
MWG Portfolios: Trading Summary, Jan. 2017

Our portfolio trades for the month of January were as follows:

Action:	Global Equity Growth Fund:	Income Growth Fund:
Bought:	<ul style="list-style-type: none"> • DLPH 	<ul style="list-style-type: none"> • PFE.N • QCOM.OQ
Increased:	<ul style="list-style-type: none"> • TD.TO • GOOG • MFC • DIS 	
Decreased:		<ul style="list-style-type: none"> • GM.N • TCLa.TO
Sold:	<ul style="list-style-type: none"> • TOL 	

Commentary: January and Trump Turmoil

While the new president's policies on immigration and trade have created some short-term whipsaws in the markets, the S&P 500 rallied 2.1% in January, with the TSX up 0.3%. For Canadian investors, their returns in the US market were negatively affected by a 2.9% rise in the Canadian dollar.

To this point, of the 400 some companies that have reported 4th Quarter 2016 earnings, 64% have beaten earnings estimates, and 56% have beaten revenue estimates. In addition, we have seen strong indications of growth: in January, ADP reported 246,000 new private sector jobs in January, 80,000 above target, and the Institute of Supply Management announced strong manufacturing growth of 1.5% in January.

Global Equity Growth Fund:

Delphi Automotive [**DLPH.N**] was added at \$71.53 (USD) into the portfolio with a 2% position to get better exposure to a strengthening US economy. DLPH is a leader in safety, autonomous driving, Infotainment and cleaner fuels; features that are expected to be more prevalent in future vehicles. We expect Delphi to trade back to and over its former high of almost \$90 (USD).

We eliminated our 3% position in Toll Brothers [**TOL.N**] at \$31 (USD) from the portfolio taking a small loss. Toll is a high-end provider of executive and estate type homes. We believe higher rates will gradually pressure this business and the action will be more in the entry level as millennials enter the market en-masse. MasterCard [**MC.N**] was trimmed at \$109.13 (USD) back to its 5% model weight as the company approached our \$116 (USD) target price and likewise, Royal Caribbean Cruise Lines [**RCL.N**] at \$94.45(USD), to 5% after a strong quarter. As a result of greater confidence following RCL's strong quarter, we moved our target price to \$120 (USD).

Income Growth Fund:

Our 4% holding in Telus [**T.TO**] was sold at \$44.21 for a small gain. Our cost base was \$41.59. We believe Telus will be locked into heavier competition as Edmonton based Shaw Communications [**SJRb.TO**] \$28 enters the cellular business and consumers look for cheaper delivery mechanism for filmed entertainment. We also sold some of our General Motors [**GM. N**] at \$37.33 (USD) and Transcontinental Inc. [**TCLa.TO**] at \$21.97 holdings to keep them at their respective target weights of 5% and 4% respectively.

Partially due to the strength of Canadian Dollar we increased US content to 25% adding a 4% weight in Pfizer [**PFE.N**] at \$31.49 (USD). The market was expecting disappointing 2016 results from them and the stock held firm when they came, last week. We have a \$42 (USD) target on PFE as we believe recent acquisitions will rekindle growth and we like the dividend, which we expect to grow. The stock currently yields just over 4%. We also added Qualcomm Inc. [**QCOM.OQ**] at \$54.61(USD) back into the portfolio with a 2.5% weight. Qualcomm yields just under 4%. We had sold our QCOM position at \$67.20 (USD) in late November of last year, when the yield was touching our minimum 3% required to hold a stock. Qualcomm is the major patent holder across the newer cellular technologies and was sued by Apple on January 23rd causing the stock to drop below \$55 (USD) and making it attractive to own again.