

PALOS

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Palos Weekly Commentary

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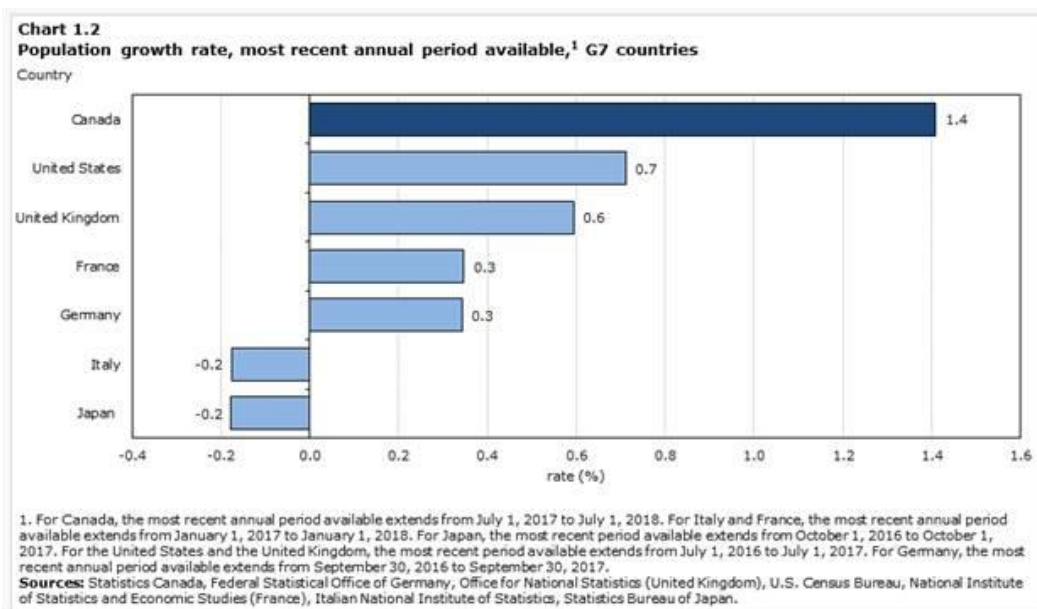
Palos Funds

By Charles Marleau, CIM
& Joany Pagé, CFA

Investing in Population Trends

The growth rate of the world population is accelerating at an incredible speed. It took thousands of years for the global population to hit 5 billion; this happened in 1987. However, it only took 32 years to reach close to 8 billion people. Another noteworthy stat is that globally, people over 65 years of age now outnumber children under 5. People are living longer, but they are having less children.

In Canada, the population is now at 37.5 million and on its way to hitting 40 million. Between July 1, 2017 to July 1, 2018, the population grew by 518,588. Canada's population growth is hitting new highs not seen since 1956/1957, also known as the baby boom era. Most of Canada's population growth is coming from international immigration.



Palos Funds cont.

*By Charles Marleau, CIM
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These population trends should continue to drive population-driven real estate like multi-family, retirement homes, self-storage, and cemetery related assets. The funds are well exposed to companies in these industries.

Under multi-residential, single-homes and self storage facilities, the fund is exposed to Interrent Real Estate (TSX: IIP-U), Minto Apartment Real Estate (TSX: MI-U), Tricon Capital (TSX: TCN), and Storagevault (TSX: SVI). These companies are benefitting from the population trends and should continue to drive NOI growth, via new projects and rent increases.

On the aging population trend, life insurance like Manulife (TSX: MFC) will also be benefiting from the increase in life expectancy. The fund is also exposed to retirement homes like Sienna Senior Living (TSX: SIA). In addition, the fund is also invested in a mobility equipment company called Savaria Corp (TSX: SIS) and cemetery related assets via Park Lawn (TSX: PLC).

Disclaimer: Palos Funds are shareholders of IIP-U, MI-U, TCN, SVI, MFC, SIA, and PLC.

Chart 1: Palos Domestic Funds versus Benchmarks (Total Returns) ¹	FundServ	NAVPS	YTD Returns
Palos Income Fund L.P.	PAL100	\$8.46	12.27%
Palos Equity Income Fund - RRSP	PAL101	\$5.72	10.68%
Palos Merchant Fund L.P. (Dec 31, 2018) ²	PAL500	\$1.82	6.59%
Palos WP Growth Fund - RRSP	PAL210	\$7.50	6.01%
Palos-Mitchell Alpha Fund (Fund Initiated on Jan 29, 2019) ³	PAL300	\$9.63	2.49%
S&P TSX Composite (Total Return with dividends reinvested)			16.99%
S&P 500 (Total Return with dividends reinvested)			20.63%
S&P TSX Venture (Total Return with dividends reinvested)			5.28%
Chart 2: Market Data ¹			Value
US Government 10-Year			2.05%
Canadian Government 10-Year			1.53%
Crude Oil Spot			US \$56.78
Gold Spot			US \$1,423.30
US Gov't 10-Year/Moody BAA Corp. Spread			226 bps
USD/CAD Exchange Rate Spot			US \$0.7660

¹ Period ending July 17, 2019. Data extracted from Bloomberg

² Fund is priced annually

³ Fund is priced weekly on Tuesdays

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