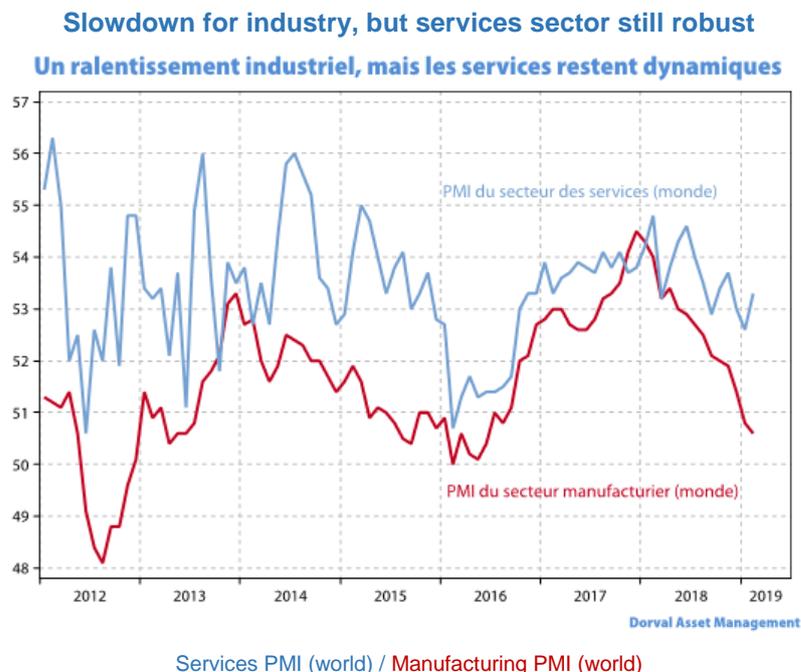




## Exposure rates of the Dorval Asset Management Range – 15th March 2019

Dear Clients and Partners,

After world economic indicators slid over the past year, economists and investors are now keeping an eye out for any early signs of a recovery. However, it is worth remembering that this slowdown did not drag down that many sectors, with industry being the hardest hit, while services slowed very little (cf. chart 1) – a far cry from a recession, when the economy is characterised by broad-based weakness across several sectors.



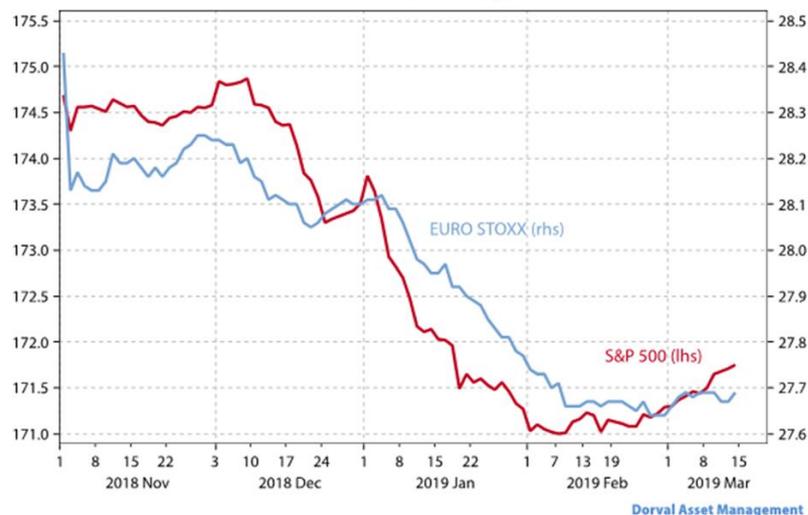
The slowdown for industry, which seems to have continued in February judging by Markit surveys, went alongside a fall-off in world trade, and business surveys show fairly sluggish export orders. Yet the Chinese economy's stimulus drive along with signs of a stabilisation in Europe (industrial output up 1.4% in January after a 0.9% dip in December) point to a cycle trough in the first quarter of the year.

The stance from listed companies also bears out the conclusion that the world economy remains fairly robust, shored up in particular by consumer spending. Meanwhile,



earnings downgrades seem to have ground to a halt in the US and Europe over the past several weeks (cf. chart 2).

**Financial analysts' 12-month EPS projections**  
Bloomberg Consensus  
**Bénéfices par action prévus à 12 mois par les analystes financiers**  
Consensus Bloomberg



Dorval AM continues to expect a cyclical rebound over the months ahead, particularly in Europe. This should buoy small- and mid-caps, as well as cyclical stocks more broadly speaking, especially as systemic risk stemming from Brexit is now in the past.

Our exposure rates are as follows:

- **Dorval Convictions:** Our exposure rate is 41%.

**DORVAL ASSET MANAGEMENT**

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