good cash flow for STELCO. We acquired our position in STELCO at $21.43, which was below the price of a recently completed secondary offering. SNC is a global Engineering firm that also holds an interest in the 407 toll highway North of Toronto. The 407 has been a great investment, but as a cash flow-based asset, faces headwinds from increased interest rates. We excited the position at $54.54 against our $52.98 cost base.

In the U.S., we also added to our positions in Royal Caribbean Cruise Lines and Facebook Inc.

Income Growth Fund:
The Fund's NAV per unit increased by 0.3% for the month, reducing our year-to-date loss to -4.1%. The portfolio is currently yielding 6.7%, with a 79% weighting in Canada.

Our transactions in April focused on the U.S. portion of the portfolio, notably selling our 1% position in Century Link at US$18.35. The shares have appreciated nicely since our December purchase at US$14.09, and despite still yielding 12%, we believed it was prudent to take profits given the existing integration risks from its merger with Level 3 Communications and its high leverage.

We redeployed the proceeds into Qualcomm and AT&T, increasing our target weighting in both stocks after each one sold off following separate failed merger processes. We also trimmed our position in BP as the stock, rallied with oil prices, causing the holding to exceed our allocation range.

As always, we appreciate your referrals so if you know someone that can benefit from our services, please do not hesitate to give us a call. Please check our mid-month research reports as well!