

# Your Wealth. Our Commitment.

CANACCORD Genuity  
Wealth Management

**In this issue:** Market update, By the numbers, What to do, Chart of the Month (Crypto volatility), Mandate of the Month, What are we Reading (Bonds, start ups, US tax reform, Canadian Corp Tax system), All things Blockchain and Crypto, Financial Planning- Life Insurance.

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## What is happening?

The S&P 500 is closing the week up ~1.4% but the S&P/TSX is down ~0.2%. While higher commodity prices fueled gains from energy and base metals in Canada, fears that the US could end NAFTA weighed on industrials and consumer discretionary stocks. Meanwhile, higher bond yields hurt defensive yielders such as telcos and utilities.

In regards to commodity prices. While the first phase of the commodity rally was mostly driven by US\$ depreciation, the second (current) phase should stem from improving fundamentals where demand improves, supported by global growth, while supply remains constrained.

Regarding economic data this week, in Canada, the Bank of Canada (BoC) released its Winter 2017-18 edition of the Business Outlook Survey. In a nutshell, the outlook for sales remains upbeat at a time when capacity and labour pressures are becoming more apparent. Thus, employment and investment intentions are getting a boost. In all, the report and recent economic statistics seem to provide a green light for the BoC next week. Odds that the BoC will deliver a rate hike Wednesday stand at 85% according to Bloomberg, despite rumors that the US could exit NAFTA unilaterally. We expect the central bank to strike twice this year.



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<i>CAN Equity (CAD)</i>	YE 2017	Wk-end	Chg this week	Chg in 2018
S&P/TSX Comp	16209	16308	-0.3%	0.6%
S&P Total Return	54003	54362	-0.2%	0.7%
S&P TSX 60	900	967	-0.3%	0.8%
<i>US Equity (USD)</i>				
S&P 500	2674	2786	1.6%	4.2%
S&P Total Return	5213	5436	1.6%	4.3%
Nasdaq	6903	7261	1.7%	5.2%
<i>Inter. Equity (USD)</i>				
MSCI World	1586	1642	1.0%	3.5%
MSCI EAFE	2051	2126	1.5%	3.7%
MSCI Emerg. Mkts.	60879	63065	2.3%	3.6%
FTSE 100 (GBP)	7699	7779	0.7%	1.2%
DAX 30 (KR)	12918	13245	-0.6%	2.5%
<i>Commodities (USD)</i>				
Gold	1303	1331	0.9%	2.1%
Oil (Crude Brent)	\$66.61	\$69.24	2.5%	3.9%

## What to do?

Balance and Diversity. You'll notice within the chart of the month that we have focused on the periodic table of markets for a sample of ten years, 1997-2016. Specifically, the period that most of us have denoted as the "credit crisis." The focus should help indicate that long term steady returns outweigh a shoot the light out, die on the sword investment philosophy. While everyone appreciates a hot tip and some surge in their portfolio, nobody hits home runs with every swing. For example, a portfolio that carries a gain of 10% over ten years, equally matches a portfolio which returns 20% YoY, after a 50% drop in the first year. Now, are you the investor playing catch up with an added risk weighted portfolio? Or the investor who carries a solidly diversified portfolio for 10 years and enjoys their successes?

**Discover how to use sector ETFs to balance your portfolio to a global perspective. To read further: [Click here to read a global perspective from our strategist: Click here](#)**

[The YTD results so far](#)



❖ **Chart of the Week:** The periodic table of investments is a great tool to see the yearly winners and losers across the global markets. Clearly there is no consistent winner. Diversification is thrown around loosely as jargon in the world of investments but is crucial to a strong long term portfolio.

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
S&P 500 Growth 36.52%	S&P 500 Growth 42.16%	MSCI Emerging Markets 66.84%	Russell 2000 Value 22.83%	Russell 2000 Value 14.02%	Bloomberg Barclays Agg 10.26%	MSCI Emerging Markets 55.82%	MSCI Emerging Markets 25.55%	MSCI Emerging Markets 34.00%	MSCI Emerging Markets 32.17%	MSCI Emerging Markets 39.38%	Bloomberg Barclays Agg 5.24%	MSCI Emerging Markets 78.51%	Russell 2000 Growth 29.69%	Bloomberg Barclays Agg 7.84%	MSCI Emerging Markets 18.23%	Russell 2000 Growth 43.30%	S&P 500 Growth 14.89%	S&P 500 Growth 5.52%	Russell 2000 Value 31.74%
S&P 500 Value 33.36%	S&P 500 Value 28.58%	Russell 2000 Growth 43.09%	Bloomberg Barclays Agg 11.63%	Bloomberg Barclays Agg 8.43%	Bloomberg Barclays High Yield -1.37%	Russell 2000 Growth 48.54%	Russell 2000 Value 22.25%	MSCI EAFE 13.54%	MSCI EAFE 26.34%	MSCI EAFE 11.17%	Bloomberg Barclays High Yield -26.16%	Bloomberg Barclays High Yield 58.21%	Russell 2000 Value 26.85%	Bloomberg Barclays High Yield 4.98%	Russell 2000 Value 18.03%	Russell 2000 Value 38.82%	S&P 500 Value 13.69%	S&P 500 Value 1.38%	Russell 2000 Value 21.31%
Russell 2000 Value 31.78%	MSCI EAFE 20.00%	S&P 500 Growth 28.24%	S&P 500 Value 6.08%	Bloomberg Barclays High Yield 5.28%	MSCI Emerging Markets -6.16%	Russell 2000 Value 47.25%	MSCI EAFE 20.25%	S&P 500 Value 5.82%	Russell 2000 Value 23.48%	S&P 500 Value 9.13%	Russell 2000 Value -28.32%	Russell 2000 Value 34.47%	Russell 2000 Value 21.50%	Russell 2000 Value 4.65%	S&P 500 Value 17.68%	Russell 2000 Value 34.52%	S&P 500 Value 12.36%	Bloomberg Barclays Agg 0.59%	S&P 500 Value 17.40%
S&P 500 Value 29.98%	S&P 500 Value 14.68%	MSCI EAFE 26.85%	Russell 2000 Value -3.02%	Russell 2000 Value 2.85%	Russell 2000 Value -11.43%	Russell 2000 Value 46.03%	Russell 2000 Value 18.33%	S&P 500 Value 4.91%	S&P 500 Value 20.81%	Russell 2000 Value 7.05%	Russell 2000 Value -33.79%	Russell 2000 Value 31.79%	MSCI EAFE 2.11%	MSCI Emerging Markets 19.88%	MSCI EAFE 17.32%	S&P 500 Value 32.75%	Bloomberg Barclays Agg 5.97%	MSCI EAFE -8.81%	Bloomberg Barclays High Yield 17.13%
Russell 2000 Value 22.36%	Bloomberg Barclays Agg 8.67%	Russell 2000 Value 21.26%	Bloomberg Barclays High Yield -3.88%	MSCI Emerging Markets -2.61%	MSCI EAFE -15.94%	MSCI EAFE 38.59%	S&P 500 Value 15.71%	Russell 2000 Value 4.71%	Russell 2000 Value 18.37%	Bloomberg Barclays Agg 6.97%	S&P 500 Value -34.92%	S&P 500 Value 31.57%	Bloomberg Barclays High Yield 15.12%	S&P 500 Value -0.48%	MSCI EAFE 16.35%	S&P 500 Value 32.39%	Russell 2000 Value 5.68%	Russell 2000 Value -1.38%	Russell 2000 Value 11.96%
Russell 2000 Growth 12.55%	Bloomberg Barclays High Yield 1.87%	S&P 500 Growth 21.04%	S&P 500 Value -9.11%	S&P 500 Value -9.23%	Russell 2000 Value -20.48%	Russell 2000 Value 31.79%	Russell 2000 Value 14.31%	Russell 2000 Value 4.55%	Russell 2000 Value 15.79%	S&P 500 Value 5.49%	S&P 500 Value -37.00%	S&P 500 Value 27.17%	Russell 2000 Value 15.10%	Russell 2000 Value -2.91%	S&P 500 Value 16.00%	S&P 500 Value 31.99%	Russell 2000 Value 4.89%	Russell 2000 Value -3.13%	Russell 2000 Value 11.32%
Bloomberg Barclays High Yield 12.76%	Russell 2000 Value 1.23%	Russell 2000 Value 12.73%	MSCI EAFE -14.17%	MSCI EAFE -11.71%	S&P 500 Value -20.85%	Bloomberg Barclays High Yield 28.97%	Bloomberg Barclays High Yield 11.13%	Russell 2000 Value 4.15%	Russell 2000 Value 13.35%	Bloomberg Barclays High Yield 1.99%	Russell 2000 Value -38.54%	S&P 500 Value 26.47%	S&P 500 Value 15.06%	Russell 2000 Value -4.18%	Bloomberg Barclays High Yield 15.81%	Russell 2000 Value 22.78%	Bloomberg Barclays High Yield 4.22%	Russell 2000 Value -4.41%	MSCI Emerging Markets 11.19%
Bloomberg Barclays Agg 9.68%	Russell 2000 Value -2.55%	Bloomberg Barclays High Yield 2.38%	S&P 500 Growth -22.08%	S&P 500 Value -11.89%	S&P 500 Value -22.10%	S&P 500 Value 28.68%	S&P 500 Value 10.88%	S&P 500 Value 4.00%	Russell 2000 Value 11.85%	Russell 2000 Value 1.87%	MSCI EAFE -39.22%	Russell 2000 Value 21.17%	S&P 500 Value 15.03%	MSCI EAFE -5.50%	Russell 2000 Value 14.61%	Bloomberg Barclays High Yield 7.44%	Bloomberg Barclays High Yield 2.45%	Russell 2000 Value -4.47%	Bloomberg Barclays Agg 2.65%
MSCI EAFE 1.78%	Russell 2000 Value -6.45%	Russell 2000 Value -0.83%	Bloomberg Barclays Agg -22.43%	S&P 500 Growth -12.73%	S&P 500 Value -23.59%	S&P 500 Value 25.66%	Bloomberg Barclays Agg 6.13%	Bloomberg Barclays Agg 2.74%	Russell 2000 Value 11.01%	Russell 2000 Value -1.57%	Russell 2000 Value -43.38%	Russell 2000 Value 20.58%	MSCI EAFE 7.75%	MSCI EAFE -12.14%	Russell 2000 Value 14.99%	Bloomberg Barclays Agg -2.02%	MSCI Emerging Markets -2.19%	Russell 2000 Value -7.47%	Bloomberg Barclays Agg 2.65%
MSCI Emerging Markets -11.59%	MSCI Emerging Markets -25.34%	Russell 2000 Value -1.49%	MSCI Emerging Markets -30.71%	MSCI EAFE -21.44%	MSCI EAFE -30.26%	Bloomberg Barclays Agg 4.10%	Bloomberg Barclays Agg 4.34%	Bloomberg Barclays Agg 2.43%	Russell 2000 Value 4.33%	Russell 2000 Value -9.78%	MSCI Emerging Markets -53.33%	Bloomberg Barclays Agg 5.93%	Bloomberg Barclays Agg 6.54%	MSCI Emerging Markets -16.42%	Bloomberg Barclays Agg 4.21%	MSCI Emerging Markets -2.60%	MSCI EAFE -4.30%	MSCI Emerging Markets -14.52%	MSCI EAFE 1.00%

This chart shows the nature of the markets and true diversification. Take a glance at 2007-2009. MSCI emerging markets win 2/3 years with huge returns of 39.38% and 78.51% in 07' and 09' respectively. However, a 53.33% loss in 08 means a three year total return of 23% with massive volatility. How do you want to play your portfolio?

With \$100K initial investment:

Year	Value
2007	\$139,380
2008	\$65,509
2009	\$123,128

❖ **Mandate of the Month: Global ETF Portfolios. (\$25K Min)**

This is a fee friendly managed portfolio solution. If you have Mutual Funds or high trading costs, it's worth a look. [Click here to see the note.](#)  
**Strategy:** Driven by a dynamic allocation process, Our ETF Portfolios focus investment exposure in areas of market strength and reduce capital in areas of relative weakness. The portfolio management team aims to generate excess return and control risk by under- and overweighting asset classes, countries and currencies in the portfolio, selecting best-in-class ETFs for each investment exposure. Built around a long-term policy allocation, CC ETF Portfolios provide diversification across both asset classes and geographies. [Portfolio Results here.](#) E-mail [Steve](#) or [Drew](#) for more details.

**What are we reading:**

- [Passive investment models, Vanguard's success as their biggest challenge](#)
- [In the shadow of Buffett: Charlie Munger and his influence on investment](#)
- [Your smartphone is making you stupid, antisocial and unhealthy. So why can't you put it down ? !?](#)
- **Crypto Corner:** Whether you like it or not, you should know more and can't ignore.
  - [Your Coins on the big board at Coindesk](#)
  - [Four more names to add to your confusion, but four names actually representing something, anything....?](#)
  - [Ten predictions for 2018 from the Blockchain Research Insitute](#)
  - [Soros puts \\$100 into Overstock.com](#)
  - [RBC on a \\$10Trillion crypto market cap?](#)
  - [Dimon retracts some, but not all his thoughts on cryptos and blockchain.](#)

## How does Financial Planning make a difference for you?

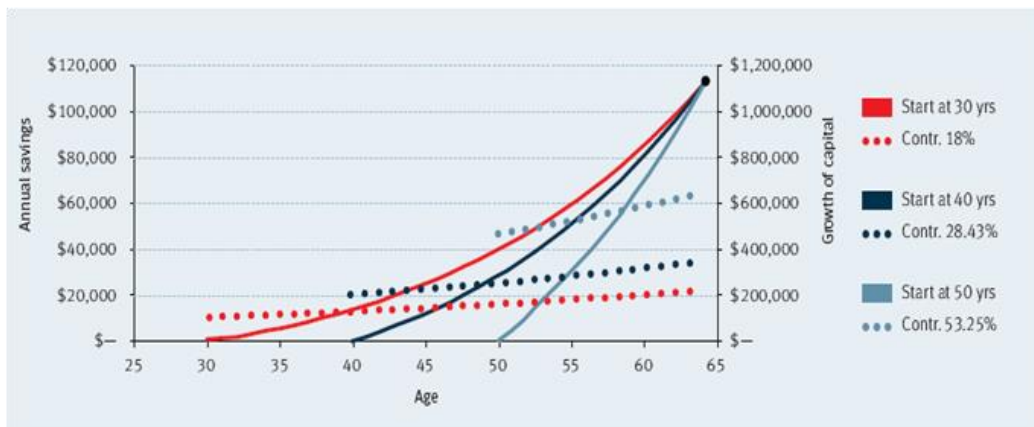
Financial Planning is a tool that everyone needs to be using in their investment strategy. If you aren't planning with a complete overview with your manager, you are leaving your strategies to chance. Good ideas to grow your portfolio are always available, by adjusting risk and knowing your situation in all situations: retirement, home and business purchases/sales, children coming in to the world or sent to University, helping them buy a house/business all play a part. According to the Financial Planning Standards Council (FPSC), 81% of Canadians with comprehensive financial plans feel on track with their affairs versus 73% with limited and 44% with no planning. [Click here for an introduction to Mike](#) and take a look below for an example of how he makes a difference for clients.

[Click here for a full overview on our financial planning services](#)

## Tis the Season: RRSP Season- and everybody needs a plan

When the Minister of Finance originally established the rules regarding the RRSP, calculations were based on the scenario that by setting aside 18% of their income for 35 years, a person could accumulate sufficient funds for retirement. This capital, combined with social retirement programs (Old Age Security, Canadian Pension Plan), would yield an annual income of approximately 70% of their gross earnings before retirement.

The chart below illustrates the amount a person would accumulate by saving 18% of their income starting at age 30, assuming employment income of \$50K since age 25.



**Assumption:** Annual RRSP contribution of a person with an income of 450K that increases 2.25% each year. The amount saved generates a 4.5% annual return.

- The red lines represent a saver who began to put money aside at age 30. The dark blue and light blue lines illustrate the consequences of delaying saving under the same conditions.
- The dotted red line refers to the annual savings (left axis), while the solid lines show the growth of capital, which reaches \$1,137,593 at the age of retirement. This amount is substantially more than the saver's current income of \$50K, but the assumption is the saver's annual salary has been indexed to \$121K by age 65.
- If this person decides to take charge of their retirement plan at age 40 rather than age 30, they will have to save 28.43% of their annual income (dotted dark blue line) in order to reach the same goal. This would require making significant lifestyle changes in order to meet such a savings goal. If they only save at 18% of income as previously prescribed, then they end up with \$720K at retirement and a deficiency in their income at said goal.
- Finally, should they start saving at 50 years of age (a 5 years before retirement), they will have to allocate 53.25% of their income to savings (dotted light blue) to reach the same objective. Should they only match 18%, then their final RRSP balance results in \$384K, or 34% of the originally desired amount.

[If that's not enough of a start, click here for 10 reasons to start planning your estate](#)

**\*Please let us know if you think there is someone in your network who would benefit from this note. We are always happy to include them on the list. You are our best source of referrals.**

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