



## September 2021 Commentary

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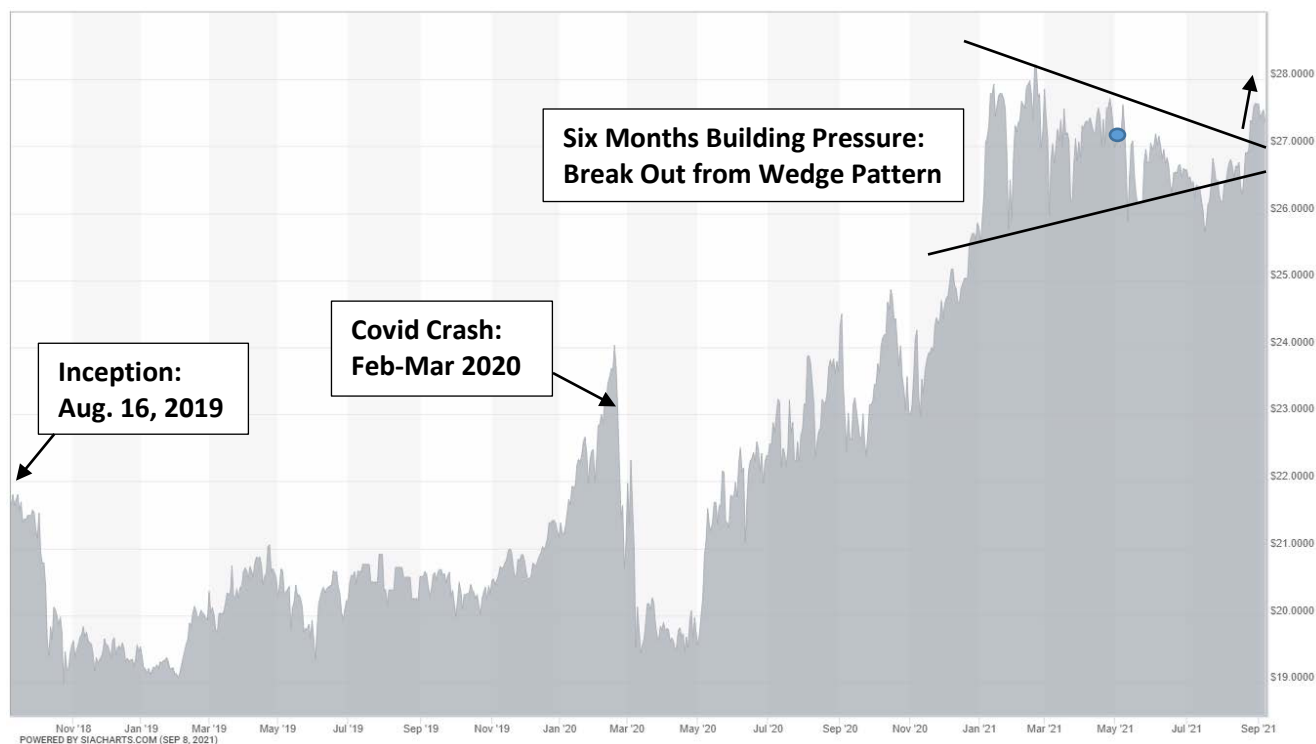
It's been two months since our last letter, everyone is back from holidays ready for a busy fall season. We hope your summer was as good as ours! In July our hypothetical equity model inched up 0.28% but in August it rocketed up 7.23%. This broke us out of the narrowing wedge pattern that we started following in May's letter. More on that below.

August has totally changed our running year-to-date result. We are now solidly in the double digits at 12.23% so far and this marks another record monthly close, both in our model and in our portfolios that are based upon the model.

### **Market Update**

Once again we revisit the price chart of our private fund the *SIA ML Global Tactical Pool*, updated to include data to the end of August. We starting analyzing what looked to be a wedge formation in our May letter (the blue dot below). The evolution since then has mostly stayed within this wedge. Another way to look at it was that we built a large base with the chart touching the level around 26,000 on half a dozen occasions. We hypothesized that the longer this persisted, the bigger the eventual break-out would be. We also noted that this type of formation was a *continuation pattern*, meaning the direction of the inevitable break-out was likely to be in the same direction as what preceded it, which in this case was to the upside.

For once we got what we expected – a classic breakout to the upside. This is clear on the chart. As always in trading, whenever you sell there is someone buying from you who obviously has a different point of view. In other words, there are different ways to look at a chart that yield opposite conclusions. In this situation the caveat is that most break-outs are fake-outs that fail for various reasons. Often, the first break is not enough and you fall back into the previous trading range or pattern. We are not nearly far enough along this break-out to know whether it will hold. This is supported by what we see below the surface of various equity markets. Overall North American stocks seem to be trading water but there are big variations between different sectors. Some are surging, such as natural gas due Hurricane Ida and the onset of the fall heating season. Some are lagging, like autos where deliveries have been stunted by shortages of computer chips. Our own risk models have not budged since our last letter. Though we have made some money lately, we still have not reinvested the almost 20% cash we raised earlier this summer. Our indicator is still green, but it is not surging, so we remain semi-cautious until we see more decisive action and the breadth of that action covers more sectors.



### ***Voice-of-Client Surveys***

In the past, you may have been contacted by National Bank Financial to answer a survey about your experience with NBF; how satisfied you are with your service, how likely you would be to recommend the Mott Liokossis Wealth Management Team to friends or family, etc. If you haven't been contacted, you probably will be at some point. For those of you who have taken the time to respond, we see the

feedback and it has been excellent. For this we thank you for taking the time and we're extremely happy that you're happy!

Our commitment to service is total. We strive to be responsive and proactive, keep you informed of what we're doing and help wherever we can. So we're happy to see this show up in the surveys; however, we view constant surveys as an intrusion and that is not consistent with our mission to deliver a great experience. Unfortunately, we cannot suppress them. Therefore – if you receive one – please do not feel in any way obligated to complete it unless, of course, you really want to.

## September 2021 Portfolio Review

Mott Liokossis Hypothetical Model sector breakdown at the end of August 2021:

Cash	9.04%
Diversified Global Equity Portfolio	37.94%
Diversified Canadian Equity Portfolio	11.29%
Specialty Retail	9.94%
Electronics & Semi-Conductors	8.64%
Aerospace & Defense	6.23%
Computer Software	5.74%
Conglomerates	5.71%
Energy	5.47%

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### Hypothetical Model Growth Portfolio Holdings at the end of August 2021:

<u>% Held</u>	<u>Security</u>	<u>Symbol</u>	<u>Sector</u>	<u>Price</u>	<u>Yield</u>
9.02%	Cash				
6.17%	Airbus SE ADR	EADSY	Aerospace & Defence	\$ 42.70	0.00%
8.94%	ASML Holding NV	ASML	Electronics & Semi-Conductors	\$1,089.62	0.30%
11.38%	BMO SIA Focused CDN EQ ETF	ZFC	Canadian Equity Portfolio	\$ 39.70	1.60%
5.61%	Cheniere Energy Inc.	LNG	Energy	\$ 113.43	0.00%
9.90%	Dicks Sporting Goods	DKS	Specialty Retail	\$ 177.26	0.76%
5.65%	Infosys	INFY	Computer Software	\$ 29.62	1.23%
37.74%	SIA ML Global Tactical Pool	SWI220	Global Equity Portfolio	\$ 27.55	5.72%
5.60%	Textron Inc.	TXT	Conglomerates	\$ 90.11	0.09%

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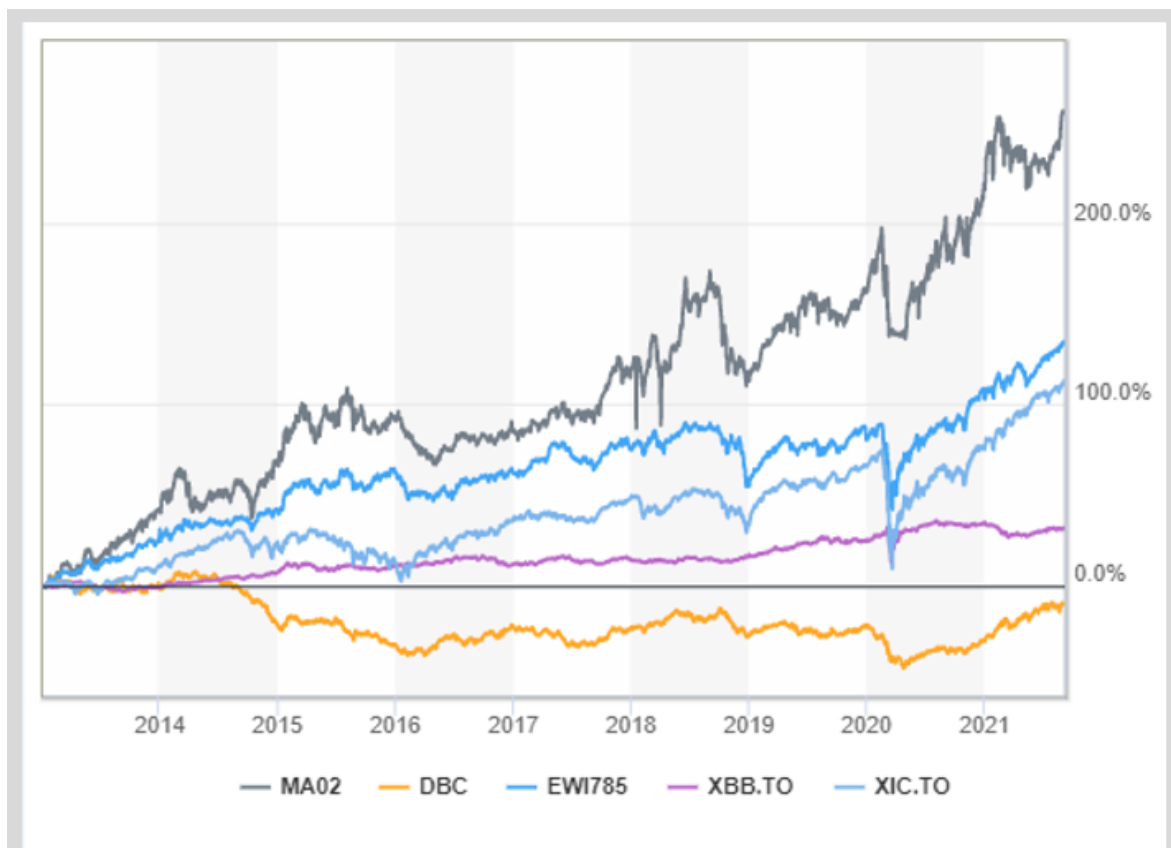
	Monthly Returns												Yearly Returns	YTD
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
2021	1.62%	5.68%	-3.36%	0.16%	-0.85%	0.93%	0.28%	7.23%					12.23%	
2020	4.33%	-3.90%	-8.54%	-0.42%	9.70%	2.13%	5.75%	4.27%	-2.33%	-1.79%	7.32%	6.07%	22.93%	
2019	1.36%	5.01%	3.75%	3.46%	-1.58%	2.58%	0.97%	1.13%	-3.33%	-0.78%	3.76%	2.09%	19.73%	
2018	2.84%	0.81%	-0.31%	-0.79%	5.53%	8.19%	-0.60%	8.18%	-2.65%	-14.70%	-0.14%	-2.73%	1.60%	
2017	-1.26%	3.11%	0.49%	3.26%	1.45%	-3.95%	0.50%	2.31%	3.43%	7.33%	2.38%	-3.57%	16.08%	
2016	-3.29%	-2.97%	-3.70%	-3.30%	5.04%	1.01%	3.03%	-0.56%	1.02%	-1.70%	1.56%	0.82%	-3.36%	
2015	9.73%	2.78%	3.71%	-8.98%	10.69%	-4.34%	7.93%	-5.39%	-3.05%	0.23%	-0.08%	1.84%	13.89%	
2014	6.39%	6.38%	-5.18%	-4.67%	1.52%	1.94%	-1.25%	5.18%	-2.40%	0.44%	5.70%	3.57%	18.08%	
2013	6.00%	4.20%	3.95%	-2.83%	9.64%	-3.67%	4.06%	3.65%	3.29%	3.42%	4.68%	2.66%	45.96%	

Monthly & Annual Returns for the Mott Liokossis Hypothetical Model Growth Portfolio.

Performance reflects actual trades executed in our maximum growth model and does not include fees or expenses.

We use this hypothetical model as the basis for our clients' portfolios.

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Growth of \$10,000 Jan. 04, 2013 - August 31, 2021

Mott Liokossis Model (MA02)	\$36,080
World Stock Equal Weight Index (EWI785)	\$23,463
Canadian Stocks (XIC.TO)	\$21,300
Canadian Bonds (XBB.TO)	\$13,166
Commodities (DBC)	\$9,033

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