

PORTFOLIO ACTIVITY

In October, we bought Domino's Pizza as a new position to DM US Equity, while trimming S&P Global and adding to Comcast Corp.

FEATURE STOCK

Boyd Group Services (BYD)

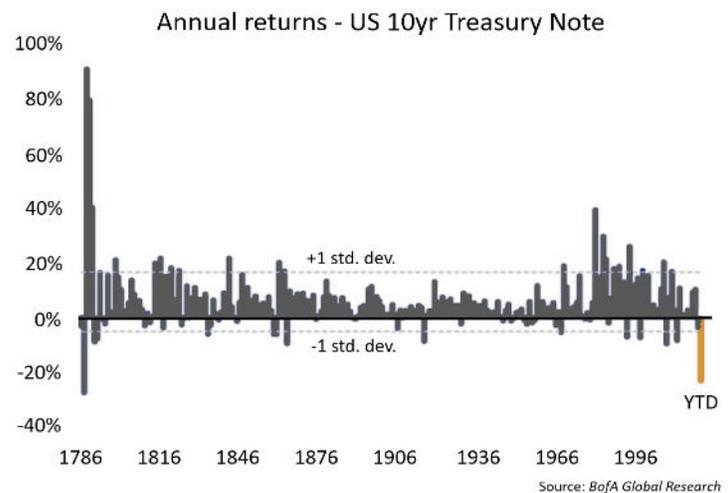
BYD is a Winnipeg-based consolidator of collision repair centres across North America, which has grown to become one of the largest operators in the space. Over the past five years, the company has acquired nearly 500 locations to bring its total to more than 850. Though barriers to entry in the collision repair business are minimal, the advantages of scale, brand, and amalgamation can create a significant competitive edge. In a very fragmented industry, where many incumbent shops are family owned, BYD is able to bring powerful economies to the purchase of parts and equipment and by streamlining the executive functions of many independent operations into one head office. Because of the fragmented nature of the industry, we believe that BYD's runway for additional growth is both wide and long – in fact, even though BYD is a top-3 player in the space, it still only holds a single digit market share. Earlier this year, BYD shares were hit as supply chain constraints delayed parts delivery and temporarily weighed on sentiment. Viewing this short-term setback as a long-term opportunity, we added to our position in BYD at the beginning of the second quarter and, since that time, the stock has gained more than 25%.

BAD TIMES, GOOD TIMES

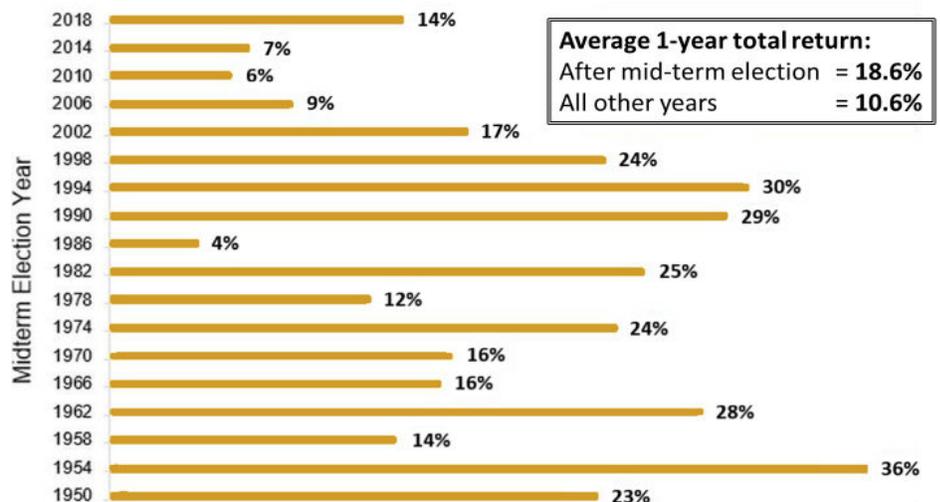
Bank of America recently published a chart showing annual returns for 10yr US gov. bonds dating all the way back to the late-1700s. As you can see, performance so far in 2022 is undercut only by the result posted in 1788, the same year in which the US constitution was ratified. Aside from the magnitude of the recent plunge, the graph is notable for what happened to bond prices in the years immediately following their late 18th century rout. It seems that even back then, a historically bad year for an asset's price set the stage for a forceful rebound. Similarly, if inflation begins to show signs of rolling over, bonds may recover some of their lost ground in the quarters ahead.

On the prospects for a turnaround on the equity side of the ledger, the fact that we're in a mid-term election year could bode well. On top of the fact that more market bottoms have been reached in October than in any other month, the

S&P 500 has never posted a negative return in the 12 months following a mid-term election during the post-war era. And, as the inset box in the chart below indicates, average performance in such years has been significantly higher than in non-election intervals. If recession can be avoided in the months to come, and inflation and interest rates plateau, the table may be set for a recovery in both equity and fixed income assets.



S&P 500 Total Return One Year After a Midterm Election



Source: Bloomberg