

# ROUNDTABLE

CAPITAL PARTNERS INC.

## LYSANDER-ROUNDTABLE LOW VOLATILITY EQUITY FUND

Apparently investors didn't get the memo – as we wrote in last month's Commentary, September has historically been the "worst" month for stocks. The S&P/TSX gained 1.2% while the S&P 500 held flat. On a broader basis, the MSCI All-Country World Index rose 0.7% during September. Commodities were decidedly to the upside during the month led by oil's (WTI) 7.9% jump as falling U.S. stockpiles combined with OPEC cooperation rumours fuelled market bulls. Natural gas added 0.7%, copper spiked 5.4% and gold held its ground gaining 0.5%. The Canadian dollar remained near flat, declining 0.2% versus its U.S. counterpart. The S&P/TSX's 2016 year-to-date performance is the second-best among the world's developed markets. That has taken valuations to nearly 24 times earnings, the highest level since September 2002. We remain cautious across our North American mandates.

Basic Materials stocks were the only component of the broader index to show weakness in September, falling 1.4%. Information Technology and Industrials were the strongest sectors, appreciating 11.9% and 10.3%, respectively. The covered call strategy employed by the Fund helped mitigate the downside risk on some long positions and offset losses in the month of September. West Texas Intermediate Crude Oil (WTI) appreciated by approximately 6.5% during the month on the back of news that OPEC members agreed to cut supply and will provide further details in November. This put the wind back in the sails for Energy stocks as the S&P/TSX Energy Index gained approximately 5% from September 27<sup>th</sup> to month end. The Fund maintains an overweight bias to Energy holdings. Top performing positions include Vermillion Energy Inc. (Energy), TransCanada Corp. (Energy), Apple Inc. (Technology), Brookfield Asset Management Inc. (Financials), and Enbridge Inc. (Energy). Net exposure (delta-adjusted for short call options) rose slightly from 64% in August to 67% in September. Given short term uncertainty in the market and the fact that numerous global indices are teetering near all-time highs, the Fund is maintaining a cash position of approximately 10% while tactically employing the covered call strategy by examining catalysts/risks on a sector-by-sector and position-by-position basis.



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