



GLOBAL EQUITY AND CUMBERLAND INTERNATIONAL FUND STRATEGIES

Third Quarter 2019

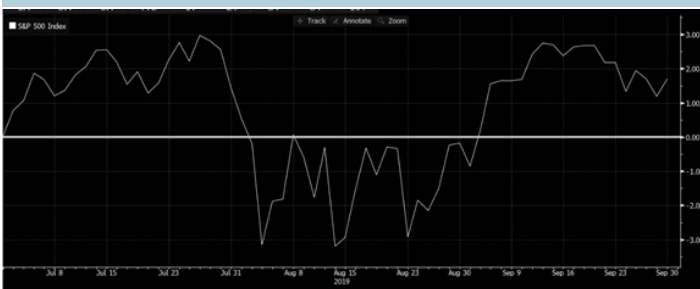
Introduction

While global stock markets remain close to all time highs, we have also experienced a great deal of volatility. This trend continued in the third quarter of 2019. However, our Cumberland Global and Cumberland International strategies continue to perform very well this year.

Market Review

Overall, despite some weakness in August, the third quarter of 2019 was a positive one for global equity investors. As you can see in the chart below, using the S&P 500 as a proxy, equity markets were strong in July, weak in August, then strong again in September, finishing the quarter with a positive three-month return.

S&P 500 June 28, 2019 to September 30, 2019
Total Return: 1.7%

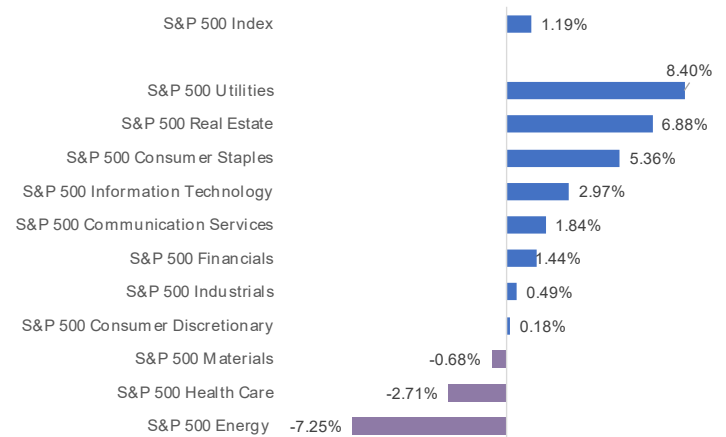


Source: Bloomberg

While the overall market produced solid gains, returns were much more divergent at the sector level. Due to slowing levels of global economic growth, central banks around the world have moved from a tendency to increase interest rates to a tendency to reduce them. As central banks are now cutting

interest rates, interest rate sensitive sectors have performed very well recently. Again, using U.S. data (S&P 500 sector data), the three top performing sectors in the third quarter were Utilities, Real Estate, and Consumer Staples. All three sectors often perform well in times of uncertainty, but also perform well in falling interest rate environments.

S&P500 Index Sector Performance



Source: Bloomberg

Interestingly, despite previous strong performance while interest rates were rising, the Information Technology sector outperformed again in the third quarter while interest rates were falling. This sector continues to be very resilient, outperforming in all types of economic and interest rate environments, which is one of the reasons why we continue to have a favourable view of the technology sector.



Portfolio Review

The performance of more “value” oriented equity securities has improved recently, particularly since the beginning of September 2019. However, high-quality businesses are still outperforming overall in 2019. This continues to be positive news for Cumberland Global Equity and International Fund investors, as these two portfolios remain largely comprised of high-quality businesses. So far, performance of the Cumberland Global Model and the Cumberland International Fund has been very strong, relative to both peers and benchmarks.

Estee Lauder (personal care products), Alphabet (aka Google, an online advertising business), and Ross Stores (off-price retailer) were among the best third quarter performers in the Cumberland Global Model. Taiwan Semiconductor Manufacturing (semiconductors), Air Liquide (industrial gas distributor), and Safran (aerospace and defense) were among the best third quarter performers in the Cumberland International Fund. We continue to like the long-term prospects for all of these businesses.

Outlook

Investors are worried about a number of things at the present time, such as trade wars continuing to brew, Brexit concerns, falling bond yields, corporate earnings trajectory, global economic growth prospects, and recent stock market volatility. As always, in times of uncertainty, it pays to focus on the fundamentals. When looking at the fundamentals, we at Cumberland see a positive picture.

Equity market valuations are attractive, especially given current interest rate levels. The dividend yield on global stocks

continues to be significantly higher than government bond yields, as has been the case since the global financial crisis in 2008.

Income Advantage Stocks look cheap relative to bonds worldwide as yield gap widens, Citigroup says



Source: Bloomberg

In addition, corporate and consumer debt levels are in good shape and credit availability is ample. Government bond yields are low (or even negative in some countries) but this likely reflects a supply demand imbalance, rather than suggesting anything more cynical. Overall, the major macro-economic indicators that we follow remain benign, and we continue to have a constructive, positive outlook for the global equity markets.

Craig Millar

Lead Manager,

Cumberland* Global and International Equities

October 8, 2019

*Cumberland refers to Cumberland Private Wealth Management Inc. (CPWM) and Cumberland Investment Counsel Inc. (CIC). CIC acts as sub-advisor to certain CPWM investment mandates including the CPWM Global and International Equity mandates with Craig Millar as their lead Portfolio Manager. Craig Millar is Chief Investment Officer of CIC.

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