

Pathfinder Investment Outlook

For the week ending October 6th, 2023.

Managers Feeling Upbeat, Employment Strong

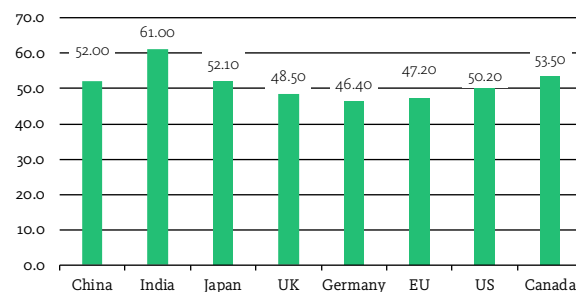
Regular readers know that we have been closely following Purchasing Managers Indices (PMIs) and labour data to get a view on the health of the global economy. This week, during our morning call, we discussed multiple data points and felt they were worth mentioning. Please see Figure 1 for a cross section of recent PMIs from around the world.

- PMIs in Asia, as a generalization have moved past 50. India is particularly strong. This demonstrates that managers in this huge block of the global economy are expecting to expand their business over the next 6 months.
- PMIs in North America are also over 50. Manufacturing in Mexico is strong as well. Another very large grouping of the global economy.
- PMIs in Europe are still in contraction mode but have clearly moved higher than 6 months ago. While we are still skeptical of the business situation in Europe, the trend is clearly positive. We believe that this also is more constructive for the global economy.
- This week strong employment data was also released from a number of different sources. US and Canadian Payrolls far exceeded expectations and significant job openings in the US remain, which was unexpected.

“This means that” the strength in the employment market spooked the bond market today as evidenced by the change in yields (Figure 2). It appears that financial markets are building in expectations that the US central bank will again raise rates towards the end of the year. From our view, it appears that a recession in the short term has been averted. The question remains whether central banks will become too restrictive in their fight against inflation.

Michael Rudd, CFA | President, CEO & Portfolio Manager

Figure 1: Global Composite Purchasing Managers Indices October 06, 2023



Source: Bloomberg Markets LP, Pathfinder Asset Management Limited

Figure 2: US Yields October 06, 2023



Source: Bloomberg Markets LP, Pathfinder Asset Management Limited



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Sources: Bloomberg, Pathfinder Asset Management Limited

Disclosure

National Instrument 31-103 requires registered firms to disclose information that a reasonable investor would expect to know, including any material conflicts with the firm or its representatives. Doug Johnson and/or Pathfinder Asset Management Limited are an insider of companies periodically mentioned in this report. Please visit www.paml.ca for full disclosures.

Changes in Leverage. We are increasing the asset ceiling to 2.0 times the market value of equity for [Pathfinder International Fund](#) and [Pathfinder Real Fund](#) to be consistent with [Pathfinder Partners' Fund](#) and [Pathfinder Resource Fund](#).

For more information, please follow the links above to review the fund term sheets.

*All returns are time weighted and net of investment management fees. Returns from the Pathfinder Partners' Fund and Pathfinder Real Fund are presented based on the master's series of each fund. The Pathfinder North American Equity Portfolio and The Pathfinder North American Income Portfolio are live accounts. These are actual accounts owned by the Pathfinder Chairman (Equity) and client (High Income) which contain no legacy positions, cash flows or other Pathfinder investment mandates or products. Monthly inception dates for each fund and portfolio are as follows: Pathfinder North American Equity Portfolio (January 2011), Pathfinder North American High-Income Portfolio (October 2012) Pathfinder Partners' Fund (April 2011), Pathfinder Real Fund (April 2013), and Pathfinder International Fund (November 2014).

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