

Your Wealth. Our Commitment.

CANACCORD Genuity
Wealth Management

In this issue: Market update, By the numbers, What to do, Chart of the week, Mandate of the Month, What are we Reading(TSLA Call, NSLE+SBUX, Classic Goldman), Crypto Corner, Life Insurance Needs.
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What is happening?

This week was a copy-paste of the week before with the rise in bond yields, oil prices and the US\$ capping US stocks but supporting Canadian equities. Again, the late-cycle push in the energy and material sectors provided market leadership. As we typically see late in the business cycle when global growth is above potential, commodities (1.8%) have continued their decoupling with the US\$ this week. Otherwise, US 10-year Treasury yields have jumped to 3.1%, which represents a 40% deviation from the 4-yma at 2.2%.

The two questions investors have been asking are 1) where do we expect bond yields to peak? and 2) is the rally in oil and energy stocks sustainable? We have already answered the first question (i.e., ~3.25% for US 10-year Treasuries). As for oil and the energy sector, we are probably halfway into the rally. In all, given prospects for higher oil prices and that Canadian oil transportation bottlenecks are expected to clear in H2/18, the ongoing rally in energy stocks does not seem to be another false start.

<u>CAN Equity (CAD)</u>	YE 2017	Wk-end	Chg this week	Chg in 2018
S&P/TSX Comp	16209	16162	1.1%	-0.3%
S&P Total Return	54003	54424	1.2%	0.8%
S&P TSX 60	960	958	1.1%	-0.2%
<u>US Equity (USD)</u>				
S&P 500	2674	2713	-0.2%	1.5%
S&P Total Return	5213	5330	-0.2%	2.2%
Nasdaq	6903	7354	1.3%	6.5%
<u>Inter. Equity (USD)</u>				
MSCI World	1586	1607	-0.1%	1.3%
MSCI EAFE	2051	2047	-0.6%	-0.2%
MSCI Emerg. Mkts.	60879	61267	-1.2%	0.7%
FTSE 100 (GBP)	7699	7779	0.7%	1.2%
DAX 30 (KR)	12918	13078	0.6%	1.2%
<u>Commodities (USD)</u>				
Gold	1303	1292	-2.2%	-0.9%
Oil (Crude Brent)	\$66.61	\$74.35	2.2%	18.9%

What to do?

I saw this image on Twitter and thought it was very fitting for the start of 2018, how markets have realized volatility that a lot of short memoried investors have forgotten to be part and parcel with traditional market activity. It puts into perspective the added fear that is drawn into the market to embrace the downside, and not celebrate opportunity. For the record, this will never be published, but it should! It would be like waking up to the news radio spelling out all the successful flights that landed across our national airports, again, never going to happen.

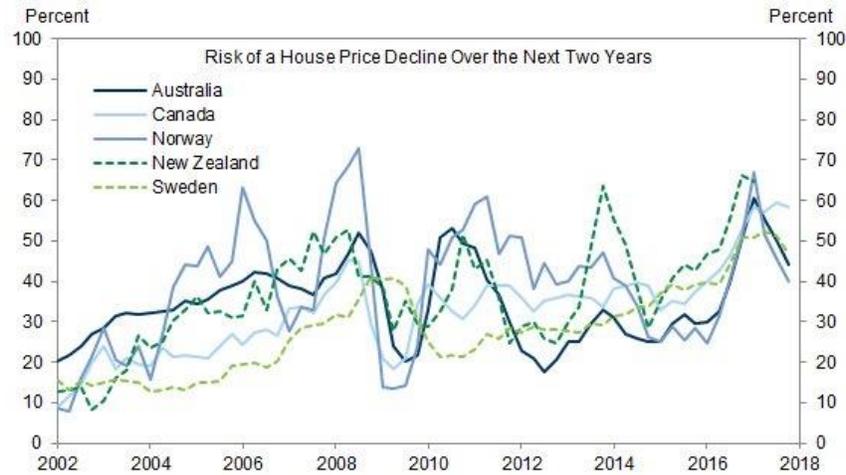
And so, anything that has even the slightest whiff of potentially crash-y activity leads the headlines of doom and gloom. Perfectly understandable. We've evolved to be on the lookout for scenarios that endanger us. And from a business perspective, nobody clicks on the "all is normal" headlines, so they aren't often published. Build a portfolio plan and stick to it.

Discover how to use sector ETFs to balance your portfolio to a global perspective. To read further: Click to read a global perspective from our strategist.

[Click here The YTD results so far](#)



Chart of the Week: Canadian Housing Metrics from a US perspective



Source: Goldman Sachs Global Investment Research

International valuation, and lending chart.

	Absolute Valuation	Valuation Compared to National Average	Valuation Compared To Own History	Residential Investment	Indebtedness or Cost of Servicing Debt	Overall Assessment
Stockholm	Red	Orange	Orange	Red	Red	Elevated
Toronto, Vancouver	Orange	Red	Orange	Red	Orange	Elevated
London	Red	Red	Red	Green	Orange	Moderate
New York, San Francisco	Red	Red	Orange	Green	Green	Moderate
Sydney, Auckland	Orange	Orange	Orange	Orange	Red	Moderate
Oslo	Green	Green	Green	Red	Orange	Moderate
Zurich	Red	Green	Orange	Green	Orange	Moderate
Berlin	Green	Green	Green	Green	Green	Low

Source: Goldman Sachs Global Investment Research

What are we reading:

- [Canadians borrow \\$1B in 31 days collateralized by residential real estate](#)
- [Full Canadian Real Estate Cheat Sheet](#)
- [Canadian Housing different than the US in 2007](#)
- [Mining Hall of Famer says peak gold?](#)

Crypto Corner: Whether you like it or not, you should know more and can't ignore.

- [Your Coins on the big board at Coindesk](#)
- [Women in Blockchain, it's coming faster than you think. \(Article referenced by one of our readers, Sana Badhwar\)](#)
- [Auto industry on the Blockchain](#)

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.

Investment Advisory and Financial Planning: Investment Contribution Dates

Many of us operate on tight timelines. The people we deal with suffer from a classic problem of success, they are busy and they stay busy. Very often there are good reasons for kicking the can down the road in terms of contributing to our future needs, car payments, repairs, trips, family expansion, home reno, etc. However, there is a cost associated with that.

RRSP's and TFSA's are two wonderful savings and investment vehicles that have been provided to make life easier for Canadians. The old adage of two sure things, death and taxes, still apply here, but in a much softer sense (taxes only, sorry). However, there are two sins associated with both of these accounts, under contributing for future needs, and investing at the last minute (after squirrelling away a contribution for the whole year). Every year at RRSP time (there should never be an RRSP time, because it should be an ongoing plan) the majority of the population rushes to top up, or make any contribution at all. This is a fundamental mindset that needs to change.

We have done a little simple math for you with the following assumptions: For 20 years you contributed \$25K/year into an investment account with a 6% return over the entire period, compounded monthly. Scenario 1 is a \$25K contribution at the end of each year, Scenario 2 is monthly contributions of \$2083, to sum total \$25K by year end.

What we found was: (this is removing all tax assumptions) in Scenario 1 a total accrued value of \$906,865- no small sum. However, Scenario 2 yielded \$962,431 utilizing the same amount of principle capital. With some simple planning, and execution of course, you could capture \$55,566 in interest, for getting ahead of the game and not procrastinating your saving until year end. Mid life crisis, retirement gift? Go buy that red convertible for your sunset drive, your 30 year old self took care of it.

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 strategy to chance, with no strategy at all. 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](#)

***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.**

Check us out at: www.stevestavidis.ca

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