

Market Commentary

Fourth Quarter 2019



Synergy Canadian Corporate Class

David Picton, President and Portfolio Manager

Class F returns (in %) as at December 31, 2019	Year-to-date	1 year	3 year	5 year	10 year	Since inception (11/30/2000)
Synergy Canadian Corporate Class	21.6	21.6	7.4	6.0	7.7	6.6

Source: Morningstar Direct, Bloomberg Finance L.P. and Picton Mahoney Asset Management, as at December 31, 2019.

Performance Summary

- Over the quarter ended December 31, 2019, Class F of Synergy Canadian Corporate Class (the Fund) returned 4.6%, compared with 3.2% return for its benchmark, the S&P/TSX Composite Index Total Return Index.
- The Fund outperformed primarily due to an overweight exposure in the information technology sector. An underweighting in financials added to relative performance. Our underweight position in energy and overweighting in health care detracted.

Contributors to Performance

- Among individual securities, Parkland Fuel Corp. was a positive contributor. Parkland reported strong earnings results during the period and improved its forecast guidance due to stronger refining margins and growth from prior acquisitions.
- Advanced Micro Devices Inc., a manufacturer of semiconductor products, also added value. The company strengthened during the period as the outlook for 2020 improved due to new products, market share gains and an improving pricing outlook.

Detractors from Performance

- The largest individual detractors were Enbridge Inc. and class A shares of Shopify Inc.



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-) Stock selection in the energy sector was a drag on performance during the quarter as commodity prices strengthened and higher debt-levered companies outperformed.

Portfolio Activity

-) During the quarter, we exited our position in Emera Inc. Since initiating our position in the stock, the company had successfully delivered a strong balance sheet and executed on operational results, which led to a significantly higher valuation multiple.
-) We initiated a position in Parex Resources Inc., an international oil and gas company that benefits from international crude oil prices and has a debt-free balance sheet.

Outlook

-) Global economic growth is expected to improve in 2020 as trade disputes fade and central banks' rate cuts begin to provide stimulus. While equity markets were positive in 2019, leadership was driven by defensive and low-beta companies. With an improving global economic growth picture, we expect more economically sensitive sectors to benefit.

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