

Your Wealth. Our Commitment.

CANACCORD Genuity
Wealth Management

In this issue: What is happening, By the numbers, What to do, Chart of the Week, Mandate of the Month, What are we are reading, Crypto Corner, Emotions and Investment, Financial Planning.
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What is happening?

The S&P 500 and the S&P/TSX ended the week down ~1% owing to escalating trade war fears. Indeed, China retaliated to US-imposed tariffs last week; but, the ensuing market sell off triggered some bargain hunting activities for sidelined cash to be redeployed. We also learned that the US would impose tariffs on another US\$100B worth of imports coming from China; but, US exports to China summed up to US\$130B in 2017. Thus, Chinese authorities will have to be creative if they want to retaliate. Selling US Treasuries would likely cause the Yuan to appreciate vs. the US\$ but also appreciate versus other currencies. Net net, we are not sure this would be productive for China and the market seems to agree given lower bond yields today. Otherwise, alleged improvements in NAFTA talks supported the CDN\$ this week (~1%). With the US-China standoff, we believe the US will try to secure trade alliances with Canada and Mexico.

<u>CAN Equity (CAD)</u>	YE 2017	Wk-end	Chg this week	Chg in 2018
S&P/TSX Comp	16209	15207	-1.0%	-6.2%
S&P Total Return	54003	51045	-1.0%	-5.5%
S&P TSX 60	960	898	-1.2%	-6.4%
<u>US Equity (USD)</u>				
S&P 500	2674	2604	-1.4%	-2.6%
S&P Total Return	5213	5103	-1.4%	-2.1%
Nasdaq	6903	6915	-2.1%	0.2%
<u>Inter. Equity (USD)</u>				
MSCI World	1586	1534	-0.6%	-3.3%
MSCI EAFE	2051	20141	0.6%	-1.8%
MSCI Emerg. Mkts.	60879	62931	-0.3%	3.4%
FTSE 100 (GBP)	7699	7184	1.8%	-6.6%
DAX 30 (KR)	12918	12347	1.2%	-5.2%
<u>Commodities (USD)</u>				
Gold	1303	1332	0.7%	2.4%

What to do?

You must be global. The above numbers show where the gains, and mostly losses have occurred over the year. To smooth the bumps, it's a matter of diversification. The TSX was the 4th WORST performing market globally. Let talk about allocation.

Canaccord research found that a 30% Canadian and 70% unhedged foreign equities portfolio historically maximized the return-to-risk ratio. The sources of increase in the return-to-risk ratio from diversification are twofold. First, Canadian equities are more cyclical in nature, hence lower historical returns. Second, through most equity bear markets or corrections, the CDN\$ depreciates vs. major currencies, hence foreign currency gains.

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:

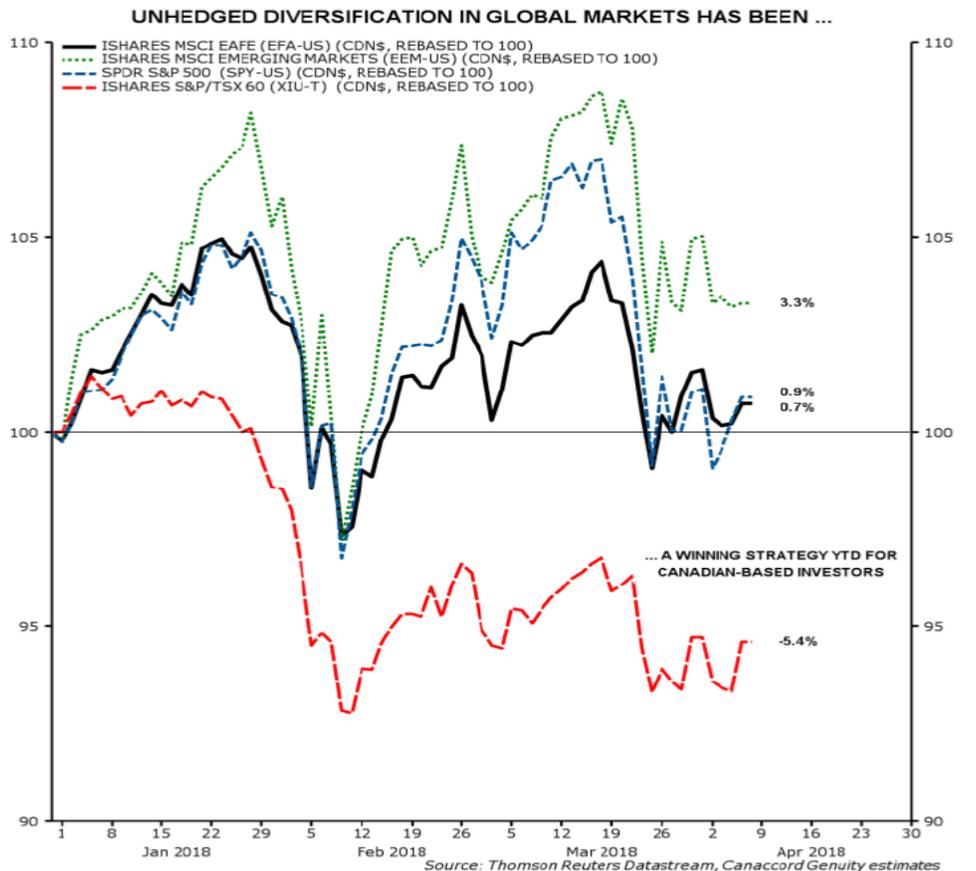
[Click here The YTD results so far](#)



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Chart of the Week: It has to be Global. See below. Read above.



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:

- [Home buying for Millennials: "Hey Mom and Dad..... about that proverbial real estate ladder...."](#)
- [In a see saw battle for trade dominance, is Xi's speech last night somewhat conciliatory?](#)
- [Spotify goes public and its market cap indicates Apple's power.](#)
- [Maybe Print news isn't dead?! Torstar launches the Star nationwide and EXPANDS Metro newsrooms.](#)

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

- [Your Coins on the big board at Coindesk](#)
- [TD Bank files patent for tech allowing real time transactions](#)
- [Crypto Exchange Coinbase in talks to become SEC regulated Brokerage](#)

Investment Advisory and Financial Planning: Review and Revise, this is not a static process

Since the beginning of the year we have seen an increase in Market Volatility (see page 1) which the retail investor has quickly forgotten is a part of market cycles. The chart below demonstrates a typical emotional ride for investors. The key, is to stay OFF the ride! Like anything, rational decision making needs to be analyzed, involved, implemented. One of the most devastating things we hear when chatting with individual investors is the following: They were invested in the market until a major event, a 2001 (Dot-com) or 2008 (Credit) situation, and they sold after the dip, and never re-entered the markets, they effectively missed the up, and captured the down. They let fear, a very powerful emotion, take hold of their portfolio to potentially irreversible effect.



Source: Barclays.

On the other hand, greed can be the other side of the market, carrying winners in your growth allocation far past due. Think about the market mood today, use professionals for their experience and access to information to make that determination. The key takeaway here is to recognize the emotional rollercoaster that will happen, and identify perspective to give you equanimity in dealing with the difficult task of wealth building. Might be time for a portfolio review.

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.stevstavridis.ca

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