Likes/Dislikes - November 8, 2019

Below are Evergreen Gavekal's Likes/Dislikes for November 8, 2019.

OUR CURRENT LIKES AND DISLIKES

Changes highlighted in **bold**.

LIKE

- Large-cap growth (focus on lower P/E issues within this style; i.e., “growth at a reasonable price”)
- **Some international developed markets (especially Japan) Due to the rapid move higher, expect a decent correction as International markets now look overbought**
- **Publicly-traded pipeline partnerships (MLPs and other mid-stream energy securities) yielding 7%-15% (be prepared to add soon due to a frenzy of tax-loss selling at year-end)**
- **Gold-mining stocks**
- Gold (for those with little or no exposure, use the recent dip to begin accumulating)
- Silver (use the recent correction to add a small position; look for larger pullback to build a full position)
- **Select international blue chip oil stocks (buy more carefully due to the recent rally; considerable long-term value remains, however)**
- One- to two-year Treasury notes
- Canadian dollar-denominated short-term bonds
- Short-term investment grade corporate bonds (1-2 year maturities)
- Emerging market (EM) bonds in local currency (slowly accumulate as we expect the US dollar to weaken after the recent bout of strength; USD weakness is positive for EM debt)
- Large-cap value (buy more carefully after the recent sharp up-move)
- Intermediate-term Treasury bonds (resume moderate buying after the recent price drop)
- Japanese Yen (positive over the long term, but expect a decent correction)
- Copper producers
- **South Korean Equities (having benefited from recent trade discussions, expect a small pullback)**
- **High-dividend yield equities with *safe* distributions (as interest rates disappear, investors will go searching for yield; as with large cap value and international energy shares, moderate buying for now due to the recent rally)**

NEUTRAL

- Most cyclical resource-based stocks
- Small-cap value
- Mid-cap value
- Emerging stock markets; however, a number of Asian developing markets appear undervalued
- Canadian REITs (some appear attractive)
- Intermediate-term investment-grade corporate bonds, yielding approximately 4%
- US-based Real Estate Investment Trusts (REITs)

- Long-term investment grade corporate bonds
- **Preferred stocks (some US bank preferred stocks look attractive)**
- Mexican stocks (after a healthy rally, we have sold all of our REIT holdings)
- Cash
- Solar Yield Cos (PG&E risk is rising again; taking profits in one of the more Calif-exposed companies)
- Intermediate municipal bonds with strong credit ratings
- Long-term municipal bonds
- Long-term Treasury bonds
- **British pound currency**

DISLIKE

- Small-cap growth
- Mid-cap growth
- Lower-rated junk bonds
- Floating-rate bank debt (junk)
- BB-rated corporate bonds (credit spreads widened significantly during the 4th quarter of 2018 but have declined sharply this year; we expect renewed widening in the months ahead) * **
- European banks
- Investment-grade floating rate corporate bonds (reducing exposure to these as Fed rate cuts are increasingly likely)
- US dollar
- Traditionally “safe” sectors such as Staples and Utilities due to elevated debt and valuation concerns

** Credit spreads are the difference between non-government bond interest rates and treasury yields.*
*** Some BB-rated issues are currently attractive despite our spread-widening fears.*

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