

# 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 (AMZN letter, boomers and Muskoka, Banking turmoil), Crypto Corner, Financial Planning.**

For a printer friendly version of the newsletter [click here](#)

## What is happening?

The S&P 500 (~0.5%) and S&P/TSX (~1%) are both up this week fueled by strong earnings and commodity prices. Thomson Reuters' blended S&P 500 earnings growth estimates reached 20% YoY in Q1/18 this week. Even when excluding energy (+69.9%), earnings growth estimates (18.3%) stand above levels reached in recent years. Thus, so far, positive EPS surprises outweigh fears related to trade tensions, geopolitics and rising bond yields. Regarding commodities, crude oil is up ~1% (more below) while copper advanced ~2%, supporting resource stocks this week. Importantly, a sector rotation seems underway considering that energy and materials are markedly outperforming the market since March lows. Undoubtedly, cracks in the tech space and in financials are helping this rotation. Otherwise, the CDN\$ gave up early gains and is now down ~1% following the BoC statement where the central bank said it remains "cautious" about future rate hikes



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<u>CAN Equity (CAD)</u>	YE 2017	Wk-end	Chg this week	Chg in 2018
S&P/TSX Comp	16209	15484	1.4%	-4.5%
S&P Total Return	54003	52020	1.4%	-3.7%
S&P TSX 60	960	912	1.6%	-5.0%
<u>US Equity (USD)</u>				
S&P 500	2674	2670	0.5%	-0.1%
S&P Total Return	5213	5236	0.5%	0.4%
Nasdaq	6903	7146	0.6%	3.5%
<u>Inter. Equity (USD)</u>				
MSCI World	1586	1571	0.8%	-1.0%
MSCI EAFE	2051	2051	0.4%	0.0%
MSCI Emerg. Mkts.	60879	61471	0.1%	1.0%
FTSE 100 (GBP)	7699	7368	1.4%	-4.2%
DAX 30 (KR)	12918	12541	0.8%	-2.9%
<u>Commodities (USD)</u>				
Gold	1303	1339	-0.5%	2.7%
Oil (Crude Brent)	\$66.61	\$73.57	1.2%	10.4%

## What to do?

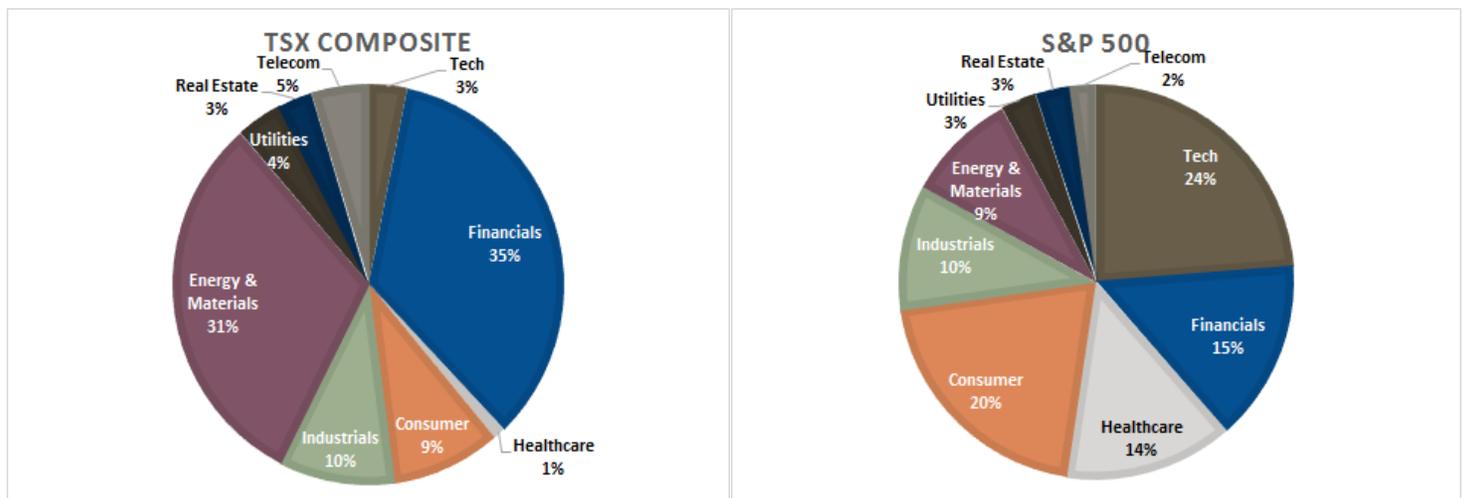
One of the most simple investor biases is home bias. This is the typical tendency to invest disproportionately in the stocks of their own country. If we look at the Japanese markets, they demonstrate this perfectly- after 30 years they are still waiting to see an appreciation across their broad market index. In Canada however, we ride a bit more of a roller coaster, as much as it seems that we have only been riding this bumpy ride for the past 2 months, it's actually been a 4-5 year trend. While global stocks (adjusted to \$CAD) have returned double digits every year for the past 5 year (bull market anyone?), our home market has been fairly flat with the exception of a breakout in 2016 (mainly on the back of recovering oil prices).

To conceptualize global diversification as an absolute must, see the chart of the month, but to understand why, think about the fundamentals of investment: We invest in companies and ideas to store and grow the money we accumulate over the long term- our WEALTH.

**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:** Global Bias: Compare the diversity in the charts of the TSX Composite and the S&P 500. Take a look at the two (currently) most trade connected markets in the world, and how diversified one is, versus the other. Now think about the risks associated with focusing all your cash into the left, now the right. Even with marked diversification differences between the two markets, would you focus all your cash into one or the other? While investing in good companies is essential, balancing asset classes is often overlooked in building a portfolio.



**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:**

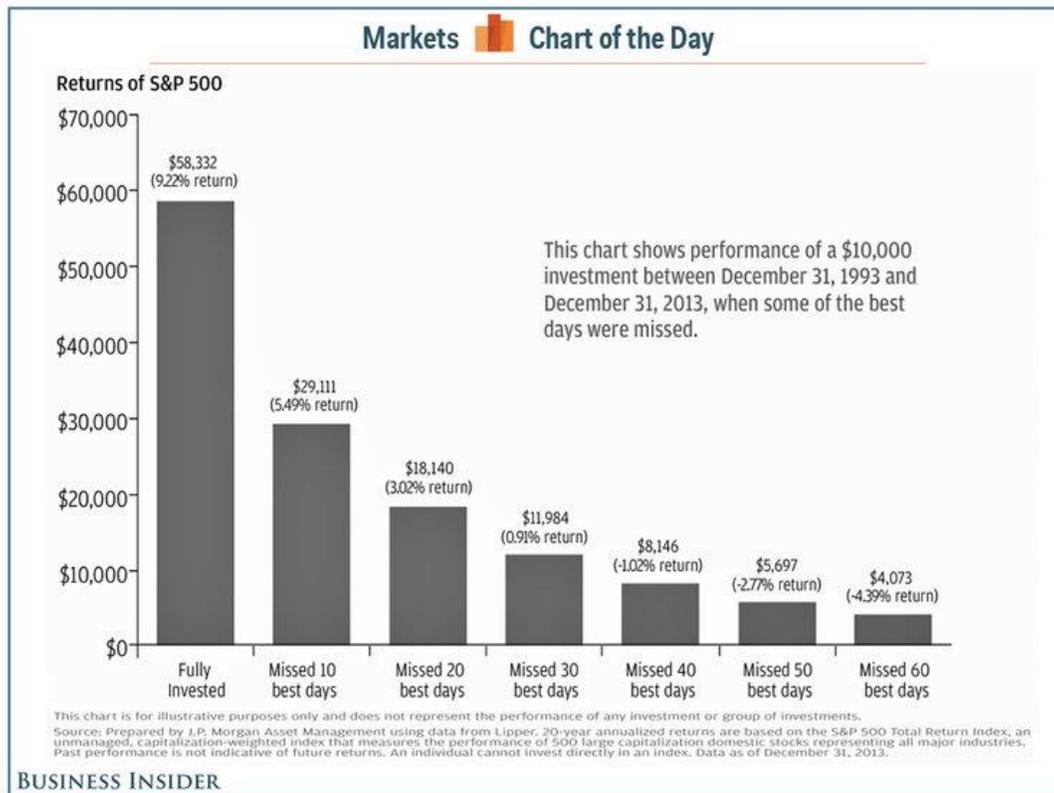
- [Jeff Bezos letter to AMZN shareholders \(Click to enlarge\)](#)
- [Baby Boomers and development busts: vacation developments projects and the scenario behind them](#)
- [Wells Fargo hit with \\$1Billion fine after account abuses](#)
- [Canadian Big Banks back at it with conflicted results from front line to watchdog findings in sales cycle](#)
- [H-1B? Might be the newest topic at Canadian borders. High skilled workers are moving north of the 49th](#)

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

- [Your Coins on the big board at Coindesk](#)
- [Ether Capital begins trading on the exchange](#)
- [Blockchain and the shipping industry- is this a real application!?](#)
- [Goldman hires first currency trader](#)

## Investment Advisory and Financial Planning: Staying invested.

Below we can see a chart illustrating the impact of moving money and missing the market. Volatility is part of investing, staying invested is part of the game, and it's hard to do, but that's why you work with professionals.



## 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.**

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