

July 2020

UNEVEN RECOVERY

The theme of July was strong growth in risk assets compared to a weak US dollar. Relative to history, the US dollar had the worst month of all the major asset classes. A weak US dollar helps spur growth because it lowers the cost of buying US goods (or borrowing to invest or build a business) for people around the world. It also lifts inflation expectations within the US. With global central banks firmly holding to their accommodative stance (i.e. money printing and low policy rates), real interest rates have fallen sharply since the beginning of the year. As a result, gold and corporate bonds were the best performing asset classes for the month.

Chinese growth was another important theme in July. China has expanded the amount of credit being issued to domestic producers with the result being higher economic growth. Assets linked to Chinese growth expectations performed well, namely, Chinese equities, Emerging Markets stocks, and industrial metals.

Within Developed Markets, US equities continue to lead the pack. The outperformance of US equities is a direct consequence of its heavy weighting toward tech and growth stocks. European and Japanese markets favour less cyclical sectors, causing a lag in their recovery compared to the US. The central banks in these regions are also operating primarily with negative interest rates, creating an additional drag on their financial sectors. As long as tech remains the market leader, non-US Developed Markets will continue to lag.

The world remains fixated, rightly so, on how the COVID virus will play out. On a positive note, there is unified support by governments and central banks to backstop citizens and the economy and the trends appear to be heading in the right direction. However, the risks are mounting. A second wave seems likely and the cessation of some government social support programs may cause significant hardship and a wave of corporate bankruptcies. The US election continues to provide much drama as does growing US-China trade tensions. Finally, we are clearly in a frothy market with over-valuation in some sectors. We balance these risks and remain invested in the themes we continue to believe strongly in while remaining defensive overall because of our Fixed Income and Alternative investments.

Portfolio Contributors

ARK Innovation ETF (ARKK) lead the way with a 43% return well outpacing the next-best iShares Global Agriculture ETF (COW) that posted a 14% return.

Portfolio Detractors

iShares MSCI Europe & Far East ETF (XML) posted a 0.8% return and iShares Global Infrastructure ETF (ZGI) returned 1.5%. While still positive, these were the lowest-returning positions across the holdings.

Source: TMX PowerStream



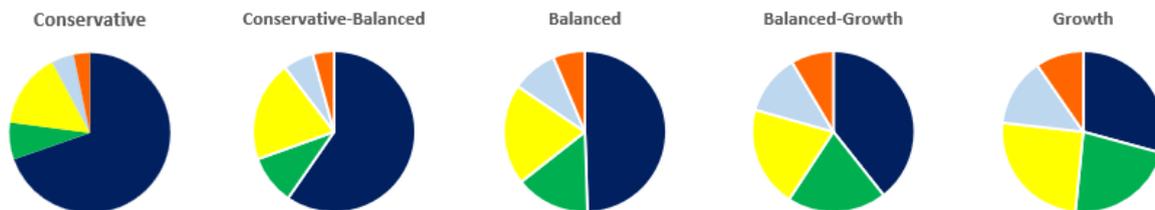
Invest with
PURPOSE

Investment and Benchmark Performance

as of July 31st, 2020

Name	1-Mo	3-Mo	6-Mo	1-Yr	3-Yr Annualized	5-Yr	YTD 2020	2019	2018	2017	2016
CPF Fixed Income Model	1.4%	3.5%	1.8%	4.8%	3.9%	3.3%	3.2%	7.6%	-0.4%	3.4%	3.6%
Canadian Universe Bond Index	1.4%	3.6%	6.0%	9.3%	6.4%	4.0%	8.8%	7.3%	1.0%	2.4%	1.0%
CPF Equity Model	1.8%	5.6%	-7.5%	-2.5%	4.8%	5.5%	-6.6%	19.2%	-3.6%	15.0%	8.7%
MSCI World Index (CAD)	3.1%	8.0%	0.2%	8.0%	9.0%	7.4%	1.1%	21.5%	-1.5%	14.4%	2.9%
CPF Alternative Model	2.4%	3.7%	2.6%	4.5%	4.6%	4.5%	3.6%	5.2%	1.9%	9.4%	5.9%
Absolute Return of 5% Per Year	0.4%	1.3%	2.5%	5.0%	5.0%	5.0%	2.9%	5.0%	5.0%	5.0%	5.0%
CPF Thematic Growth Model*	6.7%	18.4%	14.2%	23.8%	16.1%	11.7%	17.6%	17.5%	-2.8%	12.6%	10.5%
MSCI World Index (CAD)	3.1%	8.0%	0.2%	8.0%	9.0%	7.4%	1.1%	21.5%	-1.5%	14.4%	2.9%
CPF North American Stock Model	2.4%	9.6%	-5.6%	-0.2%	10.5%	12.0%	-1.0%	24.9%	-4.2%	27.5%	16.9%
50% S&P/TSX60 + 50% S&P500	4.8%	11.0%	-1.7%	5.9%	8.1%	7.6%	-0.9%	25.5%	-6.9%	15.1%	15.1%

All performance data tracked in SIACharts.com & Morningstar Direct. All returns are gross of advisor fees.



Name	1-Mo	3-Mo	6-Mo	1-Yr	3-Yr Annualized	5-Yr	YTD 2020	2019	2018	2017	2016
CPF Portfolios Conservative Portfolio	1.6%	3.8%	0.5%	3.6%	4.4%	3.5%	1.7%	10.0%	-1.4%	4.9%	4.1%
Conservative-Balanced Portfolio	1.7%	4.1%	-0.9%	2.5%	4.2%	3.3%	0.2%	10.8%	-1.6%	5.2%	3.8%
Balanced Portfolio	1.8%	4.3%	-1.9%	1.8%	4.5%	3.5%	-0.8%	12.0%	-2.0%	5.8%	4.6%
Balanced-Growth Portfolio	1.8%	4.5%	-2.8%	1.0%	4.1%	3.6%	-1.8%	12.2%	-1.8%	6.9%	4.6%
Balanced-Growth With Stocks Portfolio	2.4%	6.3%	-0.4%	3.9%	5.9%	4.8%	1.3%	13.6%	-1.5%	8.9%	4.8%
Growth Portfolio	1.9%	4.6%	-3.2%	0.7%	4.2%	3.6%	-2.2%	12.7%	-1.9%	7.5%	4.7%

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Proxy funds used for benchmark indexes:

- Canadian Universe Bond Index: iShares Canadian Universe Bond Index EFT (XBB.TO)
- MSCI World Index (CAD): iShares MSCI World Index EFT (XWD.TO)

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