

Episode 10 - Implications of Iran War

John Pagliacci

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Hello, everybody. Welcome back. This is episode number ten of Guardian Capital LPs "Buy the Way" podcast. As always, I am your host, John Pagliacci, joined as usual as well here by a guy with perhaps one of the toughest jobs in the company these days, David Onyett-Jeffries, Guardian Capital's VP of Economics and Portfolio Manager of our multi-asset solutions, who's really tasked with trying to decipher what the heck is going on in the macroeconomic environment and translate that into actionable investment ideas. David, how are things? Pretty wild, I would presume.

David Onyett-Jeffries

[00.00.35]

Oh, just another day in paradise.

John Pagliacci

[00.00.39]

Well, there is certainly no shortage of things to discuss here. So why don't we dive right in? You know, we are recording this on the 1st of April. April Fool's day. Things are super fluid from hour to hour, it seems like. So we'll see whether this podcast has much of a shelf life, but we're going to record it anyways and give the people what they want. Let's start with the situation in Iran. You know, like I said, things are very fluid. But what we do know at this point is that Iran has been hit really, quite hard by U.S. and Israeli strikes. They have sort of responded in turn by bombing neighbouring countries with sort of infrastructure strikes and then, of course, choking off the Strait of Hormuz, which is a vital sort of thoroughfare through which about 20% of the world's oil transmits. As a result, we have seen pretty considerable volatility in oil prices this month. And seeing as how that commodity oil seems to get most of the attention here with these sorts of conflicts, I did want to ask you to maybe pull on that thread a little bit further, if you could, and talk to us about what some of the more significant knock on effects could be if we see this conflict dragged out for a while.

David Onyett-Jeffries

[00.01.53]

Yeah. So if we take this approach that this is something that has some staying power, this is a fairly significant supply shock that has impacts that are going to be broadly felt across the world. Because the implications on cost go beyond just oil prices. The oil prices obviously get the most attention, especially in the financial news, because higher oil prices translate directly into higher prices for refined products such as gasoline and jet fuel. And ask anybody who's been filling up their gas tank in the last month what the impact has been and all of the comparitiveness. And anybody who is on the mailing list for airlines or has booked a flight, you're seeing the surcharges going on top of that. But when it comes to transportation, it's not just moving people, it's the moving of goods. So anything that's involved in any form of transportation, so goods being shipped from point A to point B is seeing an increase in costs. And that typically is going to be passed on to the end consumer. And the reality is, when you do the math and you see the implications, it is broadly felt because a lot of goods get transported. Energy is obviously a necessary vital input to production, for pretty much any good and service. But also, even goes beyond that because, when we're talking about heating our house, there's natural gas and heating oils. The resins that are a byproduct of crude oil are used to develop plastics. We've got fertilizers, which also passes the Strait of Hormuz, it represents a critical route there, which therefore impacts agricultural prices. And so the higher commodity prices that we're seeing, and the longer they stay elevated and it's, again, it spreads far beyond just energy products, but it filters everywhere else, the longer that we see this impact and of the high magnitude, the greater impact it's going to be on the cost of production, which points to just the risk of this generalized increase in prices, which is the actual definition of inflation. So talking about the longer run macro impacts, higher inflation means a

higher cost of living, which means that the consumers and businesses are getting less bang for every individual buck. So you're buying less with any given dollar, which, going into the nitty gritty of the macro, that means that aggregate demand, like the volume of goods, is diminished. It's the demand for it, the growth of it, is slowed. Slower economic growth translates into more, obviously negative implications for employment. Negative implications for markets. And again, this all comes down to this key question of the duration and the magnitude of the shock.

John Pagliacci

[00.04.40]

One of the things that we've been bouncing back and forth between in terms of the speaking points that President Trump has been making is, "It's ending soon," "No, we're going to bomb the hell out of them," "No, it's ending tomorrow, we have a sensible regime that we're dealing with now." Regardless of what side your stance is and how quickly you think this might end, let's just operate under a naive assumption, perhaps, that this war will end tomorrow. If that is a scenario, based on the damage that we sort of have glimpses of or putting the pieces together for some of the damage we've seen in the Middle East and around the region, even if it does end tomorrow, is the elevated oil price is going to come right back down. Or is this more of a lasting phenomenon?

David Onyett-Jeffries

[00.05.23]

And see, like you really flag it there. This is one of the most frustrating, as a macro forecaster, as a market watcher, aspects of this is that it's a non-zero probability that a switch could be flipped and this is over tomorrow. As it stands, the situation is extremely fluid. We're getting information and then contradictory information coming out on an hour by hour basis. And given we don't have a necessarily a clear picture on sort of the magnitude or the severity of the damage. But there isn't a reason to believe that there is enough damage to the infrastructure that should this be resolved, it's not like a switch will be flipped and then you can go back to full production. But importantly for me, let's say more of a market perspective, the main issue is not so much productive capacity as it's the ability for the crude oil to actually begin to flow again. And, not just crude oil, but as I mentioned, other materials, through that Strait of Hormuz, which is the only sort of outlet from the Persian Gulf to the open ocean, so to the rest of the world. The closure of that critical choke point represents, it chokes off about a quarter, roughly a quarter to one fifth of the world's energy supply. And the inability to move the crude is why production at some other countries outside of Iran has actually been idled is because the likes of Saudi Arabia do not have sort of the storage capacity to take on new production. So there is this possibility that once the oil starts flowing, you're going to see production start to ramp up pretty quickly. But the reality is, should this war end tomorrow, it's not like we're going to see a full resumption of energy flowing out of the Middle East. There's going to be a lag in getting everything moving again, even if there was not damage to the infrastructure. From a market perspective, though, this ability for oil to flow again, given that markets are very forward looking, there would definitely be an immediate impact on commodity prices. So not so much focus on the supply of oil tomorrow, but the reality of oil coming to market in 3 to 6 to 12 months down the road. And the assumption is if we have some sort of sustainable resolution and everything is able to return back to normal from a logistic shipping perspective, over this longer, like medium longer time horizon, the assumption is that we're going to be back to sort of normal, and you're going to see a move lower in commodity prices, but not necessarily back to where we were on February 27th. But certainly, notably lower than we are right now.

John Pagliacci

[00.08.02]

One of the scarier words that I've seen bandied around more recently has been stagflation. Maybe for some listeners that aren't as in the weeds as we are, stagflation, really you break that into its component parts, there's stagnant economic growth coupled with rising prices or inflation. Pretty deadly one two punch for economies. So I wanted to ask you if you think that, if this conflict does persist, is stagflation imminent, or are we perhaps even already there to a certain extent?

David Onyett-Jeffries

[00.08.36]

Well, so the negative implications from this war in particular is upward pressure on energy prices and obviously everything else that flows through it. So broad commodity prices, as discussed and slower growth, which obviously, fits the bill of a stagflation environment. But I absolutely wouldn't say that we're in that currently. Because again, there's a time lag between these things happening. And while we've had this move up, if we get a resolution relatively quickly in production, the supply shock fades pretty quickly, then the ultimate economic impact, in terms of growth in prices is going to be relatively benign and temporary. So the ripple effects are going to be more modest. The shorter it is, and we could return to this constructive outlook that really was on the table prior to this. It was an environment where growth momentum was on good footing and inflation was coming off of, still above target but moving in this generally downward direction. So yeah, I don't think we're there to a certain extent, but it really is contingent on if this develops, the magnitude or the duration of it. And I want to put things into a little bit of perspective. So I think one of the big values that an economist can bring to a conversation is this idea of context and helping to contextualize a situation. So when we're thinking about the term stagflation, it was coined in the 1970s against the backdrop of high inflation and recession. And one of the big catalysts of those, inflation and recession was the OPEC oil embargo, where, the members of OPEC, which is the oil producing and exporting countries, they imposed a ban on shipping oil to countries that supported Israel during the Yom Kippur War. But if we're talking about the magnitude of the shock of that oil supply shock, it was substantially different than what we've seen play out so far. So if we go back into let's say 1973, which was when that sort of started to materialize, oil was trading at \$3 per barrel, and it moved into early 1974, about \$12 per barrel. Now, on a level basis that doesn't seem particularly extreme, and a lot of people would sort of wish for \$12 per barrel oil, but on a relative basis, that's a 300% increase in prices. That's a 300% increase on a very important cost of production. That was a little bit more concentrated in terms of where it was coming from. In the current environment, we've only seen, a 30-40% jump, which is still significant for sure, but, vastly different than \$300 a barrel. So after this, the oil embargo ended, we had the Iranian revolution in the late 1970s, and then that sort of steamrolled into the Iran-Iraq War of the early 1980s, which resulted in a idling of production, that saw prices then further rise to \$40 a barrel. Which again, still low level from where we are, but a substantially larger percentage gains that were sustained for about a decade. Ultimately, they eventually settled around 20 bucks for the next 15 years or so. But, when we're talking stagflation and talking about an energy price shock, we're talking substantially higher magnitudes for a substantially longer duration. Like there's hopes right now that this is not going to be a decade long situation. It's all very very fluid. But, that doesn't seem like a base case scenario. So tempering those expectations or concerns about a stagflation environment coming from this, because it is a comparatively minor move to what we saw in the 1970s and therefore suggests much smaller economic implications.

John Pagliacci

[00.12.35]

Maybe segueing off of that, I think one of the differences that maybe isn't as well known for the casual observer here is that, you go back to your point about 1973 and sort of the sources of oil, things are a lot different now where I believe the US is essentially, if not entirely, oil independent now or, sorry, self-sufficient, I should say, in terms of energy. So when I think about that now and you look, I'm asking you now when you look across different geographies or regions of the world, what are some of those areas that you think are going to be most impacted from a financial market standpoint? And I guess the follow on or the corollary question there is, is the international market really likely going to be underperforming the US market, I guess is the question.

David Onyett-Jeffries

[00.13.26]

Yeah. So if we see this, again, if we remain prolonged and we see some sort of escalation or escalation in prices even, so the concern about the energy price shock persisting, it is not going to be felt equally across the world. This is an environment where you mentioned the US, but US and Canada on net

produce more energy than we consume, right? So they are and very much are not that reliant on Middle Eastern produced energy. So in that sense they are insulated. But the way markets work obviously that if prices in Europe go up, then there is sort of an offset, increased demand for North America, and the prices move as well, not to the same degree. The reality is, though, that Europe and Asia are far more directly impacted by this conflict because they are net energy importers, which means they use more energy than they produce. And they are particularly dependent on energy commodities from the Middle East that are shipped through the Strait of Hormuz. And very little of this oil actually crosses the Atlantic over into North America. So benchmark oil and natural gas prices on the other side of the pond have seen comparatively larger increases than we've seen over here, which therefore suggests that there'll be larger ripple effects in these regions that would make them comparatively worse than Canada and the US. And indeed there's potential for, in North America, and talking about in the US in particular, that this could at the margin be a net benefit for these economies. So, there's a terms of trade benefit, because typically when demand for your commodities goes up, your currencies firm, which means that you're able to import goods more cheaply. And then obviously there's the production side, where suddenly the demand for your goods that are being produced, in this case, energy commodities are far more in demand because the supply shock in the Middle East. Obviously, there is this offset from rising consumer prices that comes from this. But, that obviously is going to be a headwind. but it's going to be less impactful in North America on this consumer impact than it is in Europe and Asia, where, again, they're far more exposed. And, on the top of it all households based on a lot of metrics of financial stability, households in Canada and the US are starting in a better shape than in Europe and Asia. So on net, this scenarios obviously not good especially if it's prolonged and escalates, not good on a global macro basis, but it is a worse scenario for Europe and Asia, which is one of the reasons why when we look at market performance over the past month, they have underperformed sort of the MSCI World and the North American counterparts, even though everything at the time of as of the close yesterday is still underwater for the month. So the likelihood is if this persists, the ripple effects are going to be larger and you're going to see that play out in markets as well, which means that you're likely to see continued leadership of North America relative to the rest of the world.

John Pagliacci

[00.16.23]

You know, you made the point there about, yes North America, so Canada and the US, are more self-sufficient in terms of their oil production and consumption, but will likely be impacted by price increases elsewhere. I think we might be seeing that sort of come into the pricing of certain things and expectations. When we look back to the beginning of 2026, coming into the year, I think investors were expecting essentially no activity at all from the Bank of Canada, leaving rates unchanged throughout the year. There were maybe 2 or 3 cuts priced in from the fed, but things have kind of changed rather significantly rather quickly. I wanted to get your read on that. Is it really a sense now that inflation fears are now moving market participants to believe that both of these central banks are either going to hold or hike rates from here?

David Onyett-Jeffries

[00.17.16]

Yeah. So this is sort of a fascinating development that has played out in the last couple of months, because you have this fairly drastic in-markets abrupt about face in terms of expectations for policy rate. As you mentioned, there was this idea that an easing bias was going to be in place. So, the likes of the Bank of Canada and the European Central Bank, which are effectively at neutral to start the year, were largely going to sit still and sort of see how things develop. But there was not really an intention to do much, whereas you'd see further easing from the areas with higher rates, so let's talk about the Bank of England and especially the Fed. But, since we've had these attacks, I guess a month ago, and the resulting surge in oil prices, you've had this sort of tunnel vision on the inflation part of the central bank's dual mandate. There's this assumption that because you have this oil induced increased inflation, and then that you're seeing it reverberate for shorter term inflation expectations, that policymakers are going to suddenly reverse course. And it's not just a matter of not cutting rates, but

there's this potential that was entering into the market that you'd see outright hikes in response to something that could prove to be a temporary phenomenon. You know, as I just mentioned, the oil price shock is somewhat modest by historical standards. And I think the key thing is there's no guarantee that this is going to persist. We've seen this fluidity of the situation, the constant speed of headlines and contradictory headlines. You know, it causes whiplash for markets and investors and everybody paying attention. Because you're having sort of this, again, potentially, with no clear signs as of yet that you're seeing the filtering into the broader market, central banks are not going to react like with a knee jerk style like movement to the potential that oil prices are going to cause a hit to inflation that could prove temporary and be quickly unwound. And given the headlines that we've seen the last few days, there is a great potential that it could be very, very temporary. But I think importantly, the central banks have the dual mandates generally are what it follows, whether or not they explicitly are just emphasizing price stability like the Bank of Canada, or they explicitly have the dual mandate of full employment and price stability, as they do in the US. One of the big things that hinges on that is this growth momentum. And heading into this, while growth is viewed on generally decent enough footing, there is rising concern about economic momentum especially in Canada in the aftermath of a handful of, let's say, relatively soft job reports, any cost of living shock that we would have, which again, which is the increase in oil prices would have, an inflationary impulse there would be exacerbated, the loss of momentum would be exacerbated by this cost of living shock, which is then going to create some offsetting disinflationary pressures. And this is the kind of thing from my lens that central banks are going to focus on. And they're acutely aware that in an environment where you're sort of seeing this rising economic softness, that the outwards upward pressure on inflation from oil prices, but if you see some softening in inflationary pressures because of weakening demand, raising interest rates in that kind of environment is going to just compound it and make things worse. And I guarantee you that every central banker in the world is very much aware of the fact that since World War Two, every recession outside of the pandemic, which again is a different exogenous shock, has the fingerprints of central bankers on it, where they raised interest rates too high or too quickly and/or left them too high for too long. And as a result of that, what happens is you choke off credit growth and you cause this negative spiral to result. So the bottom line is, I guess, to be more concise, is the idea that markets seem to have been far like overzealous in anticipating this course reversal. Standing patent, evaluating this fluid situation, seems like a much more reasonable path of least resistance. And I do believe that central bankers, with all of this going on, the focus is not so much going to be on the inflation aspect, which will obviously pay attention to, but the focus is going to be more on the potential for these negative knock on effects on demand, which have the potential to be sort of more longer term, whereas this price shock has very much the potential to be a short term, to borrow the term transitory again, transitory phenomenon. This is distinctly different than 2022, where we had the underlying inflationary impulses to begin with, which were then compounded by an oil price shock. You know, the real focus here is on the growth aspect.

John Pagliacci

[00.22.23]

Well like you mentioned, it has now been almost exactly a month since the initial attacks occurred, I guess you'd say. And March has turned out to be a pretty ugly month for most asset classes outside of oil perhaps, oil and sort of cash alternatives were really the havens where you could have maybe made some money. But most major equity markets were down, perhaps not surprisingly, but what investors might be a little bit more surprised to learn when they look at their statements, perhaps, is that their bonds likely got whacked pretty good as well. So, when equities and bonds are moving down together, not a great sign, not what investors would expect from sort of that conservative portion of their portfolio. What's your take on what's happened here and why do you think bonds haven't served their traditional role of being sort of shock absorbers in a portfolio?

David Onyett-Jeffries

[00.23.16]

It really boils down to the fact that this is not a typical growth scare that coincides with a market selloff. So, bonds have failed to deliver any hedging benefits to this point because we've had rates rise in

tandem with the equity sell off, because of this oil price driven impulse in inflation expectations. It has been a situation where, traditionally when you have market selling off, it's because there's this concern about growth prospects. And if you have concern about growth prospects, the likelihood is that central banks are going to be cutting rates, which given that bond prices move inversely with rates, so when interest rates go down, bond prices go up. That's how you see sort of this buffer like the insurance buffer of the asset in a portfolio. But we haven't seen that play out because we've had sort of this different shock. And again, I think it is a big part of the market focus, not on the growth aspect, but more to this point on the inflation aspect. If, however, we see the market focus shift to the expected demand destruction, then you know you're going to continue to see equities fall, but you're likely to see much more of bonds behaving as the way they should in sort of market turmoil, because there's scope for bond yields to retrace the moves that we've seen, and we've seen it in the last few days. As a result of this reassessment of central bank expectations, so you'd see interest rates move down and the yield curve re-steepen, so that means the front end of the curve sort of coming down again is the prospect at minimum of rate hikes starts to be removed from the profile because there's this added concern. So you know it is this one-off shock, that has sort of main bonds less valuable in your portfolio. But that doesn't mean that in a normal environment it doesn't speak against diversification. There's still lots of potential, and value in having bonds as sort of the ballast in the portfolio, especially if we enter the situation where this is a prolonged conflict that has a more, persistent impact on economic momentum.

John Pagliacci

[00.25.32]

Well, that's a good synopsis. And maybe picking up on that a little bit, just because it's timely here I was sitting down and chatting with Aubrey Basdeo, obviously our Head of Fixed Income here in Canada, to get his views and his outlook yesterday, and he was making the point or we collectively were making a point on a webinar that, there's really no one size fits all for investors, it's what's the use case for bonds in your particular portfolio? And I asked him specifically on these sort of, to your point earlier, these dueling mandates, we've got on one hand people concerned about rising inflation, on the other hand, concerns about growth really weakening. So if you're in either camp, how do you position with it in fixed income, and sort of his response again, going back to a little bit what you were saying there, is if your main concern is that growth is going to be weak and the central banks decide maybe not to hike, which the market is kind of pricing in now and we see a reversal or that come out of expectations, then yeah, you're going to want to have a little bit of duration in your portfolio. So bonds that mature, a little bit later on. If on the other hand, your concern is really we're entering into a new inflationary cycle here, and this is going to mean inflation stays high for a while, then you probably want to be looking more at the shorter end of the curve with things like cash alternatives and T-bills. So again, one size does not fit all here. But just wanted to add a little bit of color there, which maybe takes us nicely into almost the end of the episode here, where we like to have you touch on some of your asset allocation views more broadly, perhaps one of the most difficult times to sort of pick your brain on this topic. Safe to assume that you're not making any wild bets at this point, sort of status quo or what are you in the asset mix committee thinking at this point, David?

David Onyett-Jeffries

[00.27.10]

The big thing is that the fundamental views have not changed from a underlying macroeconomic perspective, in the absence of this geopolitical noise, things are okay, right? That is the conviction that we hold. And one of the difficulties in this current environment and given the catalyst to this geopolitical uncertainty is things can reverse really quickly. So having a knee jerk reaction to headlines right now, while there is this compulsion when markets are spasming to sort of run for safety, if you pull your money out of the markets in response to concerns that haven't really started to broadly materialize, especially on the macro side, and ultimately over the longer term, because the asset mix committee and investors in general, we're not day trading. We're taking sort of the more what are likely to be the fundamental drivers over the more medium term while acknowledging short term risks. So the convictions haven't really changed in terms of what we expect to play out later on this year. And so, there's opportunities that are presenting themselves in a market that is broadly selling off. But yeah,

the main issue and one of the reasons why we to this point have been standing pat is the fluidity of the situation and how things can abruptly change. It doesn't add conviction to remove, to de-risk your portfolio, knowing that this could all go away tomorrow. We manage our risk exposures. We're not in low quality assets. We're not in things that we think are on the verge of collapsing. So it's not assets in the selloff that are worthless at any point. It's just they were worth less than they were, which typically is a good time to add exposure. But even then because of the uncertainty, just sort of standing pat and watching how things develop, until there is a reason, like a true catalyst, that fundamentals are changing and we haven't seen that yet.

John Pagliacci

[00.29.11]

Good stuff. That takes us to our last segment which of course as always is, oh, by the way, where we like to discuss some interesting or lesser known tidbits of information, perhaps market related, perhaps not. Sometimes we'd like to have fun with it. I will kick us off here and take us back to where we started. I think the initial point that you made, David, is that, yes, while oil prices are in the headlines, there are other knock-on effects. It's not just that the price to fill your tank is going up. There's knock on effects for really all of us across different aspects. So I thought I'd touch on a few of those here to round off our discussion here. First of all, and David made this point earlier, trucking costs. So fuel accounts for about 25 to 35% of the total trucking operating costs. And since almost everything in the physical world moves by truck at some point in that journey to get to the end consumer, rising oil prices has a direct connection to higher prices virtually across the board. The second one is food prices. I found some information showing that the Saint Louis Fed has found that roughly 20 to 30% of food price inflation during commodity shocks like spike in oil that we're seeing now can be traced back to energy and transportation inputs, as oil affects food prices through things like farm machinery and irrigation. You mentioned fertilizer production. I think, I was listening to another podcast yesterday, I think fertilizer prices are up in the ballpark of 50% over the past month, and then you've got your refrigerated trucking and storage costs on top of that as well. The third, again, going back to a point you made earlier where on jet fuel, flight costs are a big one. Jet fuel typically represents about 25% of airlines operating costs, and that makes airlines one of the most oil sensitive consumer services areas. Meaning not only is your vacation going to cost more, but your business travel will be impacted, as well as the price of freight that moves by air. And then forth, plastics, with oil being a primary input into plastics production, you can bet that manufacturers of really a vast array of everyday items are feeling the pinch here and will ultimately pass these price increases along to consumers at some point if this is more than just a very transitory short term blip that we're seeing in the supply shock. So we're talking about just about everything here packaging for food, household items, healthcare supplies, furniture, electronics, you name it. Plastics are everywhere and the prices of those are going up. And then lastly, while less of a data driven insight here, I do wonder if this conflict is perhaps the catalyst that gets ESG or environmental social governance back on the minds and mouths of investors. It certainly has seemed like under the current US administration, there's been very much a backseat, ESG has very much taken a backseat to the, let's say, drill baby drill mentality. But I do think it's fair to say that many nations really do need to take a hard look at the strategic priorities around, get them closer to energy independence rather than relying on Middle Eastern or Russian oil. And it would certainly, I think, be ironic if what ended up moving us away from fossil fuels was an event that showed us perhaps just how much we need them. So I'll end it off there, David, you got anything interesting for us this month?

David Onyett-Jeffries

[00.32.34]

Well, obviously there's lots to talk about on the energy front, but especially including the fact that April 1st represents the deadline for the memorandum of understanding between Alberta and the federal governments regarding energy and climate, which again, filters nicely into that ESG comment on the investors minds. But given that today is April Fool's Day, I'm going to talk about a much sillier type of gas. Did you know that the first modern whoopee cushion was invented in the 1920s in Toronto by a company called JEM Rubber Company? The original version was green and rectangular and sold for \$0.25. You could also get a deluxe fabric version that sold for \$1.25. The novelty item was a

tremendous hit, and selling via mail order catalog company called Johnson Smith, it generated an estimated \$500,000 in its first year, which is roughly equivalent to \$11 million in today's money. The success of the whoopee cushion saw on numerous imitators and clones. And while there's no publicly available tallies on actual sales nowadays, these gas bags have been among the top sellers in the novelty space, consistently over much of the last century, and just so you know, sales typically peak at the end of March, and they remain among the top sellers again, in novelties on Amazon. I thought that would be worthwhile.

John Pagliacci

[00.33.57]

I love it. Well, if our editor here does not add some sound effects to the end of this episode is perhaps one of the biggest missed opportunities of the year. But thank you, David. That's a wrap on episode number ten. Thank you, everybody, for listening. If you are enjoying the podcast, please don't hesitate to send through any questions or comments you might have. We're happy to address those in future episodes. and of course, give us a follow so that you don't miss any upcoming episodes. You can reach us with any questions or comments at Insights@GuardianCapital.com. That is it for today. Thanks everybody and we will catch you next time.

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