

INCREASE YOUR FUTURE WEALTH POTENTIAL

J ZECHNER ASSOCIATES CANADIAN UNION PARTNERSHIP FUND



PORTFOLIO MANAGERS: JOHN ZECHNER, MA, CFA AND DAX LETHAM

The value of the JZA Canadian Union Partnership Fund fell 2.4% in the 3rd quarter of 2018 as both stocks and bonds fell in Canada. The resource-based sectors were hit harder than the overall market due continued strong money flows into the technology and health care stock sectors where growth potential is believed to be higher, but so are valuations.

The asset mix of the Fund at quarter end remained slightly defensive with holdings in all asset classes meeting the Fund’s objective of investing in Canadian publicly traded corporations and government entities that employ a meaningful number of Canadian unionized workers. The short-term cash in the Fund remained somewhat high, at 15.0%, as higher stock market volatility provides more trading opportunities and therefore necessitates a higher cash cushion. The fixed income holdings remained stable 22.7%, with a focus on shorter-term corporate bonds where price risk is low, but where yields have risen. The weight of Preferred shares in the Fund increased to 11.8%, as they provide a solid gross yield. Stocks in the Fund were at 50.9% with overweight sector positions in the Energy, Basic Materials, Industrials and Telecom.

New names added to the portfolio in the past quarter which employ significant amounts of Canadian unionized labour include Canadian oil sands company MEG Energy, which subsequent to quarter end received a takeover offer from Husky Energy at a 40% premium to the quarterly closing price. They are currently evaluating the offer. Other significant additions in 2018 include transport companies Air Canada and CN Rail, lumber producer Interfor and the recapitalized Stelco Holdings. In the Energy sector, Canadian Natural Resources and AltaGas were added.

We believe that global economic and profit growth peaked for this cycle in the second quarter. Leading

economic indicators from the industrialized (OECD) countries have lost momentum as Asian and European manufacturing data turned down and the Economic Surprise Indices have headed lower. The U.S. economy remained pretty much the sole source of global strength as second quarter growth exceeded 4% and consumer confidence indicators remained strong. However, we are starting to see more inflationary pressure emerge, which will necessitate the continued removal of the extremely easy money conditions that have characterized the last ten years. Record global debt levels and rising interest rates will lead to retrenchment in consumer and business spending thus limiting further expansion. Profit margins are expected to peak this year due to rising input costs (wages, basic materials. While the U.S. tax cuts have lead to double-digit profit gains this year, those cuts are one-time in nature and will diminish in impact by the 4th quarter.

Within the universe of stocks that meet the stated objectives of this Fund, it has overweight stock positions in the resource sector, where the stocks have stronger earnings momentum, lower valuations and less sensitivity to rising interest rates. The Fund has also been reducing positions in growth stocks in sectors such as technology, consumers and industrials, where lofty valuations and the potential slowdown in economic growth present higher stock market risks.

	INVESTMENT RETURNS		
	Quarter	1 year	3 year
JZA Canadian Union Partnership Fund ¹	-2.21%	+0.74%	+8.61%
Balanced Fund Benchmark	-0.79%	+4.07%	+6.03%

Notes:

1. Annual returns are NET annualized returns (i.e. AFTER management fees).
2. Fund Benchmark is 50% SP/TSX Total Return/ 50% FTSE Bond Composite Return

Past performance is not indicative of future results.

Categorization: Canadian Neutral Balanced

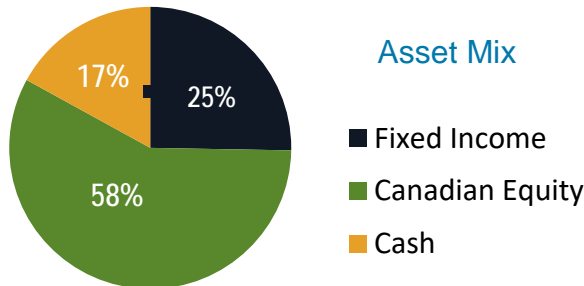
The Fund has been categorized according to the Canadian Investment Funds Standards Committee criteria.

Fund Objective: Long-Term Growth at Moderate Risk

The Fund is designed to generate consistent returns that are commensurate with a moderate degree of investment risk. The manager focuses on global indicators to assess macro-economic trends in global stock, fixed income and commodity markets that are most impacted by those trends. The Fund is suitable for pension funds, health and welfare trust funds, general and corporate accounts. It is diversified and will only hold securities that make the “union friendly” qualification. Over time, investors should experience a moderate degree of risk and volatility.

Investment Strategy: ESG/SRI: Canadian Focus

J Zechner Associates Inc. has introduced the first fund of its kind in Canada. One that is focused entirely on investing in Canadian publicly traded corporations and government entities that employ a meaningful number of Canadian unionized workers. This pro-Canadian union fund is focused on supporting the Canadian unions and the companies that employ them. The fund is actively managed using a proprietary screen of eligible stocks and bonds and rigorous fundamental analysis in determining the asset mix and security selection.



Top 5 Holdings:

Securities	
BCE Inc.	2.92%
Telus Corporation	2.64%
Torstar Corporation Class B	2.46%
Canadian Natural Resources	2.34%
Canadian Pacific Railway	2.28%

(as of September 30th, 2018)

Benefits of our Pooled Funds

The J Zechner Associates Pooled Funds offer professional money management, varied investment choices, the potential for above average returns and lower management fees so you keep more of your accumulated wealth.

A pooled fund is a unit trust that operates like a mutual fund, but is not required to have a prospectus under securities law. A pooled fund is sold through an Offering Memorandum.

J Zechner Pooled Funds are available only to Canadian investors and require a minimum investment of \$150,000; unless the investor is an Accredited Investor. Units of the Funds are qualified investments for certain registered plans.

Solid Partnership Foundation

Our Pooled Funds are held at CIBC Mellon, who acts as Trustee, Custodian, Valuation Agent and Unitholder Record Keeper provider. Our commitment to integrity is behind our decision to partner with a leading Canadian custodian, reassuring our clients that their funds are safe and secure. Like J. Zechner Associates, CIBC Mellon is firmly committed to integrity, client service and exceptional results.

Eligibility for Investment

The Fund will only invest in securities that will be qualified investments under the Income Tax Act (Canada) for a trust governed by a registered retirement savings plan (an “RRSP”), registered retirement income fund (a “RRIF), or tax-free savings account (a “TFSA”).

For more information please contact:

David Cohen, President
Tel 416-867-8649
dcohen@jzechner.com

John Zechner, Chairman and Founder
Tel 416-867-8993
jzechner@jzechner.com

Toll free 1-866-259-6482