



# QUARTERLY REPORT

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I recently returned from a lovely vacation in Barcelona, Spain. It was my first trip to that part of Europe, and my husband and I explored the city’s medieval Gothic Quarter, charming beaches, and world-renowned art and architecture, including the weird and wonderful Antoni Gaudi masterpiece, the Sagrada Familia, his still unfinished (after nearly 100 years) cathedral. One of the striking components of many of Gaudi’s buildings was the fluid, almost melting appearance of the sandstone facades. We learned that, instead of hard lines and angles typical of most architecture, curves were Gaudi’s way of symbolizing the waves and parabolic shapes found in nature, which he worshipped second only to God. In his words, “those who look for the laws of nature as a support for their new works collaborate with the creator.”

Respect for nature, and the environment generally, were evident throughout the city. With around five million residents in the greater metropolitan area Barcelona is one of Europe’s most densely populated cities. There are no single-family dwellings, but rather a vast number of apartment-lined streets, most with luxurious canopies of old trees, well-organized central squares, wide pedestrian corridors, and of course copious cava and tapas bars dotting every neighbourhood. The beaches and streets are clean. There was plenty of traffic but we were struck by the multitude of bicycles, scooters, electric bikes, small motorcycles, and plain old people on foot everywhere we went. According to the European Commission’s Green Capitals website, approximately 50% of all trips in the Catalanian capital are made on foot or bicycle.

Having hosted the 1992 Olympics, Barcelona invested billions on upgrading the city’s infrastructure. There is an extensive bus and subway system, dedicated bicycle lanes, trams, funiculars and rail systems. All evidence that this ancient urban space supports a forward-looking vision, making it one of Europe’s greenest cities.

I mention all this because, as is becoming abundantly clear, issues surrounding climate change are arguably the biggest challenges humanity faces. Europe has much stronger conviction towards more sustainable cities than we see in most of North America (California is a notable exception), and the European Union appears to take the imperative to reduce its carbon footprint more seriously. Governments at all levels are actively involved in finding better ways to support sustainability, through more strict emissions regulations as well as incentivizing businesses to innovate for a cleaner future.

My Barcelona experience further cements my conviction that finding investments that support green initiatives is an important way to find opportunity (and growth) for the future. Antoni Gaudi revered the natural world a hundred years ago. In many ways Barcelona is the embodiment of this sentiment, and it sets a vibrant example of what is possible when respect for the environment is central to its urban plan.

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## Market Update

Over the past quarter the equity markets have traded in a range largely unchanged from the second quarter. In spite of continued hand-wringing from some who worry that recession is near, most of the research I follow suggests that fundamentals have not deteriorated significantly. This is not to suggest that there aren't areas of concern: ongoing US – China trade issues, the potential for a hard Brexit, slowing global growth, and Middle East tensions all weigh on the markets and create volatility. These uncertainties notwithstanding, North American employment remains high and consumers continue to spend. Interest rates remain at historic lows, allowing businesses to continue to invest in plants and equipment.

We continue to look for investment opportunities that are rooted in growing, high quality, income-producing businesses that are committed to sustainable, socially responsible, and good governance practices for the future. If Gaudi was an investor, I think he would approve.



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