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cardinal QUARTERLY

MARKET OUTLOOK

BY EVAN MANCER, CFA

2019 should be a good year for investors. In fact, we think that we may already have seen the bottom of the recent market downturn, which briefly fell below the 20% bear market definition on the S&P 500 and was not far behind in Canada. Markets have been rallying in early January based on hopes that the U.S. and China can reach an agreement to end the trade war they are in. Talks may get derailed in the near-term causing markets to fall again, but even in this case, we would expect the market to bottom in the first quarter and recover quickly from there. We would not be surprised to see markets up 20% from Dec. 31st levels by the end of 2019.

Last year was a tough one for global investors, with all major indexes showing losses for the year. The worst performing developed markets being the German DAX 30 and Japanese Nikkei down -18.3% and -10.3% respectively while the French CAC and UK FTSE fell by -8.0% and -8.7%. In North America, the S&P TSX fell by -8.9%, which was weaker than in the U.S. where the S&P 500 fell by -4.4%. The Australian ASX was the strongest market, falling only -2.8% but this result was much weaker including the almost 10% drop in the Aussie dollar versus the USD. While disappointing, these returns seem rosy compared to the severe bear market in China, where the Shanghai composite fell almost 30% in 2018 and is down close to 45% from its high in 2015.

China's economy is being hurt by the trade war more than the U.S. and sectors like semiconductors and autos, which have greater exposure to China, are already feeling the pain. The U.S. economy has continued to do well as consumer spending has remained strong, driven by low personal debt levels and the growing job market. However, the global economy is more connected than it has ever been. If the trade war carries on, more sectors will get dragged down and eventually, the U.S. economy will suffer as well.

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With the 2020 election season already underway, the Trump administration will be highly motivated to get a deal done and remove the risk of a trade war that would hurt its re-election prospects. China, with its economy suffering, is probably even more motivated. It has been interesting to note how carefully China has tiptoed around the U.S. amidst trade negotiations, choosing to attack Canada for the detention of Huawei CFO Meng Wanzhou rather than the U.S. when the detention is based on a U.S. extradition request. We think it is more evidence that both sides have too much to lose by not coming to an agreement. A deal should be reached in 2019.

Investors have also been fretting about higher interest rates. Despite President Trump's objections, Fed Chairman Jerome Powell has been increasing interest rates. Higher interest rates hurt share prices in two ways: First is that higher rates discourage borrowing, which in turn reduces spending and economic growth. But more important is that interest rates are the benchmark against which all other investments are measured. If safe government bonds yield next to nothing, investors are willing to accept high prices (and lower returns) from other investments, like stocks. High interest rates cause the opposite effect. The good news is that the Fed and Bank of Canada now appear likely to hold off on future interest rate increases, at least until a trade deal with China is reached and the global economy looks stronger. This should support share prices and keep borrowing costs low.

Historically, the third year of a U.S. election cycle has been positive almost every time since the 1930's and has never been negative when the second year of the cycle has been down. We are not big believers in technical analysis, but Presidents do have a high incentive to boost the economy and fix solvable problems in the year prior to an election. 2019 should be no different.

Oil prices should move higher in 2019 as demand increases alongside population and GDP growth. Supply should come down from end of 2018 levels as OPEC and the Saudis cut production to support their economies, as they did in 2015. Saudi Arabia needs oil prices above $80 per barrel to balance its budget and most OPEC countries need even higher prices. Shale oil production is more of a wild card; most shale oil companies lose money with oil below $60, and investors today seem less willing to provide debt or equity funding, so we are skeptical that shale production will increase without higher oil prices. However, shale oil growth has been surprisingly disruptive, almost like the technology industry, and so could still be the spoiler for oil prices.

A halt in the pace of U.S. interest rate increases combined with higher oil prices should have the effect of pushing the Canadian dollar higher. Our view is that we will end 2019 just below $0.80, versus the current $0.74 level at the end of 2018.

We find our greatest comfort in the fact that the stock market is now very reasonably priced, with many excellent companies trading cheaply. We can think of no better example than the Canadian banks. These companies have a multi-decade track record of not cutting the dividend, have demonstrated the ability to steadily grow profits in good times and bad, and enjoy strong competitive advantages. Yet the banks are trading at just nine times earnings with 4% to 5% growing dividend yields. Our confidence is high that in a few years, investors that do not own these companies now will look back at the start of 2019 as a missed buying opportunity.

A big part of being a successful long-term investor is understanding that unexpected negative events can occur without warning. And of course, there is always the potential that a negative surprise upsets our 2019 outlook. But when we take the Canadian banks as an example it is very easy for us to envision 10% annual returns over the next five years. This is because the average dividend yield over that time will already be about 5.5% (with modest annual increases). That leaves the banks needing just 4.5% average earnings growth to hit 10%, assuming the current nine times earnings stays the same. We think the banks will exceed both this conservative earnings valuation and modest growth target over the next five years.

CARDINAL RULE #8

AVOID MARKET TIMING

BY CLINTON REBEC, FCSI, MBA, CIM

As a firm, we invest in the stock market and we stay there. We don't time the markets because we don't have a crystal ball. What we have is the next best thing, a strict value investment philosophy and our core rules.

I'm not meaning to be flippant when I say our strategy is the next best thing to a crystal ball. A proven strategy combined with discipline will combat the number one factor why investors underperform – human emotions. Most investors badly underperform the market due to their poor market timing skills.

In a 2017 CNBC interview, Warren Buffett stated "I don't know anybody that could time markets over the years" and "you'd be making a terrible mistake if you stay out of a game you think is going to be very good over time because you think you can pick a better time to enter".

Warren Buffett can be debated as the greatest investor of all-time. Regardless, he most certainly is one of a select few. If he says timing the stock market is the number one thing to avoid when investing, why disagree with him? We don't.

Barry Ritholtz, an industry veteran and host of the Bloomberg Podcast Masters in Business, noted "the lesson about timing is: not only do you not know when to get in, you don't know when to get out. And when you market-time you got to be right twice. You got to know when to get out and when to get in. And nobody, and I really believe this: nobody but nobody can do that."

Back in our April newsletter, you may recall an article on our Cardinal Rule #3 - Being Patient. In the article, Benjamin Graham's famous quote was included that "the investors' chief problem and even their worst enemy is likely to be themselves." We went on to exemplify this point in the DALBAR annual Quantitative Analysis of Investor Behavior study that examines investor performance. Their goal is to provide information that improves performance by managing behaviors that cause investors to essentially hurt themselves.

As a result, over the past 30 years, the average investor has managed to significantly underperform every asset class and barely keep up with inflation.

Jesse Livermore is one of the most legendary investors. His biography was the basis for the 1923 industry classic and must read "Reminiscences of a Stock Operator". Livermore stated "all through time, people have basically acted and reacted the same way in the market as a result of: greed, fear, ignorance, and hope." Livermore also said "emotional control is the most essential factor in playing the market".

As per one of Cardinal's core beliefs; success in investing does not come from trading stocks, it comes from the ownership of great companies. We believe in discipline; we celebrate the importance of research and the power of patience in the selection and purchase of great companies.

In 2018, we made some moves to take advantage of market conditions, as well as to constantly upgrade and strengthen our defensive holdings.

Our investment committee went through an experience that tested our resolve mid-last year. We had positions in Walgreens & CVS Health. Both stocks came under immediate selling pressure after various rumours that Amazon was entering the pharmacy space. At the end of June, the rumours morphed into reality as Amazon made the announcement that they were buying PillPack to enter the pharmacy market.

Our team did what we always do; we make informed decisions based on our discipline and core rules. Understanding the fundamentals of the pharmacy market, the various dynamics that exist in that sector and re-evaluating why we purchased these companies in the first place affirmed our response. That decision was to hold both companies, as we felt there was an immense overreaction. Both positions fully recovered with Walgreens going on a rally of over 40% from the end of June low, while CVS rallied just under 30%. We still own both.

Upon major news events, we will always reassess our decisions, and if we think the companies affected remain strong holdings then we will confidently move forward despite a share price that may be declining. Again, it's difficult to time the market, and sometimes an undervalued stock is bought earlier than the ideal time, but it does pay "dividends" in the end.

Understand that psychology plays a significant role in the investment decision process. While all of this may seem obvious, most investors still tend to react or even overreact to media reports; especially when they focus on doom and gloom headlines and market crashes.

"Money is like soap, the more you handle it the less you will have." Economist Eugene Fama made the statement to highlight that investors' intuition and actions often prove counter-productive.

The experience of investment legends, behavioral and psychology finance literature, as well as our own history at Cardinal, serves as a reminder of why it so important to protect yourself from your basic instincts—especially when markets are volatile.

At Cardinal, our clients and partners will continue to benefit from a strict value investment philosophy and our core rules, which keep us disciplined. Our process has led to a strong history of out-performance vs. our peers and the market with lower-than market volatility.

Through the early stages of this bear market that has once again been the case.

REPORT ON FIXED INCOME

BY BRETT PURDY, CFA

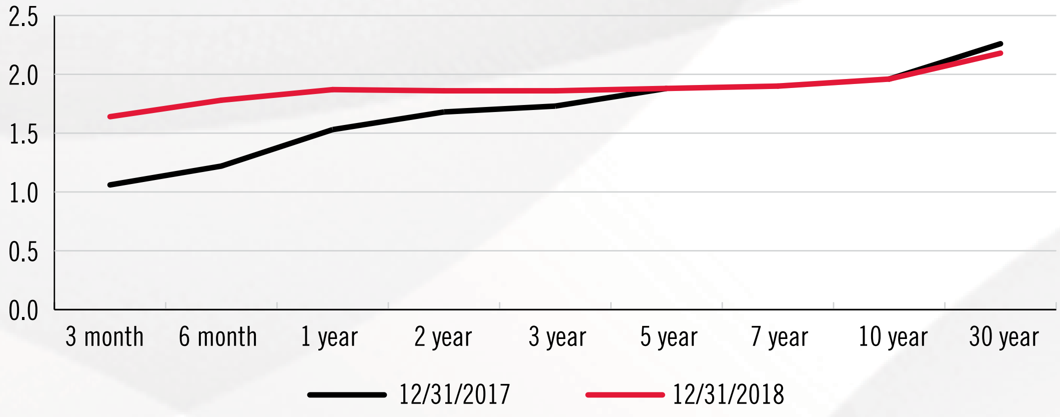
The Canadian bond market in the fourth quarter of 2018 made up for earlier weakness in the year to end the year on a positive note. The FTSE TMX Canadian Universe Bond Index returned 1.76% in the fourth quarter, and 1.41% in 2018. This can be attributed to a fall in bond yields in the fourth quarter as investors piled into bonds amid falling equity markets and concerns about the sustainability of economic growth. The Canada 10-year bond reached a high this year of 2.60% in October and then proceeded to fall to 1.96% by the end of December, ending the year down slightly from where it began. Short term bond yields such as T-bills on the other hand were up over 55 basis points during the year as the Bank of Canada raised rates three times, for 75 basis points in total.

As a result, the Canada yield curve flattened during the fourth quarter. The U.S. yield curve has also followed the same pattern. Most of the time, a yield curve is positively sloped, with long-term bonds trading at a higher yield than short-term yields to compensate investors for the extra risk they are taking on by holding longer maturities. When a yield curve becomes negatively sloped, or inverted, short-term bond yields (i.e. 3-month T-bills) are higher than long-term bond yields (i.e. 10 or 30-year bonds). There is increased worry among investors that the yield curve is about to become inverted because it can be a leading indicator of a recession, usually with a lag of about 12—18 months. Historically, a recession has always been preceded by an inverted yield curve, but the reverse is not always true. In other words, there have been instances where the yield curve became inverted, but a recession did not follow it. For now, the Canada yield curve is still positively sloped, as the 10-year/3-month spread at year end was about 30 basis points, so fears of an imminent recession are a bit premature.

In fact, the Canadian economy remains in good shape with GDP growth averaging over 2% for the first three quarters last year (fourth quarter numbers will be released in early March). Despite a setback from the recent decline in oil prices that will bring softer GDP growth in the near term, the Canadian economy is expected to rebound in the second quarter of 2019 with non-energy business investment and exports supporting GDP growth as the energy sector adjusts to lower oil prices. The labour market in Canada continues to exceed expectations by generating over 163,000 jobs in 2018, and the unemployment rate currently sits at a 40 year low of 5.6%. Also, inflation remains contained; since peaking in the summer at 3.0%, the CPI has fallen to its most recent level of 1.7%, and the core measures of CPI have been stable at just under the Bank of Canada's target of 2%. The Bank of Canada has indicated it intends to stay on its tightening path toward a neutral range, but will likely pause in the short term as the energy sector adjusts to lower oil prices. Global trade uncertainty is also a risk that will need to be monitored closely as U.S. and China trade tensions continue.

Regardless of where we are in the economic cycle, market volatility will still occur as we have seen in recent months. For more risk-averse investors, a fixed-income component to a portfolio helps to reduce that volatility and preserve capital while providing steady income. ■

CANADA YIELD CURVE



INVESTMENT Q&A

What do you like about Disney?

Disney's product is one that everyone consumes. We all love its compelling library of timeless franchises like Disney, Pixar, Marvel, Lucasfilm, and everything therein. It continues to make the most popular movies year after year, dominating the box office, and its theme parks are the quintessential family vacation experience.

In addition to this, we believe that Disney as a business is of utmost quality. The company's focus on franchises and blockbusters has made its studio both consistent and massively profitable. In Parks, the constant refresh of attractions with new intellectual property created in the studio has resulted in bottomless demand and pricing power. The consumer products division is the largest licensor in the world and adds to the returns generated on content creation (Mickey Mouse has been making money for 90 years). And the traditional television business, though challenged, should remain a cash cow. This has been their recipe for success for decades and we believe the future is brighter than ever.

In the near term, we see excellent 2019 and 2020 movie slates including live action remakes of Aladdin and Lion King, plus the continuation of franchises such as Toy Story 4, Star Wars, Marvel, and Frozen. We are also excited about Disney's expansion of its theme parks, hotels, and cruise lines including two extensive Star Wars lands which should drive strong attendance and improved pricing power. The 2018 acquisition of Fox further bolsters their movie slate and TV production capabilities.

Longer term, Disney's fortunes will be dictated by the launch of its streaming service, Disney+, in 2019. There are numerous risks, no doubt; however, we believe that Disney gaining control of its distribution is the right long-term move for the company and should serve patient investors well. And at a <16x price to forward earnings, we believe we are getting this amazing business for a great price. JEFF RANCE, CFA

Why did we sell Smuckers?

We decided to sell J.M. Smucker (SJM) as the overall food industry is continuing to see a shift to the perimeter of the store where consumers look for healthier and fresh options. Barriers to entry in the industry have weakened and small start-ups are continuously chipping away at big food company sales. Gone are the days where it was too difficult for small brands to gain shelf-space in stores from the big incumbent brands as the internet has created the "endless store shelf". On top of that, large retailers such as Wal-Mart and Costco are focused on providing differentiated, private label brands, which has increased pricing pressure due to the heightened competition. Thus the entire industry is facing challenges from a variety of angles making it very difficult to grow both revenues and earnings, and we do not currently believe SJM is immune to these factors.

From a company-specific perspective SJM has been increasing their marketing spend in an attempt to turnaround its top-line declines, which is pressuring company margins. Whether this increased marketing and advertising translates into revenue growth remains to be seen. SJM does have some high-growth brands such as Dunkin' Donuts, Café Bustelo, and Uncrustables, however a large chunk of its product portfolio lies in brands that have growth challenges, thus making it difficult for the overall company to grow. Finally, SJM has struggled with its foray into pet food and just completed the acquisition of Ainsworth Pet Nutrition, LLC, the owner of the Rachael Ray Nutrish brand. This acquisition required SJM to issue debt and lever up its balance sheet, thus increasing the overall risk profile of the company at a time when the industry has much more uncertainty than in the past. DAVID AIME, CFA

Banks earnings & dividends are up, so why are shares down?

In 2018, average Canadian bank earnings per share increased 12% year-over-year to a new record high, dividends per share increased 7%, and yet, share returns were down by 8% net of dividends. In other words, investors are now paying an average of 21% less per dollar of earnings to own a basket of the Big 6 Canadian banks compared to a year ago. So what happened?

First off, context is king. The Canadian banks outperformed U.S. banks, global banks, and the TSX composite in 2018, so in spite of a disappointing absolute result, we do not believe that this is a purely Canadian-centric issue. For the most part, much of the decline that has taken place since October was due to conflating factors including the dramatic drop in oil prices, an inversion in the middle part of the yield curve, and various ongoing trade disputes – all of which investors are reading as a signal of slower global economic growth and a turning point of the credit cycle.

Despite these concerns, we believe the decline is not driven by fundamentals, and we remain positive on the Canadian banks for the following reasons:

- Bank results, delinquencies, and unemployment do not signal an imminent concern for credit in our opinion, which is a key difference from what the market is reflecting.
- Earnings growth should persist, helped by revenue benefits from previous rate hikes and continued expense management.
- Excess capital across the Canadian banks totals in the billions collectively, which allows for a combination of offense and defense.

In our view, given the disconnect between market sentiment, our current view of fundamentals, and the long-term track record of the Canadian banking oligopoly, we view this recent decline as another opportunity to add to our existing positions. ROBERT LAM, CPA, CA, CFA

CARDINAL RESEARCH
FORTIS
BY JEFF RANCE, CFA

Over the past quarter, we attended the Fortis Investor Day and met with the new CFO, Jocelyn Perry. First off, both the meetings and Fortis' share price performance through 2018 highlighted the defensive nature of the business. Secondly, we continue to be confident in the company's ability to grow earnings and dividends at 6%/year on average. Thirdly, Fortis is exposed to a number of positive broad trends including investments related to cybersecurity, power grid reliability, renewable power generation, and LNG exports that should provide additional long-term growth opportunities. In summary, our meetings support why we view Fortis as a core investment.

Looking back on 2018, Fortis exhibited both the ups and downs of investing in utilities. Through the first half of the year Fortis returned -7%, materially under-performing the TSX +1.9%. This was a function of rising bond yields and inflation concerns as well as uncertainty relating to how U.S. tax reform would affect utilities. Things reversed dramatically in the second half of the year when the TSX fell nearly 11% while Fortis returned +10%. Fortis ended the year returning +2.7%, outperforming the market by 11.6%. **This is exactly the result we expect when owning a high quality utility like Fortis.**

When animal spirits take hold and propel markets to new highs, more often than not, Fortis will under-perform as investors seek out higher risk investments and ignore fundamentals. However, when markets enter corrections, bear markets, and/or recessions, investors change their focus to stability of cash flows, dividend sustainability, probability of earnings growth, and reasonable valuation. Utilities possess each of these characteristics.

High cash flow stability and dividend sustainability are the result of most utilities being regulated monopolies providing essential services. This means that cash flows are steady because they have no competitors stealing their customers, prices are set by regulators, and customers have to pay their bills or their furnaces, air conditioners, and refrigerators won't work. Utilities have a high probability of earnings growth as capital programs are approved by the regulator in advance and do not tend to fluctuate with the broader economy.

While all utilities share these characteristics to some degree, we believe Fortis epitomizes them. This is a function of the company's excellent management and overall strategy. Throughout its history, Fortis has grown via acquisition from its roots as Newfoundland Power, adding transmission and distribution utilities in Alberta, BC, the Caribbean, New York, Arizona, and the U.S. Midwest. The result is the most diversified utility in North America with over 60% of assets in the U.S. and no single utility representing more than 30% of the overall company. Diversification is important as it reduces regulatory risk, which is top of mind given major issues in places like California. Diversification also provides the advantage of cross-jurisdictional sharing of lessons and best practices not available to single jurisdictional utilities. This strategy has been a success, in our opinion. There are many ways to measure success, but we think a TSX-leading 45 consecutive years of dividend growth speaks for itself.

Looking forward, our meetings lead us to expect more of the same except with a greater focus on organic growth as opposed to acquisitions. At the Investor Day, Fortis announced a 5 year capital program of $17.3B as compared to the $14.5B program announced in 2017. More capex tends to be a positive at utilities as they earn a return on capital spent. In total, the $17.3B program should drive 7.1% and 6.3% annual growth in regulated assets over the next 3 and 5 years respectively, supporting 6% per year dividend growth. Further, the company went into detail on a number of additional infrastructure opportunities, which highlights the "low risk growth + optionality" model we like in utilities.

We believe there are a number of key trends responsible for the increased capital program that will continue to drive growth of earnings and dividends for Fortis in the foreseeable future:

1. **Renewable power generation** – The declining cost of both wind and solar generation positions is an area of long-term secular growth; however, outside of Arizona, Fortis has little investment in power generation. Fortis still stands to benefit because of the variable nature of both wind and solar. As these sources replace fixed generation, like coal, extensive investment in modernizing the grid is required for smooth operation. For example, in Fortis' Midwest electricity transmission assets, the company's assets overlay the windiest states in the U.S. and there are over 100GW of wind projects in the regulatory queue that will need transmission.
2. **Cybersecurity** – This is an area of focus by governments of all levels as threats to national security increasingly move from the physical realm to cyberspace. Consultants have estimated that utilities will spend $7.25B by 2020 on grid security. Fortis would earn a return via an increase to customer rates on any capital they are required to invest.
3. **Aging Infrastructure** – Aging infrastructure is a major issue across North America and it is no different in utilities. In BC, Fortis is replacing thousands of km's of pipeline that were installed in 1979 or earlier. In electricity transmission, Fortis is embarking on a 22 year project to replace assets built in the 1970's with higher voltage modern lines.
4. **Energy Exports** – Given the ample levels of natural gas production in Canada, Fortis is positioned to take advantage of LNG exports in BC with its Woodfibre gas pipeline expansion and its small-scale exports from its Tilbury facility. ■

WANT YOUR OWN FAMILY CHARITABLE FOUNDATION?

WE CAN HELP!

BY DEWAYNE OSBORN, CPA, CGA, CFP
HEAD OF PHILANTHROPIC SERVICES

As a Cardinal client, you now have a wide range of options available to you when considering making charitable gifts. Through Cardinal Philanthropy you have access to expert advice for a wide range of charitable gift issues and questions.

A growing trend in Canada is for donors to set up a family foundation. A family foundation is a registered charity that is primarily funded or controlled by a person or group of related people (e.g. family). Why would one use a family foundation versus making gifts to a wide variety of charities individually? There are several reasons (in no particular order): the desire for donor anonymity, a need to control the use of funds, a mistrust of the recipient charity's ability to effectively manage the gift as intended, a desire to be strategic in one's giving, and a wish to encourage the family to be engaged in philanthropic efforts.

So how does a family foundation work? Once registered with Canada Revenue Agency (CRA), donations are received into the foundation and tax receipts are issued for the eligible amounts of those gifts as per CRA regulations. Once gifts are received, the foundation is required to spend a certain amount annually for its charitable activities. This amount is called the disbursement quota (DQ). The foundation is required to complete a year-end tax return to CRA that details its operations for each year. Similarly, the foundation is also required to maintain adequate financial books and records, bank accounts, minutes from board meetings, and file annual reports to provincial authorities.

Operating a charity such as a family foundation is a highly regulated endeavor. For example: not all property transferred to the foundation is eligible for a tax receipt; tax receipts require specific information on them; property that is gifted to the foundation requires fair market value assessments to determine the amount eligible for a tax receipt; not all recipients are eligible to receive grants from the foundation; not all expenditures from the foundation would be considered a charitable activity. Charities that fail to comply with the regulations will be subject to sanctions including revocation of their charitable status, financial penalties, or both. Without a doubt, adherence to the regulatory burden is the downside of operating a family foundation.

If you're interested in owning your own family foundation, Cardinal Philanthropy can do the heavy lifting by setting up the foundation for you and providing operational guidance as required.

What if you could have all of the benefits listed above of your own foundation without any of the regulatory burden? You can make a gift to the Cardinal Foundation with specific instructions that the funds be held in a specific account and that all grants from that account be based on recommendations from you and your family. In essence, you would be setting up your own private foundation within the Cardinal Foundation. The account would be held separately from all other donor accounts and your Cardinal Advisor would continue rendering advice on the management of those funds. Annually you would still be required to spend at least the DQ amount in force at that time, which is currently 3.5% of the account size, but you can spend more than the minimum at any time, and all cheques issued from your account would be recognized in your name or some other name provided by you. The recipient charity receives a letter stating that the gift is being issued by your foundation that is being administered by the Cardinal Foundation.

What about the regulatory burden? The Cardinal Foundation is responsible for the legal and regulatory burden for operating your account. All you and your family do is make gifts to your foundation and make recommendations for where to use the funds.

What is required to set up an account at The Cardinal Foundation? A simple two-page donor agreement is required that is signed by the donors that instructs The Cardinal Foundation as to who is authorized to make grant recommendations for the account, the name of the account, the initial property to be gifted, and discloses any and all fees and minimum grant size requirements etc. Once signed, a gift may be made and an appropriate tax receipt will be issued in accordance with CRA regulations.

If you're interested in more information on this or any other service of Cardinal Philanthropy, go to https://www.cardinal.ca/cardinal-philanthropy or contact DeWayne at 204-774-9318 or dosborn@cardinal.ca.

CARDINAL NEWS

We are pleased to welcome **Annaliza (Liza) Maraneta** to Cardinal. Liza brings over 11 years' experience in administration and client servicing roles and will be working directly with Gerald Butler and Ian Wood. **Helen Simard** joins the Administration team on a term basis as a Client Services Administrator. Helen has over 20 years' experience in the financial services industry, having previously worked at Dejardins. **Chris Daniels** recently joined Cardinal as an Investment Associate. Chris comes to us from Investors Group and will be working with both the Business Development and Investment teams. Congratulations goes to **Chad Wiebe** and his wife Lauren as they welcomed a baby boy to their family on December 18th, named Jack Maverick.

THE CARDINAL FOUNDATION

2018 YEAR IN REVIEW

BY EMILY BURT, MBA, CFA CHAIR, THE CARDINAL FOUNDATION

2018 marked our 10 year anniversary for The Cardinal Foundation. For the last decade, the Foundation has played a major part in giving back to our community. At Cardinal, we believe success to not only be measured by investment performance, but also by the positive influence we have on those around us.

The Cardinal Foundation was established in 2008 so that we could take a more organized approach to corporate giving. Through the Foundation we have been able to assist charitable organizations that are in great need of support and may not otherwise be able to continue providing their services to those who need it most. Our hope is that each grant the Foundation makes will directly impact the lives of those in our communities.

Ten years later, and over $1M of grants distributed, the Foundation has become something that our whole company is quite proud of. Employees have been engaged in volunteering on our grants committee, or at the organizations we have supported, and in 2018 we held our first fundraising drive with staff to increase donations to the Foundation and get even more involved in where the money may go. The Foundation's Board and Grants Committee really made 2018 something to celebrate. The following were some of the grants we made:

- Bunker Youth Ministry
- Terry Fox Foundation
- Evergreen Basic Needs
- HSC Foundation
- True North Foundation
- Candace House

The Cardinal Foundation would not be possible without the generous annual funding of Cardinal Capital Management, and the ongoing commitment by our board members, and grants committee. Thank-you to everyone for the time and energy you have put into the Foundation!

The Board of Directors include David Aime, Emily Burt, Leah Cochrane, Brian Coughlin, Sean Lawton, Ron Malech, and Sheila Wilson-Kowal. The Foundation is administered by DeWayne Osborn and the Grants Committee also includes Melanie Burt, Mitch de Rocquigny, and Juanita Gielen.

REDUCTION IN TRADING FEES

Effective January 31, 2019 we are pleased to share that trading fees charged on accounts held at **NBIN** will be reduced to $0.02/share or an $11 minimum; previously trading commissions were $0.03/share or a $15 minimum. As Cardinal grows we continue to be able to negotiate better rates for our clients.

DIVIDENDS

Canada	% Increase
Allied Properties REIT	2.3%
Bank of Montreal	4.2%
Canadian Tire Corp. Ltd.	15.3%
Enbridge Inc.	10.0%
Fortis Inc.	5.9%
Granite REIT	2.6%
National Bank of Canada	4.8%
Sun Life Financial Inc.	5.3%
TELUS Corp.	3.8%

U.S.A.	% Increase
Amgen Inc.	9.8%
United Technologies	5.0%
VF Corporation	10.9%

International	% Increase
Siemens AG	2.7%

CARDINAL CLIENT PORTAL

Skip waiting for the mail and sign up to access to your Cardinal statements online! Log in anytime and see your Cardinal statements from the lake, home or abroad. If you no longer wish to receive paper copies of your statements in the mail, we would love for you to join the many happy Cardinal clients who have gone paperless. Email us at cardinalcommunications@cardinal.ca to let us know you'd like to go paperless!

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